

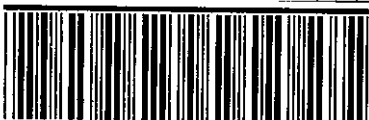
SEPARATOR SHEET

1873281



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SPECIAL EYES PLC



KLO *KUKCKKFT* 2199
COMPANIES HOUSE 04/04/96

Application has been made to London Stock Exchange Limited ("London Stock Exchange") for the entire issued ordinary share capital and the 10 per cent. Convertible Unsecured Loan Stock 2000 of Specialeyes plc ("the Company") currently dealt in on the Unlisted Securities Market to be admitted to the Official List of the London Stock Exchange. It is expected that admission will become effective and that dealings in the ordinary shares and the 10 per cent. Convertible Unsecured Loan Stock 2000 will commence on 4th April 1996. ✓

The Directors of the Company, whose names appear on page 2 accept responsibility for the information contained in this document and appended documents. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

This document, which comprises an exempt listing document relating to the Company prepared in accordance with the Listing Rules of the London Stock Exchange under Section 142 of the Financial Services Act 1986, has been delivered to the Registrar of Companies in England and Wales for registration. ✓

SPECIALEYES plc ✓

(Registered and Incorporated in England and Wales under number 1873281) ✓

Introduction to the Official List

of the entire issued ordinary share capital and all of the 10 per cent. Convertible Unsecured Loan Stock 2000 of

Specialeyes plc

Sponsored
by

CHARLES STANLEY & CO LIMITED

(Regulated by The Securities and Futures Authority Limited)

SHARE CAPITAL

Authorised			Issued and fully paid	
Amount	Number		Amount	Number
£750,000	37,500,000	Ordinary Shares of 2p each	£399,702	19,985,105

LOAN STOCK

Authorised			Issued and fully paid
Amount			Amount
£1,554,953		10 per cent. of Convertible Unsecured Loan Stock 2000	£1,111,396

Charles Stanley & Co Limited is acting for the Company and for no other person in relation to the arrangements proposed in this document and will not be responsible to anyone other than the Company for providing the protections afforded to customers of Charles Stanley & Co Limited or for advising any other person on the arrangements proposed in this document.

1 INFORMATION ON THE COMPANY

(a) Directors:

Tim Franey - *Non-Executive Chairman*

Mark Raines - *Managing Director*

Brian David Smith - *Buying and Marketing Director (retiring on 31st March 1996)*

Roger Charles Price - *Financial Director*

all of Lyon Way, Greenford, Middlesex UB6 0BN

(b) Registered Office:

Lyon Way
Greenford
Middlesex
UB6 0BN

(c) The Company is the holding company for an optical services group and the principal activity of the group is that of optical retailers.

This document is accompanied by the audited consolidated annual reports and accounts for the three years ended 25th November 1995 which form part of this document.

2 SUMMARY OF RIGHTS ATTACHING TO THE ORDINARY SHARES

The Articles of Association of the Company contain provisions, inter alia, to the following effect:

(a) Share capital

All the issued shares of 2p each in the capital of the Company and all the 10 per cent. Convertible Loan Stock 2000 of the Company are in registered form. The Company may by ordinary resolution increase its share capital, consolidate and divide all or any of its share capital into shares of a larger nominal value than its existing shares, subdivide any shares into shares of a smaller nominal value, and cancel any shares which have not been, or agreed to be taken, by any person and diminish the amount of its capital by the amount of the shares so cancelled. The Company may, by Special Resolution, reduce or cancel its share capital or any capital redemption reserve or share premium account and purchase its own shares.

(b) Voting

Subject to paragraph (g) below, and to any special rights or restrictions as to voting attached to any shares by or in accordance with the Articles on a show of hands every member who (being an individual) is present in person or (being a corporation) is present by its duly appointed representative or proxy not being himself a member shall have one vote, and on a poll, every member present in person or by representative or

proxy shall have one vote for every ordinary share in the capital of the Company held by him. A proxy need not be a member of the Company.

(c) Variation of rights

Subject to the provisions of the Companies Acts the rights attached to any class of shares for the time being forming part of the capital of the Company may be varied or abrogated, with the consent in writing of the holders of three-fourths in nominal value of the issued shares of that class, or with the sanction of an extraordinary resolution passed at a separate meeting of the holders of the shares of that class (but not otherwise).

(d) Dividends

The Company may by ordinary resolution in general meeting declare dividends in accordance with the respective rights of the members, but no dividends shall be paid otherwise than out of profits and no dividend shall exceed the amount recommended by the board of Directors ("the Board"). All dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the shares during any portion or portions of the periods in respect of which the dividend is paid. No amount paid or credited or paid in advance of calls shall be treated as paid on shares for this purpose.

If it appears to the Board that the profits of the Company available for distribution justify it, the Board may pay interim dividends on shares of any class.

All dividends unclaimed for a period of 12 years after having been declared shall be forfeited and shall revert to the Company.

There is no fixed date on which an entitlement to dividend arises.

(e) Transfer

Any member may transfer all or any of his shares by instrument in writing in any usual or common form or in such other form as the Board shall approve, which shall be executed by or on behalf of the transferor and, if the share is not fully paid, by or on behalf of the transferee. The Board may refuse to recognise any instrument of transfer unless it is:

- (i) duly stamped and deposited at the transfer office or at such other place as the Board may prescribe, accompanied by the certificate for the shares to be transferred and such other evidence as the Board may reasonably require to prove the right of the transferor to make the transfer;
- (ii) in respect of only one class of share; and
- (iii) in favour of not more than four transferees.

The transferor shall be deemed to remain the holder of the shares until the name of the transferee is entered in the register of members.

The Board may, in its absolute discretion, and without assigning any reason, refuse to register a transfer of any share which is not fully paid up.

(f) Liquidation

Subject to any preferred, deferred or other special rights, or subject to such conditions or restrictions to which any shares in the capital of the Company may be issued, on a winding-up or other return of capital, the holders of ordinary shares are entitled to share in any surplus assets pro rata to the amount paid up on their ordinary shares. A liquidator may, with the sanction of an extraordinary resolution of the Company and any other sanction required by the Companies Acts, divide amongst the members in specie or in kind the whole or any part of the assets of the Company, those assets to be set at such value as he deems fair. A liquidator may also vest the whole or any part of the assets of the Company in trustees on trusts for the benefit of the members.

(g) Suspension of rights

If a member or any other person appearing to be interested in shares held by such shareholders has been duly served with notice under Section 212 of the Companies Act 1985 and is in default in supplying to the Company within 28 days (or such other period as may be specified in such notice) the information thereby required, then such member shall not be entitled to vote or to exercise any right conferred by membership in relation to meetings of the Company in respect of the shares which are the subject of such notice.

(h) Articles of Association

In view of the Company's application for admission to listing on the Official List of the London Stock Exchange it is necessary that certain amendments are made to the Company's Articles of Association in order to comply with the Listing Rules of the London Stock Exchange ("the Listing Rules"). The Company has undertaken to put to shareholders of the Company a resolution to amend the Articles of Association at the earliest opportunity so as to comply with the requirements of Appendix 1 to Chapter 13 of the Listing Rules. The Company has undertaken to the London Stock Exchange that it will not exercise any powers under the existing Articles of Association which do not comply with the Listing Rules, pending the amendment of the Articles of Association.

3 CONVERTIBLE RIGHTS

The 10 per cent. convertible unsecured loan stock 2000 was constituted by a trust deed dated 23rd June 1993 between the Company (1) and The Prudential Assurance Company Limited ("the Trust Deed") and may be converted, at the option of the holder, at the rate of 20 pence nominal of ordinary share capital per £1 nominal of loan stock in any of the years 1994 to 1999 inclusive. Full conversion of the outstanding rights will result in the issue of 11,113,960 ordinary shares. Any outstanding loan stock will be redeemed at par on 31 May 2000.

The conversion rights are exercisable during the month of May (or during the 28 days following despatch of the audited consolidated accounts of the Company if posted after 30th April) in the years 1994 to 1999 inclusive.

Ordinary share capital arising on conversion shall be allotted by the Company not later than 14 days after, and with effect from, the Conversion Date being the last date in any of the years 1994 to 1999 inclusive in which a conversion notice has been sent (or such other date as shall apply in the particular circumstances set out in the Trust Deed) and the Company shall despatch within 28 days after the Conversion Date, certificates for such ordinary share capital and (if appropriate) separate certificates for any balances of stock not converted and remittances in respect of any fractional entitlements.

Ordinary shares issued on conversion shall be credited as fully paid, shall carry the right to receive in full all dividends and will in all other respects rank *pari passu* and form one class with the ordinary shares of the Company in issue on the relevant Conversion Date.

Any alteration to the rights attached to all or any part of the Company's ordinary share capital which has been certified by the trustee to be materially prejudicial, may (except with the previous sanction of an extraordinary resolution of the stockholders) result in the stock becoming due and payable. The trustee may without the sanction of any extraordinary resolution concur with the Company in making any modification, including any modification required in order to obtain a listing for the stock on the London Stock Exchange where such modification will not be materially prejudicial to the interests of stockholders.

4 SIGNIFICANT CHANGES

As mentioned in the Annual Report and Accounts for the 52 weeks ended 25 November 1995, the programme of refurbishment to the Company's stores, combined with a lack of a 'feel-good' factor in the high street would affect sales in the first half of the current financial year. This, together with recent weak demand has depressed performance in the year to date.

As also stated in the annual report and accounts further refunds of VAT were expected, the directors now believe they may be greater than previously anticipated.

Other than as stated above, there has been no significant change in the financial or trading position of the Company and its subsidiaries since 25 November 1995, the date to which the latest consolidated audited accounts of the Company and its subsidiaries were prepared.

5 DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the offices of Charles Stanley & Co Limited, 25 Luke Street, London EC2A 4AR during normal

business hours on any weekday (Saturdays and public holidays excepted) from the date of this document up to and including 19th April 1996:

- (i) the Memorandum and Articles of Association of the Company;
- (ii) the Trust Deed constituting the Convertible Loan Stock;
- (iii) the audited consolidated statutory accounts of the Company for the three years ended 25 November 1995; and
- (iv) this document.

29th March 1996

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to the action to be taken, you should consult your stockbroker or other financial adviser authorised pursuant to the Financial Services Act 1986 immediately.

If you have sold or transferred all of your Ordinary Shares in Specialeyes plc, please forward this document (and, if such sale or transfer took place prior to 11th March 1996, the accompanying Form of Election) to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for transmission to the purchaser or transferee.

SPECIALEYES plc

(Registered in England with no: 1873281)

Directors:

T Franey (*Chairman*)
M Raines (*Managing*)
R C Price (*Finance*)
B D Smith (*Buying & Marketing*)

Registered Office:

14 Lyon Way
Greenford
Middlesex
UB6 0BN

27th March 1996

To shareholders (and, for information only, to holders of 10% convertible unsecured loan stock 2000)

Dear Shareholder,

SCRIP DIVIDEND OFFER IN RESPECT OF FINAL DIVIDEND FOR YEAR ENDED 25TH NOVEMBER 1995

As indicated in my Statement included in the 1995 Report & Accounts, your Board has decided, subject to the approval of shareholders at the forthcoming Annual General Meeting of the Company to be held on 10th April 1996 and to the satisfaction of the conditions set out or referred to at paragraph 3 of Appendix I to this document, to offer a scrip dividend alternative in respect of all or part of the final dividend of 0.75p per share in respect of the year ended 25th November 1995 ("the Scrip Dividend Offer"). Your Directors are also giving details of a mandate which can be given to the Company if you wish to receive on a regular basis future cash dividends in the form of new ordinary shares in the Company (should the Directors decide to make the election available in respect of future dividends).

Shareholders will be entitled in respect of the whole or any part of their holdings of ordinary shares of 2p each in the Company ("Ordinary Shares") at the close of business on 19th March 1996 to elect to receive, in place of the cash dividend of 0.75p per Ordinary Share payable on 26th April 1996, new ordinary shares of 2p each in the Company ("New Ordinary Shares"). The entitlement is to 1 New Ordinary Share for every 28.8 Ordinary Shares held.

The entitlement is calculated by reference to a price of 21.6p per Ordinary Share which is equal to the average of the middle market quotations for the Ordinary Shares "ex" the final dividend, as derived from the USM Appendix to the London Stock Exchange Daily Official List, for the five successive dealing days commencing with the "ex-dividend" date of 11th March 1996.

If you hold 29 or more Ordinary Shares and wish to receive the final dividend for the year ended 25th November 1995 in New Ordinary Shares instead of cash in respect of all or part of your shareholding, you must complete the enclosed Form of Election and return it to the Company's Registrars, Independent Registrars Group Limited, Bourne House, 34 Beckenham Road, Beckenham, Kent, BR3 4TU in order to arrive no later than 3.00 p.m. on 9th April 1996.

You will not have been sent a Form of Election if your holding is less than 29 Ordinary Shares, the minimum required to qualify for the Scrip Dividend Offer on this occasion.

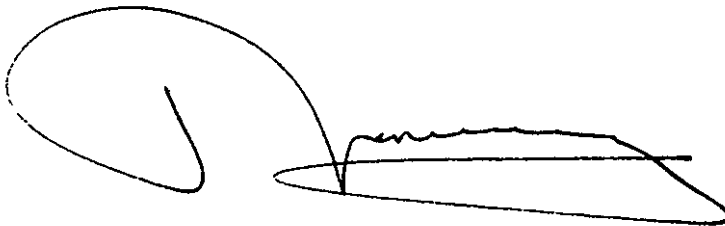
Further details of the Scrip Dividend Offer setting out its terms and explaining the choices available to you are given in Appendix I. Appendix II provides a general guide on the tax position.

If you wish to receive on a regular basis New Ordinary Shares in the Company instead of cash dividends, you may give the necessary instruction by marking an 'X' in Box 5 of the enclosed Form of Election. Further details regarding the Scrip Dividend Mandate are set out in Appendix III.

The timetable for the Scrip Dividend Offer in respect of the final dividend for the year ended 25th November 1996 is as follows:-

<i>Timetable</i>	
Ordinary Shares quoted ex-dividend	11th March 1996
Record date for final dividend	19th March 1996
Latest time for receipt of Forms of Election	3.00 p.m. on 9th April 1996
Annual General Meeting	10.00 a.m. on 10th April 1996
Posting of dividend warrants and share certificates for the New Ordinary Shares	25th April 1996
Dividend payment date	26th April 1996
First day of dealings in the New Ordinary Shares	26th April 1996

Yours faithfully,

A handwritten signature in black ink, consisting of a large, stylized loop followed by a series of horizontal strokes.

Tim Franey

Chairman

APPENDIX I

TERMS AND CONDITIONS OF THE SCRIP DIVIDEND OFFER

1. The Offer

Shareholders entitled to receive the final cash dividend for the year ended 25th November 1995 and holding 29 Ordinary Shares or more may elect to receive, for every 28.8 Ordinary Shares registered in their names at the close of business on 19th March 1996, 1 New Ordinary Share credited as fully paid instead of the final dividend of 0.75p per Ordinary Share in cash (the "final cash dividend"). Shareholders may make this election in respect of the whole or any part of their holdings. The New Ordinary Shares will, when issued, rank *pari passu* in all respects with the existing Ordinary Shares including the right to receive all dividends declared after the date of issue. All elections will be subject to the fulfilment of the conditions specified herein and in the accompanying Form of Election.

2. Basis of allotment

The entitlement of 1 New Ordinary Share for every 28.8 Ordinary Shares is based on a value of 21.6p per Ordinary Share (being the average of the middle market quotations of Ordinary Shares as derived from the USM Appendix to the Daily Official List of the London Stock Exchange for the five successive dealing days commencing on 11th March 1996, the date on which the Ordinary Shares were first quoted "ex-dividend"). This value has been divided by the amount of the final cash dividend of 0.75p per Ordinary Share to produce an entitlement of 1 New Ordinary Share for every 28.8 Ordinary Shares.

Completed Forms of Election should be posted, at the shareholder's risk, to the Company's Registrars, Independent Registrars Group Limited, Bourne House, 34 Beckenham Road, Beckenham, Kent BR3 4TU, to be received not later than 3.00 p.m. on 9th April 1996. If the Registrars do not receive your Form of Election by that time, the final cash dividend will be paid in respect of all Ordinary Shares that you held on 19th March 1996.

If on the Form of Election you do not specify in Box 4 the number of Ordinary Shares in respect of which you are making your election, or if you make the election in respect of a greater number of Ordinary Shares than is shown in Box 2 on the Form, your election will be deemed to be in respect of all the Ordinary Shares shown in Box 2. An election can only be in respect of 28.8 Ordinary Shares or any multiple of 28.8 Ordinary Shares and therefore the full cash dividend will be paid on any balance of Ordinary Shares held. If Box 4 is completed for a number of Ordinary Shares which is not an exact multiple of 28.8, the Registrars will automatically amend Box 4 to the nearest available lower multiple.

3. Stock Exchange Listing

As referred to in the Chairman's Statement included in the Company's 1995 Report and Accounts, application is to be made for both the Company's existing Ordinary Shares and the unsecured convertible loan stock to be admitted to the Official List of the London Stock Exchange. Application will therefore be made to the London Stock Exchange for admission of the New Ordinary Shares to the Official List (or, if the Company's existing Ordinary Shares have not, by the relevant date, been admitted to the Official List, for admission of the New Ordinary Shares to trading on the Unlisted Securities Market).

Subject to the London Stock Exchange agreeing to admit the New Ordinary Shares to the Official List (or, if still appropriate, to trading on the Unlisted Securities Market) and to the satisfaction of the other conditions attaching to the Scrip Dividend Offer, definitive share certificates for the New Ordinary Shares will be posted, at the risk of the persons entitled thereto, on 25th April 1996. Dealings in the New Ordinary Shares are expected to begin on 26th April 1996. In the unlikely event that permission has not been granted for the New Ordinary Shares to be admitted to the Official List (or, if still appropriate, to trading on the Unlisted Securities Market) on or before 26th April 1996, Forms of Election will be disregarded and the final cash dividend on your entire holding of Ordinary Shares will be paid in the usual way. Warrants in respect of the final cash dividend will be posted on 25th April 1996.

4. United States, Canadian and other overseas shareholders

As the New Ordinary Shares will not be registered under the securities laws of the United States of America or Canada, the Scrip Dividend Offer is not being made to shareholders with registered addresses in the United States of America, Canada or their respective territories or possessions. Accordingly, they will receive the final dividend in cash in the usual way and are not being sent Forms

of Election. In other overseas territories, a shareholder may not treat the Scrip Dividend Offer as being available to him/her unless it could lawfully be made to him/her without compliance with any local registration or other legal requirements. It is the responsibility of any person outside the United Kingdom wishing to elect to receive New Ordinary Shares instead of cash dividends to satisfy himself/herself as to the full observance of the laws of the relevant territory in connection therewith, including obtaining any governmental or other consents and observing any other formalities which may be required in such territory.

5. Fractions

The Company cannot allot fractions of a New Ordinary Share. As a result, if you elect on your maximum number of Ordinary Shares as shown in Box 2 on the Form of Election, the full cash dividend will be paid on the balance of your Ordinary Shares.

6. If the share price falls

An election will automatically become void if, on 9th April 1996 (the last date for the receipt of Forms of Election), the middle market price for an Ordinary Share, as derived from the USM Appendix to the Daily Official List, is 18.4p or less, being 15 per cent. or more below the price on which the entitlement to New Ordinary Shares has been calculated. If the Ordinary Share price should fall to that level on or after 10th April 1996, shareholders' elections will remain in force.

7. Statement

No acknowledgements of Forms of Election will be issued. A statement will be sent with each share certificate showing the number of New Ordinary Shares allotted, the total cash equivalent, the number of Ordinary Shares on which the final cash dividend has been paid and the tax treated as paid. Please refer also to pages 5 and 6.

8. Scrip Dividend Mandate

If you wish to set up a Scrip Dividend Mandate and thus receive your maximum entitlement to new Ordinary Shares under all future scrip dividend offers until the Mandate is cancelled or expires, mark an 'X' in Box 5 of the Form of Election. A shareholder may only give a Mandate in respect of the whole of his shareholding. Further details of the Scrip Dividend Mandate are set out in Appendix III.

9. If you have received more than one Form of Election

If for any reason your Ordinary Shares are registered in more than one holding and as a result you have received more than one Form of Election, then, unless you are able to make arrangements with the Company's Registrars to have your holdings consolidated before 9th April 1996, they will be treated for all purposes as separate and you should complete separate Forms of Election accordingly.

10. If you have recently purchased Ordinary Shares

If you purchased Ordinary Shares before 11th March 1996 and these Ordinary Shares are not included in the number shown in Box 1 on the Form of Election, you should consult your stockbroker or agent without delay.

11. If you have recently sold any of your Ordinary Shares

If you sold all or some of your holding of Ordinary Shares before 11th March 1996, but those Ordinary Shares are nevertheless included in the number shown in Box 1 on the Form of Election, you should consult your stockbroker or agent through whom the sale was effected without delay.

12. Amendment, suspension or termination

The Scrip Dividend Offer may be amended, suspended or terminated at the discretion of the Directors, in which case advice of any such action will normally be sent to Ordinary Shareholders. In the case of an amendment, a shareholder who has made an election will be deemed to have accepted the amended offer unless the Company's Registrars are notified in writing to the contrary.

13. General

As at the date of this document, there are 19,985,105 Ordinary Shares in issue. If none of the New Ordinary Shares being offered were to be taken up, a total cash dividend of £149,888.29 would be paid which would have an associated tax credit of £37,472.07. If all shareholders elected to receive New Ordinary Shares in respect of their holdings, 693,927 New Ordinary Shares would be issued, representing an increase of 3.47 per cent in the Company's current issued ordinary share capital.

APPENDIX II

TAXATION OF SCRIP DIVIDENDS

The taxation treatment of a shareholder who accepts the Scrip Dividend Offer will depend on the circumstances of that shareholder. Your Directors have been advised that, under current UK legislation and Inland Revenue practice, the taxation consequences for most shareholders will be broadly as outlined below.

This summary is not exhaustive and does not consider the position of any shareholder not resident in the UK or the beneficial owner of any shares registered in the name of a nominee. If you are not sure how you will be affected, you should consult your professional adviser before taking any action.

1. UK resident individuals

Where individuals elect to take New Ordinary Shares instead of the final cash dividend, they will be treated as having received gross income of an amount which, when reduced by an amount equal to income tax at the lower rate (which for the tax year 1996/97 is expected to be 20 per cent of that gross income), is equal to the Cash Equivalent*. For example, an individual receiving New Ordinary Shares of which the Cash Equivalent is £80 will be treated as receiving gross income of £100 and as having paid income tax of £20 on that amount.

Individuals who (after taking account of their receipt of New Ordinary Shares or cash dividend) pay income tax at the basic rate (which for the tax year 1996/97 is expected to be 25 per cent) or the lower rate only should have no further liability to tax on the receipt of the New Ordinary Shares.

Where individuals receive a dividend in cash, and their income tax liability is less than the taxation credit attached to the dividend, they are entitled to make a repayment claim in respect of the amount by which the taxation credit exceeds their taxation liability. **No repayment claim can be made in respect of New Ordinary Shares taken instead of the cash dividend, and therefore individuals who do not pay income tax or whose income tax liability is less than the taxation credit should consider carefully before electing to take New Ordinary Shares.**

It should be noted that a scrip dividend differs from a cash dividend in that liability to higher rate income tax in respect of a scrip dividend cannot be reduced by an individual's charges on income. This point should be considered by individuals who make certain maintenance payments, donations to charity or other payments net of basic rate income tax where, in order fully to cover such charges on income for taxation purposes, they may have to rely on the amount of dividend they are proposing to take in the form of a scrip dividend.

Individuals taking New Ordinary Shares who are liable to higher rate income tax (which for the tax year 1996/97 is expected to be 40 per cent) will be liable to taxation on the basis that they have received gross income calculated (as shown in the first paragraph above) by reference to the Cash Equivalent. Thus, where a taxpayer's effective rate of taxation on the dividend entitlement is 40 per cent., he will be liable under the above example to pay additional tax of £20.

For the purposes of capital gains tax, the New Ordinary Shares will be added to the individual's existing holding of Ordinary Shares and will be treated as though they had been acquired when the existing holding was acquired. The amount of the Cash Equivalent will be treated as being the consideration for the New Ordinary Shares (although the indexation allowance in respect of the Cash Equivalent will accrue only from the date of the issue of the New Ordinary Shares).

*Cash Equivalent

The "Cash Equivalent" of one New Ordinary Share for the purpose of this election is calculated as the full cash dividend forgone. The "Cash Equivalent" of one New Ordinary Share for the purposes of the final dividend is 0.75 pence.

If, on the first day of dealings on the London Stock Exchange, the "Cash Equivalent" were to be substantially different from the market value of one New Ordinary Share, the Inland Revenue may substitute that market value as the "Cash Equivalent". Under current Inland Revenue Practice, a difference of 15 per cent. or more is treated as substantial for this purpose.

2. UK resident trustees

Where trustees who are liable to income tax at the rate applicable to discretionary trusts elect to receive New Ordinary Shares, the same grossing up procedure as outlined above for individuals will apply. For the purposes of charging income tax, such trustees will be liable at the rate applicable to trusts, which for the tax year 1996/97 is expected to be 34 per cent, and will be treated as having received gross income of an amount which, when reduced by an amount equal to income tax at the lower rate, is equal to the Cash Equivalent. In the above example, such trustees would be liable to pay additional taxation of £14.

For the purposes of capital gains tax, the New Ordinary Shares will be added to such trustees' existing holding of Ordinary Shares and will be treated as though they had been acquired when the existing holding was acquired. The amount of the Cash Equivalent will be treated as being the consideration for the New Ordinary Shares (although the indexation allowance in respect of the Cash Equivalent will accrue only from the date of the issue of the New Ordinary Shares).

3. UK resident corporate shareholders

Where a corporate shareholder who is resident in the United Kingdom elects to receive New Ordinary Shares, those New Ordinary Shares will not be treated as franked investment income for corporation tax purposes. Corporation tax will not be chargeable on the New Ordinary Shares received. For the purposes of corporation tax on chargeable gains, no consideration will be treated as having been given for the New Ordinary Shares.

4. UK resident gross funds

As the issue of the New Ordinary Shares will not be treated as a qualifying distribution, no taxation credit will attach to the New Ordinary Shares and no taxation repayment claim which would be available with a cash dividend can be made in respect thereof.

APPENDIX III

SCRIP DIVIDEND MANDATE

1. Scrip Dividend Mandate

A Scrip Dividend Mandate scheme is available for the convenience of those shareholders who would like to take new Ordinary Shares instead of cash dividends as a matter of routine so as to enable them, if they so wish, to receive new Ordinary Shares automatically in respect of future dividends declared or paid. Shareholders who wish to take advantage of this may do so by setting up a Scrip Dividend Mandate as a standing election.

Ordinary Shares received in accordance with a Scrip Dividend Mandate will automatically increase the holding of the electing shareholder and thereby increase his entitlement for any future scrip dividend offers.

The Scrip Dividend Mandate scheme is entirely optional, but any Scrip Dividend Mandate given will remain valid in respect of all future scrip dividend offers unless and until revoked by the shareholder in writing or suspended or terminated by the Company.

2. Setting up a Scrip Dividend Mandate

If you wish to set up a Scrip Dividend Mandate and thus receive your maximum entitlement to new Ordinary Shares under all future scrip dividend offers until the Mandate is cancelled or expires, mark an 'X' in Box 5 of the Form of Election.

3. Mandates to be for maximum entitlement only

The Company will accept Scrip Dividend Mandates only in respect of the total number of Ordinary Shares held by a shareholder at the record date for each dividend declared. Mandates will not be accepted in respect of part of a holding of Ordinary Shares. If a shareholder acquires further Ordinary Shares in the same holding or disposes of some of his/her Ordinary Shares from the same holding, the original Mandate will continue to apply (until it is revoked, suspended, or terminated) in respect of his/her modified holding.

4. Statements of Entitlement

Shareholders who give the Company a Scrip Dividend Mandate to allot new Ordinary Shares in respect of all future dividends declared for which a scrip dividend offer is available will receive, approximately five weeks before each dividend payment date, a statement of entitlement of the basis of any entitlement to new Ordinary Shares ("Statement of Entitlement"). Unless a Scrip Dividend Mandate is revoked by the date specified in the Statement of Entitlement, new Ordinary Shares instead of cash will be allotted for that dividend and such shareholder will not be sent a Form of Election.

5. Revocation of a Mandate

Shareholders may revoke a Scrip Dividend Mandate by notice in writing to the Company's Registrars. Scrip Dividend Mandates may be revoked at any time, except that to be valid for a particular dividend, a revocation must be received by the Company's Registrars not later than the relevant time and date by which shareholders who have not completed Scrip Dividend Mandates must return Forms of Election.

A Mandate will be deemed to be revoked if a shareholder sells or otherwise transfers all his Ordinary Shares to another person, but only with effect from registration of the relevant transfer in the share register, and will terminate immediately on notice of death of the shareholder being received by the Company's Registrars.

6. Modification or termination of a Mandate by the Company

The Company may at any time, by giving not less than three months' notice in writing to shareholders, modify or terminate any Mandate. In the case of any modification, current Mandates will remain valid under the modified Scrip Dividend Mandate scheme unless the Company receives a valid revocation in writing.

7. Directors' discretion

The operation of the Scrip Dividend Mandate is subject to the Directors' decision to offer scrip dividends in respect of dividends declared. If the Directors decide, at their discretion, not to make a scrip dividend offer available in respect of any particular dividend declared or paid, any Scrip Dividend Mandate will be suspended.

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A n n u a l R e p o r t

SPECIAL EYES plc

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CHAIRMAN'S STATEMENT

Results

Against a background of an extremely competitive retail environment with even the largest optical chains resorting to discounting and continuous promotional activity, in the 52 weeks to 27 November 1993 the Company achieved sales of £20,544,000, an increase of 15.4 per cent on the comparable 52 week period, an operating loss of £313,000 and a retained loss of £484,000. This compares to an operating loss of £2,039,000 and a retained loss of £2,159,000 in the 78 weeks to 28 November 1992.

After the reported operating loss of £270,000 in the first 24 weeks of the financial period, the normally stronger second 28 weeks was seriously affected by a downturn in sales in the run-up to the Chancellor's Autumn Budget at the end of November and produced an operating loss of £43,000 and a retained loss of £145,000.

Refinancing

Your directors looked to shareholders to support the Company by way of an offer and placing of £1.55m convertible unsecured loan stock in June 1993. The amount raised was the minimum required to refinance the Company.

The results outlined above fell short of the budgets on which the refinancing proposals were based, with the effect that the cash position at the end of the financial period was lower than anticipated. This shortfall was mainly due to a reduction in operating margins resulting from aggressive promotional discounting by the Company in response to the sector generally and the weakening of sales volumes compared to the levels budgeted.

The Company continues to rely for working capital on the outstanding and unresolved matter of VAT on the dispensing of spectacles. At this year end the withheld amount of VAT, treated in our accounts as due to the authorities pending the resolution of an appeal by the

Customs and Excise against a decision of the VAT Tribunal, totalled £1.795m. We have recently sought further advice from Counsel on the strength of our position and again have been advised that we have a good case in law. However, no early resolution is expected and accordingly the Company's working capital requirements will continue for some time to benefit from the withheld VAT. However likely it may be that the decision falls in our favour, the possibility remains that the Company may have to remit the full amount.

Actions during the year

In September 1993, the executive management team was completed by the appointment of an experienced retailer, Bob Graham, as Retail Operations Director. With his guidance, store management has improved operating controls, staff training and customer service. Management was further strengthened by the appointment of Clive Copeman, an experienced optical retailer, as Regional Manager for the North and Midlands and Clare Clark (formerly with the Burton Group) to lead our management development and training effort. Three loss making stores were closed during the year and the Kingston branch was relocated, improving its profit contribution.

A new range of frames and accessories was introduced during the year. These new products are prominently displayed in all stores and customer acceptance has been encouraging, as demonstrated by the sales increase in the year.

Better gross margin controls and stock disciplines have been introduced, although the elimination of branch paperwork has had to await the selection of appropriate systems software. This task of selection has now been completed and systems are now operating on a trial basis in two stores, the Group's warehouse and Head Office. At the same time we have completely refurbished the Harrow store with

CHAIRMAN'S STATEMENT (Continued)

a prototype shopfit designed by RSCG Conran Design. Good progress has been made in improving the appearance of our stores within the cash constraints previously mentioned.

Additionally, the introduction of a profit related pay scheme provided an opportunity to reward staff for their effort in the re-building of the business at no additional cost to the Company in the coming financial year.

Prospects

I am pleased to be able to report the Company has traded ahead of sales budget for the first fourteen weeks of the current financial year.

The Company now has a range of products which are priced competitively and supported by a well trained and dedicated sales staff.

The management will continue to bear down on costs and in June of this year we have an opportunity to vacate the Company's Head Office. We intend to consolidate the Head Office with our warehouse and laboratory at our Greenford site, which will result in significant cost savings. With this task complete, a satisfactory balance of revenues and costs is in prospect.

The business is undoubtedly in better shape than a year ago. The management has a clear programme for the next stage of recovery in 1994. As our cash constraints ease we need urgently to refurbish many of our stores, we must install point of sales systems across the whole chain, and, to stay competitive, we must recommence our store opening programme.

Much has been achieved and I thank all our staff and advisers for their hard work and dedication, particularly Morison Stoneham, the Company's retiring auditors.

J F Power
Chairman
16 March 1994

DIRECTORS AND ADVISERS

DIRECTORS

J F Power (Chairman)
M Raines (Managing)
T Franey (Non-executive)
R L Graham (Retail Operations)
G W Shand (Finance)
B D Smith (Buying and Marketing)

SECRETARY

G W Shand

REGISTERED OFFICE

167 Imperial Drive, Harrow, Middlesex HA2 7JP

AUDITORS

Menson Stoneham (Chartered Accountants)

STOCKBROKERS AND FINANCIAL ADVISERS

Greig Middleton & Co. Limited

SOLICITORS

Lawrence Graham
Barnett Alexander Chart

BANKERS

Barclays Bank PLC

REGISTRARS

Barclays Registrars

THE BOARD

James Power, (Chairman), aged 61, was appointed a Director on 1 June 1990 and was appointed as Chairman on 30 November 1992. Previously he was Finance Director of Storehouse plc and Burton Group plc. He is currently director of a number of companies including C & J Clark Limited, Merchant Retail Group PLC, and is Chairman of Jessups PLC, and Heal and Son Limited.

Robert Graham, (Retail Operations Director), aged 46, was appointed a director on 1 September 1993. He was previously Retail Operations Director of Habitat (UK) Limited. He has spent all of his career in High Street retailing, including 23 years with the Storehouse Organisation.

Brian Smith, (Buying and Marketing Director), aged 53, was appointed as a director on 21 October 1992. Previously he was Buying Director of Mothercare Limited and B&S plc. He has spent all of his career in High Street retailing, including 18 years with the Littlewoods Organisation.

Mark Raines, (Managing Director), aged 36, a qualified Ophthalmic Optician, was appointed a director on 4 March 1992. Previously he was Operations Director of George Davis Opticians Limited from 1982 to 1987. Thereafter, he held the same position with First Sight Opticians, a subsidiary of Dollond and Aitchison. On 18 May 1993 he was appointed as Managing Director.

George Shand, (Finance Director), aged 36, was appointed a director on 24 August 1992. Previously he was Group Finance Director of Talkland International Limited, a mobile communications service provider, after spending much of his career in professional practice.

Tim Franey (Non-executive Director), aged 47, was appointed a director on 23 June 1993. Amongst his current activities he is a non-executive director of Quicks Group PLC.

REPORT OF THE DIRECTORS

The Directors submit their report and the financial statements of the Company and of the Group for the 52 weeks ended 27 November 1993.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the Group is that of optical retailers. A review of the business is set out in the Chairman's Statement on pages 2 and 3. The results of the Group for the 52 weeks ended 27 November 1993 were as follows:-

	52 weeks to 27 November 1993 £000	78 weeks to 28 November 1992 £000
Sales	20,544	25,939
Operating loss	(313)	(2,039)
Net interest payable	(168)	(232)
Loss on ordinary activities	(481)	(2,271)
Taxation (charge)/credit	(3)	112
Retained loss	(484)	(2,159)

DIVIDENDS

The Directors do not propose to pay a dividend.

SHARE CAPITAL

There were no changes in issued share capital in the period.

The issue of £1,554,953 nominal of 10 per cent Convertible Unsecured Loan Stock 2000 at par to provide additional working capital for the Company was approved by shareholders at the Extraordinary General Meeting held on 23 June 1993. The 10 per cent Convertible Unsecured Loan Stock 2000 may be converted into 10 Ordinary Shares per 100p nominal of loan stock in any of the years 1994 to 1999 inclusive. Full conversion of the outstanding rights will result in the issue of 15,549,530 Ordinary Shares.

FIXED ASSETS

Movements in tangible fixed assets are shown in Note 5 to the financial statements.

REPORT OF THE DIRECTORS (Continued)

CHAIRMAN AND DIRECTORS

The current Directors of the Company are shown on page 4. The following changes occurred during the period:

	Appointed	Resigned
R L Graham	1 September 1993	
T Franey	23 June 1993	
J D Robertshaw		23 June 1993
The Marquess of Northampton		23 June 1993
M Goldstone		31 December 1992
J G Coteman		24 December 1992
I Ritchie		17 December 1992
A S Noble		30 November 1992

DIRECTORS' INTERESTS

The interests in the shares of the Company of the Directors and their families are shown below:

	At 28 November 1992 or at date of appointment			At 27 November 1993		
	Ordinary Shares	Options	Loan Stock £	Ordinary Shares	Options	Loan Stock £
J F Power	-	-	-	-	-	-
M Raines	-	-	-	-	175,000	30,000
T Franey	310,000	-	296,000	1,210,000	-	313,500
T Franey (as trustee)	-	-	-	-	-	50,000
R L Graham	-	-	-	-	175,000	30,000
G W Shand	-	-	-	-	175,000	30,000
B D Smith	-	-	-	-	175,000	30,000

Since the period end there have been no changes in the above interests.

REPORT OF THE DIRECTORS (Continued)

SUBSTANTIAL INTERESTS

At the date of this report, the only holdings which amount to more than 3 per cent of the Ordinary Share Capital of the Company, other than those interests stated in the paragraph above headed "Directors' Interests" are as follows:-

	No. of Ordinary Shares	Percentage of Issued Share Capital
The Marquess of Northampton	2,116,872	13.61
M Goldstone	1,721,572	11.07
Mars UK Pension Fund	784,930	5.05
TKM Group Pension Scheme	500,000	3.21
A S Noble	499,180	3.21
J A Scott	490,000	3.15

At the date of this report, A S Noble had options over 75,000 Ordinary Shares.

SERVICE AGREEMENTS

The following Directors have service agreements with the Company:

	Commencement Date	Expiry Date
M Raines	4 March 1992	On 12 months' notice
G W Shand	24 August 1992	On 12 months' notice
B D Smith	21 October 1992	On 12 months' notice
R L Graham	24 November 1993	On 12 months' notice

DIRECTORS' INTERESTS IN CONTRACTS

No Director had, directly or indirectly, any material interest in any contract significant to the Group's business during the period under review.

DIRECTORS' AND OFFICERS' INDEMNITY INSURANCE

The Group has in place directors' and officers' indemnity insurance.

REPORT OF THE DIRECTORS (Continued)

EMPLOYEES

The weekly average number of employees (excluding directors but including part time staff) of the Group (in the United Kingdom) during the period was 483 (1992 - 492) and their aggregate remuneration was £5,449,000 (1992 - £7,786,000). Employees are encouraged to become aware of, and involve themselves in, the performance of the Company. Communication with employees individually is achieved through the in-house newsletter and regular training sessions. Employees are encouraged to be associated with the Group's profitability through various incentive schemes.

EMPLOYMENT OF DISABLED PERSONS

Suitable procedures are in operation to support the Group's policy that disabled persons (whether registered or not) shall be considered for employment and subsequent training, career development and promotion on the basis of their aptitudes and abilities.

DONATIONS

The Group made charitable donations of £57 (1992 - £735) during the period. There were no donations for political purposes (1992 - Nil).

TAX STATUS

The Directors are advised that the Company is not a close company within the meaning of the Income and Corporation Taxes Act 1988.

AUDITORS

Morison Stoneham are retiring as auditors of the Company. A resolution for the appointment of Touche Ross as auditors of the Company is to be proposed at the forthcoming Annual General Meeting.

By order of the Board
G W Shand - Secretary

16 March 1994

CORPORATE GOVERNANCE

Statement of Compliance with the Code of Best Practice

Following the publication of the Code of Best Practice of the Committee on the Financial Aspects of Corporate Governance on 1 December 1992, the Board has carried out a full review of the Company's compliance for the 52 weeks ended 27 November 1993.

With the exception of the provisions with which no listed company can yet comply until the appropriate guidance has been issued, the only area where the Company does not comply with the Code of Best Practice is in relation to paragraph 4.3 which requires that the Audit Committee should comprise a minimum of three non-executive directors. At present, there are only two non-executive directors on the Board. The Board is of the belief that these individuals possess an appropriate level of experience, independence and expertise to provide an effective Audit Committee. As the Company develops, it is the intention of the Board to revisit this issue. The provisions on which guidelines are still awaited relate to the reporting by directors on internal control and on the requirement to prepare financial statements on a going concern basis.

Committees and guidance

The Board comprises four executive and two non-executive directors, with a clear separation of the roles of Chairman and Managing Director. The Board meets at least twelve times a year to approve the long-term objectives and strategies and to provide overall financial and organisational control. The implementation of Board policy and the day-to-day management of the Group is delegated to the Managing Director, supported by the Executive Committee.

The non-executive directors perform an essential role by monitoring the performance of the Group and the executive management. In addition, they are both members of the Audit and Remuneration Committees. Both committees are chaired by the Chairman, J F Power.

The Audit Committee comprises both non-executive directors and meets at least three times a year and carries out its roles and duties broadly in line with the terms of reference suggested by the Committee on the Financial Aspects of Corporate Governance.

The Remuneration Committee comprises both non-executive directors and meets to consider the remuneration packages of the executive directors.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are required by the Companies Act 1985 to prepare financial statements which give a true and fair view of the state of affairs of the Company and the Group as at the end of the financial period and of the profit or loss for that period. It is the responsibility of the Directors to maintain adequate accounting records, safeguard the assets of the Company and the Group and prevent and detect fraud and other irregularities.

The Directors confirm that suitable accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, have been used in the preparation of the financial statements, and that applicable accounting standards have been followed.

REPORT OF THE AUDITORS TO THE SHAREHOLDERS OF SPECIAL EYES plc

We have audited the financial statements on pages 12 to 27 which have been prepared under the historical cost convention and the accounting policies set out on pages 16 and 17.

Respective responsibilities of directors and auditors

As described on page 10 the Company's Directors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of 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 affairs of the Company and of the Group as at 27 November 1993 and of the loss of the Group for the 52 weeks then ended and have been properly prepared in accordance with the Companies Act 1985.

305 Salisbury House
31 Finsbury Circus
London EC2M 5SQ

MORISON STONEHAM
Registered Auditors
Chartered Accountants

16 March 1994

**CONSOLIDATED PROFIT AND LOSS ACCOUNT
(FOR THE 52 WEEKS ENDED 27 NOVEMBER 1993)**

	Notes	52 weeks to 27 November 1993 £'000	78 weeks to 28 November 1992 £'000
Turnover – continuing activities	1	20,544	25,939
Cost of sales		(19,426)	(25,771)
Gross profit		1,118	168
Net administrative expenses		(1,431)	(2,207)
Operating loss		(313)	(2,039)
Interest receivable		10	11
Interest payable		(178)	(243)
Loss on ordinary activities	2	(481)	(2,271)
Taxation (charge) credit	4	(3)	112
Retained loss		(484)	(2,159)
Loss per share	14	(3.11)p	(14.16)p

A statement of movement on reserves is given in note 13 to the financial statements.

The statements and notes on pages 16 to 27 form part of these financial statements.

BALANCE SHEETS

		GROUP		COMPANY	
		27 November	28 November	27 November	28 November
	Notes	1993	1992	1993	1992
		£000	£000	£000	£000
FIXED ASSETS					
Tangible assets	5	2,701	3,396	2,701	3,396
Investments	6	—	—	150	150
		2,701	3,396	2,851	3,546
CURRENT ASSETS					
Stocks	1	1,398	1,113	1,398	1,113
Debtors	7	1,263	1,012	1,251	1,008
Cash at bank and in hand		412	67	405	61
		3,073	2,192	3,054	2,182
CURRENT LIABILITIES					
Creditors: amounts falling due within one year	8	(4,690)	(5,280)	(5,899)	(6,299)
NET CURRENT LIABILITIES					
		(1,617)	(3,088)	(2,845)	(4,117)
TOTAL ASSETS LESS CURRENT LIABILITIES					
		1,084	308	6	(571)
Creditors: amounts falling due after more than one year	8	(1,648)	(289)	(1,648)	(289)
Deferred income	9	(471)	(380)	(471)	(380)
		(1,035)	(361)	(2,113)	(1,240)
CAPITAL AND RESERVES					
Called up share capital	11	311	311	311	311
Share premium account	13	2,987	3,158	2,987	3,158
Profit and loss account	13	(4,333)	(3,820)	(5,411)	(4,709)
		(1,035)	(361)	(2,113)	(1,240)
J F Power	}	DIRECTORS			
G W Shand					

The financial statements were approved at a meeting of the Directors held on 16 March, 1994.

The statements and notes on pages 16 to 27 form part of these financial statements.

STATEMENT OF RECOGNISED GAINS AND LOSSES

	52 weeks to 27 November 1993 £000	78 weeks to 28 November 1992 £000
Loss for the financial period	(484)	(2,159)
Currency translation differences on foreign currency net investments	(19)	-
Total recognised gains and losses for the financial period	(503)	(2,159)

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	27 November 1993 £000	28 November 1992 £000
Loss for the financial period	(484)	(2,159)
Currency translation differences on foreign currency net investments	(19)	-
Exercise of share options	-	109
Redemption of loan stock	-	32
Expenses of issue of 10% Convertible Unsecured Loan Stock	(171)	-
Net movements to shareholders' funds	(674)	(2,018)
Shareholders' funds at 28 November 1992	(361)	1,657
Shareholders' funds at 27 November 1993	(1,035)	(361)

CONSOLIDATED CASH FLOW STATEMENT
(FOR THE 52 WEEKS ENDED 27 NOVEMBER 1993)

	Notes	52 weeks to 27 November 1993		78 weeks to 28 November 1992	
		£'000	£'000	£'000	£'000
NET CASH INFLOW FROM OPERATING ACTIVITIES	17		280		1,547
Returns on investment and servicing of finance					
Interest received		- 10		11	
Interest paid		(178)		(243)	
Net cash outflow from returns on investment and servicing of finance			(168)		(332)
Taxation					
Corporation tax repaid (paid)			53		(6)
Investing activities					
Payments to acquire tangible fixed assets			(527)		(2,199)
NET CASH OUTFLOW BEFORE FINANCING			(362)		(890)
Financing					
Acquisition of finance leases		-		342	
Finance lease payments		(286)		(411)	
Issue of share capital		-		141	
Redemption of Convertible Loan Stock		-		(105)	
Issue of 10 per cent Convertible Unsecured Loan Stock 2000		1,384		-	
Net cash inflow/(outflow) from financing			1,098		(33)
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	18		736		(923)

NOTES TO THE FINANCIAL STATEMENTS

1. STATEMENT OF ACCOUNTING POLICIES

1.1. ACCOUNTING CONVENTION

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

1.2. BASIS OF CONSOLIDATION

The consolidated financial statements incorporate the financial statements of the Company and its subsidiary undertakings. The financial statements of all the Group companies are made up to 27 November 1993.

1.3. TURNOVER

Turnover is the value of sales (excluding Value Added Tax) of spectacles, contact lenses and accessories and eye examination revenue.

All turnover is generated from the principal activity of optical retailing in the United Kingdom.

1.4. DEPRECIATION

Depreciation on the cost of tangible fixed assets, except for leasehold premises, is provided in general at the following annual rates on a straight line basis intended to write the assets down to their estimated residual value over their useful lives from the date on which they are brought into use to the date of disposal:

Shopfitting	20 per cent to 33.3 per cent
Optical equipment	10 per cent to 20 per cent
Fixtures and fittings and office equipment	10 per cent to 33.3 per cent

The professional costs relating to the acquisition of leasehold properties are capitalised and written off over three years.

Contributions to the cost of shopfitting receivable from landlords are treated as deferred income and released over the useful life of the relevant assets from the date on which they are brought into use.

1.5 LEASING COMMITMENTS

The rentals on operating leases due in each accounting period are charged to the profit and loss account in the period in which they are incurred.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

1.5 LEASING COMMITMENTS (continued)

Assets held under finance leases are capitalised in the balance sheet. The interest due in each accounting period is charged to profit and loss on a straight line basis.

1.6 STOCKS

Stocks are valued at the lower of cost and net realisable value. Retail stocks consist of goods for resale. Cost is computed by deducting the gross margin from the selling value of stock.

1.7 FOREIGN CURRENCY

(a) Company

Transactions denominated in foreign currency are translated at the actual exchange rates as at the date of transaction. Monetary assets and liabilities denominated in foreign currencies at the year end are translated at the rates of exchange ruling at the balance sheet date. Any gains or losses arising from exchange differences are reflected in the loss for the period.

(b) Group

The balance sheet and profit and loss account of foreign subsidiaries have been translated at the rate of exchange ruling at the balance sheet date.

1.8 DEFERRED TAXATION

Provision is made for deferred taxation using the liability method on all timing differences to the extent that it is probable that a liability will crystallise in the foreseeable future.

1.9 PENSIONS

The Company operates a money purchase scheme for the Group and the amount of contributions payable to the scheme in respect of the accounting period is charged against the profit and loss account.

1.10 PAYMENT OF PREMIUMS ON LEASHOLD PREMISES

The payment of premiums to landlords to secure leasehold premises are charged to the profit and loss account as they arise. Reverse premiums receivable from landlords as an incentive to take leasehold premises are credited to the profit and loss account as they arise.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2. LOSS ON ORDINARY ACTIVITIES

The loss on ordinary activities is arrived at after charging the following items:

	52 weeks to 27 November 1993 £000	78 weeks to 28 November 1992 £000
Depreciation (including depreciation on finance leases)	1,190	1,570
Loss on disposal of fixed assets	32	3
Hire of equipment under operating leases	299	277
Other operating leases	3,184	3,900
Auditors' remuneration:		
Audit	37	36
Other services	9	64
Bank and other interest	22	57
Finance lease interest	82	139
Loan stock interest	64	7

3. DIRECTORS' REMUNERATION

Total Directors' emoluments for the period were as follows:-

	52 weeks to 27 November 1993 £000	78 weeks to 28 November 1992 £000
Fees	8	38
Other emoluments including pension contributions	254	463
Compensation for loss of office	-	232
	262	733

For the period under review, the remuneration of the Chairman, excluding pension contributions, amounted to £25,384 (1992-£74,486) and the highest paid Director received £69,915 (1992 - £144,139). These emoluments include performance related bonuses of £nil (1992 - £8,250) and £nil (1992 - £16,500) respectively.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. DIRECTORS' REMUNERATION (continued)

The remuneration of other Directors, excluding pension contributions, was within the scales shown below:-

		52 weeks to 27 November 1993 £000	78 weeks to 28 November 1992 £000
£	£	Number	Number
0	5,000	6	-
5,001	10,000	1	1
10,001	15,000	1	2
15,001	20,000	-	2
40,001	45,000	-	1
50,001	55,000	-	1
65,001	70,000	2	-
85,001	90,000	-	1

The remuneration of Mr. Goldstone included in the above table was paid to New Purchase Limited.

4. TAXATION

52 weeks to 27 November 1993 £000	78 weeks to 28 November 1992 £000
--	--

The (charge)/credit in the profit and loss account is made up as follows:

Overseas taxation payable	(3)	(12)
Corporation tax at 33 per cent (1992 - 33 per cent)	-	-
Current period losses set back against prior years' profits	-	124
	(3)	112

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5. TANGIBLE FIXED ASSETS

	Total	Short leasehold properties	Shopfitting	Optical equipment	Fixtures, fittings and office equipment
	£000	£000	£000	£000	£000
Cost					
Brought forward					
29 November 1992	7,416	655	3,553	2,345	863
Purchased during the period	527	35	253	170	69
Disposals	(182)	(9)	(121)	—	(52)
Cost at					
27 November 1993	7,761	681	3,685	2,515	880
Depreciation					
Brought forward					
29 November 1992	(4,020)	(442)	(1,945)	(1,261)	(372)
Charge for the period	(1,190)	(117)	(585)	(401)	(87)
Disposals	150	7	116	—	27
Depreciation at					
27 November 1993	(5,060)	(552)	(2,414)	(1,662)	(432)
Net book value at					
27 November 1993	2,701	129	1,271	853	448
Net book value at					
29 November 1992	3,396	213	1,608	1,084	491

Included in the net book value of tangible assets is £266,000 (1992 – £529,000) in respect of assets held under finance leases. The depreciation charge on these assets for the period is £243,000 (1992 – £377,000).

NOTES TO THE FINANCIAL STATEMENTS (Continued)

6. INVESTMENTS

The investment of the Company in wholly owned subsidiary undertakings at cost was as follows:-

	27 November 1993 £000	28 November 1992 £000
Specialeyes (Optical Services) Limited (2 Ordinary Shares of £1 each)	2	2
Specialeyes Holdings B.V. (500 Shares of DFL 1 each)	150.150	150.150
	150.152	150.152

Specialeyes (Optical Services) Limited is registered in England and provides an eye examination and contact lens dispensing service. Specialeyes Holdings BV is a non trading company, incorporated in the Netherlands.

7. DEBTORS

	GROUP		COMPANY	
	27 November 1993 £000	28 November 1992 £000	27 November 1993 £000	28 November 1992 £000
Trade debtors	699	620	699	620
Other debtors	76	65	65	65
Taxation	-	62	-	60
Prepayments and accrued income	458	265	457	263
Other taxation and social security	30	-	30	-
	1,263	1,012	1,251	1,008

There are no amounts falling due after more than one year.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

8. CREDITORS

	GROUP		COMPANY	
	27 November	28 November	27 November	28 November
	1993	1992	1993	1992
	£000	£000	£000	£000
(a) Amounts falling due within one year				
Loan from Dutch subsidiary undertaking	-	-	193	203
Bank overdraft	61	452	-	310
Trade creditors	1,328	1,638	1,076	1,400
Corporation tax	-	6	-	-
Other taxation and social security	1,984	886	1,944	840
Pension contributions	11	70	11	70
Other creditors	569	1,419	569	1,416
Amounts due to subsidiary undertakings	-	-	1,460	1,333
Accruals and deferred income	737	809	646	727
	<u>4,690</u>	<u>5,280</u>	<u>5,899</u>	<u>6,299</u>
(b) Amounts falling due between the second to fifth years inclusive				
Other creditors	93	289	93	289
10 per cent Convertible Unsecured Loan Stock 2000	1,555	-	1,555	-
	<u>1,648</u>	<u>289</u>	<u>1,648</u>	<u>289</u>

As security for overdraft facilities, Barclays Bank PLC holds a Debenture by way of a fixed and floating charge over assets of the Group.

Included in "other taxation and social security" at 27 November 1993 is an amount of £1,795,000 relating to VAT withheld pending resolution by the VAT Tribunal of the Company's VAT treatment of the dispensing of spectacles.

The issue of £1,554,953 nominal of 10 per cent Convertible Unsecured Loan Stock 2000 at par to provide additional working capital for the Company was approved by shareholders at the Extraordinary General Meeting held on 23 June 1993. The 10 per cent Convertible Unsecured Loan Stock 2000 may be converted into 10 Ordinary Shares per 100p nominal of loan stock in any of the years 1994 to 1999 inclusive. Full conversion of the outstanding rights will result in the issue of 15,549,530 Ordinary Shares.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

9. DEFERRED INCOME

Deferred income represents contributions to shopfitting costs receivable from landlords. These are released over the estimated useful life of the relevant assets acquired.

10. DEFERRED TAXATION

No deferred tax has been provided in these financial statements on the grounds that as the tax written down value of eligible assets exceeds their net book value a deferred tax asset would arise. In accordance with Statement of Standard Accounting Practice No 15, this asset has not been recognised in these financial statements.

11. SHARE CAPITAL

	Number of Ordinary Shares of 2p		27 November 1993	28 November 1992
	27 November 1993	28 November 1992		
			£000	£000
Authorised	37,500,000	23,040,000	750	461
Issued	15,549,535	15,549,535	311	311

12. SHARE OPTIONS

An executive share option scheme, approved by the Board of Inland Revenue, was adopted by the Company on 11 November 1986. The options, which shall be exercisable prior to the tenth anniversary of the date of the grant of such option are as follows:-

Date of grant	Number of Executives (past and present)	Shares under option 27 November 1993	Subscription price in pence
11 November 1986	2	200,000	15.5
3 March 1987	1	75,000	16.5
9 December 1987	19	254,000	36.0
5 November 1990	1	125,000	16.0
1 September 1993	4	300,000	14.0
17 September 1993	4	300,000	14.0
20 September 1993	8	180,000	14.5
		1,434,000	

A resolution is to be proposed at the Annual General Meeting amending the rules of the Specialeyes plc Executive Share Option Scheme to bring the rules of the scheme generally into line with common practice.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

12. SHARE OPTIONS (continued)

The amendments proposed will enable a holder of options granted more than three years previously to exercise his options within six months of leaving the Company for whatever reason. The present rules permit options to be exercised up to ten years from the date of grant.

Where the date on which the executive leaves the Company is within three years of the date of grant of the option and the reason for ceasing to be employed by the Company is death, retirement, redundancy, disability, injury or by reason of the subsidiary of the Company of which the individual is an executive ceasing to be a subsidiary company, then the amendments proposed would permit the executive to exercise the options on the date which is three years and six months after the date of grant of the option.

At the date of this report – employees, none of whom was a Director, held options over 42,351 Ordinary Shares under the SAYE Share Option Scheme.

13. RESERVES

	GROUP Profit and loss account £000	COMPANY £000	GROUP AND COMPANY Share premium account £000
Brought forward at 29 November 1992	(3,330)	(4,709)	3,158
Result for the financial period	(484)	(702)	–
Currency translation differences on foreign currency net investments	(19)	–	–
Expense of issue of 10% Convertible Unsecured Loan Stock 2000	–	–	(171)
Carried forward at 27 November 1993	(4,333)	(5,411)	2,987

As permitted by Section 225 of the Companies Act 1985, the profit and loss account of Specialeyes plc has not been separately presented in these financial statements. The consolidated retained loss for the financial period includes £703,000 (1992 – loss £2,927,000) for the Company.

14. LOSS PER SHARE

The calculation is based on the weighted average of 15,549,535 (1992 – 15,243,389) Ordinary Shares in issue during the year and the loss of £484,000.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

15. FINANCIAL COMMITMENTS (OF THE GROUP AND OF THE COMPANY)

	27 November 1993 £000	28 November 1992 £000
CAPITAL EXPENDITURE		
Contracted but not provided for	30	123
Authorised by the Directors but not contracted	150	—
	<u>180</u>	<u>123</u>
OTHER		

- (a) The Company has guaranteed to Barclays Bank PLC a bond to H.M. Customs and Excise for £40,000.
- (b) The Company has guaranteed an overdraft facility of up to £50,000 with Barclays Bank PLC in respect of Specialeyes (Optical Services) Limited.
- (c) The Company had outstanding documentary credits at 27 November 1993 of £149,022 (1992 – nil).

LEASE COMMITMENTS

There were net obligations under finance leases at 27 November 1993 included in other creditors as follows:—

	27 November 1993 £'000	28 November 1992 £'000
Payable in the first year	139	263
Payable in the second to fifth years inclusive	93	254
	<u>232</u>	<u>517</u>

OPERATING LEASES

The Company and the Group have commitments under operating leases to make payments during the next financial period as follows:

	Land and buildings		Other	
	27 November 1993 £000	28 November 1992 £000	27 November 1993 £000	28 November 1992 £000
Expiring in the first year	41	33	34	34
Expiring in the second to fifth years inclusive	434	158	329	273
Expiring after the fifth year	3,143	3,150	—	—
	<u>3,618</u>	<u>3,341</u>	<u>363</u>	<u>307</u>

In addition, in the normal course of business there are short term commitments for occupancy costs for the in-store locations.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

16. EMPLOYEES

The aggregate remuneration and average number of employees (excluding Directors) in the period was as follows:-

	Retail operations		Central management and administration	
	52 weeks to 27 November 1993 £000	78 weeks to 28 November 1992 £000	52 weeks to 27 November 1993 £000	78 weeks to 28 November 1992 £000
Wages and salaries	5,165	7,315	284	471
Social security costs	470	643	30	51
Pension payment	55	96	8	26
Total costs	5,690	8,054	322	548
Average number	460	467	23	25

Pension arrangements

The Company operates a contributory pension scheme for certain eligible employees of the Group which is fully insured by the Guardian Royal Exchange Assurance plc. The scheme is a money purchase scheme and therefore no unfunded liability can arise.

Group health care scheme

A group health care scheme is available for certain employees.

17. RECONCILIATION OF PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	52 weeks to 27 November 1993 £000	78 weeks to 28 November 1992 £000
Gross profit	1,118	168
Less: net administrative expenses	(1,431)	(2,207)
Operating loss	(313)	(2,039)
Depreciation and amortisation	1,190	1,570
Loss on sale of fixed assets	32	3
Increase in stocks	(285)	(366)
Increase in debtors	(313)	(33)
(Decrease)/increase in creditors and deferred income	(31)	2,412
	280	1,547

NOTES TO THE FINANCIAL STATEMENTS (Continued)

18. ANALYSIS OF CHANGES IN CASH AND CASH EQUIVALENTS
DURING THE PERIOD

	52 weeks to 27 November 1993 £000	78 weeks to 28 November 1992 £000
Balance brought forward	(385)	538
Net cash inflow/(outflow)	736	(923)
Balance carried forward	351	(385)

19. ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS
AS SHOWN IN THE BALANCE SHEET

	27 November 1993 £000	28 November 1992 £000	Change in period £000
Cash at bank and in hand	412	67	345
Bank overdrafts	(61)	(452)	391
	351	(385)	736

20. ANALYSIS OF CHANGES IN FINANCING DURING THE PERIOD

	Share capital £000	Loan stock £000	Share premium account £000	Finance leases £000
Balance at 29 November 1992	311	—	3,158	517
Net cash inflow/(outflow) from financing	—	1,555	(171)	(286)
Balance at 27 November 1993	311	1,555	2,987	231

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the ANNUAL GENERAL MEETING of Specialeyes plc will be held at 167 Imperial Drive, Harrow, Middlesex HA2 7JP on 13 April 1994 at 9.30 am. for the following purposes:

Ordinary business

1. To receive and adopt the financial statements, together with the Directors' and Auditors' reports for the 52 weeks ended 27 November 1993.
2. To elect as a Director Mr T Franey, who has been appointed since the date of the last Annual General Meeting
3. To elect as a Director Mr R L Graham, who has been appointed since the date of the last Annual General Meeting.
4. To re-elect as a Director Mr J F Power, who retires by rotation.
5. To transact any other ordinary business of the Company which may be properly dealt with at an Annual General Meeting.

Special business

To consider and, if thought fit, pass the following resolutions, of which resolutions 6, 7 and 8 will be proposed as ordinary resolutions and resolution 9 will be proposed as a special resolution.

6. That Touche Ross be appointed as Auditors to the Company in place of Morison Stoneham, who will not be seeking re-election at the Annual General Meeting and that Touche Ross be appointed until the conclusion of the next Annual General Meeting at which accounts are laid before the Company and that the Directors be authorised to fix their remuneration.
7. That:—
 - (i) the Rules of the Specialeyes Executive Share Option Scheme be and are hereby amended as follows:
 - (a) By the deletion of Rule 8(ii) and the substitution thereof of the following:

“(ii) the expiry of six months from the date upon which the Participant ceases to be an Executive where such date of cessation is three years or more after the date of the grant of the Option: or”
 - (b) By the insertion of a new Rule (iii) as follows:

“(iii) where the Participant ceases to be an Executive within three years of the date of the grant of the Option by reason of his death, retirement, redundancy, disability, injury or by reason of a member of the Group employing him or for which he normally works or of which he is an executive director ceasing to be a subsidiary, the date which is three years and six months after the date of the grant of the Option: or”
 - (c) By renumbering the existing Rules 8(iii), (iv), (v) and (vi) as 8(iv), (v), (vi) and (vii) respectively; and
 - (ii) the Rules of the Specialeyes Executive Share Option Scheme as amended pursuant to paragraphs (a) to (c) above shall apply only to Options granted after formal approval to such amendments has been given by the Inland Revenue.
8. That the Directors be and are hereby generally and unconditionally authorised in accordance with Section 80 of the Companies Act 1985 to exercise all of the powers of the Company to allot relevant securities (as defined in sub-section (2) of the said Section 80) up to an aggregate nominal amount

of £439,009 provided that this authority shall expire at the conclusion of the Annual General Meeting to be held in 1995 save that the Company may before such expiry make an offer or agreement, which would or might require relevant securities to be allotted after such expiry and the Directors may allot relevant securities in pursuance of such offer or agreement as if the authority conferred hereby had not expired.

9. That pursuant to Section 95 of the Companies Act 1985 the Directors be and are hereby empowered to allot equity securities (as defined by Section 94 of the Companies Act 1985) for cash pursuant to the authority conferred by resolution 8 above as if Section 89(1) of the Companies Act 1985 did not apply to such allotment provided that this power shall be limited:

(a) to the allotment of equity securities in connection with a rights issue in favour of the holders of equity securities in proportion (as nearly as may be reasonably practicable in the circumstances having regard to fractional entitlements or legal practicable problems arising on the laws of or requirements of any regulatory body stock exchange or similar authority in any territory) to their holdings; and

(b) to the allotment (otherwise than pursuant to sub-paragraph (a) above) of equity securities up to an aggregate nominal amount of £15,549

and shall expire at the conclusion of Annual General Meeting of the Company to be held in 1995 save that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of such offer or agreement as if the power conferred hereby had not expired.

Dated 16 March 1994

Registered Office:
167 Imperial Drive
Harrow
Middlesex HA2 7JP

By order of the Board
G W Shand
Secretary

Notes:

1. A member entitled to attend and vote at the Meeting convened by the above Notice may appoint a proxy or proxies to attend and, on a poll, to vote instead of him. A proxy need not be a member of the Company. A form of proxy is attached. Completion of a form of proxy does not preclude a member from attending and voting at the Meeting in person.
2. To be valid, the instrument appointing a proxy and any power of attorney or other written authority (if any) under which it is signed, or a notarially certified or office copy of such power or authority, must be deposited at the office of the Company's Registrars, Barclays Registrars, Bourne House, 34 Beckenham Road, Beckenham, Kent BR3 4TU not less than 48 hours before the time appointed for holding the Meeting or any adjournment of such Meeting.
3. Copies of all service contracts (unless expiring or determinable by the Company within one year without payment or compensation) of any director with the Company will be available for inspection at the registered office of the Company during the usual business hours on any weekday (Saturdays and public holidays excluded) from the date of this notice until the date of the Annual General Meeting and at the place of the Annual General Meeting for at least 15 minutes prior to and until the conclusion of the Annual General Meeting.

LIST OF SPECIAL EYES BRANCHES

<input type="checkbox"/> Ayr	0292 284082	<input type="checkbox"/> Leicester	0533 513 191
<input type="checkbox"/> Barnsley	0226 249485	<input type="checkbox"/> Lewisham	081 318 3134
● Basildon	0268 280849	<input type="checkbox"/> Lincoln	0522 530736
<input type="checkbox"/> Bexleyheath	081 298 1112	<input type="checkbox"/> Liverpool	051 708 0668
<input type="checkbox"/> Birmingham	021 236 3736	<input type="checkbox"/> Maidstone	0622 765450
<input type="checkbox"/> Blackburn	0254 699622	<input type="checkbox"/> Manchester	061 835 3909
<input type="checkbox"/> Brighton	0273 324717	<input type="checkbox"/> Milton Keynes	0908 661808
<input type="checkbox"/> Bromley	081 464 4858	■ Merton	081 543 8026
<input type="checkbox"/> Burton upon Trent	0283 38477	<input type="checkbox"/> Newport	0633 246782
<input type="checkbox"/> Cambridge	0223 300591	<input type="checkbox"/> Northampton	0604 234099
● Chatham	0634 828769	<input type="checkbox"/> Portsmouth	0705 295043
▼ Chester	0244 312571	<input type="checkbox"/> Rochdale	0706 525629
<input type="checkbox"/> Chesterfield	0246 558428	<input type="checkbox"/> Romford	0708 731069
<input type="checkbox"/> Crawley	0293 522221	<input type="checkbox"/> Sheffield	0742 568094
◆ Crawley	0293 551001	<input type="checkbox"/> Slough	0753 512012
● Croydon	081 681 2876	<input type="checkbox"/> Southampton	0703 631583
<input type="checkbox"/> Derby	0332 380106	<input type="checkbox"/> Southend	0702 351136
<input type="checkbox"/> Doncaster	0302 329988	<input type="checkbox"/> Stockport	061 480 1606
<input type="checkbox"/> Dudley	0384 481083	<input type="checkbox"/> Sutton	081 480 1606
<input type="checkbox"/> East Ham	081 552 5500	◆ Thurrock	0708 869888
<input type="checkbox"/> East Kilbride	03552 31221	<input type="checkbox"/> Tooting	081 767 5112
<input type="checkbox"/> Edinburgh	031 558 3306	<input type="checkbox"/> Tunbridge Wells	0892 545503
● Eltham	081 859 8432	<input type="checkbox"/> Uxbridge	0895 253779
<input type="checkbox"/> Glasgow - St. Enoch	041 204 3343	<input type="checkbox"/> Wakefield	0924 362522
<input type="checkbox"/> Glasgow - Sauchiehall	041 353 3669	<input type="checkbox"/> Walsall	0922 362522
<input type="checkbox"/> Gloucester	0452 309633	<input type="checkbox"/> Walthamstow	081 521 6381
<input type="checkbox"/> Harlow	0279 421907	<input type="checkbox"/> Watford	0923 54275
<input type="checkbox"/> Harrow	081 861 3725	<input type="checkbox"/> West Ealing	081 840 7025
<input type="checkbox"/> Hounslow	081 570 2829	<input type="checkbox"/> Wolverhampton	0902 23737
<input type="checkbox"/> Huddersfield	0484 530743	<input type="checkbox"/> Wood Green	081 881 6907
● Hull	0482 212244	<input type="checkbox"/> Worthing	0903 213819
<input type="checkbox"/> Kingston-upon-Thames	081 547 1320	<input type="checkbox"/> York	0904 621628
<input type="checkbox"/> Leeds	0532 422007		

167 Imperial Drive, Middlesex HA2 7JP

● Allders ▼ Littlewoods ☐ High Street ■ Savacentre ◆ Superopticals

annual report

SPECIAL EYES plc

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FINANCIAL HIGHLIGHTS

	52 weeks to 26 November 1994	52 weeks to 27 November 1993 as restated
	£000	£000
Turnover	20,421	20,544
Loss on ordinary activities before taxation	(788)	(493)
Loss per share	(5.09p)	(3.19p)

CHAIRMAN'S STATEMENT

RESULTS

In the 52 weeks to 26 November 1994 the Company's turnover was £20,421,000, a decrease of 0.6% against the equivalent period last year. This is against the continued background of a static level of eye tests in the market as a whole. Competitors' continuous promotional discounting has put continued pressure on margins, and the resulting operating loss was £593,000 compared to £325,000 last year. The retained loss after interest and tax was £793,000 compared to £496,000 last year. Loss per share was 5.09p (1993 - 3.19p).

VAT

In relation to the matter of VAT on the dispensing of spectacles, the previous year's financial statements treated withheld amounts of VAT as being due to Customs and Excise. The VAT Tribunal case considering this matter (relating to Leightons Opticians and Eye-tech) has now been heard in the High Court. On 13 March 1995 the Court ruled in favour of the tax payers and accordingly, the Company's position on the resolution of its own VAT case is further strengthened.

As at 26 November 1994 the withheld amount of VAT which the Company continued to treat in its accounts as due to Customs and Excise totalled £2.83 million. In addition, the

Company has made a claim in the net amount of £3.4 million plus interest, to recover VAT which the Directors believe the Company overpaid to Customs and Excise in relation to this matter for the period 1 September 1988 to 30 May 1994.

The quantification of the receipt due to the Company and the non payment by the Company of VAT cannot yet be determined with reasonable accuracy. Customs and Excise may not necessarily agree with the apportionment of supplies between exempt and standard rate as adopted by the Company in arriving at the amounts in dispute, and it may be a matter for further negotiation between Customs and Excise and the Company in due course. Accordingly, the Directors consider it appropriate to account for the settlement of these matters only when the uncertainty has been resolved and the outcome is known.

The Directors anticipate, however, that the resolution of this matter will result in a favourable impact on net assets and reported earnings. As the receipt (and non payment) of VAT will be treated as a receipt subject to Corporation Tax, the effect on net assets and reported earnings will also be dependent upon the availability of carried forward tax losses and the tax position of the Company at the time the matters are resolved.

CHAIRMAN'S STATEMENT (Continued)

DEVELOPMENTS DURING THE YEAR

The trend in trading results and the business's lack of profitability during the period has resulted in the Board taking a number of decisions to improve the Group's position. Overhead and property costs have been cut and promotional activity developed to boost sales.

In July the Head Office building was vacated and personnel accommodated on a mezzanine floor above the warehouse and laboratory. This will give rise to a cost saving of approximately £100,000 in a full year.

Productivity improved during the year, mainly through the greater use of part time staff to meet peak hour trading. As a result, branch staffing levels reduced from 380 to 320 on a full time equivalent basis.

By the end of the year implementation had commenced of an EPOS system, linking the branches to the warehouse and certain key suppliers. Seventeen stores now benefit from this system, accounting for nearly 40% of the Group's turnover, and their performance confirms the benefit of the software package. The benefits of this will be fully realised in the current year.

MANAGEMENT CHANGES

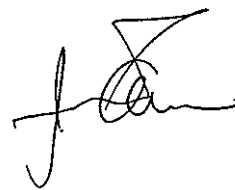
Two directors left during the year. George Shand was replaced by Roger Price as the

Finance Director, and Robert Graham, the Operations Director, resigned in September 1994.

PROSPECTS

Difficult trading conditions have continued in the optical retail marketplace, and during the first 16 weeks of the current financial year the Company has traded marginally below sales budget.

The outcome of the VAT case in the High Court (subject to the final resolution with Customs and Excise of the Company's own position) will strengthen the Company's resources and provide a basis on which to take the action required to restore sustained profitability.



JF Power
Chairman
5 May 1995

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

J F Power (Non-Executive chairman)
M Raines (Managing)
T Franey (Non-Executive)
R C Price (Finance)
B D Smith (Buying and Marketing)

SECRETARY

R C Price

REGISTERED OFFICE

Lyon Way
Greenford
Middlesex UB6 0BM

BANKERS

Barclays Bank PLC
240 Whitechapel Road
London E1 1BS

SOLICITORS

Lawrence Graham
190 Strand
London WC2R 1JN

Barnett Alexander Chart
34-35 Dean Street
London W1V 5AP

AUDITORS

Touche Ross & Co.
Chartered Accountants
Hill House
1 Little New Street
London EC4A 3TR

THE BOARD OF DIRECTORS

James Power (Non-Executive Chairman), aged 62, was appointed a Director on 1 June 1990 and was appointed as Chairman on 30 November 1992. He is currently Director of a number of companies and is Chairman of Merchant Retail Group PLC and Heal & Son Limited.

Mark Raines (Managing Director), aged 37, a qualified Ophthalmic Optician, was appointed a Director on 4 March 1992. Previously he was Operations Director of George Davis Opticians Limited from 1982 to 1987. Thereafter, he held the same position with First Sight Opticians, a subsidiary of Dolland & Aitchison. On 18 May 1993 he was appointed Managing Director.

Brian Smith (Buying and Marketing Director), aged 54, was appointed as a Director on 21 October 1992. Previously he was Buying Director of Mothercare Limited and BHS Ltd. He has spent all of his career in high street retailing, including 18 years with the Littlewoods Organisation.

Roger Price (Finance Director), aged 47, was appointed a Director on 3 May 1994. For the last eight years he has been Finance Director of various retail organisations, and has spent all of his career in retailing including 17 years with Burton Group plc.

Tim Franey (Non-Executive Director), aged 49, was appointed a Director on 23 June 1993. Amongst his current activities he is a Non-Executive Director of Quicks Group PLC.

DIRECTORS' REPORT

The directors submit their report and the financial statements of the Company and of the Group for the 52 weeks ended 26 November 1994.

PRINCIPAL ACTIVITY AND BUSINESS REVIEW

The principal activity of the Group is that of optical retailers. A review of the business and its prospects is set out in the Chairman's Statement on pages 2 and 3. The results of the Group for the 52 weeks ended 26 November 1994 were as follows:

	52 weeks to 26 November 1994	52 weeks to 27 November 1993 restated
	£000	£000
Turnover	20,421	20,544
Operating loss	(593)	(325)
Net interest payable	(195)	(168)
Loss on ordinary activities	(788)	(493)
Taxation charge	(5)	(3)
Retained loss	(793)	(496)

The comparative figures have been restated to comply with Financial Reporting Standard 4 "Capital Instruments". Further details are included in note 16.

DIVIDENDS

The directors do not propose to pay a dividend.

SHARE CAPITAL

During the year 69,960 2 pence ordinary shares were issued as a result of holders of £6,996 of 10 per cent convertible loan stock exercising their option to convert into ordinary shares at the rate of 10 ordinary shares per 100 pence nominal value of loan stock. Further details are included in note 14.

FIXED ASSETS

Movements in tangible fixed assets are shown in note 7 to the financial statements.

DIRECTORS' REPORT (Continued)

CHAIRMAN AND DIRECTORS

The current directors of the Company are shown on page 4. The following changes occurred during the year:

	Appointed	Resigned
R C Price	3 May 1994	
G W Shand		3 May 1994
R L Graham		20 September 1994

DIRECTORS' INTERESTS

The interests in the shares of the Company of the directors and their families are shown below:

	At 26 November 1994			At 27 November 1993 or at date of appointment		
	Number of ordinary shares	Number of share options	Loan stock £	Number of ordinary shares	Number of share options	Loan stock £
J F Power	-	-	-	-	-	-
M Raines	-	175,000	30,000	-	175,000	30,000
T Franey	1,710,000	-	313,500	1,210,000	-	313,500
T Franey (as trustee)	-	-	50,000	-	-	50,000
B D Smith	-	175,000	30,000	-	175,000	30,000
R C Price	-	175,000	-	-	-	-

Since the year end there have been no changes in the above interests.

Further details of the directors' share options are given in note 15.

SUBSTANTIAL INTERESTS

At the date of this report, the only holdings which amount to more than three per cent of the ordinary share capital of the Company, other than those interests stated in the paragraph above headed "Director's Interests" are as follows:

	No. of Ordinary Shares	Percentage of Issued Share Capital
The Marquess of Northampton	2,051,872	13.14
M Goldstone	1,671,572	10.70
Mar's UK Pension Fund	784,930	5.02
A S Noble	499,180	3.19

At the date of this report, A S Noble had options over 75,000 ordinary shares.

DIRECTORS' REPORT (Continued)

SERVICE AGREEMENTS

The following directors have service agreements with the Company:

	Commencement Date	Expiry Date
M Raines	4 March 1992	On 12 months' notice
B D Smith	21 October 1992	On 12 months' notice
R C Price	3 May 1994	On 12 months' notice

DIRECTORS' INTEREST IN CONTRACTS

No director had, directly or indirectly, any material interest in any contract significant to the Group's business during the year under review.

DIRECTORS' AND OFFICERS' INDEMNITY INSURANCE

The Group has in place Directors' and Officers' indemnity insurance.

EMPLOYEES

The weekly average number of employees (excluding directors but including part time staff) of the Group (in the United Kingdom) during the year was 467 (1993 - 483) and their aggregate remuneration was £5,656,000 (1993 - £5,703,000). Employees are encouraged to become aware of, and involve themselves in, the performance of the Company. Communications with employees individually is achieved through the in-house newsletter and regular training sessions. Employees are encouraged to be associated with the Group's profitability through various incentive schemes.

EMPLOYMENT OF DISABLED PERSONS

Suitable procedures are in place to support the Group's policy that disabled persons (whether registered or not) shall be considered for employment and subsequent training, career development and promotion on the basis of their aptitudes and abilities.

DONATIONS

The Group made charitable donations of £nil (1993 - £57). There were no donations for political purposes (1993 - £nil).

DIRECTORS' REPORT (Continued)**TAX STATUS**

The Directors are advised that the Company is not a close company within the meaning of the Income and Corporation Taxes Act 1988.

AUDITORS

Morison Stoneham resigned as auditors of the Company and the Group on 13 April 1994. Touche Ross & Co. were appointed as auditors of the Company and the Group on the same day.

A resolution for the re-appointment of Touche Ross & Co. as auditors of the Company and the Group is to be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board



R C Price
Secretary
5 May 1995

CORPORATE GOVERNANCE**STATEMENT OF COMPLIANCE WITH THE CODE OF BEST PRACTICE**

The Group complied with all the operative provisions of 'The Code of Best Practice' issued by the Committee on the Financial Aspects of Corporate Governance (the Cadbury Committee) during the year, to the extent that the relevant guidance for Directors has come into effect, with the exception of the composition of the audit committee.

Paragraph 4.3 of The Code of Best Practice requires that the Board should establish an audit committee of at least three non-executive directors but at the current time the Group only has two non-executive directors. The Board believes that for a Group of this size, the requirement for there to be a strong independent element on the Board is satisfied by the two existing non-executives who comprise the audit committee. This complies with the recommendations set out in 'The Financial Aspects of Corporate Governance: Guidance for Smaller Companies' issued by the City Group for Smaller Companies.

The composition of the Board will be reviewed on an annual basis in the light of any change in circumstances of the Group that may warrant further non-executive representation.

CORPORATE GOVERNANCE (Continued)

THE BOARD OF DIRECTORS

The Board comprises three executive and two non-executive directors, with a clear separation of the roles of Chairman and Managing Director. The Board meets at least twelve times a year to approve the long-term objectives and strategies and to provide overall financial and organisational control. The implementation of Board policy and the day-to-day management of the Group is delegated to the Managing Director, supported by the Executive Committee.

The non-executive directors perform an essential role by monitoring the performance of the Group and the executive management. In addition, they are both members of the Audit and Remuneration Committees. Both committees are chaired by the Chairman, J F Power.

The Audit Committee comprises both non-executive directors and meets at least three times a year and carries out its roles and duties broadly in line with the terms of reference suggested by the Committee on the Financial Aspects of Corporate Governance.

The Remuneration Committee comprises both non-executive directors and meets to consider the remuneration packages of the executive directors.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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 the Group as at the end of the financial year and of the profit or loss of the Company and the Group 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
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group 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 the Group and to enable them to ensure that the financial statements comply with the Companies Act. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITORS REPORT TO THE MEMBERS OF SPECIAL EYES plc

We have audited the financial statements on pages 12 to 29 which have been prepared under the accounting policies set out on pages 16 and 17.

Respective responsibilities of directors and auditors

As described on page 10 the Company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of 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 and the Group'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.

Uncertainty relating to the treatment of VAT in the dispensing of spectacles

In forming our opinion, we have considered the adequacy of the disclosures made in note 11 which explains the present position concerning the resolution of disagreements with Customs and Excise concerning the status of VAT on the dispensing of spectacles. In the directors' view the future settlement of the Company's claim could result in additional gains being recognised. It is not possible to quantify the effects of the resolution of this uncertainty. Our opinion is not qualified in this respect.

Opinion

In our opinion the financial statements give a true and fair view of the state of the affairs of the Company and the Group at 26 November 1994 and of the loss of the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Touche Ross & Co.

Chartered Accountants and
Registered Auditors
Hill House
1 Little New Street
London EC4A 3TR

5 May 1995

CONSOLIDATED PROFIT AND LOSS ACCOUNT

	Notes	52 weeks to 26 November 1994 £'000	52 weeks to 27 November 1993 restated (see note 16) £'000
TURNOVER	1	20,421	20,544
Cost of sales		(19,402)	(19,426)
Gross profit		1,019	1,118
Administrative expenses		(1,612)	(1,443)
OPERATING LOSS		(593)	(325)
Interest receivable		19	10
Interest payable	3	(214)	(178)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	2	(788)	(493)
Tax on profit on ordinary activities	6	(5)	(3)
Retained loss for the financial year		(793)	(496)
Loss per share	17	(5.09)p	(3.19)p

The results in the profit and loss account relate solely to continuing operations.

A note of historical cost profit or loss for the year is not presented as there is no difference between the results as disclosed in the profit and loss account and the result on an unmodified historical cost basis.

BALANCE SHEETS

		GROUP		COMPANY	
		27 November 1993		27 November 1993	
	Notes	26 November 1994 £000	restated (see note 16) £000	26 November 1994 £000	restated (see note 16) £000
FIXED ASSETS					
Tangible assets	7	2,224	2,701	2,224	2,701
Investments	8	—	—	150	150
		<u>2,224</u>	<u>2,701</u>	<u>2,374</u>	<u>2,851</u>
CURRENT ASSETS					
Stocks	1	1,404	1,398	1,404	1,398
Debtors	9	1,478	1,263	1,470	1,251
Cash at bank and in hand		650	412	641	405
		<u>3,532</u>	<u>3,073</u>	<u>3,515</u>	<u>3,054</u>
CURRENT LIABILITIES					
Creditors: amounts falling due within one year	10	(5,574)	(4,690)	(7,192)	(5,899)
		<u>(2,042)</u>	<u>(1,617)</u>	<u>(3,677)</u>	<u>(2,845)</u>
NET CURRENT LIABILITIES					
		(2,042)	(1,617)	(3,677)	(2,845)
TOTAL ASSETS LESS CURRENT LIABILITIES					
		182	1,084	(1,303)	6
CREDITORS: amounts falling due after more than one year					
10% Convertible unsecured loan stock	10	(1,414)	(1,396)	(1,414)	(1,396)
Other	10	(414)	(564)	(414)	(564)
		<u>(1,646)</u>	<u>(876)</u>	<u>(3,131)</u>	<u>(1,954)</u>
CAPITAL AND RESERVES					
Called up share capital	14	312	311	312	311
Share premium account	16	3,127	3,146	3,127	3,146
Profit and loss account	16	(5,085)	(4,333)	(6,570)	(5,411)
		<u>(1,646)</u>	<u>(876)</u>	<u>(3,131)</u>	<u>(1,954)</u>

The financial statements were approved by the Board of Directors on 5 May 1995.
Signed on behalf of the Board of Directors



R C Price
Director

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

	52 weeks to 26 November 1994	52 weeks to 27 November 1993 restated (see note 16)
	£000	£000
Loss for the financial period	(793)	(496)
Currency translation differences on foreign currency net investments	17	(19)
Total recognised gains and losses for the financial year	(776)	(515)

The effect of the prior period adjustment (see note 16) has been a net credit to reserves of £159,000.

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	52 weeks to 26 November 1994	52 weeks to 27 November 1993 restated (see note 16)
	£000	£000
Total recognised gains and losses for the financial year	(776)	(515)
Conversion of loan stock into ordinary shares	6	—
Net movements to shareholders' funds	(770)	(515)
Opening shareholders' funds as previously stated	(1,035)	
Prior period adjustment (see note 16)	159	
Opening shareholders' funds as restated	(876)	(361)
Closing shareholders' funds	(1,646)	(876)

CONSOLIDATED CASH FLOW STATEMENT

	Notes	52 weeks to 26 November 1994		52 weeks to 27 November 1993	
		£'000	£'000	£'000	£'000
NET CASH INFLOW FROM OPERATING ACTIVITIES	19		1,168		280
Returns on investment and servicing of finance					
Interest received		19		10	
Interest paid		(202)		(178)	
Net cash outflow from returns on investment and servicing of finance			(183)		(168)
Taxation					
Corporation tax (paid)/repaid			(5)		53
Investing activities					
Payments to acquire tangible fixed assets			(587)		(527)
Net cash inflow/(outflow) before financing			393		(362)
Financing					
Finance lease payments	22	(138)		(286)	
Issue of 10 per cent convertible unsecured loan stock		—		1,384	
Net cash (outflow)/inflow from financing			(138)		1,098
INCREASE IN CASH AND CASH EQUIVALENTS	20, 21		255		736

NOTES TO THE ACCOUNTS

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable accounting standards. The particular accounting policies adopted are described below.

Accounting convention

The financial statements are prepared under the historical cost convention.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the company and its subsidiary undertakings. The financial statements of the Group companies are made up to 26 November 1994.

Turnover

Turnover is the value of sales (excluding VAT) of spectacles, contact lenses and accessories and eye examination revenue.

All turnover is generated from the principal activity of optical retailing in the United Kingdom.

Depreciation

Depreciation on the cost of tangible fixed assets is provided at the following annual rates on a straight line basis intended to write the assets down to their estimated residual value over their useful lives from the date on which they are brought into use to the date of disposal:

Short leasehold properties	-	over the life of the lease
Shopfitting	-	20% to 33.3%
Optical equipment	-	10% to 20%
Fixtures and fittings and office equipment	-	10% to 33.3%

The professional costs relating to the acquisition of leasehold properties are capitalised and written off over three years.

Contributions to the cost of shopfitting receivable from landlords are treated as deferred income and released over the useful life of the relevant assets from the date on which they are brought into use.

Leasing commitments

The rentals on operating leases due in each accounting period are charged to the profit and loss account in the period in which they are incurred.

Assets held under finance leases are capitalised in the balance sheet. The interest due in each accounting period is charged to the profit and loss account on a straight line basis.

Stocks

Stocks are valued at the lower of cost and net realisable value and consist of goods for resale.

NOTES TO THE ACCOUNTS (Continued)**1 ACCOUNTING POLICIES (continued)****Foreign Currency****Company**

Transactions denominated in foreign currency are translated at the actual exchange rates at the date of transaction. Monetary assets and liabilities denominated in foreign currencies at the year end are translated at the rates of exchange ruling at the balance sheet date. Any gains or losses arising from exchange differences are reflected in the results for the period.

Group

The balance sheet and profit and loss account of the Group's foreign subsidiary have been translated at the rate of exchange ruling at the balance sheet date. Exchange differences, arising from the retranslation of opening net investment in the foreign subsidiary, at the closing rate of exchange, are taken to reserves.

Deferred taxation

Deferred taxation is provided at the anticipated tax rates on timing differences arising from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements to the extent that it is probable that a liability or asset will crystallise in the future.

Pensions

The Company operates a money purchase scheme for the Group. The amount of contributions payable to the scheme in respect of the accounting period is charged to the profit and loss account.

Debt issuance expenses

Expenses incurred on the issue of debt are deducted from the proceeds of issue and charged to the profit and loss account over the term of the debt.

NOTES TO THE ACCOUNTS (Continued)

2. LOSS ON ORDINARY ACTIVITIES

The loss on ordinary activities is arrived at after charging the following items:

	52 weeks to 26 November 1994 £000	52 weeks to 27 November 1993 £000
Depreciation (including depreciation on finance leases)	1,011	1,190
Loss on disposal of fixed assets	—	32
Rentals under operating leases:		
Hire of equipment	266	299
Other operating leases	3,776	3,184
Auditors' remuneration:		
Audit	44	37
Other services	20	9
	<u> </u>	<u> </u>

3. INTEREST PAYABLE

	52 weeks to 26 November 1994 £000	52 weeks to 27 November 1993 £000
Bank and other interest on borrowings repayable within 5 years	6	32
Finance lease interest	53	82
Loan stock interest	155	64
	<u> </u>	<u> </u>
	214	178
	<u> </u>	<u> </u>

NOTES TO THE ACCOUNTS (Continued)

4. DIRECTORS' REMUNERATION

Total Directors' emoluments for the year were as follows:-

	52 weeks to 26 November 1994 £000	52 weeks to 27 November 1993 £000
Fees	12	8
Other emoluments including pension contributions	286	254
	<u>298</u>	<u>262</u>

For the year under review, the remuneration of the Chairman, excluding pension contributions, amounted to £26,000 (1993-£25,384) and the highest paid director received £64,362 (1993 - £69,915).

The remuneration of other directors during the year, excluding pension contributions, was within the scales shown below:-

£	£	52 weeks to 26 November 1994 Number	52 weeks to 27 November 1993 Number
0	- 5,000	-	6
5,001	- 10,000	-	1
10,001	- 15,000	1	1
30,001	- 35,000	1	-
35,001	- 40,000	1	-
55,001	- 60,000	2	-
60,001	- 65,000	-	-
65,001	- 70,000	-	2

Details of share options held by the directors are given in note 15. There are no performance related elements included within the above emoluments.

NOTES TO THE ACCOUNTS (Continued)

5. EMPLOYEES

Information regarding Group employee costs including directors is as follows:

	52 weeks to 26 November 1994 £000	52 weeks to 27 November 1993 £000
Wages and salaries	5,656	5,703
Social security costs	508	525
Pension payment	58	71
Total costs	6,222	6,299
	No.	No.
Average number of employees during the year	467	483

Pension arrangements

The Company operates a contributory pension scheme for certain eligible employees of the Group which is fully insured by the Guardian Royal Exchange Assurance plc. The scheme is a money purchase scheme and therefore no unfunded liability can arise.

Group health care scheme

A group health care scheme is available for certain employees. The premiums payable are charged to the profit and loss account. There is no further liability to the Group.

6. TAXATION

	52 weeks to 26 November 1994 £000	52 weeks to 27 November 1993 £000
The charge in the profit and loss account is made up as follows:		
Overseas taxation payable	5	3
	5	3

The tax charge for the year represents tax paid by the overseas subsidiary. The Company has surplus losses of £2,362,000 to carry forward against taxable profits.

NOTES TO THE ACCOUNTS (Continued)

7. TANGIBLE FIXED ASSETS

GROUP AND COMPANY	Short leasehold properties £000	Shopfitting £000	Optical equipment £000	Fixtures, fittings and office equipment £000	Total £000
Cost					
At 28 November 1993	681	3,685	2,515	880	7,761
Purchased during the year	36	308	200	43	587
Disposals	—	(1)	(224)	(54)	(279)
At 26 November 1994	717	3,992	2,491	869	8,069
Accumulated depreciation					
At 28 November 1993	(552)	(2,414)	(1,662)	(432)	(5,060)
Charge for the year	(101)	(496)	(325)	(89)	(1,011)
Disposals	—	—	192	34	226
At 26 November 1994	(653)	(2,910)	(1,795)	(487)	5,845
Net book value					
At 26 November 1994	64	1,082	696	382	2,224
At 27 November 1993	129	1,271	853	448	2,701

Included in the net book value of tangible assets is £146,000 (1993 – £358,000) in respect of assets held under finance leases. The depreciation charge on these assets for the period is £212,000 (1993 – £243,000).

During the year, the Group reviewed its accounting policy regarding the treatment of premiums paid on short leasehold properties. This resulted in the establishment of the accounting policy as stated in note one above. In previous periods such premiums were written off to the profit and loss account as incurred. No premiums have been paid in either the current or previous year. In view of any diminution in value which may have occurred, it is not practicable to quantify the effect of premiums which may have been paid in earlier periods.

NOTES TO THE ACCOUNTS (Continued)

8. INVESTMENTS

The investment of the Company in wholly owned subsidiary undertakings at cost was as follows:-

	26 November 1994 £	27 November 1993 £
Specialeyes (Optical Services) Limited (2 Ordinary Shares of £1 each)	2	2
Specialeyes Holdings B.V. (500 Shares of DFL 1 each)	150,150	150,150
	<u>150,152</u>	<u>150,152</u>

Specialeyes (Optical Services) Limited is incorporated in Great Britain and registered in England and Wales and provides an eye examination and contact lens dispensing service, operating in the United Kingdom. Specialeyes Holdings BV is a non trading company, incorporated in the Netherlands. The results of both of these subsidiaries are included in the consolidated Group accounts.

9. DEBTORS

	GROUP		COMPANY	
	26 November 1994 £000	27 November 1993 £000	26 November 1994 £000	27 November 1993 £000
Trade debtors	744	699	744	699
Other debtors	103	76	103	65
Prepayments and accrued income	620	458	620	457
Taxation and social security	11	30	3	30
	<u>1,478</u>	<u>1,263</u>	<u>1,470</u>	<u>1,251</u>

There are no amounts falling due after more than one year.

NOTES TO THE ACCOUNTS (Continued)

10. CREDITORS

	GROUP		COMPANY	
	26 November 1994 £000	27 November 1993 restated (see note 16) £000	26 November 1994 £000	27 November 1993 restated (see note 16) £000
Amounts falling due within one year				
Bank overdraft	44	61	—	—
Trade creditors	1,462	1,328	1,178	1,076
Amounts due to subsidiary undertakings	—	—	2,124	1,653
Taxation and social security	3,050	1,984	2,988	1,944
Pension contributions	27	11	27	11
Other creditors	75	569	75	569
Accruals and deferred income	916	737	800	646
	<u>5,574</u>	<u>4,690</u>	<u>7,192</u>	<u>5,899</u>
Amounts falling due between the second to fifth years inclusive				
Deferred income	377	471	377	471
Other creditors	37	93	37	93
	<u>414</u>	<u>564</u>	<u>414</u>	<u>564</u>
Amounts falling due after more than five years				
10% convertible unsecured loan stock 2000 (see note 12)	1,414	1,396	1,414	1,396

As security for overdraft facilities, Barclays Bank PLC holds a debenture by way of a fixed and floating charge over assets of the Group.

Included in 'Taxation and social security' at 26 November 1994 is an amount of £2,830,000 (1993 – £1,795,000) relating to VAT withheld pending resolution by the VAT Tribunal of the Company's VAT treatment of the dispensing of spectacles. Further details are given in note 11 below.

Deferred income represents contributions to shopfitting costs receivable from landlords. These are released over the estimated useful life of the relevant assets acquired.

NOTES TO THE ACCOUNTS (Continued)

11. VAT

In relation to the matter of VAT on the dispensing of spectacles, the previous year's financial statements treated withheld amounts of VAT as being due to Customs and Excise. The VAT Tribunal case considering this matter (relating to Leightons Opticians and Eye-tech) has now been heard in the High Court. On 13 March 1995 the Court ruled in favour of the tax payers and accordingly, the Company's position on the resolution of its own VAT case is further strengthened.

As at 26 November 1994 the withheld amount of VAT which the Company continued to treat in its accounts as due to Customs and Excise totalled £2.83 million. In addition, the Company has made a claim in the net amount of £3.4 million plus interest, to recover VAT which the Directors believe the Company overpaid to Customs and Excise in relation to this matter for the period 1 September 1988 to 30 May 1994.

The quantification of the receipt due to the Company and the non payment by the Company of VAT cannot be determined with reasonable accuracy. Customs and Excise may not necessarily agree with the apportionment of supplies between exempt and standard rate as adopted by the Company in arriving at the amounts in dispute, and it may be a matter for further negotiations between Customs and Excise and the Company in due course. Accordingly, the Directors consider it appropriate to account for the settlement of these matters only when the uncertainty has been resolved and the outcome is known.

The Directors anticipate, however, that the resolution of this matter will result in a favourable impact on net assets and reported earnings. As the receipt (and non payment) of VAT will be treated as a receipt subject to Corporation Tax, the effect on net assets and reported earnings will also be dependent upon the availability of carried forward taxed losses and the tax position of the Company at the time the matters are resolved.

12. 10% CONVERTIBLE UNSECURED LOAN STOCK 2000

The par value of the outstanding debt amounted to £1,548,000 (1993 – £1,555,000), the difference between par value and balance sheet value being unamortised issue expenses of £134,000 (1993 – £159,000). The 10 per cent convertible unsecured loan stock 2000 may be converted, at the option of the holder, into 10 ordinary shares per 100p nominal of loan stock in any of the years 1994 to 1999 inclusive. Full conversion of the outstanding rights will result in the issue of 15,479,570 ordinary shares. Any outstanding loan stock will be redeemed at par on 31 May 2000.

13. DEFERRED TAXATION

	Provided		Unprovided	
	26 November 1994 £000	27 November 1993 £000	26 November 1994 £000	27 November 1993 £000
Group and Company				
Capital allowances in excess of depreciation	–	–	170,632	–
Other losses	–	–	(170,632)	–
	–	–	–	–

NOTES TO THE ACCOUNTS (Continued)

14. CALLED UP SHARE CAPITAL

	26 November 1994	27 November 1993	26 November 1994	27 November 1993
	Number of Ordinary Shares of 2p		£000	
Authorised	37,500,000	37,500,000	750	750
Issued	15,619,495	15,549,535	312	311

69,960 2 pence ordinary shares were issued in the year as a result of the conversion of £6,996 of 10% convertible unsecured loan stock 2000. The nominal value of the shares issued was £1,399.

15. SHARE OPTIONS

An executive share option scheme, approved by the Board of Inland Revenue, was adopted by the Company on 11 November 1986. The options, which are exercisable between the third and the tenth anniversary of the grant of such option, are as follows:-

Date of grant of option	Number of Executives (past and present)	Shares under option 26 November 1994	Subscription price in pence
11 November 1986	2	200,000	15.5
3 March 1987	1	75,000	16.5
9 December 1987	19	254,000	36.0
5 November 1990	1	125,000	16.0
1 September 1993	4	150,000	14.0
17 September 1993	4	150,000	14.0
20 September 1993	8	110,000	14.5
20 September 1994	1	175,000	10.0
		1,239,000	

Included within the above are the following options held by directors of the Company.

	Number of options			Exercise price in pence	Date from which exercisable	Expiry date
	At 27 November 1993	Granted in the year	At 26 November 1994			
M Raines	75,000	—	75,000	14.0	1.9.96	1.9.03
	75,000	—	75,000	14.0	17.9.96	17.9.03
	25,000	—	25,000	14.5	20.9.96	20.9.03
B D Smith	75,000	—	75,000	14.0	1.9.96	1.9.03
	75,000	—	75,000	14.0	17.9.96	17.9.03
	25,000	—	25,000	14.5	20.9.96	20.9.03
R C Price	—	175,000	175,000	10.0	20.9.97	20.9.04

At the date of this report two employees, neither of whom was a director, held options over 22,499 ordinary shares under the SAYE share option scheme.

The mid-market price of the shares at 26 November 1994 was 10.0p.

NOTES TO THE ACCOUNTS (Continued)

16. RESERVES

As permitted by Section 228 of the Companies Act 1985, the profit and loss account of Specialeyes plc has not been separately presented in these financial statements. The consolidated retained loss for the financial year includes £1,183,000 (1993 – £703,000) for the Company.

	Profit and loss account £000	Share premium account £000
GROUP		
Brought forward at 28 November 1993		
as previously stated	(4,333)	2,987
Prior period adjustment (as explained below)	–	159
	<hr/>	<hr/>
Brought forward at 28 November 1993 as restated	(4,333)	3,146
Result for the financial period	(793)	–
Currency translation differences on		
foreign currency net investment	17	–
Premium on conversion of loan stock	–	5
Transfer of issue costs charged to profit in the year	24	(24)
	<hr/>	<hr/>
Carried forward at 26 November 1994	(5,085)	3,127
	<hr/>	<hr/>
	Profit and loss account £000	Share premium account £000
COMPANY		
Brought forward at 28 November 1993		
as previously stated	(5,411)	2,987
Prior period adjustment (as explained below)	–	159
	<hr/>	<hr/>
Brought forward at 28 November 1993 as restated	(5,411)	3,146
Result for the financial period	(1,183)	–
Premium on conversion of loan stock	–	5
Transfer of issue costs charged to profit in the year	24	(24)
	<hr/>	<hr/>
Carried forward at 26 November 1994	(6,570)	3,127
	<hr/>	<hr/>

The prior year adjustment represents the effect of the change in accounting for issue costs associated with the 10% convertible unsecured loan stock, following the issue of FRS 4 "Capital Instruments" in December 1993.

In the past such costs were charged to the share premium account as permitted by the Companies Act. However, FRS 4 requires such costs to be deducted from the proceeds of the issue and charged to the profit and loss account over the term of the loan stock.

The prior period adjustment gives rise to a credit adjustment to reserves of £159,000, being the as yet unamortised issue costs. All such costs were incurred in 1993. The comparative figures for 1993 have been restated in accordance with the new policy, resulting in an increase to the loss before and after tax of £12,000.

NOTES TO THE ACCOUNTS (Continued)

17. LOSS PER SHARE

The calculation is based on the weighted average of 15,582,593 (1993 – 15,549,535) ordinary shares in issue during the year and the loss of £793,000 (1993 – £496,000).

18. FINANCIAL COMMITMENTS OF THE GROUP AND COMPANY

	26 November 1994 £000	27 November 1993 £000
Contracted but not provided for	17	30
Authorised by the directors but not contracted	35	150
	<u>52</u>	<u>180</u>

OTHER

- (a) The Company has guaranteed to Barclays Bank PLC a bond to HM Customs and Excise for £40,000.
- (b) The Company has guaranteed an overdraft facility of up to £50,000 with Barclays Bank PLC in respect of Specialeyes (Optical Services) Limited.
- (c) The Company had outstanding documentary credits at 26 November 1994 of £121,654 (1993 – £149,022).

LEASE COMMITMENTS

The Group and Company has net obligations under finance leases at 26 November 1994 included in other creditors as follows:

	26 November 1994 £'000	27 November 1993 £'000
Payable in the first year	56	139
Payable in the second to fifth years inclusive	37	93
	<u>93</u>	<u>232</u>

OPERATING LEASES

The Company and the Group have commitments under operating leases to make payments during the next financial year as follows:

	Land and buildings		Other	
	26 November 1994 £000	27 November 1993 £000	26 November 1994 £000	27 November 1993 £000
Expiring in the first year	277	41	12	34
Expiring in the second to fifth years inclusive	436	432	266	329
Expiring after the fifth year	2,975	3,143	–	–
	<u>3,688</u>	<u>3,616</u>	<u>278</u>	<u>363</u>

In addition, in the normal course of business there are short term commitments for occupancy costs for the in-store locations.

NOTES TO THE ACCOUNTS (Continued)

19. RECONCILIATION OF OPERATING LOSS TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	52 weeks to 26 November 1994	52 weeks to 27 November 1993 restated (see note 16)
	£000	£000
Operating loss	(593)	(325)
Depreciation charges	1,011	1,190
Amortisation of loan stock issue expenses	24	12
Loss on sale of fixed assets	—	32
Increase in stocks	(6)	(285)
Increase in debtors	(215)	(313)
Increase/(decrease) in creditors and deferred income	947	(31)
	<u>1,168</u>	<u>280</u>

20. ANALYSIS OF CHANGES IN CASH AND CASH EQUIVALENTS DURING THE YEAR

	52 weeks to 26 November 1994	52 weeks to 27 November 1993
	£000	£000
Balances brought forward	351	(385)
Net cash inflow	255	736
	<u>606</u>	<u>351</u>

21. ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS AS SHOWN IN THE BALANCE SHEET

	28 November 1992	Change in year	27 November 1993	Change in year	26 November 1994
	£000	£000	£000	£000	£000
Cash at bank and in hand	67	345	412	238	650
Bank overdrafts	(452)	391	(61)	17	(44)
	<u>(385)</u>	<u>736</u>	<u>351</u>	<u>255</u>	<u>606</u>

NOTES TO THE ACCOUNTS (Continued)

22. ANALYSIS OF CHANGES IN FINANCING DURING YEAR

	Share capital £000	Share premium account £000	Loan stock £000	Finance leases £000
Balance at 29 November 1992	311	3,158	—	517
Net cash inflow/(outflow)				
from financing	—	(171)	1,555	(286)
Prior period adjustment (see note 16)	—	159	(159)	—
Balance at 28 November 1993	311	3,146	1,396	231
Net cash outflow from financing	—	—	—	(138)
Amortisation of issue expenses				
in the year	—	(24)	24	—
Conversion of loan stock in the year	1	5	(6)	—
Balance at 26 November 1994	312	3,127	1,414	93

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the ANNUAL GENERAL MEETING of Specialeyes plc will be held at 14, Lyon Way, Greenford, Middlesex, UB6 0BN on 13 June 1995 at 2.00 pm. for the following purposes:

Ordinary business

1. To receive and adopt the financial statements, together with the Directors' and Auditors' reports for the 52 weeks ended 26 November 1994.
2. To elect as a Director Mr R Price, who has been appointed since the date of the last Annual General Meeting
3. To re-elect as a Director Mr M Raines, who retires by rotation.
4. To re-appoint Touche Ross & Co as Auditors to the Company until the conclusion of the next Annual General Meeting and to authorise the Directors to fix their remuneration.
5. To transact any other ordinary business of the Company which may be properly dealt with at an Annual General Meeting.

Special business

To consider and, if thought fit, pass the following resolutions, of which resolutions 6 will be proposed as an Ordinary Resolution and resolution 7 will be proposed as a Special Resolution.

6. That the directors be and they are hereby generally and unconditionally authorised (in substitution for all previous authorities which are hereby revoked) in accordance with Section 80 of the Companies Act 1985 (the "Act") to exercise all of the powers of the Company to allot relevant securities (within the meaning of Section 80(2) of the Act) up to an aggregate nominal amount of £437,610 provided that this authority (unless previously revoked or varied by the Company in General Meeting) shall expire at the conclusion of the Annual General Meeting of the Company to be held in 1996 save that the Directors may allot relevant securities pursuant to this authority after that date pursuant to an offer or an agreement made by the Company on or before that date.
7. That pursuant to Section 95 of the Companies Act 1985 (the "Act") the Directors be and are hereby empowered (in substitution for all previous authorities which are hereby revoked) to allot securities for cash (as defined by Section 94 of the Act) pursuant to the authority conferred by resolution 6 above as if Section 89(1) of the Act did not apply to such allotment provided that this power shall be limited to:

(a) the allotment of equity securities in connection with an offer by way of rights in favour of the holders of equity securities in proportion (as nearly as may be reasonably practicable) to their respective holdings but subject to such other exclusions or other arrangements as the Directors deem necessary or expedient to deal with fractional entitlements or legal or practical problems or requirements of any regulatory body, stock exchange or similar authority in any territory or otherwise; and

(b) the allotment (otherwise than pursuant to sub-paragraph (a) above) of equity securities up to an aggregate nominal amount of £15,619; and

this power shall expire at the conclusion of the Annual General Meeting of the Company to be held in 1996 save that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of such offer or agreement as if the power conferred hereby had not expired.

8. To transact any other business which may be dealt with at the Annual General Meeting.

Registered Office:
14 Lyon Way
Greenford
Middlesex
UB6 0BN



By order of the Board
Roger Price
Secretary

Dated 5 May 1995

Notes:

1. A member entitled to attend and vote at the Meeting convened by the above notice may appoint a proxy or proxies to attend and, on a poll, to vote instead of him. A proxy need not be a member of the Company. A form of proxy is attached. Completion of a form of proxy does not preclude a member from attending and voting at the meeting in person.
2. To be valid, the instrument appointing a proxy and any power of attorney or other written authority (if any) under which it is signed, or a notarially certified or office copy of such power or authority, must be deposited at the office of the Company's Registrars, Barclays Registrars, Bourne House, 34 Beckenham Road, Beckenham, Kent BR3 4BR not less than 48 hours before the time appointed for holding the Meeting or any adjournment of such meeting.
3. Copies of all the Directors service contracts (unless expiring or determinable by the Company within one year without payment or compensation) will be available for inspection at the registered office of the Company during the usual business hours on any weekday (Saturdays and public holidays excluded) from the date of this notice until the date of the Annual General Meeting and at the place of the Annual General Meeting for at least 15 minutes prior to and until the conclusion of the Annual General Meeting.

LIST OF SPECIAL EYES BRANCHES

<input type="checkbox"/> Ayr	01292 284082	<input type="checkbox"/> Leicester	01162 513 191
<input type="checkbox"/> Barnsley	01226 249485	<input type="checkbox"/> Lewisham	0181 318 3134
● Basildon	01268 280849	<input type="checkbox"/> Lincoln	01522 530736
<input type="checkbox"/> Bexleyheath	0181 298 1112	<input type="checkbox"/> Liverpool	0151 708 0668
<input type="checkbox"/> Birmingham	0121 236 3736	<input type="checkbox"/> Maidstone	01622 765450
<input type="checkbox"/> Blackburn	01254 699622	<input type="checkbox"/> Manchester	0161 835 3909
<input type="checkbox"/> Brighton	01273 324717	<input type="checkbox"/> Milton Keynes	01908 661808
<input type="checkbox"/> Bromley	0181 464 4858	■ Merton	0181 543 8026
<input type="checkbox"/> Burton upon Trent	01283 38477	<input type="checkbox"/> Newport	01633 246782
● Chatham	01634 828769	<input type="checkbox"/> Northampton	01604 234099
▼ Chester	01244 312571	<input type="checkbox"/> Portsmouth	01705 295043
<input type="checkbox"/> Chesterfield	01246 558428	<input type="checkbox"/> Rochdale	01706 525629
<input type="checkbox"/> Crawley	01293 522221	<input type="checkbox"/> Romford	01708 731069
◆ Crawley	01293 551001	<input type="checkbox"/> Sheffield	01142 568094
● Croydon	0181 681 2876	<input type="checkbox"/> Slough	01753 512012
<input type="checkbox"/> Derby	01332 380106	<input type="checkbox"/> Southampton	01703 631583
<input type="checkbox"/> Doncaster	01302 329988	<input type="checkbox"/> Southend	01702 351136
<input type="checkbox"/> Dudley	01384 481083	<input type="checkbox"/> Stockport	0161 480 1606
<input type="checkbox"/> East Ham	0181 552 5500	<input type="checkbox"/> Sutton	0181 480 1606
<input type="checkbox"/> East Kilbride	013552 31221	◆ Thurrock	01708 869888
<input type="checkbox"/> Edinburgh	0131 558 3306	<input type="checkbox"/> Tooting	0181 767 5112
● Eltham	0181 859 8432	<input type="checkbox"/> Tunbridge Wells	01892 545503
<input type="checkbox"/> Glasgow - St. Enoch	0141 204 3343	<input type="checkbox"/> Uxbridge	01895 253779
<input type="checkbox"/> Glasgow - Sauchiehall	0141 353 3669	<input type="checkbox"/> Wakefield	01924 362522
<input type="checkbox"/> Gloucester	01452 309633	<input type="checkbox"/> Walsall	01922 362522
<input type="checkbox"/> Harlow	01279 421907	<input type="checkbox"/> Walthamstow	0181 521 6381
<input type="checkbox"/> Harrow	0181 861 3725	<input type="checkbox"/> Watford	01923 54275
<input type="checkbox"/> Hounslow	0181 570 2829	<input type="checkbox"/> West Ealing	0181 840 7025
<input type="checkbox"/> Huddersfield	01484 530743	<input type="checkbox"/> Wolverhampton	01902 23737
● Hull	01482 212244	<input type="checkbox"/> Wood Green	0181 881 6907
<input type="checkbox"/> Kingston-upon-Thames	0181 547 1320	<input type="checkbox"/> Worthing	01903 213819
<input type="checkbox"/> Leeds	01132 422007	<input type="checkbox"/> York	01904 621628

14 Lyon Way, Greenford, Middlesex

● Allders ▼ Littlewoods ☐ High Street ■ Savacentre ◆ Superopticals

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1995

annual

report &

accounts

SPECIAL EYES
QUALIFIED OPTICIANS

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FINANCIAL HIGHLIGHTS

	52 weeks to 25 November 1995 Before Exceptional Items £'000	52 weeks to 25 November 1995 After Exceptional Items £'000	52 weeks to 26 November 1994 £'000
Turnover	21,798	21,798	20,421
Profit / (Loss) on ordinary activities before taxation	312	7,839	(788)
Earnings / (Loss) per share		33.45p	(5.09p)

CHAIRMAN'S STATEMENT

I am delighted to be able to report that the result for the year ending on the 25 November 1995 was a profit before tax of £7,839,000 (1994 loss of £788,000). Before exceptional items the profit before tax was £312,000 on turnover of £21,798,000 (1994 £20,421,000). After taking account of the conversion of £436,561 of Loan Stock during the year, earnings per share were 33.45p (1994 loss 5.09p).

At the time of the Interim Report we had not concluded our discussions with Customs & Excise over our claim for overpaid VAT on the dispensing of spectacles and the method of VAT apportionment we would now apply. I can now inform Shareholders that we have satisfactorily concluded both these matters and the accounts have been prepared and audited on the basis of the agreed refund and level of exempt apportionment. Shareholders will be pleased to know that since the year end we have received payment of the overpaid VAT, and are awaiting payment of statutory interest. The Group is currently examining, with its advisers, the possibility of a further claim for overpaid VAT on the dispensing of contact lenses, as well as reimbursement for the costs incurred in pursuance of its successful claim. Shareholders can be assured we will strenuously pursue these claims.

A key policy of the Board is to ensure the Group provides Shareholders with an adequate return on their investment, as well as achieving dividend growth over the coming years. Our first step towards these aims is to recommend a final dividend of 0.75p a share which will be paid on the 26 April 1996.

The Board considers that Shareholders should be offered a Scrip Dividend alternative and is seeking approval for this at the AGM. A Scrip Dividend enables Shareholders to acquire additional Ordinary

Shares in a simple manner without incurring dealing expenses. The Group, and therefore Shareholders, benefits from the retention of funds and from a reduction in Advance Corporation Tax (ACT).

For the first time in many years the Group has the financial resources to develop its existing optical stores whilst at the same time expand by opening new stores. The development of the Group into better located and more cost effective stores is especially important as competition in the High Street continues to be intense. The reduction in interest rates over the past year, whilst welcomed, has not yet brought back the so-called "feel-good factor" to consumer spending, although the tax cuts announced in the November Budget will help improve the level of retail sales.

Since the year end we have completed the total refurbishment of our premier store in the Sheffield Meadowhall shopping centre and doubled its size. However the major refurbishment of a large part of our chain of stores cannot be carried out without a certain amount of disruption and a consequential reduction in sales. The loss of sales will be felt mostly during the first half of the year, with the benefits of the major refurbishments and new stores coming through in the second half. In his accompanying Managing Director's Statement, Mark Raines reports in more detail about the actions the Group has taken during the year to develop our chain of stores and to promote the Specialeyes brand.

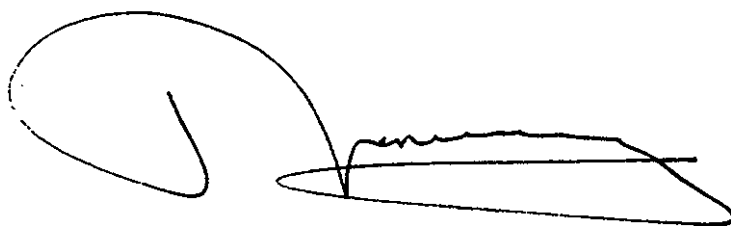
Brian Smith, who was appointed a Director in 1992, has taken the decision to retire from the Board on 31 March 1996. Brian's contribution has been invaluable as he has been responsible for the successful implementation of our retail computer system, as well as over-seeing the

improvements in our product range. We wish him well in his retirement. Shareholders may like to know I am reviewing the composition of the Board with the intention of appointing another Non-Executive Director, as well as strengthening the Executive team.

At the end of 1996 the Unlisted Securities Market will no longer exist, and after careful consideration of the alternatives, we have decided to apply for both the Ordinary Shares and the Unsecured Convertible Loan Stock to be admitted to the Official List of

The London Stock Exchange. We are of the opinion that a full listing will help the Group in its development and that we should take advantage of the special transfer arrangements available at this time for USM companies to move to a full listing at a greatly reduced cost.

On behalf of the Directors I would like to thank our staff for their dedication, hard work and professionalism, which enables us to look forward to a promising future for the Group.

A handwritten signature in black ink, consisting of a large, stylized 'T' followed by a series of loops and a horizontal line.

Tim Franey
Chairman
29 February 1996

MANAGING DIRECTOR'S STATEMENT

I would like to take this opportunity to explain some of the actions we have taken during 1995 which will allow the Group to prosper in the coming years. I believe there are three key areas to our retail operation which can be headed: People, Product and Presentation.

People

We consider our staff to be the most important asset of our business. Optical retailing requires all our staff, both professionally qualified and non-qualified, to be trained to the highest standards. In Specialeyes we have a team who are dedicated, highly professional in their approach and, most importantly, customer orientated. Our staff training is built around the two central elements of providing professional eye care, with the very best in customer service. Our Human Resources department has a structured and rigorous training programme in which all our employees participate. To ensure that communication with our staff is rapid and up to date, we send weekly news bulletins to all the stores, as well as producing a quarterly in-house magazine. The photos of our staff, in this annual report, show them wearing the newly designed staff uniforms, which are being introduced into all our stores during the next few months. This is one aspect of our commitment to ensure our staff are the best in optical retailing.

We are keen to provide our employees with opportunities for promotion whilst providing a worthwhile career in optics. Three of our managers, at Milton Keynes, Birmingham and Ayr, have been selected for our Partnership Programme. This is the first step towards our aim of having Specialeyes franchises, which will allow ambitious members of our team to have an investment in our growing business.

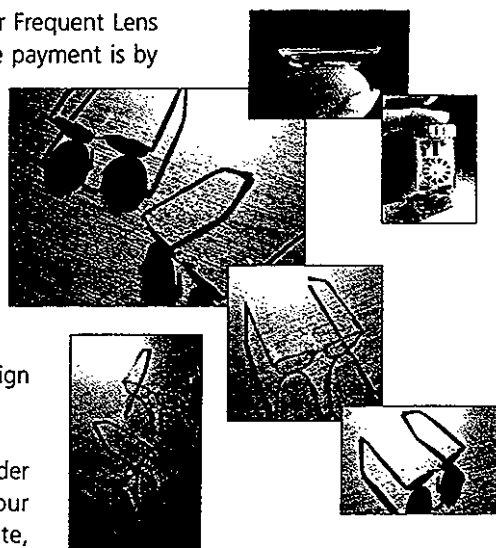
Product

Under the direction of our Merchandising Director Brian Smith and Manager David Hinds, we have been working hard to expand our product range, especially in the variety of frames we offer, as well as developing our contact lens customer base. For contact lens wearers, our Frequent Lens Replacement Scheme, where payment is by monthly standing order or direct debit, is one of the most competitive in the market place. Last summer we introduced a new range of sunglasses which were very popular and this year we are extending the range to cater especially for the design conscious customer.

Our central warehouse, under Mike Williamson and our laboratory under Les Coote, provide our stores with a highly efficient stocking and lens manufacturing service. As both these operations are totally under our control we are able to provide our stores with a reliable and rapid re-stocking service of frames and lenses as well as individual customer orders for specialist products such as bifocals and varifocals.

Presentation

In October Clive Copeman, our Northern Regional Director, was promoted to Group Operations Director. He has been responsible for overseeing the programme, which started during 1995, to refurbish the entire chain of stores. At the same time the IT function, headed by Tim Daniels, has continued to roll out our computer system, which has enabled us to centralise many of our operations. We now mail all of our customers from Head Office, and from our



▲
Our 1996 product range of spectacles, contact lenses and sunglasses have been selected to appeal to the design conscious.

Raminder Bath & Randal Webb in the new Specialeyes uniform introduced for the first time in February 1996, part of the image upgrading.



MANAGING DIRECTOR'S STATEMENT *(continued)*

very large database we can quickly communicate with our customers to inform them of their eye test requirements as well as letting them know about any special promotions and offers. By the middle of this year we intend to have completed the computerisation of the stores as well as the majority of store refurbishments.

Now that computerisation of the chain is nearly complete the IT team, and the

Financial Department under the direction of Roger Price, are working on system developments to improve stock and margin control, and to move towards electronic trading with our suppliers.

During the last financial year we opened a new store, in Wimbledon, South London. Two stores moved into prime high street locations in Hull and Chester, and in December we moved our Brighton store to a much larger site in Western Road. We intend to open several more new stores in the next few months, but only when we can site them in prime locations at an acceptable level of rent. Reading and High Wycombe, which are due to open in March, satisfy these criteria.

Our Marketing Department, headed by Keith Willis, has produced highly individual and eye-catching point-of-sale display material which, combined with the upgrading of our stores, has resulted in a brighter and more welcoming environment

for our customers. During the year we started to introduce a complete range of technical information literature to help our customers understand optics and the benefits gained from regular eye testing.

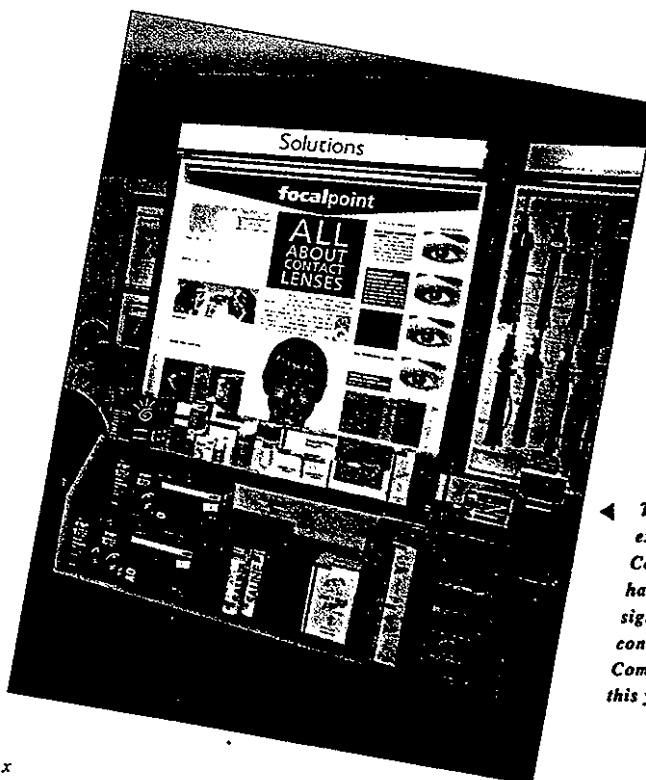
The Future

1995 has been a year of considerable change and development. We have laid the foundations which will enable us to develop the Group as our Shareholders would wish. The refurbishment and new store programmes combined with our dedicated and professional staff allows us to look to the future with confidence. 1996 will be a challenging year in optical retailing. I am sure Specialeyes will rise to the challenge.

Mark Raines

Mark Raines
Managing Director
29 February 1996

◀ *The sales floor at Meadowhall, Sheffield, re-designed to project a professional yet friendly sales environment.*

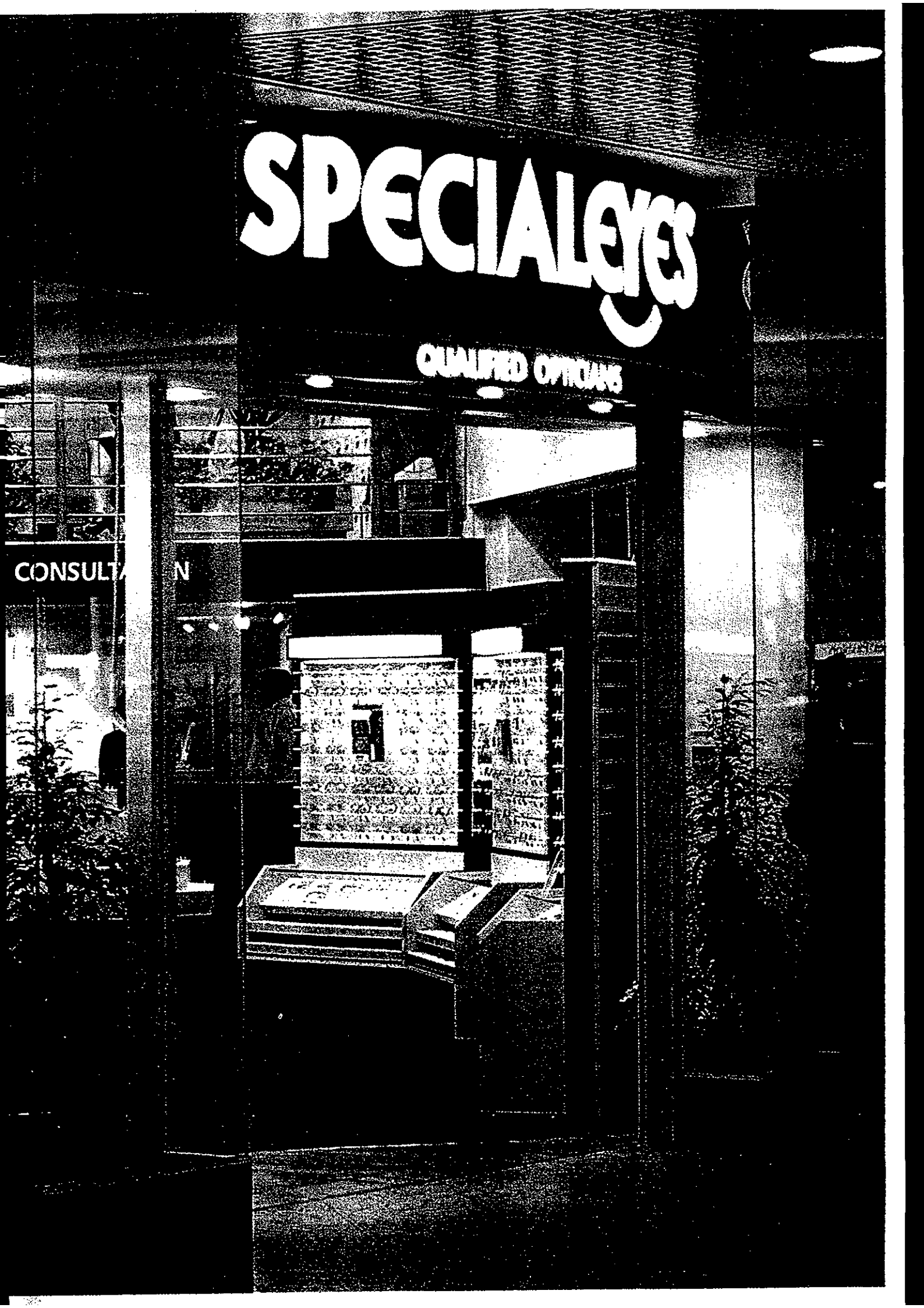


◀ *The increase in exposure of our Contact Lens range has made a significant contribution to the Company's growth this year.*

SPECIAL EYES

QUALIFIED OPTICIANS

CONSULTATION



OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

T Franey FIMl (*Chairman*)
M Raines MBO BSc(Hons) (*Managing*)
R C Price FCA (*Finance*)
B D Smith (*Buying and Marketing*)

SECRETARY

R C Price FCA

**MEMBERS OF THE
MANAGEMENT BOARD**

C Copeman FBDO (*Operations Director*)
T Daniels (*Head of Systems*)
D Hinds BSc(Hons) (*Product Controller*)
K Willis BSc(Hons) (*Marketing Manager*)

REGIONAL OPERATIONAL DIRECTORS

N McLeod
D Markham
R Mulholland
A Paterson

REGISTERED OFFICE

Lyon Way
Greenford
Middlesex UB6 0BN

BANKERS

Barclays Bank PLC
Strand Business Centre
Burleigh House
P.O. Box No 90
357 Strand
London WC2R 0NX

REGISTRARS

Barclays Registrars
Bourne House
34 Beckenham Road
Beckenham
Kent
BR3 4TU

SOLICITORS

Lawrence Graham
190 Strand
London WC2R 1JN

Barnett Alexander Chart
60 Grays Inn Road
London WC1X 8LT

BROKERS

Charles Stanley & Co Ltd
25 Luke Street
London EC2R 4AR

AUDITORS

Deloitte & Touche
Chartered Accountants
Hill House
1 Little New Street
London EC4A 3TR

THE BOARD OF DIRECTORS

Tim Franey (*Chairman, and Chairman of the Audit and Remuneration Committees*), aged 49, was appointed a Director on 23 June 1993. Amongst his current activities he is a Non-Executive Director of Quicks Group PLC.

Mark Raines (*Managing Director*), aged 38, a qualified Ophthalmic Optician, was appointed a Director on 4 March 1992. Previously he was Operations Director of George Davis Opticians Limited from 1982 to 1987. Thereafter, he held the same position with First Sight Opticians, a subsidiary of Dolland & Aitchison. On 18 May 1993 he was appointed Managing Director.

Brian Smith (*Buying and Marketing Director*), aged 55, was appointed as a Director on 21 October 1992. Previously he was Buying Director of Mothercare Limited and BHS Ltd. He has spent all of his career in high street retailing, including 18 years with the Littlewoods Organisation. He will be retiring from the Board on 31 March 1996.

Roger Price (*Finance Director, and member of the Audit Committee*), aged 48, was appointed a Director on 3 May 1994. For the last nine years he has been Finance Director of various retail organisations, and has a career background in retailing including 17 years with Burton Group plc.

DIRECTORS' REPORT

The Directors submit their report and the financial statements of the Company and of the Group for the 52 weeks ended 25 November 1995.

PRINCIPAL ACTIVITY AND BUSINESS REVIEW

The principal activity of the Group is that of optical retailers. A review of the business and its prospects is set out in the Chairman's Statement on pages 2 and 3. The results of the Group for the 52 weeks ended 25 November 1995 were as follows:

	52 weeks to 25 November 1995 Before Exceptional Items £'000	52 weeks to 25 November 1995 After Exceptional Items £'000	52 weeks to 26 November 1994 £'000
Turnover	21,798	21,798	20,421
Operating profit/(loss)	190	6,154	(593)
Interest receivable	275	1,838	19
Interest payable	(153)	(153)	(214)
Profit/(Loss) on ordinary activities	312	7,839	(788)
Taxation charge		(1,902)	(5)
Profit after taxation		5,937	(793)
Dividend		(150)	-
Retained profit/(loss)		5,787	(793)

DIVIDENDS

The Directors propose to pay a dividend of 0.75p a share, payable on 26th April 1996.

GOING CONCERN

The Directors consider that, after making enquiries, the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason the Directors continue to adopt the going concern basis in the current accounts.

SHARE CAPITAL

During the year 4,365,610 2 pence ordinary shares were issued as a result of holders of £436,561 of 10 per cent convertible loan stock exercising their option to convert into ordinary shares at the rate of 10 ordinary shares per 100 pence nominal value of loan stock. Further details are included in note 14.

FIXED ASSETS

Movements in tangible fixed assets are shown in note 9 to the financial statements.

CHAIRMAN AND DIRECTORS

The current Directors of the Company are shown on page 8. The only change during the year was as a result of the death on 10 May 1995 of Mr J.F.Power. Mr B. D. Smith retires by rotation but has decided not to stand for re-election.

DIRECTORS' INTERESTS

The interests in the shares of the Company of the Directors and their families are shown below:

	At 25 November 1995			At 26 November 1994		
	Number of Ordinary shares	Number of share options	Loan stock £	Number of ordinary shares	Number of share options	Loan stock £
T Franey	4,845,000	-	-	1,710,000	-	313,500
T Franey (as trustee)	500,000	-	-	-	-	50,000
M Raines	300,000	175,000	-	-	175,000	30,000
R C Price	-	175,000	-	-	175,000	-
B D Smith	300,000	175,000	-	-	175,000	30,000

None of the Directors had any interests in any other Group companies.

Since the year end there have been no changes in the above interests.

Further details of the Directors' share options are given in note 17.

SUBSTANTIAL INTERESTS

At the date of this report, the only holdings which amount to more than three per cent of the ordinary share capital of the Company, other than those interests stated in the paragraph above headed "Director's Interests" are as follows:

	No. of ordinary shares	Percentage of issued share capital
The Marquis of Northampton	2,051,872	10.27
M Goldstone	1,521,572	7.61
Mars UK Pension Fund	629,551	3.15

SERVICE AGREEMENTS

The following Directors have service agreements with the Company:

	Commencement date	Expiry date
M Raines	4 March 1992	31 March 1997, thereafter on 12 months' notice
B D Smith	21 October 1992	On 12 months' notice
R C Price	3 May 1994	On 12 months' notice

DIRECTORS' REPORT *(continued)*

DIRECTORS' INTEREST IN CONTRACTS

No Director had, directly or indirectly, any material interest in any contract significant to the Group's business during the year under review.

DIRECTORS' AND OFFICERS' INDEMNITY INSURANCE

The Group has in place Directors' and Officers' indemnity insurance.

EMPLOYEES

The weekly average number of employees (excluding Directors but including part time staff) of the Group (in the United Kingdom) during the year was 433 (1994 - 467) and their aggregate remuneration was £5,417,000 (1994 - £5,656,000). Employees are encouraged to become aware of, and involve themselves in, the performance of the Group. Communications with employees individually is achieved through a weekly in-house newsletter, a quarterly magazine, and regular training sessions. Employees' views are taken into account when making decisions that affect their interests, and they are encouraged to be associated with the Group's performance through various incentive schemes.

EMPLOYMENT OF DISABLED PERSONS

Suitable procedures are in place to support the Group's policy that disabled persons (whether registered or not) shall be considered for employment and subsequent training, career development and promotion on the basis of their aptitudes and abilities, and this policy also applies to employees who become disabled.

DONATIONS

The Group made no charitable donations in 1995 (1994 - £nil). There were no donations for political purposes (1994 - £nil).

TAX STATUS

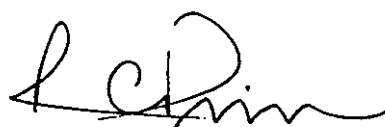
The Directors are advised that the Company is not a close company within the meaning of the Income and Corporation Taxes Act 1988.

AUDITORS

On 1 February 1996 our Auditors changed the name under which they practise to Deloitte & Touche and, accordingly, have signed their report in their new name.

A resolution for the re-appointment of Deloitte & Touche as auditors of the Company and the Group is to be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board



R C Price

Secretary

29 February 1996

CORPORATE GOVERNANCE

STATEMENT OF COMPLIANCE WITH THE CODE OF BEST PRACTICE

The Group complied with all the operative provisions of 'The Code of Best Practice' issued by the Committee on the Financial Aspects of Corporate Governance (the Cadbury Committee) during the year, to the extent that the relevant guidance for Directors has come into effect, with the exception of the composition of the audit committee.

Paragraph 4.3 of The Code of Best Practice requires that the Board should establish an audit committee of at least three non-executive Directors but at the current time the Group only has one non-executive director, subsequent to the death of Jim Power. The Board believes that for a Group of this size, the requirement for there to be a strong independent element on the Board would be satisfied by two non-executives who should comprise the audit committee, and steps are in hand to appoint a suitable second non-executive director. This will comply with the recommendations set out in 'The Financial Aspects of Corporate Governance: Guidance for Smaller Companies' issued by the City Group for Smaller Companies. During 1995 the Audit Committee has met as necessary during the year.

The composition of the Board will be reviewed on an annual basis in the light of any change in circumstances of the Group that may warrant further non-executive representation.

THE BOARD OF DIRECTORS

The Board comprises three executive Directors and one non-executive director, with a clear separation of the roles of Chairman and Managing Director. The Board meets at least twelve times a year to approve the long-term objectives and strategies and to provide overall financial and organisational control. The implementation of Board policy and the day-to-day management of the Group is delegated to the Managing Director, supported by the Executive Committee.

The non-executive Chairman performs an essential role by monitoring the performance of the Group and the executive management, and chairs the Audit and Remuneration Committees.

The Audit Committee co-opts financial executives of the Group and meets at least three times a year and carries out its roles and duties broadly in line with the terms of reference suggested by the Committee on the Financial Aspects of Corporate Governance. The Company's auditors also attend for part or the whole of each meeting.

The Remuneration Committee meets to consider the remuneration packages of the executive Directors.

INTERNAL CONTROL

The guidance for Directors on reporting on internal control was issued in December 1994 and applies to accounting periods beginning on or after 1 January 1995. The Directors acknowledge that they are responsible for the Group's system of internal control but note that a system can provide only reasonable and not absolute assurance against misstatement or loss. The Directors will report in full on compliance with the guidance on internal financial control next year.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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 the Group as at the end of the financial year and of the profit or loss of the Group 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;
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Group 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 the Group and to enable them to ensure that the financial statements comply with the Companies Act. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITORS' REPORT TO THE MEMBERS OF SPECIALEYES PLC

AUDITORS' REPORT TO THE MEMBERS OF SPECIALEYES PLC

We have audited the financial statements on pages 16 to 30 which have been prepared under the accounting policies set out on pages 20 and 21.

Respective responsibilities of Directors and Auditors

As described on page 14 the Company's Directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of 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 and the Group'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 affairs of the Company and the Group at 25 November 1995 and of the profit of the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



DELOITTE & TOUCHE

Chartered Accountants and
Registered Auditors
Hill House
1 Little New Street
London EC4A 3TR

29 February 1996

CONSOLIDATED PROFIT AND LOSS ACCOUNT

	Note	52 weeks to 25 November 1995 Before Exceptional Items £'000	52 weeks to 25 November 1995 Exceptional Items (Note 3) £'000	52 weeks to 25 November 1995 After Exceptional Items £'000	52 weeks to 25 November 1994 £'000
TURNOVER	1	21,798	-	21,798	20,421
Cost of sales		(19,887)	6,479	(13,408)	(19,402)
Gross profit		1,911	6,479	8,390	1,019
Administrative expenses		(1,721)	(515)	(2,236)	(1,612)
OPERATING PROFIT/(LOSS)		190	5,964	6,154	(593)
Interest receivable		275	1,563	1,838	19
Interest payable	4	(153)	-	(153)	(214)
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION	2	312	7,527	7,839	(788)
Tax on profit on ordinary activities	7			(1,902)	(5)
				5,937	(793)
Dividend	8			(150)	-
Retained profit/(loss) for the financial year				5,787	(793)
Earnings/(Loss) per share	19			33.45p	(5.09p)
Earnings per share - fully diluted				19.93p	-

The results in the profit and loss account relate solely to continuing operations.

A note of historical cost profit or loss for the year is not presented as there is no difference between the results as disclosed in the profit and loss account and the result on an unmodified historical cost basis.

BALANCE SHEETS

	Note	GROUP		COMPANY	
		25 November 1995 £'000	26 November 1994 £'000	25 November 1995 £'000	26 November 1994 £'000
FIXED ASSETS					
Tangible assets	9	2,267	2,224	2,267	2,224
Investments	10	-	-	150	150
		<u>2,267</u>	<u>2,224</u>	<u>2,417</u>	<u>2,374</u>
CURRENT ASSETS					
Stocks		1,244	1,404	1,244	1,404
Debtors	11	5,776	1,478	7,481	1,470
Cash at bank and in hand		<u>1,309</u>	<u>650</u>	<u>1,301</u>	<u>641</u>
		8,329	3,532	10,026	3,515
CURRENT LIABILITIES					
Creditors: amounts falling due within one year	12	(4,189)	(5,574)	(6,341)	(7,192)
NET CURRENT ASSETS / (LIABILITIES)		<u>4,140</u>	<u>(2,042)</u>	<u>3,685</u>	<u>(3,677)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>6,407</u>	<u>182</u>	<u>6,102</u>	<u>(1,303)</u>
CREDITORS: amounts falling due after more than one year:					
10% Convertible unsecured loan stock	12	(1,001)	(1,414)	(1,001)	(1,414)
Other	12	(108)	(414)	(108)	(414)
PROVISIONS FOR LIABILITIES AND CHARGES	15	(673)	-	(673)	-
		<u>4,625</u>	<u>(1,646)</u>	<u>4,320</u>	<u>(3,131)</u>
CAPITAL AND RESERVES					
Called up share capital	16	400	312	400	312
Share premium account	18	3,452	3,127	3,452	3,127
Profit and loss account	18	<u>773</u>	<u>(5,085)</u>	<u>468</u>	<u>(6,570)</u>
EQUITY SHAREHOLDERS' FUNDS		<u>4,625</u>	<u>(1,646)</u>	<u>4,320</u>	<u>(3,131)</u>

These financial statements were approved by the Board of Directors on 29 February 1996.
Signed on behalf of the Board of Directors



R C Price
Director

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

	52 weeks to 25 November 1995 £'000	52 weeks to 26 November 1994 £'000
Profit/(Loss) for the financial year	5,937	(793)
Currency translation differences on foreign currency net investment	47	17
Total recognised gains and losses for the financial year	<u>5,984</u>	<u>(776)</u>

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	52 weeks to 25 November 1995 £'000	52 weeks to 26 November 1994 £'000
Total recognised gains and losses for the financial year	5,984	(776)
Dividends paid	(150)	-
Conversion of loan stock into ordinary shares	437	6
Net movements to Shareholders' funds	6,271	(770)
Opening Shareholders' funds	(1,646)	(876)
Closing Shareholders' funds	<u>4,625</u>	<u>(1,646)</u>

CONSOLIDATED CASH FLOW STATEMENT

		52 weeks to 25 November 1995		52 weeks to 26 November 1994	
	Note	£'000	£'000	£'000	£'000
NET CASH INFLOW FROM OPERATING ACTIVITIES	21		1,679		1,168
Returns on investment and servicing of finance					
Interest received		57		19	
Interest paid		(176)		(202)	
Net cash outflow from returns on investment and servicing of finance			(119)		(183)
Taxation					
Corporation tax paid			(7)		(5)
Investing activities					
Payments to acquire tangible fixed assets		(966)		(587)	
Receipts from disposal of tangible fixed assets		31		-	
Net cash outflow from investing activities			(935)		(587)
Net cash inflow before financing			618		393
Financing					
Finance lease payments	24		(56)		(138)
INCREASE IN CASH AND CASH EQUIVALENTS	22,23		562		255

NOTES TO THE ACCOUNTS

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable accounting standards. The particular accounting policies adopted are described below.

Accounting convention

The financial statements are prepared under the historical cost convention.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiary undertakings. The financial statements of the Group companies are made up to 25 November 1995.

Turnover

Turnover is the value of sales (excluding VAT) of spectacles, contact lenses and accessories and eye examination revenue.

All turnover is generated from the principal activity of optical retailing in the United Kingdom.

Depreciation

Depreciation on the cost of tangible fixed assets is provided at the following annual rates on a straight line basis intended to write the assets down to their estimated residual value over their useful lives from the date on which they are brought into use to the date of disposal:

Short leasehold properties	-	over the life of the lease
Shopfitting	-	20% to 33.3%
Optical equipment	-	10% to 20%
Fixtures and fittings and office equipment	-	10% to 33.3%

The professional costs relating to the acquisition of leasehold properties are capitalised and written off over three years.

Contributions to the cost of shopfitting receivable from landlords are treated as deferred income and released over the useful lives of the relevant assets from the date on which they are brought into use.

Leasing commitments

The rentals on operating leases due in each accounting period are charged to the profit and loss account in the period in which they are incurred.

Assets held under finance leases are capitalised in the balance sheet. The interest due in each accounting period is charged to the profit and loss account on a straight line basis.

Stocks

Stocks are valued at the lower of cost and net realisable value and consist of goods for resale.

Foreign currency

Company

Transactions denominated in foreign currencies are translated at the actual exchange rates at the date of transaction. Monetary assets and liabilities denominated in foreign currencies at the year end are translated at the rates of exchange ruling at the balance sheet date. Any gains or losses arising from exchange differences are reflected in the results for the period.

Group

The balance sheet and profit and loss account of the Group's foreign subsidiary have been translated at the rate of exchange ruling at the balance sheet date. Exchange differences, arising from the retranslation of opening net investment in the foreign subsidiary, at the closing rate of exchange, are taken to reserves.

Deferred taxation

Deferred taxation is provided at the anticipated tax rates on timing differences arising from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements to the extent that it is probable that a liability or asset will crystallise in the future.

Pensions

The Company operates a money purchase scheme for the Group. The amount of contributions payable to the scheme in respect of the accounting period is charged to the profit and loss account.

Debt issuance expenses

Expenses incurred on the issue of debt are deducted from the proceeds of issue and charged to the profit and loss account over the term of the debt.

2. PROFIT / (LOSS) ON ORDINARY ACTIVITIES

The profit / (loss) on ordinary activities is arrived at after charging the following items:

	52 weeks to 25 November 1995	52 weeks to 26 November 1994
	£'000	£'000
Depreciation (including depreciation on finance leases)	890	1,011
Loss on disposal of fixed assets	2	-
Rentals under operating leases: Hire of equipment	351	266
Other operating leases	3,665	3,776
Auditors' remuneration: Audit	44	44
Other services	77	20

3. EXCEPTIONAL ITEMS

In accordance with FRS 3 exceptional items are included in the Profit and Loss Account for the 52 weeks to 25 November 1995, being the prior periods' impact of VAT recoverable, less associated costs. These are:-

	£'000
Cost of Sales	6,479
Net Operating Expenses, including professional fees	(515)
Interest Receivable	1,563
	<u>7,527</u>
Taxation Payable	<u>(1,656)</u>
Net Profit Effect	<u>5,871</u>

NOTES TO THE ACCOUNTS (continued)

4. INTEREST PAYABLE

	52 weeks to 25 November 1995	52 weeks to 26 November 1994
	£'000	£'000
Bank and other interest on borrowings repayable within 5 years	2	6
Finance lease interest	18	53
Loan stock interest	133	155
	<u>153</u>	<u>214</u>

5. DIRECTORS' REMUNERATION

Total Directors' emoluments for the year were as follows:

	52 weeks to 25 November 1995	52 weeks to 26 November 1994
	£'000	£'000
Fees	12	12
Other emoluments including pension contributions	253	286
	<u>265</u>	<u>298</u>

For the year under review, the remuneration of J.F.Power, who was Chairman until May 1995, excluding pension contributions, amounted to £13,952 (1994 - £26,000) and the remuneration of T.Franey as Chairman for the remainder of the year, was £6,542. The highest paid director received £81,428 (1994 - £64,362).

The remuneration of other Directors during the year, excluding pension contributions, was within the scales shown below:

	52 weeks to 25 November 1995	52 weeks to 26 November 1994
	Number	Number
£10,001 - £15,000	-	1
£30,001 - £35,000	-	1
£35,001 - £40,000	-	1
£55,001 - £60,000	-	2
£70,001 - £75,000	2	-
	<u>2</u>	<u>-</u>

Details of share options held by the Directors are given in note 17. Performance related elements included within the above emoluments amounted to £19,000 (1994 - £Nil).

6. EMPLOYEES

Information regarding Group employee costs including Directors is as follows:

	52 weeks to 25 November 1995	52 weeks to 26 November 1994
	£'000	£'000
Wages and salaries	5,682	5,656
Social security costs	493	508
Pension costs	60	58
Total costs	6,235	6,222
	Number	Number
Average number of employees during the year	437	467

Pension arrangements

The Company operates a contributory pension scheme for certain eligible employees of the Group which is fully insured by the Guardian Royal Exchange Assurance plc. The scheme is a money purchase scheme and therefore no unfunded liability can arise.

Group health care scheme

A Group health care scheme is available for certain employees. The premiums payable are charged to the profit and loss account. There is no further liability to the Group.

7. TAXATION

	52 weeks to 25 November 1995	52 weeks to 26 November 1994
	£'000	£'000
The charge in the profit and loss account is made up as follows:		
UK Corporation Tax at 33% (1994: 33%) based on profit/(loss) for the period	1,307	-
Deferred taxation	673	-
Overseas taxation payable	7	5
	1,987	5
Adjustment in respect of prior years	(85)	-
	1,902	5

The tax charge is disproportionately low due to the utilisation of brought forward losses. The adjustment in respect of prior years relates to the write back of ACT previously written off.

8. DIVIDEND

	52 weeks to 25 November 1995	52 weeks to 26 November 1994
	£'000	£'000
Proposed dividend of 0.75p per Ordinary Share	150	-

NOTES TO THE ACCOUNTS (continued)

9. TANGIBLE FIXED ASSETS

Group and Company	Short-term leasehold properties £'000	Shopfitting £'000	Optical equipment £'000	Fixtures, fittings, and office equipment £'000	Total £'000
Cost					
At 27 November 1994	717	3,992	2,491	869	8,069
Purchased during the year	23	481	408	54	966
Disposals	(29)	(102)	(54)	(12)	(197)
At 25 November 1995	711	4,371	2,845	911	8,838
Accumulated depreciation					
At 27 November 1994	(653)	(2,910)	(1,795)	(487)	(5,845)
Charge for the year	(42)	(458)	(308)	(82)	(890)
Disposals	27	87	43	7	164
At 25 November 1995	(668)	(3,281)	(2,060)	(562)	(6,571)
Net book value					
At 25 November 1995	43	1,090	785	349	2,267
At 26 November 1994	64	1,082	696	382	2,224

Included in the net book value of tangible assets is £61,000 (1994 - £146,000) in respect of assets held under finance leases. The depreciation charge on these assets for the year was £85,000 (1994 - £212,000).

10. INVESTMENTS

The investment of the Company in wholly owned subsidiary undertakings at cost was as follows:

	25 November 1995	26 November 1994
	£	£
Specialeyes (Optical Services) Limited (2 Ordinary Shares of £1 each)	2	2
Specialeyes Holdings B.V. (500 shares of DFL 1 each)	150,150	150,150
	150,152	150,152

Specialeyes (Optical Services) Limited is incorporated in Great Britain and registered in England and Wales and provides an eye examination and contact lens dispensing service, operating in the United Kingdom. Specialeyes Holdings BV is a non-trading company, incorporated in the Netherlands. The results of both of these subsidiaries are included in the consolidated Group accounts.

11. DEBTORS

	GROUP		COMPANY	
	25 November 1995	26 November 1994	25 November 1995	26 November 1994
	£'000	£'000	£'000	£'000
Trade debtors	939	744	924	744
Other debtors	4,008	103	4,008	103
Prepayments and accrued income	788	620	788	620
Taxation and social security	4	11	4	3
Dividend Receivable	-	-	1,720	-
Advanced Corporation Tax recoverable	37	-	37	-
	<u>5,776</u>	<u>1,478</u>	<u>7,481</u>	<u>1,470</u>

There are no amounts falling due after more than one year.

12. CREDITORS

	GROUP		COMPANY	
	25 November 1995	26 November 1994	25 November 1995	26 November 1994
	£'000	£'000	£'000	£'000
Amounts falling due within one year				
Bank overdraft	141	44	141	-
Trade creditors	1,489	1,462	1,489	1,178
Amounts due to subsidiary undertakings	-	-	2,589	2,124
Corporation Tax	1,222	-	983	-
Advanced Corporation Tax	37	-	37	-
Other taxation and social security	221	3,050	141	2,988
Pension contributions	12	27	12	27
Other creditors	46	75	46	75
Accruals and deferred income	871	916	753	800
Dividends	150	-	150	-
	<u>4,189</u>	<u>5,574</u>	<u>6,341</u>	<u>7,192</u>
Amounts falling due between the second to fifth years inclusive				
10% convertible unsecured loan stock 2000 (see note 14)	1,001	1,414	1,001	1,414
Deferred income	107	377	107	337
Other creditors	1	37	1	37
	<u>1,109</u>	<u>1,828</u>	<u>1,109</u>	<u>1,828</u>

As security for overdraft facilities, Barclays Bank PLC holds a debenture by way of a fixed and floating charge over assets of the Group.

Deferred income represents contributions to shopfitting costs receivable from landlords. These are released over the estimated useful lives of the relevant assets acquired.

NOTES TO THE ACCOUNTS (continued)

13. VAT

In relation to the matter of VAT on the dispensing of spectacles, the previous year's financial statements treated withheld amounts of VAT as being due to Customs and Excise. The VAT Tribunal case considering this matter (relating to Leightons Opticians and Eye-tech) has now been heard in the High Court. On 13 March 1995 the Court ruled in favour of the tax payers and accordingly, the Company's position on the resolution of its own VAT case was further strengthened.

As at 26 November 1994 the withheld amount of VAT which the Company continued to treat in its accounts as due to Customs and Excise totalled £2.83 million. In the year to 25 November 1995, the Company made a claim to recover VAT which the Directors believe the Company overpaid to Customs and Excise for the period 1 September 1988 to 25 November 1995.

Customs & Excise recognised the validity of the claim and made an interim payment of £1.0m, which was received during the year. However, the negotiations to agree the final amount of the claim and the basis for apportionment going forward were protracted, and this final agreement was not reached until February 1996. Subsequent to the year end, Customs paid the balance of refund of VAT, and the statutory interest payment is expected to be received in the near future. Both these amounts are included in other debtors at the year end. The amount credited to the profit and loss account in respect of prior periods has been treated as an exceptional item (see note 3).

14. 10% CONVERTIBLE UNSECURED LOAN STOCK 2000

The par value of the outstanding debt amounted to £1,111,000 (1994 - £1,548,000), the difference between par value and balance sheet value being unamortised issue expenses of £110,000 (1994 - £134,000). The 10 per cent convertible unsecured loan stock 2000 may be converted, at the option of the holder, into 10 ordinary shares per 100p nominal of loan stock in any of the years 1994 to 1999 inclusive. Full conversion of the outstanding rights will result in the issue of 11,113,960 ordinary shares. Any outstanding loan stock will be redeemed at par on 31 May 2000.

15. PROVISIONS FOR LIABILITIES AND CHARGES

Deferred Taxation

	Provided		Unprovided	
	25 November 1995	26 November 1994	25 November 1995	26 November 1994
	£'000	£'000	£'000	£'000
Group and Company				
Capital allowances in excess				
of depreciation	111	-	-	171
Other losses	562	-	-	(171)
	<u>673</u>	<u>-</u>	<u>-</u>	<u>-</u>

16. CALLED UP SHARE CAPITAL

	25 November 1995	26 November 1994	5 November 1995	26 November 1994
	No. of 2p ordinary shares		£'000	£'000
Authorised	37,500,000	37,500,000	750	750
Issued	19,985,105	15,619,495	400	312

4,365,610 2 pence ordinary shares were issued in the year as a result of the conversion of £436,561 of 10% Convertible Unsecured Loan Stock 2000. The nominal value of the shares issued was £87,312.

17. SHARE OPTIONS

An executive share option scheme, approved by the Board of the Inland Revenue, was adopted by the Company on 11 November 1986. The options, which are exercisable between the third and the tenth anniversary of the grant of such option, are as follows:

Date of grant of option	Number of Executives (past and present)	Shares under option 25 November 1995	Subscription price in pence
11 November 1986	2	200,000	15.5
3 March 1987	1	75,000	16.5
9 December 1987	19	254,000	36.0
5 November 1990	1	125,000	16.0
1 September 1993	2	150,000	14.0
17 September 1993	2	150,000	14.0
20 September 1993	5	110,000	14.5
20 September 1994	1	175,000	10.0
31 March 1995	3	60,000	10.0
		<u>1,299,000</u>	

Included within the above are the following options held by Directors of the Company.

	At 26 November 1994	Number of options Granted in the year	At 25 November 1995	Exercise price in pence	date from which exercisable	Expiry date
M Raines	75,000	-	75,000	14.0	1.9.96	1.9.03
	75,000	-	75,000	14.0	17.9.96	17.9.03
	25,000	-	25,000	14.5	20.9.96	20.9.03
B D Smith	75,000	-	75,000	14.0	1.9.96	1.9.03
	75,000	-	75,000	14.0	17.9.96	17.9.03
	25,000	-	25,000	14.5	20.9.96	20.9.03
R C Price	175,000	-	175,000	10.0	20.9.97	20.9.04

At the date of this report two employees, neither of whom was a director, held options over 22,499 ordinary shares under the SAYE share option scheme.

The mid-market price of the shares at 25 November 1995 was 17.0p.

NOTES TO THE ACCOUNTS (continued)

18. RESERVES

As permitted by Section 228 of the Companies Act 1985, the profit and loss account of Specialeyes plc has not been separately presented in these financial statements. The consolidated retained profit for the financial year includes £7,014,000 (1994 - loss £1,183,000) for the Company.

GROUP	Profit and loss account £'000	Share premium account £'000
Brought forward at 27 November 1994	(5,085)	3,127
Result for the financial period	5,787	-
Currency translation differences on foreign currency net investment	47	-
Premium on conversion of loan stock	-	349
Transfer of issue costs charged to profit in the year	24	(24)
Carried forward at 25 November 1995	<u>773</u>	<u>3,452</u>
COMPANY	Profit and loss account £'000	Share premium account £'000
Brought forward at 27 November 1994	(6,570)	3,127
Result for the financial period	7,014	-
Premium on conversion of loan stock	-	349
Transfer of issue costs charged to profit in the year	24	(24)
Carried forward at 25 November 1995	<u>468</u>	<u>3,452</u>

19. EARNINGS/(LOSS) PER SHARE

The calculation is based on the weighted average of 17,748,477 (1994 - 15,582,593) ordinary shares in issue during the year and the profit of £5,937,000 (1994 - loss £793,000).

The fully diluted calculation is based on the conversion of the remaining 10% Unsecured Loan Stock and the exercising of all the issued executive share options, giving a total of 30,161,437 ordinary shares in issue, and the profits for the year adjusted for loan stock interest, notional interest on share issue proceeds, less notional taxation.

20. FINANCIAL COMMITMENTS OF THE GROUP AND COMPANY

	25 November 1995	26 November 1994
	£'000	£'000
Contracted but not provided for	62	17
Authorised by the Directors but not contracted	251	35
	<u>313</u>	<u>52</u>

Other

- (a) The Company has guaranteed to Barclays Bank PLC a bond to HM Customs and Excise for £40,000.
- (b) The Company has guaranteed an overdraft facility of up to £50,000 with Barclays Bank PLC in respect of Specialeyes (Optical Services) Limited.
- (c) The Company has outstanding documentary credits at 25 November 1995 of £39,634 (1994 - £121,654).
- (d) Barclays Bank PLC have a deed of charge over credit balances in discharge of the Company's liabilities relating to outstanding documentary credits.

Lease commitments

The Group and Company has net obligations under finance leases at 25 November 1995 included in other creditors as follows:

	25 November 1995	26 November 1994
	£'000	£'000
Payable in the first year	36	56
Payable in the second to fifth years inclusive	1	37
	<u>37</u>	<u>93</u>

Operating leases

The Company and the Group have commitments under operating leases to make payments during the next financial year as follows:

	Land and buildings 25 November 1995	Other 25 November 1995
	£'000	£'000
Expiring in the first year	17	50
Expiring in the second to fifth years inclusive	222	260
Expiring after the fifth year	3,420	-
	<u>3,659</u>	<u>310</u>

In addition, in the normal course of business, there are short term commitments for occupancy costs for the in-store locations.

NOTES TO THE ACCOUNTS (continued)

21. RECONCILIATION OF OPERATING PROFIT/(LOSS) TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	52 weeks to 25 November 1995 £'000	52 weeks to 26 November 1994 £'000
Operating profit/(loss)	6,154	(593)
Depreciation charges	890	1,011
Amortisation of loan stock issue expenses	24	24
Loss on sale of fixed assets	2	-
Decrease / (increase) in stocks	160	(6)
Increase in debtors	(4,261)	(215)
(Decrease) / increase in creditors and deferred income	(1,290)	947
Net cash inflow from operating activities	<u>1,679</u>	<u>1,168</u>

22. ANALYSIS OF CHANGES IN CASH AND CASH EQUIVALENTS DURING THE YEAR

	52 weeks to 25 November 1995 £'000	52 weeks to 26 November 1994 £'000
Balances brought forward	606	351
Net cash inflow	<u>562</u>	<u>255</u>
Balances carried forward	<u>1,168</u>	<u>606</u>

23. ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS AS SHOWN IN THE BALANCE SHEET

	26 November 1993 £'000	Change in year £'000	26 November 1994 £'000	Change in year £'000	25 November 1995 £'000
Cash at bank and in hand	412	238	650	659	1,309
Bank overdrafts	(61)	17	(44)	(97)	(141)
	<u>351</u>	<u>255</u>	<u>606</u>	<u>562</u>	<u>1,168</u>

24. ANALYSIS OF CHANGES IN FINANCING DURING YEAR

	Share capital £'000	Share Premium Account £'000	Loan Stock £'000	Finance Leases £'000
Balance at 26 November 1994	312	3,127	1,414	93
Net cash outflow from financing	-	-	-	(56)
Amortisation of issue expenses in the year	-	(24)	24	-
Conversion of loan stock in the year	88	349	(437)	-
Balance at 25 November 1995	<u>400</u>	<u>3,452</u>	<u>1,001</u>	<u>37</u>

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the ANNUAL GENERAL MEETING of Specialeyes plc will be held at 14, Lyon Way, Greenford, Middlesex, UB6 0BN on 10 April 1996 at 10.00 am. for the following purposes:

Ordinary business

1. To receive and adopt the financial statements, together with the Directors' and Auditors' reports for the 52 weeks ended 25 November 1995.
2. To declare a dividend.
3. To re-appoint Deloitte & Touche as Auditors to the Company until the conclusion of the next Annual General Meeting and to authorise the Directors to fix their remuneration.

Special Business

To consider, and if thought fit, pass the following resolutions, of which resolutions 4, 5 & 6 will be proposed as Ordinary Resolutions and resolution 7 will be proposed as a Special Resolution.

4. To increase the limit on the aggregate number of Ordinary Shares which may be issued pursuant to the exercise of options granted under the Specialeyes plc Executive Share Option Scheme ("the scheme") as stated in clause 6 of the rules of the scheme be increased from "1,476,600" to "1,998,510" (Note 4)
5. To authorise the Directors to determine and announce that, in respect of the dividend proposed in Resolution 2, and any dividend that may be proposed before the next Annual General Meeting, Shareholders may, in lieu of dividend, elect to receive an allotment of ordinary shares fully paid. (Note 5)
6. That the Directors be and they are hereby generally and unconditionally authorised (in substitution for all previous authorities which are hereby revoked) in accordance with Section 80 of the Companies Act 1985 (the "Act") to exercise all of the powers of the Company to allot relevant securities (within the meaning of Section 80(2) of the Act) of the Company up to an aggregate nominal amount of £350,298 provided that this authority (unless previously revoked or varied by the Company in General Meeting) shall expire at the conclusion of the Annual General Meeting of the Company to be held in 1997 save that the Directors may allot relevant securities pursuant to this authority after that date pursuant to an offer or an agreement made by the Company on or before that date (Note 6)

NOTICE OF ANNUAL GENERAL MEETING *(continued)*

7. That pursuant to Section 95 of the Companies Act 1985 (the "Act") the Directors be and are hereby empowered (in substitution for all previous authorities which are hereby revoked) to allot equity securities (as defined by Section 94 of the Act) for cash pursuant to the authority conferred by resolution 6 above as if Section 89(1) of the Act did not apply to such allotment provided that this power shall be limited to:

(a) the allotment of equity securities in connection with an offer by way of rights in favour of the holders of equity securities in proportion (as nearly as may be reasonably practicable) to their respective holdings but subject to such other exclusions or other arrangements as the Directors deem necessary or expedient to deal with fractional entitlements or legal or practical problems or requirements of any regulatory body, stock exchange or similar authority in any territory or otherwise; and

(b) the allotment (otherwise than pursuant to sub-paragraph (a) above) of equity securities up to an aggregate nominal amount of £19,985; and

this power shall expire at the conclusion of the Annual General Meeting of the Company to be held in 1997 save that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of such offer or agreement as if the power conferred hereby had not expired. (Note 6)

8. To transact any other business which may be dealt with at the Annual General Meeting.



Registered Office
14 Lyon Way
Greenford
Middlesex
UB6 0BN

By Order of the Board
Roger Price
Secretary

Dated 29 February 1996

Explanatory Notes:

1. A member entitled to attend and vote at the Meeting convened by the above notice may appoint a proxy or proxies to attend and, on a poll, to vote instead of him. A proxy need not be a member of the Company. A form of proxy is attached. Completion of a form of proxy does not preclude a member from attending and voting at the meeting in person.
2. To be valid, the instrument appointing a proxy and any power of attorney or other written authority (if any) under which it is signed, or a notorially certified or office copy of such power or authority, must be deposited at the office of the Company's Registrars, Barclays Registrars, Bourne House, 34 Beckenham Road, Beckenham, Kent BR3 4TU not less than 48 hours before the time appointed for holding the Meeting or any adjournment of such meeting.
3. Copies of all the Directors service contracts (unless expiring or determinable by the Company within one year without payment or compensation) will be available for inspection at the registered office of the Company during the usual business hours on any weekday (Saturdays and public holidays excluded) from the date of this notice until the date of the Annual General Meeting and at the place of the Annual General Meeting for at least 15 minutes prior to and until the conclusion of the Annual General Meeting.
4. Rule 6 of the Specialeyes plc Executive Option Scheme allows for a maximum of 10% of the issued share capital of the Company to be granted in options at any one time, subject to the approval by the Shareholders of the maximum amount. Currently 1,299,000 share options have been granted, and approval was last granted at the 1990 Annual General Meeting for a maximum of 1,476,600, which means that the ability to issue options to current or future executives is restricted. The maximum under the articles could be 1,998,510 based on 10% of the current issued ordinary shares, but as more of the remaining 10% Unsecured Loan Stock becomes converted to ordinary shares, this proportion will reduce.
5. Article 131 of the Company's Articles of Association allows the Directors to offer Shareholders the opportunity to take dividends in the form of fully paid ordinary shares, rather than in the form of cash, subject to approval by the Company. The Directors consider that it would be in the Company's interest for this authority to be available to them, and propose to offer Shareholders this option in respect of the final dividend proposed in Resolution no. 2, and any dividend that may be declared before the Annual General Meeting in 1997.
6. At present the Company has an authorised share capital of £750,000, of which £350,298 has not been issued. Resolution no. 6 will enable the Directors to allot shares, in accordance with the general requirements of the Company.

The provisions of the Companies Act 1985 are such that if the Company wants to issue shares for cash it must in the first instance offer them to existing Shareholders, in proportion to the number of shares each person holds, in such a way that every shareholder is offered the chance to increase his or her shareholding by the same percentage. This is known as a rights issue.

However, the Companies Act 1985 further provides that the Shareholders of a company may authorise new shares to be issued for cash otherwise than to existing Shareholders in proportion to their holdings, and Resolution No 7 seeks that authority. This will allow the Directors some flexibility when considering how best to finance new business opportunities, and is normal practice for public limited companies, subject to the restriction that the number of shares which can be allotted for cash other than to existing holders is 5% of the existing issued ordinary share capital, and this is the sum £19,985 mentioned in Resolution No 7. This is in line with the agreement reached in October 1987 between The Stock Exchange and the Investment Protection Committee of the Association of British Insurers and the National Association of Pension Funds. By setting this limit the interests of existing Shareholders are reasonably protected as their stake in the Company cannot, without their agreement, be substantially reduced by the issue of new shares to new Shareholders for cash.

LIST OF SPECIAL EYES BRANCHES

<input type="checkbox"/> Ayr	01292 284082	<input type="checkbox"/> Lewisham	0181 318 3134
<input type="checkbox"/> Barnsley	01226 249485	<input type="checkbox"/> Lincoln	01522 530736
● Basildon	01268 280849	<input type="checkbox"/> Liverpool	0151 708 0668
<input type="checkbox"/> Bexleyheath	0181 298 1112	<input type="checkbox"/> Maidstone	01622 765450
<input type="checkbox"/> Birmingham	0121 236 3736	<input type="checkbox"/> Manchester	0161 835 3909
<input type="checkbox"/> Blackburn	01254 699622	■ Merton	0181 543 8026
<input type="checkbox"/> Brighton	01273 324717	<input type="checkbox"/> Milton Keynes	01908 661808
<input type="checkbox"/> Bromley	0181 464 4858	<input type="checkbox"/> Northampton	01604 234099
<input type="checkbox"/> Burton upon Trent	01283 538477	<input type="checkbox"/> Portsmouth	01705 295043
● Chatham	01634 828769	<input type="checkbox"/> *Reading	01734 597557
<input type="checkbox"/> Chester	01244 312571	<input type="checkbox"/> Rochdale	01706 525629
<input type="checkbox"/> Chesterfield	01246 558428	<input type="checkbox"/> Romford	01708 731069
◆ Crawley Super	01293 551001	◆ Sheffield (Meadowhall)	01142 568094
● Croydon	0181 681 2876	<input type="checkbox"/> Slough	01753 512912
<input type="checkbox"/> Derby	01332 380106	<input type="checkbox"/> Southampton	01703 631583
<input type="checkbox"/> Doncaster	01302 329988	<input type="checkbox"/> Southend	01702 351136
<input type="checkbox"/> Dudley	01384 481083	<input type="checkbox"/> Stockport	0161 480 1606
<input type="checkbox"/> East Ham	0181 552 5500	<input type="checkbox"/> Sutton	0181 643 6243
<input type="checkbox"/> East Kilbride	01355 241221	<input type="checkbox"/> Thurrock	01708 869888
<input type="checkbox"/> Edinburgh	0131 558 3306	<input type="checkbox"/> Tooting	0181 767 5112
● Eltham	0181 859 8432	<input type="checkbox"/> Tunbridge Wells	01892 545503
<input type="checkbox"/> Glasgow – St. Enoch	0141 204 3343	<input type="checkbox"/> Uxbridge	01895 253779
<input type="checkbox"/> Glasgow – Sauchiehall	0141 353 3669	<input type="checkbox"/> Wakefield	01924 362522
<input type="checkbox"/> Gloucester	01452 309633	<input type="checkbox"/> Walsall	01922 31464
<input type="checkbox"/> Harlow	01279 421907	<input type="checkbox"/> Walthamstow	0181 521 6381
<input type="checkbox"/> Harrow	0181 861 3725	<input type="checkbox"/> Watford	01923 254275
<input type="checkbox"/> *High Wycombe	01494 447227	<input type="checkbox"/> West Ealing	0181 840 7025
<input type="checkbox"/> Hounslow	0181 570 2829	▲ Wimbledon	0181 944 0525
<input type="checkbox"/> Huddersfield	01484 530743	<input type="checkbox"/> Wood Green	0181 881 6907
<input type="checkbox"/> Hull	01482 212244	<input type="checkbox"/> Wolverhampton	01902 23737
<input type="checkbox"/> Kingston upon Thames	0181 547 1320	<input type="checkbox"/> Worthing	01903 213819
<input type="checkbox"/> Leeds	01132 422007	<input type="checkbox"/> York	01904 621628
<input type="checkbox"/> Leicester	01162 513 191		

● Alders ☐ High Street ■ Savacentre ◆ Superopticals ▲ Elys Department Store

**Opens March 1996*

Shareholders are entitled to discount consisting of 10% off the selling price of one pair of spectacles and contact lenses, and will find a discount voucher inserted in their copy of this report. Please contact the Company Secretary before taking the voucher to the store of your choice.