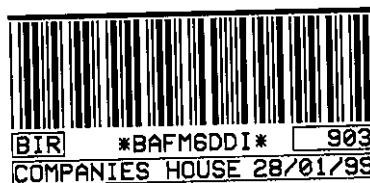


**SOLA Optical (UK) Limited (formerly
SOLA Optical Holdings (UK) Limited)**
Report and Accounts

31 March 1998

Registered Number: 2838963



SOLA Optical (UK) Limited (formerly SOLA Optical Holdings (UK) Limited)

DIRECTORS' REPORT

The directors present their report and group accounts for the year ended 31 March 1998.

PRINCIPAL ACTIVITIES

The activities of the Group are principally the manufacture and marketing of spectacle lenses.

CHANGE OF NAME

The name of the Company changed to SOLA Optical (UK) Limited on 30 July 1997.

RESULTS AND TRADING REVIEW

The Group profit and loss account for the period is set out on page 4. The Group reports a profit after taxation of £1,954,000 (1997 - profit of £1,055,000).

The directors anticipate sustained growth of the lens business in future years.

DIVIDENDS AND RESERVES

The directors recommend that no dividend be paid.

FIXED ASSETS

Details of the movement in fixed assets is in notes 8 and 9 to the accounts.

EMPLOYEE INVOLVEMENT

The directors are committed to good communications throughout the organisation. Planned regular communication takes place at all levels through briefing meetings, video presentations and noticeboards.

The Group agrees with and actively supports the principles and standards of practice on employee involvement published jointly by the Industrial Participation Association and the Institute for Personnel Management in 1983.

HEALTH AND SAFETY

The increasing interests of the Group in high technology have coincided with legislation to emphasise the need for continuing developments in the areas of occupational health and preventative occupational medicine. This is reflected in the priority given in providing good working conditions and to the establishment of a satisfactory basis upon which future development may be built.

The Group's objective is to maintain, or exceed, in its statutory obligations to disabled persons. It endeavours to integrate disabled persons with other employees and their training, career development and promotion is handled under the group's general policy covering these activities. When an employee becomes disabled every effort is made to ensure continuity of employment and appropriate training is given.

SOLA Optical (UK) Limited (formerly SOLA Optical Holdings (UK) Limited)

DIRECTORS' REPORT

DIRECTORS

The directors of the company during the year ended 31 March 1998 were:

Mr J E Heine	(Australian citizen)
Mr R N Appleton	
Mr M T MacKenzie	(resigned 27 October 1998)
Mr M Aschcroft	(appointed 1 September 1998)
Mr AT Donegan	(appointed 3 November 1998)

There are no directors interests requiring disclosure under the Companies Act 1985.

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the Company and of the Group and of the profit or loss of the Group for that period. In preparing those accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts 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 to enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

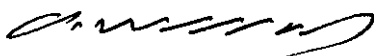
YEAR 2000

The company and its subsidiaries have undertaken a review of the potential impact of the transition to the year 2000 on the computer systems used by each company. Procedures have been put in place to ensure that all potential issues are adequately addressed.

AUDITORS

A resolution to reappoint Ernst & Young as auditors will be put to the members at the Annual General Meeting.

By order of the board



A Murray
Secretary

Dated

21/1/99

REPORT OF THE AUDITORS

to the members of SOLA Optical (UK) Limited (formerly SOLA Optical Holdings (UK) Limited)

We have audited the accounts on pages 4 to 16, which have been prepared under the historical cost convention and on the basis of the accounting policies set out on pages 7 and 8.

Respective responsibilities of directors and auditors

As described on page 2 the company's directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

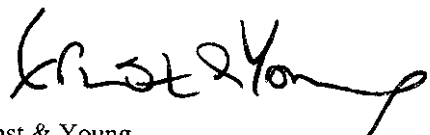
Basis of opinion

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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, and of whether the accounting policies are appropriate to 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 accounts 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the company and of the group as at 31 March 1998 and of the profit of the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young
Registered Auditor
Birmingham
Dated 27 January 1999

SOLA Optical (UK) Limited (formerly SOLA Optical Holdings (UK) Limited)

GROUP PROFIT AND LOSS ACCOUNT
for the year ended 31 March 1998

		1998 Total £000	1997 Continuing operations £000	1997 Acquisitions £000	1997 Total £000
	Notes				
TURNOVER	2	24,482	13,901	7,327	21,228
Cost of sales		(17,762)	(10,813)	(5,019)	(15,832)
GROSS PROFIT		6,720			
Distribution costs		(886)	(503)	(428)	(931)
Administrative expenses		(3,607)	(1,936)	(1,137)	(3,127)
OPERATING PROFIT	3	2,227	649	743	1,392
Net interest receivable/(payable)	6	123			(298)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		2,350			1,094
Taxation	7	(396)			(39)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		1,954			1,055
Dividend		-			-
RETAINED PROFIT FOR THE PERIOD	19	1,954			1,055

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

There are no recognised gains or losses other than the profit attributable to shareholders of the Group of £1,954,000 for the year ended 31 March 1998 and the profit of £1,055,000 for the year ended 31 March 1997.

SOLA Optical (UK) Limited (formerly SOLA Optical Holdings (UK) Limited)

GROUP BALANCE SHEET

at 31 March 1998

	Notes	1998 £000	1997 £000
FIXED ASSETS			
Intangible assets	9	1,733	1,782
Tangible assets	8	1,682	1,355
Investments		1	2
		<u>3,416</u>	<u>3,139</u>
CURRENT ASSETS			
Stocks	10	3,637	3,129
Debtors	11	8,348	8,678
Cash at bank and in hand		1,614	1,001
		<u>13,599</u>	<u>12,808</u>
CREDITORS: amounts falling due within one year	12	(5,592)	(6,379)
NET CURRENT ASSETS		<u>8,007</u>	<u>6,429</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>11,423</u>	<u>9,568</u>
CREDITORS: amounts falling due after one year	13	(38)	(86)
PROVISIONS FOR LIABILITIES AND CHARGES	14	(32)	(37)
		<u>11,353</u>	<u>9,445</u>
CAPITAL AND RESERVES			
Called up share capital	17	3,378	3,378
Capital reserve	18	3,447	3,447
Profit and loss account	18	2,914	1,006
Goodwill reserve	18	1,614	1,614
		<u>11,353</u>	<u>9,445</u>



N Appleton - Director

Dated 21-1-99

SOLA Optical (UK) Limited (formerly SOLA Optical Holdings (UK) Limited)

COMPANY BALANCE SHEET

at 31 March 1998

	Notes	1998 £000	1997 £000
FIXED ASSETS			
Tangible assets	8	1,414	1,046
Investments	9	10,204	10,204
		<u>11,618</u>	<u>11,250</u>
CURRENT ASSETS			
Stocks	10	2,509	2,097
Debtors	11	3,482	3,201
Cash at bank and in hand		1,358	674
		<u>7,349</u>	<u>5,972</u>
CREDITORS: amounts falling due within one year	12	(9,443)	(8,229)
NET CURRENT LIABILITIES		<u>(2,094)</u>	<u>(2,257)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>9,850</u>	<u>8,993</u>
CREDITORS: amounts falling due after one year	13	(2,091)	(2,091)
PROVISION FOR LIABILITIES AND CHARGES	14	-	(5)
		<u>7,433</u>	<u>6,897</u>
CAPITAL AND RESERVES			
Called up share capital	17	3,378	3,378
Profit and loss account	18	608	72
Capital reserve	18	3,447	3,447
		<u>7,433</u>	<u>6,897</u>

N Appleton

N Appleton - Director

Dated 21-1-99

SOLA Optical (UK) Limited (formerly SOLA Optical Holdings (UK) Limited)

NOTES TO THE ACCOUNTS

at 31 March 1998

1. ACCOUNTING POLICIES

Accounting convention

The accounts are prepared under the historical cost convention in accordance with applicable accounting standards.

Fixed assets and depreciation

All fixed assets are initially recorded at cost. Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost of each asset evenly over its expected useful life as follows:

Vehicles, plant and machinery	-	over 3 to 20 years
-------------------------------	---	--------------------

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost includes all costs incurred in bringing each product to its present location and condition, as follows:

Raw materials and goods for resale	-	purchase cost on a first-in, first-out basis.
Work in progress and finished goods	-	cost of direct materials and labour plus attributable overheads based on a normal level of activity.

Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal.

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

All differences are taken to the profit and loss account other than exchange gains and losses on the net assets of subsidiaries which are taken to reserves.

Deferred taxation

Deferred taxation is provided using the liability method on all timing differences which are expected to reverse in the future without being replaced, calculated at the rate at which it is anticipated the timing differences will reverse. Advance corporation tax which is expected to be recoverable in the future is deducted from the deferred taxation balance.

Deferred tax assets are only recognised if recovery without replacement by equivalent debit balances is reasonably certain.

Basis of Consolidation

The Group accounts consolidate the accounts of SOLA Optical (UK) Limited for the year ended 31 March 1998. The consolidation has been accounted for by the acquisition method.

No profit and loss account is presented for SOLA Optical (UK) Limited as permitted by section 230 of the Companies Act 1985.

Pensions costs

The group operates a defined contribution scheme and a defined benefit scheme. Details of the schemes are listed in note 23 to the accounts.

SOLA Optical (UK) Limited (formerly SOLA Optical Holdings (UK) Limited)

NOTES TO THE ACCOUNTS

at 31 March 1998

1. ACCOUNTING POLICIES *(continued)*

Goodwill

Positive goodwill arising on consolidation has been capitalised and is being amortised over forty years. Negative goodwill arising on consolidation is credited directly to a separate reserve.

2. TURNOVER

	1998 £000	1997 £000
Sales to external customers by geographical market:		
United Kingdom and EEC	23,676	20,637
Rest of the world	806	591
	<u>24,482</u>	<u>21,228</u>

Turnover, which is stated net of value added tax, represents amounts invoiced to third parties and group companies. It is attributable to one continuing activity, the manufacture and marketing of spectacle lenses.

3. OPERATING PROFIT

	1998 £000	1997 £000
This is stated after charging:		
Depreciation of tangible fixed assets	298	281
Depreciation of assets held under finance leases	48	57
Hire of Equipment	273	351
Auditors' remuneration - Audit services	44	44
- Non audit services	45	24
Property lease rentals	412	515
Amortisation of goodwill	49	50
	<u></u>	<u></u>

4. DIRECTORS' EMOLUMENTS

	1998 £000	1997 £000
Total emoluments	<u>204</u>	<u>218</u>

The emoluments, excluding pension costs of:

	1998 £000	1997 £000
Highest paid director	<u>130</u>	<u>147</u>

In addition pension contributions of £6,057 were paid into a defined contribution scheme on behalf of the highest paid director in the period.

The services of Mr J E Heine are discharged substantially outside the UK, and therefore, details of any remuneration are excluded from the above analysis.

SOLA Optical (UK) Limited (formerly SOLA Optical Holdings (UK) Limited)

NOTES TO THE ACCOUNTS

at 31 March 1998

5. STAFF COSTS

	1998 £000	1997 £000
Wages and salaries	2,903	3,287
Social security costs	307	312
Other pension costs	2	52
	<u>3,212</u>	<u>3,651</u>
Redundancy costs	-	99
	<u>3,212</u>	<u>3,750</u>

The average weekly number of employees during the year was as follows:

	1998 No.	1997 No.
United Kingdom	172	185
Zimbabwe	31	29
	<u>203</u>	<u>214</u>

6. NET INTEREST RECEIVABLE/(PAYABLE)

	1998 £000	1997 £000
Interest received on inter-group loans wholly repayable within five years	127	45
Interest received on other loans wholly repayable within five years	-	38
Interest payable on inter group loans wholly repayable within five years	(15)	(46)
Interest payable on promissory note	-	(206)
Interest on external loans	(21)	(20)
Finance lease interest	(9)	(9)
Exchange loss on notes payable	-	(100)
Short term deposits	41	-
	<u>123</u>	<u>(298)</u>

7. TAXATION ON PROFIT ON ORDINARY ACTIVITIES

	1998 £'000	1997 £'000
UK Corporation tax	326	-
Overseas taxation	70	67
Release of deferred taxation provision	-	(28)
	<u>396</u>	<u>39</u>

SOLA Optical (UK) Limited (formerly SOLA Optical Holdings (UK) Limited)

NOTES TO THE ACCOUNTS
at 31 March 1998

8. TANGIBLE FIXED ASSETS

Group

	<i>Short leasehold property £000</i>	<i>Vehicles plant and machinery £000</i>	<i>Total £000</i>
Cost or valuation:			
At 31 March 1997	101	2,832	2,933
Additions	1	765	766
Disposals	-	(158)	(158)
Exchange movement	-	(17)	(17)
At 31 March 1998	102	3,422	3,524
Depreciation:			
At 31 March 1997	60	1,518	1,578
Provided during the year	13	333	346
Disposals	-	(72)	(72)
Exchange movement	-	(10)	(10)
At 31 March 1998	73	1,769	1,842
Net book value:			
At 31 March 1997	41	1,355	1,355
At 31 March 1998	39	1,643	1,682
<i>Company</i>			
Cost or valuation:			
At 31 March 1997	-	2,022	2,022
Additions	-	662	662
Disposals	-	(131)	(131)
At 30 March 1998	-	2,553	2,553
Depreciation:			
At 31 March 1997	-	976	976
Provided during the year	-	221	221
Disposals	-	(58)	(58)
At 31 March 1998	-	1,139	1,139
Net book value at 31 March 1997	-	1,046	1,046
Net book value at 31 March 1998	-	1,414	1,414

SOLA Optical (UK) Limited (formerly SOLA Optical Holdings (UK) Limited)

NOTES TO THE ACCOUNTS

at 31 March 1998

8. TANGIBLE FIXED ASSETS *(continued)*

The group has vehicles, plant and machinery held under finance leases with cost of £204,000 and accumulated depreciation of £108,000. The company does not hold any assets under finance leases.

9. INVESTMENTS

<i>Company</i>	<i>1998 £000</i>	<i>1997 £000</i>
Subsidiary undertakings at cost	10,204	10,204

The company holds all of the share capital of SERO Limited (formerly SOLA Optical (UK) Limited) a spectacle lens manufacturer which became dormant on 1 April 1996, and the newly acquired UK Optical Limited and its subsidiary undertakings.

Details of the investments in which the group and the company holds 20% or more of the nominal value of share capital are as follows. In all cases the holding represents 100% of the ordinary share capital of the company.

<i>Subsidiary undertakings</i>	<i>Nature of business</i>
UK Optical Limited	Manufacture of frames and distributor of ophthalmic lenses and frames
UKO International Limited	Holding company
UKO International (Overseas Holdings) Limited	Holding company
M Wiseman & Co (Zimbabwe) Limited	Distributor of ophthalmic lenses and frames
United Kingdom Optical Company Limited	Non-trading
Alpha Lens Company Limited	Non-trading
Chadwick Taylor Limited	Dormant
J & H Taylor Group Limited	Dormant
The Hadley Company Limited	Non-trading
Raphaels Limited	Non-trading
Raphael Taylor Group Limited	Dormant
Levers Optical (Manufacturing) Limited	Dormant
British American Optical Company Limited	Dormant
UK Wiseman Limited	Non-trading
AO European Services Limited	Non-trading
M Wiseman & Co Limited	Dormant
M Wiseman & Co (South Africa) Limited	Dormant

All subsidiary companies are registered in England and Wales.

Group

Goodwill arising on the acquisition of SERO Limited (formerly Sola Optical (UK) Limited) of £1,945,000 has been capitalised and is being amortised over 40 years.

Amortisation amounted to £49,000 on SERO Limited in the year leaving a net book value of £1,733,000 at the year end.

Negative goodwill arising on the acquisition of UK Optical Limited of £1,614,000 has been credited to a separate reserve.

SOLA Optical (UK) Limited (formerly SOLA Optical Holdings (UK) Limited)

NOTES TO THE ACCOUNTS

at 31 March 1998

10. STOCKS

	<i>Group</i> <i>1998</i> <i>£000</i>	<i>Company</i> <i>1998</i> <i>£000</i>	<i>Group</i> <i>1997</i> <i>£000</i>	<i>Company</i> <i>1997</i> <i>£000</i>
Raw materials and consumables	176	101	154	82
Work in progress	40	40	83	83
Finished goods and goods for resale	3,421	2,368	2,892	1,932
	<u>3,637</u>	<u>2,509</u>	<u>3,129</u>	<u>2,097</u>

The difference between purchase price or production cost of stocks and their replacement cost is not material.

11. DEBTORS

	<i>Group</i> <i>1998</i> <i>£000</i>	<i>Company</i> <i>1998</i> <i>£000</i>	<i>Group</i> <i>1997</i> <i>£000</i>	<i>Company</i> <i>1997</i> <i>£000</i>
Trade debtors	4,703	2,984	4,420	2,643
Amounts owed by group undertakings	3,021	244	3,595	231
Other debtors	177	130	257	191
Prepayments and accrued income	109	70	147	83
	<u>8,010</u>	<u>3,428</u>	<u>8,419</u>	<u>3,148</u>

Amounts falling due after more than one year:

	<i>Group</i> <i>1998</i> <i>£000</i>	<i>Company</i> <i>1998</i> <i>£000</i>	<i>Group</i> <i>1997</i> <i>£000</i>	<i>Company</i> <i>1997</i> <i>£000</i>
Other debtors	4	6	3	3
Loans to employees	48	48	50	50
Pension prepayment	286	-	206	-
	<u>338</u>	<u>54</u>	<u>259</u>	<u>53</u>
Total debtors	<u>8,348</u>	<u>3,482</u>	<u>8,678</u>	<u>3,201</u>

The pension prepayment relates to the UK Optical Limited pension scheme details of which are disclosed in note 23 of these accounts.

SOLA Optical (UK) Limited (formerly SOLA Optical Holdings (UK) Limited)

NOTES TO THE ACCOUNTS

at 31 March 1998

12. CREDITORS: amounts falling due within one year

	<i>Group</i>	<i>Company</i>	<i>Group</i>	<i>Company</i>
	<i>1998</i>	<i>1998</i>	<i>1997</i>	<i>1997</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Trade creditors	1,492	905	1,001	513
Amounts owed to parent undertaking and fellow subsidiary undertaking	2,209	7,295	3,476	6,739
Corporation tax	383	326	67	-
Other taxes and social security costs	473	440	560	528
Other creditors	602	93	759	134
Accruals	384	384	464	315
Obligations under finance leases	49	-	52	-
	<u>5,592</u>	<u>9,443</u>	<u>6,379</u>	<u>8,229</u>

13. CREDITORS: amounts falling due after more than one year

	<i>Group</i>	<i>Company</i>	<i>Group</i>	<i>Company</i>
	<i>1998</i>	<i>1998</i>	<i>1997</i>	<i>1997</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Amounts owed to group undertaking	-	2,091	-	2,091
Obligations under finance leases and hire purchase contracts	38	-	86	-
	<u>38</u>	<u>2,091</u>	<u>86</u>	<u>2,091</u>

The loan of £2,091,239 from UK Optical Limited is repayable on 31 December 2000. There is no interest accruing on this loan.

14. PROVISIONS FOR LIABILITIES AND CHARGES

	<i>Group</i>	<i>Group</i>	<i>Company</i>	<i>Company</i>
	<i>Deferred</i>	<i>Other</i>	<i>Deferred</i>	<i>Other</i>
	<i>Tax</i>	<i>Provisions</i>	<i>Tax</i>	<i>Provisions</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
At 1 April 1997	1	36	-	5
Provided during the period	-	-	-	-
Utilised	-	(5)	-	(5)
	<u>1</u>	<u>31</u>	<u>-</u>	<u>-</u>
At 31 March 1998	1	31	-	-

15. CAPITAL COMMITMENTS

At 31 March 1998, the Group had placed contracts for £NIL (1997 - £ Nil) of capital expenditure which had not been provided for in the accounts.

SOLA Optical (UK) Limited (formerly SOLA Optical Holdings (UK) Limited)

NOTES TO THE ACCOUNTS

at 31 March 1998

16. OBLIGATIONS UNDER LEASES AND HIRE PURCHASE CONTRACTS

Amounts due under finance lease and hire purchase contracts:

	<i>Group</i> <i>1998</i> <i>£000</i>	<i>Company</i> <i>1998</i> <i>£000</i>	<i>Group</i> <i>1997</i> <i>£000</i>	<i>Company</i> <i>1997</i> <i>£000</i>
Amounts payable:				
Within one year	54	-	61	-
In two to five years	41	-	95	-
	95	-	156	-
Less: finance charges allocated to future periods	(8)	-	(18)	-
	87	-	138	-

At 31 March 1998 the Group and Company had annual commitments under non-cancellable operating leases as set out below:

	<i>Group</i> <i>Land and</i> <i>buildings</i> <i>1998</i> <i>£000</i>	<i>Group</i> <i>Other</i> <i>1998</i> <i>£000</i>	<i>Company</i> <i>Land and</i> <i>buildings</i> <i>1998</i> <i>£000</i>	<i>Company</i> <i>Other</i> <i>1998</i> <i>£000</i>	<i>Group and</i> <i>company</i> <i>Land and</i> <i>buildings</i> <i>1997</i> <i>£000</i>	<i>Group and</i> <i>company</i> <i>Other</i> <i>1997</i> <i>£000</i>
Operating leases which expire:						
Within one year	-	15	-	-	-	142
Within two to five years	161	155	-	87	13	275
In over five years	251	-	251	-	3,113	-
	412	170	251	87	3,126	417

The Company had no other financial commitments.

17. SHARE CAPITAL

	<i>1998</i> <i>£000</i>	<i>1997</i> <i>£000</i>
Ordinary shares of £1 each:		
Issued and fully paid	3,378	3,378
Authorised	5,000	5,000

SOLA Optical (UK) Limited (formerly SOLA Optical Holdings (UK) Limited)

NOTES TO THE ACCOUNTS

at 31 March 1998

18. MOVEMENT ON RESERVES AND RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

Group

	Share capital £000	Capital reserve £000	Goodwill reserve £000	Unrealised exchange £000	Profit and shareholders' loss account £000	Total funds £000
At 31 March 1996	3,378	-	-	103	(216)	3,265
Reversal of exchange reserve	-	-	-	(103)	103	-
Realised exchange gain	-	-	-	-	64	64
Profit for the year	-	-	-	-	1,055	1,055
Capital contribution from parent company	-	3,447	-	-	-	3,447
Negative goodwill on acquisition	-	-	1,614	-	-	1,614
At 31 March 1997	3,378	3,447	1,614	-	1,006	9,445
Profit for the year	-	-	-	-	1,954	1,954
Exchange movement	-	-	-	-	(46)	(46)
At 31 March 1998	3,378	3,447	1,614	-	2,914	11,353

Company

	Share Capital £000	Capital Reserve £000	Unrealised Exchange £000	Profit and loss account £000	Total Shareholders' funds £000
At 31 March 1996	3,378	-	103	(673)	2,808
Reversal of unrealised exchange gain	-	-	(103)	103	-
Realised loss for the year	-	-	-	64	64
Profit for the year	-	-	-	578	578
Capital contribution from parent company	-	3,447	-	-	3,447
At 31 March 1997	3,378	3,447	-	72	6,897
Profit for the year	-	-	-	536	536
At 31 March 1998	3,378	3,447	-	608	7,433

SOLA Optical (UK) Limited (formerly SOLA Optical Holdings (UK) Limited)

NOTES TO THE ACCOUNTS

at 31 March 1998

19. ULTIMATE HOLDING COMPANY AND CONTROLLING PARTY

The company is a 100% owned subsidiary of Sola International Inc, a company incorporated in the USA.

The parent undertaking of the smallest and largest group of undertakings of which the company is a member and for which group financial statements are drawn up is Sola International Inc. Copies of the group financial statements are available to the public from 2420 Sand Hill Road, Menlo Park, California 94025.

20. RELATED PARTY TRANSACTIONS

The group has taken advantage of the exemption available to 90% owned subsidiary undertakings not to disclose transactions with other investees of the group.

21. PENSION COMMITMENTS

The company and group operates a defined contribution pension scheme. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

The group also operates a defined benefit scheme which is funded by the payment of contributions to a separately administered trust fund.

The pension costs are assessed by a qualified actuary and are charged to the profit and loss account so as to spread these costs on a rational basis over employees' working lives with the employer.

The most recent actuarial valuation was on April 1, 1997. The assumptions used in that actuarial valuation were:

Rate of return on investments	8.0% pa
Increase in pensionable earnings	6.0% pa or 7.0% pa depending on category of membership
Pension increases (where applicable)	4.0% pa

The market value of the assets of the scheme at April 1, 1997, as shown in the scheme accounts is £2,949,686.

The surplus revealed by the valuation is to be eliminated by amortising the surplus in the profit and loss account over 15 years beginning April 1, 1997. The pension cost for the employer for the financial year ending 31 March 1998 was £80,000 (1997: £10,000). A prepayment of £286,000 (1997: £206,000) for pension costs is included in the balance sheet at the year end, arising from the accumulated difference between the contributions paid to the scheme and the corresponding pension costs.