

**LUXURY EYEWEAR UK LIMITED
(FORMERLY BART 147 LIMITED)**

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

PERIOD FROM 22 DECEMBER 1997 TO 31 DECEMBER 1998

Registered number: 3484692



LUXURY EYEWEAR (UK) LIMITED

DIRECTORS' REPORT FOR THE PERIOD FROM 22 DECEMBER 1997 TO 31 DECEMBER 1998

The directors submit their first report, together with the audited financial statements for the period ended 31 December 1998.

PRINCIPAL ACTIVITY AND INCORPORATION

The principal activity of the company is the distribution of luxury frames for eyewear. The company was incorporated on 22 December 1997 as Bart 147 Limited. It changed its name to Luxury Eyewear UK Limited by a special resolution on 26 January 1998.

The share capital of the company was issued for cash at par.

On 7 July 1998 the entire issued share capital of the company was acquired by Luxury Eyewear International BV.

RESULTS AND DIVIDENDS

The directors do not recommend the payment of a dividend for the period. The retained loss for the period of £291,000 has been transferred to reserves.

REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

The group made significant progress during the period reflecting its emphasis on service improvement allied with the introduction of new products. The board sees 1999 as a continuing challenge in a competitive market and will continue to lay emphasis on developing its level of service and quality.

YEAR 2000 AND EUROPEAN CURRENCY SOFTWARE MODIFICATION COSTS

The company have considered the impact of the year 2000 on its computer systems. It has set itself an objective to adapt its operating and accounting systems in line with group policy to ensure year 2000 compliance by the end of 1999. The costs of this strategy are unlikely to be significantly greater than its normal Management Information Systems costs.

The company has established an internal Euro group to study the impact of the Euro locally and develop a local strategy in line with group policy and developments in the local market. The cost of the Euro strategy has not been fully evaluated yet.

LUXURY EYEWEAR (UK) LIMITED

DIRECTORS' REPORT

FOR THE PERIOD FROM 22 DECEMBER 1997 TO 31 DECEMBER 1998 (continued)

DIRECTORS' INTERESTS

The directors serving during the period were as follows:

Bart Management Limited (appointed 22 December 1997, resigned 7 July 1998).

PE Vessey (appointed 7 July 1998)

M Crombe (appointed 7 July 1998)

JJ Vanner (appointed 22 December 1997)

On incorporation Bart Management Limited was allotted one ordinary share of £1. After further allotments and issue of share capital (as set out in note 12 to the financial statements) the entire issued share capital of the company was acquired by Luxury Eyewear International BV on 7 July 1998. None of the directors had a disclosable interest in the shares of or any option over the shares of any group company during the period.

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 of the group and of the profit or loss for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the group and company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

LUXURY EYEWEAR (UK) LIMITED

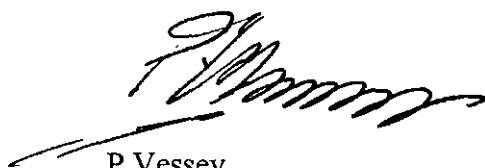
DIRECTORS' REPORT

FOR THE PERIOD FROM 22 DECEMBER 1997 TO 31 DECEMBER 1998 (continued)

AUDITORS

PricewaterhouseCoopers were appointed auditors during the period, and have indicated their willingness to remain in office. A resolution concerning their reappointment will be proposed at the Annual General Meeting.

By Order of the Board



P Vessey
Director

20 May 1999

AUDITORS' REPORT TO THE MEMBERS OF LUXURY EYEWEAR UK LIMITED

PricewaterhouseCoopers
31 Great George Street
Bristol
BS1 5QD
Telephone +44 (0) 117 929 1500
Facsimile +44 (0) 117 929 0519

We have audited the financial statements on pages 5 to 13 which have been prepared in accordance with the accounting policies set out on pages 7 and 8.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Report, including as described on page 2 the financial statements. Our responsibilities, as independent auditors, are established by statute, the Auditing Practices Board and our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

We read the other information contained in the Annual Report and consider the implications of our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

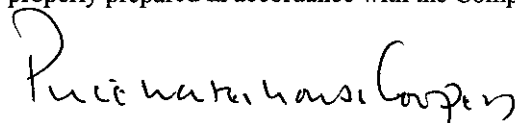
Basis of audit opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's 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 affairs of the company at 31 December 1998 and of the loss and cash flows of the company for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers
Chartered Accountants and Registered Auditors

20 May 1999

LUXURY EYEWEAR UK LIMITED

PROFIT AND LOSS ACCOUNT FOR THE PERIOD FROM 22 DECEMBER 1997 TO 31 DECEMBER 1998

	<u>Notes</u>	<u>1998</u> <u>£'000</u>
TURNOVER	2	1,410
Operating costs	3	<u>(1,640)</u>
OPERATING LOSS		(230)
Intra-group interest payable		<u>(61)</u>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(291)
Tax on loss on ordinary activities	6	<u>-</u>
RETAINED LOSS FOR THE PERIOD TRANSFERRED TO RESERVES	16	<u>291</u>

All the above transactions relate to continuing business activities.

The company has no recognised gains or losses other than the loss above, and therefore no separate statement of recognised gains and losses has been presented.

The notes on pages 7 to 13 form part of these accounts.

LUXURY EYEWEAR UK LIMITED

BALANCE SHEET - 31 DECEMBER 1998

	<u>Notes</u>	<u>1998</u> <u>£'000</u>
FIXED ASSETS		
Tangible assets	7	57
CURRENT ASSETS		<hr/>
Stocks	8	344
Debtors	9	513
Cash in hand		<u>71</u>
		928
CREDITORS: amounts falling due within one year	10	<u>(1,076)</u>
NET CURRENT LIABILITIES		<u>(148)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		(91)
		<hr/>
CAPITAL AND RESERVES		
Called up share capital	11	200
Profit and loss account		<u>(291)</u>
TOTAL EQUITY SHAREHOLDERS' FUNDS	15	<u>(91)</u>
		<hr/>

Approved by the board and signed on its behalf on 20 May 1999.

Paul Vessey
Director



The notes on pages 7 to 13 form part of these accounts.

LUXURY EYEWEAR UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 22 DECEMBER 1997 TO 31 DECEMBER 1998

1 ACCOUNTING POLICIES

a) Accounting convention

The financial statements have been prepared under the historical cost convention, and in accordance with applicable accounting standards. The ultimate holding company has indicated its intention to continue to support the company and its activities.

b) Turnover

Turnover represents the invoiced value of goods supplied, excluding Value Added Tax.

c) Tangible Fixed Assets

Tangible fixed assets are stated at cost less accumulated depreciation.

Depreciation is provided on a straight line basis over the estimated useful lives of the assets as follows:

Leasehold improvements	25% per annum
Fixtures and fittings	20% - 33% per annum

d) Stocks

Stocks of finished goods are stated at the lower of cost and net realisable value.

e) Foreign currencies

Transactions denominated in foreign currency are translated into sterling and recorded at the rates of exchange ruling at the date of the transaction. Monetary balances denominated in foreign currency are adjusted to the equivalent value in sterling at the rate of exchange ruling at the balance sheet date. Exchange differences are taken to the profit and loss account in the period in which they arose.

f) Deferred taxation

Provision is made for deferred taxation in respect of accelerated capital allowances and other timing differences, where there is a reasonable probability that such taxation will crystallise in the foreseeable future.

LUXURY EYEWEAR (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM 22 DECEMBER 1997 TO 31 DECEMBER 1998 (continued)

1 ACCOUNTING POLICIES (continued)

g) Leased assets

Operating lease rentals are charged to the profit and loss account as incurred.

2 TURNOVER

All turnover is derived from the group's principal activity and arises in the following geographical regions:

	<u>1998</u> £'000
United Kingdom and Eire	1,276
Scandinavia	134
	<hr/>
	1,410
	<hr/>

3 OPERATING COSTS

	<u>1998</u> £'000
(Increase) in stocks of finished goods	(48)
Raw materials and consumables	882
Staff costs	
- wages and salaries	238
- social security costs	27
Depreciation - owned assets	27
Auditors' remuneration	
- Audit services	12
Leased property rentals	32
(Profit) on foreign exchange	2
Other operating charges	386
Advertising	<hr/> 132
	<hr/> 1,640
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LUXURY EYEWEAR (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM 22 DECEMBER 1997 TO 31 DECEMBER 1998 (continued)

4 DIRECTORS' EMOLUMENTS

	<u>1998</u> £'000
Aggregate emoluments	37
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5 STAFF NUMBERS

The average number of persons employed by the group during the year, including directors, was as follows:

	<u>1998</u> Number
Management and administration	5
Production, distribution and sales	<u>5</u>
	10
	==

6 TAXATION

Based on the loss for the period:

	<u>1998</u> £'000
Corporation tax at 31.5%	-
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LUXURY EYEWEAR (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM 22 DECEMBER 1997 TO 31 DECEMBER 1998 (continued)

7 TANGIBLE FIXED ASSETS

	Leasehold Improvements £'000	Fixtures & Fittings £'000	Total £'000
COST			
Transferred in 1998	-	39	39
Additions	4	41	45
Disposals	-	-	-
At 31 December 1998	4	80	84
	<u> </u>	<u> </u>	<u> </u>
DEPRECIATION			
Charge for the year	(1)	(26)	(27)
Disposals	-	-	-
At 31 December 1998	(1)	(26)	(27)
	<u> </u>	<u> </u>	<u> </u>
NET BOOK AMOUNT			
At 31 December 1998	3	54	57
	<u> </u>	<u> </u>	<u> </u>

8 STOCKS

	1998 £'000
Finished goods	344
	<u> </u>

LUXURY EYEWEAR (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM 22 DECEMBER 1997 TO 31 DECEMBER 1998 (continued)

9 DEBTORS

	<u>1998</u> £'000
Trade debtors	422
Amounts owed by group undertakings	62
Other debtors	2
Prepayments and accrued income	<u>27</u>
	513
	<u><u> </u></u>

10 CREDITORS: amounts falling due within one year

	<u>1998</u> £'000
Amounts owed to group undertakings	997
Other creditors	9
Corporation tax	-
Taxation and social security	51
Accruals and deferred income	<u>19</u>
	1,076
	<u><u> </u></u>

LUXURY EYEWEAR (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM 22 DECEMBER 1997 TO 31 DECEMBER 1998 (continued)

11 CALLED UP SHARE CAPITAL

	<u>1998</u> £'000
Authorised, issued, allotted and fully paid:	
On subscription:	
- ordinary shares of £1 each	2
Increase in authorised and issued shares:	
- 198,000 ordinary shares of £1 each	<u>199,998</u>
At 31 December 1998	<u>200,000</u>

All shares were allotted at par.

On 7 July 1998 the authorised share capital of the company was increased to allow for the acquisition of the company by Luxury Eyewear International BV.

12 CAPITAL COMMITMENTS

At 31 December the directors had authorised future capital expenditure as follows:

	<u>1998</u> £'000
Contracted	2

13 OPERATING LEASE COMMITMENTS

Annual commitments under operating leases are as follows:

	<u>Land and Buildings</u> <u>1998</u> £'000	<u>Motor vehicle operating leases</u> <u>1998</u> £'000
Leases expiring:		
Within one year	-	-
Between one and five years	32	19
After five years	<u>-</u>	<u>-</u>
	<u>32</u>	<u>19</u>

LUXURY EYEWEAR (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM 22 DECEMBER 1997 TO 31 DECEMBER 1998 (continued)

14 PENSION COMMITMENTS

The company currently does not operate a pension scheme. Plans are under way to operate a defined benefit scheme, which requires contributions to be made to a separately administered fund in 1999.

15 RECONCILIATION OF THE MOVEMENTS IN SHAREHOLDERS' FUNDS

	1998 £'000
Loss for the financial year and net movement in shareholders' funds	(291)
Net share capital issue	200
Opening shareholders' funds	—
Closing shareholders' funds	(91)
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16 CASH FLOW STATEMENT

The company's ultimate EC parent undertaking, Essilor International SA, includes a cash flow statement in its 1998 financial statements. Therefore, in accordance with Financial Reporting Standard No. 1 no such statement is required in these financial statements.

17 ULTIMATE PARENT UNDERTAKING AND RELATED PARTY TRANSACTIONS

The ultimate parent undertaking is Essilor International SA, a company incorporated in France.

Essilor International SA is the smallest and largest group for which group accounts are prepared.

Group accounts can be obtained from:

Essilor International SA
147 rue de Paris
94227 Charenton
France.

The group has not disclosed transactions with any other group members on the grounds that 90% or more of the voting rights are controlled within the group, and that the consolidated accounts in which the group is included are publicly available.

18 IMMEDIATE PARENT UNDERTAKING

The immediate parent undertaking is Luxury Eyewear International BV, a company incorporated in Holland.

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