REGISTERED NUMBER: 4207669

D&A EYEWEAR LIMITED

REPORT

AND

FINANCIAL STATEMENTS

PERIOD ENDED 29TH DECEMBER 2001

D&A EYEWEAR LIMITED

REPORT OF THE DIRECTORS

The directors present their report and financial statements for the 35 week period ended 29th December 2001, which were approved by the Board on 7th October 2002. The results for the period are set out in the Profit and Loss Account on page 5.

DATE OF INCORPORATION

The company was incorporated as a private company on 27th April 2001.

PRINCIPAL ACTIVITIES

The principal activities of the company are the supply of frames, spectacle lenses and other optical accessories.

REVIEW OF THE BUSINESS

The company commenced trading on 1st July 2001 and performance during the first six months was very disappointing, impacted by the tough economic environment.

RESULTS AND DIVIDENDS

The company's profit after tax for the period was £762,000. The directors do not recommend payment of a dividend.

DIRECTORS

The directors who have served during the period were:-

Mr. R.S.M. Hardy	
Mr. R. Zaina	
Mr. D.F. Taylor	(appointed on 29th June 2001 and resigned on 7th January 2002)
Mr. J.W. Hogg	(appointed on 29th June 2001)

DIRECTORS' INTERESTS IN SHARES

There are no directors' interests that require disclosure under the Companies Act 1985.

COMPANY SECRETARY

Mr R. Zaina resigned as Company Secretary on 2nd July 2001 and Mr R.J. Burbidge was appointed Company Secretary on that date.

EMPLOYEES

The company consults and discusses with employees, through consultative committees and at conferences, matters likely to affect employees' interests.

Information on matters of concern to employees is given through information bulletins, meetings and reports, reinforced by profit sharing and bonus schemes, and is used to help employees achieve a common awareness of the financial and economic factors affecting the performance of the company.

EMPLOYMENT OF DISABLED PERSONS

Disabled persons are employed and trained by the company where their aptitudes and abilities allow and where suitable vacancies are available. Where employees become disabled the company endeavours to continue their employment, provided that suitable jobs are available, bearing in mind not only their handicap or disability, but also their experience and skills. The need to develop the careers of disabled people and ensure their continued safety at work is accepted throughout the company and the necessary steps are taken to train and promote disabled employees where this is in their own and the company's best interests.

CREDITOR PAYMENT POLICY

The company does not follow any code or standard on payment practice in respect of its trade creditors. It is however, the company's policy, for each supplier:

- to settle the terms of payment when agreeing the terms of each transaction;
- to ensure that the supplier is aware of the terms of payment by inclusion of the relevant terms in contracts; and
- to abide by the terms of payment.

Trade creditors of £6,429,000 as reported in note 12 to the accounts, represent 79 days of average daily purchases.

DIRECTORS' RESPONSIBILITIES

The directors are required by United Kingdom company law to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit for that period. In preparing the financial statements, the directors are responsible for ensuring that appropriate accounting policies have been used and applied consistently, reasonable and prudent judgements and estimates have been made, applicable accounting standards have been followed and the financial statements have been prepared on a going concern basis. The directors are responsible for maintaining adequate accounting records, which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are responsible for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.

BY ORDER OF THE BOARD

Mr R.J. Burbidge
Secretary
7th October 2002

Registered Office:
Aston Cross Business Park
50 Rocky Lane
Aston
Birmingham.
B6 5RQ

Independent Auditors' Report to the Members of D&A Eyewear Limited

We have audited the company's financial statements for the 35 week period ended 29th December 2001, which comprise the Profit and Loss Account, Balance Sheet, Reconciliation of Movement in Shareholders' Funds and the related notes 1 to 19. These financial statements have been prepared on the basis of the accounting policies set out therein.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you 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 with the company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom 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 judgments 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 as at 29th December 2001 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young LLP

Ernst and Young LLP
Registered Auditor
Birmingham

7 October 2002

D&A EYEWEAR LIMITED

PROFIT AND LOSS ACCOUNT
FOR THE PERIOD ENDED 29TH DECEMBER 2001

	NOTES	2001 £'000 35 Weeks
Turnover	1(b)	19,847
Cost of sales		(16,417)
Gross Profit		3,430
Administrative expenses		(2,578)
Operating profit	2	852
Profit on ordinary activities before interest		852
Interest receivable and similar income	3	237
Profit before taxation		1,089
Tax on profit on ordinary activities	8	(327)
Retained profit for the period	15	762

The company has no recognised gains and losses other than those included above and therefore no separate statement of total recognised gains and losses has been presented.

D&A EYEWEAR LIMITED

BALANCE SHEET AT 29TH DECEMBER 2001

	NOTES	2001 £'000	2001 £'000
FIXED ASSETS			
Tangible assets	9		25
CURRENT ASSETS			
Stock	10	4,766	
Debtors: amounts falling due within one year	11	5,794	
		10,560	
CURRENT LIABILITIES			
Creditors: amounts falling due within one year	12	(9,251)	
NET CURRENT ASSETS			1,309
TOTAL ASSETS LESS CURRENT LIABILITIES			1,334
Provisions for liabilities and charges	13		(572)
NET ASSETS			762
CAPITAL & RESERVES			
Called up share capital	14		-
Profit and loss account	15		762
EQUITY SHAREHOLDERS' FUNDS			762

The financial statements on pages 5 to 15 were approved by the Board of Directors on 7th October 2002 and signed on its behalf by:-

R.S.M. HARDY
Director

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2001 £'000
Profit for the financial period	762
Net addition to shareholders' funds	762
Shareholders' funds at incorporation	-
Closing shareholders' funds	762

1. PRINCIPAL ACCOUNTING POLICIES

(a) Basis of accounting

The financial statements are prepared in accordance with the historical cost convention and comply with all applicable Accounting Standards in the United Kingdom.

(b) Turnover

Turnover is shown net of value added tax and trade discounts and is attributable to one class of business, the supply of frames, spectacle lenses and other ancillary optical goods.

(c) Tangible fixed assets

The cost of tangible fixed assets is their purchase cost, together with any incidental costs of acquisition.

Depreciation is calculated to write off the cost of tangible fixed assets over their estimated useful lives, which are reviewed periodically, by equal annual instalments.

The main periods are:-

Plant and machinery	5 to 7 years

(d) Pensions

The Company participates in three group pension schemes, a defined benefit scheme, a defined contribution scheme and a stakeholder scheme.

The funds of the group defined benefit scheme are valued every three years by a professionally qualified independent actuary, the rates of contribution payable being determined by the actuary. In the intervening years the actuary reviews the continuing appropriateness of the rates. Pension costs are accounted for on the basis of charging the expected cost of providing pensions over the period during which the company benefits from the employees' services. The effects of variations from regular cost are dealt with in the accounts of Dollond & Aitchison Limited.

Contributions to the defined contribution scheme and the stakeholder scheme are charged against profits in the year in which they are due.

(e) Warranty Costs

Provisions for the expected costs under warranty agreements are charged against profits as incurred.

1. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

(f) Deferred taxation

The company has chosen to implement FRS19 in preparing its financial statements and accordingly, full provision is made for deferred taxation on all timing differences. Group relief is made available in the year in which the taxable losses arise and paid for on a pound for pound basis. The prior year comparatives have been restated to comply with FRS19.

2. OPERATING PROFIT

	2001 £'000 35 Weeks
Is after charging/(crediting):	
Depreciation charge for the period:	
Tangible fixed assets	8
Auditors' remuneration - audit	3

3. INTEREST RECEIVABLE AND SIMILAR INCOME

	2001 £'000 35 Weeks
Interest receivable from other group companies	237

4. PENSION SCHEME

Employees of the company are members of a pension scheme operated by Dollond & Aitchison Limited. Dollond & Aitchison Limited operates this scheme in the UK, which consists of a funded defined benefit, defined contribution and a stakeholder section. The assets of the scheme are held separately from those of the company in trustee administered funds. The company is charged with the regular cost for each of its participating employees with all variations being dealt with in the accounts of Dollond & Aitchison Limited. The company is unable to identify its share of the underlying assets and liabilities of the scheme.

4. PENSION SCHEME CONT'D

At the date of the latest actuarial valuation, the market value of the assets of the scheme was £89.0m and the actuarial value of the assets was sufficient to cover 103 % of the benefits which had accrued to members, after allowing for future expected increases in earnings. Further particulars of the actuarial valuations are given in the financial statements of Dollond & Aitchison Limited.

5. EMPLOYEE NUMBERS

The average number of persons employed during the period, including Executive Directors, was:-

	2001 Number
Manufacturing	65

6. EMPLOYMENT COSTS

	2001 £'000 35 Weeks
Wages and salaries	639
Social security costs	52
Other pension costs	19
	710

7. EMOLUMENTS OF DIRECTORS

	2001 £'000 35 Weeks
Emoluments	51
Company contributions to pension scheme	4

	2001 Number
Members of defined benefit pension schemes	4

The accrued pension benefits at the end of the period were £NIL. All benefits have accrued in Dollond & Aitchison Limited and are therefore disclosed in that company's financial statements. Share options in the ultimate parent company were exercised during the period by three of the directors.

8. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2001 £'000 35 Weeks
UK corporation tax charge	
- current	327

8. TAX ON PROFIT ON ORDINARY ACTIVITIES CONT'D

RECONCILIATION OF CURRENT TAX CHARGE:

	2001 £'000 35 Weeks
Profit on ordinary activities before taxation	1,089
Profit on ordinary activities at standard rate of 30%	327
Current tax charge for the period	327

9. TANGIBLE FIXED ASSETS

	Plant & Machinery £'000
Cost or valuation	
On Incorporation	-
Transfers in from parent company	173
Additions	2
Disposals	(43)
At 29th December 2001	132
Depreciation	
On Incorporation	-
Transfers in from parent company	141
Charge for the period	8
Disposals	(42)
At 29th December 2001	107
Net Book Value	
At 29th December 2001	25
On Incorporation	NIL

10. STOCKS

	2001 £'000
Raw materials	4,513
Finished goods	253
	4,766

There is no material difference between replacement cost and the balance sheet value

11. DEBTORS

	2001 £'000
Amounts falling due within one year:	
Trade debtors	427
Amounts owed by other group companies	5,367
	5,794

12. CREDITORS: Amounts falling due within one year

	2001 £'000
Trade creditors	6,429
Corporation tax	327
Other taxes and social security	888
Accruals and deferred income	1,607
	9,251

13. PROVISIONS FOR LIABILITIES AND CHARGES

	2001 £'000
Other provisions	572

Movement during the period

	Other Provisions £'000
On Incorporation	-
Amounts transferred in from parent company	520
Profit & loss account	52
Utilised	-
At 29th December 2001	572

Other provisions relate to warranty costs.

14. SHARE CAPITAL

	Authorised 2001 Number	2001 £'000
£1 ordinary shares	100	-

	Allotted, called up and fully paid 2001 Number	2001 £'000
£1 ordinary shares	1	-

15. PROFIT AND LOSS ACCOUNT RESERVE

	2001 £'000
On Incorporation	-
Retained profit for the period	762
Balance at 29th December 2001	762

16. CONTINGENT LIABILITIES

The company participates in a group registration for Value Added Tax and consequently is contingently liable for all the Value Added Tax arising in the registration. The group Value Added Tax liability at 29th December 2001 was an amount of £164,893 due to HM Customs & Excise.

17. EXEMPTIONS FROM CONSOLIDATION AND CASH FLOW STATEMENT

The company is exempt under section 228 of Companies Act 1985 from the obligation to prepare and deliver consolidated financial statements as it is included in the consolidated financial statements prepared by De Rigo S.p.A
In accordance with Financial Reporting Standard No 1, the company is exempt from the requirement to produce a cash flow statement.

18. RELATED PARTY TRANSACTIONS

The company is taking advantage of the exemption under paragraph 3(c) of FRS8 from disclosing transactions with other Group companies

19. ULTIMATE PARENT COMPANY

The company is a wholly owned subsidiary of Vantios Group Limited. The ultimate controlling party and holding company is De Rigo S.p.A., a company incorporated in Italy. The company is included within the consolidated accounts of De Rigo S.p.A., copies of which can be obtained from Zona Industriale Villanova, 12/12A/12B, 32013 Longarone (BL), Italy.