

Clearlab Europe Limited

Company No. 04721046

Financial Statements

For the eight months ended

31 December 2004

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Clearlab Europe Limited

Company Information

Directors

B. Bethers
G.D. Mullis
J. Zeidner

Secretary

A.P. Smith

Registered Office

1 Bush Park
Plymouth
Devon
PL6 7RG
UK

Auditors

KPMG LLP
Plym House
3 Longbridge Road
Plymouth
Devon
PL6 8LT
UK

Clearlab Europe Limited

Report of the Directors

For the eight months ended 31 December 2004

Principal activities

The principal activities of the company throughout the period were that of sales and marketing of contact lenses and solutions. The company commenced trading during December 2004, prior to that the company had been dormant.

The Directors do not propose the payment of a dividend for the period.

Directors

The following directors have held office since 30 April 2004

G.D. Mullis	(appointed 8 September 2004)
B. Bethers	(appointed 8 September 2004)
J. Zeidner	(appointed 8 September 2004)
G. Lockie	(resigned 8 September 2004)
M. Read	(resigned 8 September 2004)

None of the Directors held any shares in the company during the period.


Auditors

KPMG LLP have been appointed as auditors and have indicated their willingness to continue in office and in accordance with the provisions of the Companies Act it is proposed that they be re-appointed as auditors to the company for the ensuing year.

Small company rules

These accounts have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002).

On behalf of the Board



A.P Smith
Secretary

1 Bush Park
Plymouth
Devon
PL6 7RG

Date 12 June 2006

Clearlab Europe Limited

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards.

The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgments and estimates that are reasonable and prudent;
- State whether applicable UK 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 company will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



KPMG LLP

Plym House
3 Longbridge Road
Plymouth
PL6 8LT
United Kingdom

Report of the independent auditors to the members of Clearlab Europe Limited

We have audited the financial statements on pages 6 to 10.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The director is responsible for preparing the director's report and, as described on page 4, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by 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 1985. We also report to you if, in our opinion, the director's 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 director's remuneration and transactions with the company is not disclosed.

Basis of audit opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the director in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 2004 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG LLP

KPMG LLP
Chartered Accountants
Registered Auditor

13 June 2006

Clearlab Europe Limited

Profit and Loss Account For the eight months ended 31 December 2004

	Notes	Eight months ended 31 December 2004 £	To 30 April 2004 £
Turnover		79,420	-
Cost of Goods Sold		(71,462)	-
Gross profit		7,958	-
Operating expenses		(7,835)	-
Profit on ordinary activities before taxation		123	-
Tax on profit on ordinary activities	2	-	-
Profit / (Loss) on ordinary activities after taxation	6	123	-

A statement of movements in reserves is given in note 6.

There were no acquired or discontinued activities during the period.
There were no recognised gains or losses other than the profit for the period.

Clearlab Europe Limited

Balance Sheet As at 31 December 2004

	Notes	31 December 2004		30 April 2004	
		£	£	£	£
Current Assets					
Debtors	3	79,422		2	
		<u>79,422</u>		<u>2</u>	
Creditors: Amounts falling due within one year	4	(79,297)		-	
Net assets			<u>125</u>		<u>2</u>
Capital and reserves					
Called up share capital	6		2		2
Profit and loss account	6		<u>123</u>		<u>-</u>
Shareholders Funds			<u>125</u>		<u>2</u>

These accounts have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and in accordance with the Financial reporting Standard for Smaller Entities (effective June 2002).

Approved by the Board on 12th June 2006

G D Mullis
G D Mullis
Director

Clearlab Europe Limited

Notes to the financial statements

For the eight months ended 31 December 2004

1 Accounting Policies

a) Accounting basis and standards

The financial statements have been prepared under the historical cost convention, other applicable accounting standards and in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002).

b) Going Concern

The company was acquired during the period and has continued to be funded by the acquiring company. The financial statements have been prepared on the going concern basis which assumes that the company will continue in operational existence for the foreseeable future.

c) Foreign currencies

Transactions denominated in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the end of the financial period. All exchange differences are dealt with in the profit and loss account.

d) Basis of preparation

Under Financial Reporting Standard 1 the company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the Company in its own published consolidated financial statements.

As 100% of the company's voting rights are controlled within the group headed by 1-800 Contacts Inc, the company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group (or investees of the group qualifying as related parties). The consolidated financial statements of 1-800 Contacts Inc, within which this company is included, can be obtained from the address given in note 8.

Clearlab Europe Limited

2 Taxation

	December 2004 £	April 2004 £
UK Corporation Tax		
Current tax on income for the period	-	-

The current tax charge for the period is lower (April 2004 dormant) than the standard rate of corporation tax in the UK (30%, 2003 30%), the differences are explained below:

	December 2004 £	April 2004 £
Current tax reconciliation		
Profit on ordinary activities before tax	123	-
Corporation tax at 30% (April 2004 30%)	37	-
Effects of:		
Group relief of losses	(37)	-
Total current tax charge (see above)	-	-

3 Debtors

	2004 £	April 2004 £
Trade Debtors	79,420	-
Amounts due from group undertakings	2	-
	79,422	-

4 Creditors

Amounts due to group undertakings	79,297	-
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5 Called Up Share Capital

	2004 £	April 2004 £
Authorised		
Ordinary shares of £1 each	100	100
Called up, allotted and fully paid		
2 Ordinary shares of £1 each	2	2

Clearlab Europe Limited

6 Shareholders' funds

	Called up share capital	Profit and loss account	Total
	£	£	£
2004			
Balance at 1 May 2004	-	-	-
Retained profit for the period		123	123
Increase in share capital	2	-	2
Balance at 31 December 2004	2	123	125

8 Ultimate parent undertaking

The immediate parent undertaking is Clearlab International pte Ltd incorporated in Singapore.

The ultimate parent undertaking and controlling party is 1-800 Contacts Inc incorporated in the USA. A copy of the annual report may be obtained from 1-800 Contacts Inc, 66 East Wadsworth Park Drive, Draper Utah 84020 USA