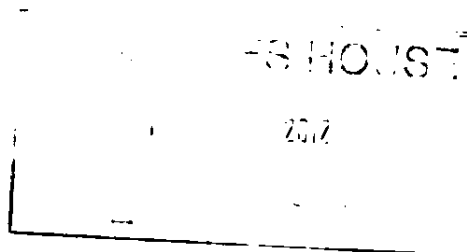


# DCM (Optical Holdings) Limited and Subsidiaries

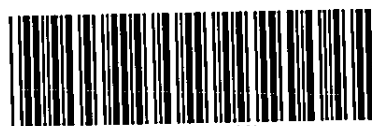
## FINANCIAL STATEMENTS

for the year ended

31 December 2011



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# DCM (Optical Holdings) Limited and Subsidiaries

## OFFICERS AND PROFESSIONAL ADVISERS

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### DIRECTORS

D Mouldsdaie  
G Mouldsdaie  
J Stewart  
G Murdoch  
S Mein  
R McKenzie  
Lord J McConnell  
F Blin

### SECRETARY

G Murdoch

### REGISTERED OFFICE

The Ca'd'oro  
45 Gordon Street  
Glasgow  
G1 3PE

### AUDITORS

Baker Tilly UK Audit LLP  
Chartered Accountants  
Breckenridge House  
274 Sauchiehall Street  
Glasgow  
G2 3EH

# DCM (Optical Holdings) Limited and Subsidiaries

## DIRECTORS' REPORT

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The directors submit their report and financial statements of DCM (Optical Holdings) Limited and Subsidiaries for the year ended 31 December 2011. The accounting reference date for the company has been changed to 30 December.

### PRINCIPAL ACTIVITIES

The principal activity of the Company during the year was that of a holding Company. The Company's subsidiaries during the year and their principal activities were as follows:

Subsidiary	Principal activity
Optical Express (Holdings) Limited	Holding Company
123 Leeds Limited	Opticians
Optical Express Limited	Opticians
Optical Express (Gyle) Limited	Opticians
DCM Optical Clinic Plc	Opticians
The Frame Zone Limited	Opticians
Optical Express (Westfield) Limited	Central buying agent
Cruach Capital Limited	Equipment lessor
Matland Limited	Dentistry
DCM Optical BV	Refractive surgery
VisuMed AG	Refractive surgery
Bridgewater Hospital (Manchester) Limited	Hospital services
Amexc SA	Refractive surgery

### REVIEW OF THE BUSINESS

The Optical Express Group is a global leader of selected healthcare services. The Group offers services such as refractive surgery, private dentistry, healthcare services, surgical and non-surgical treatments as well as optometry services of sight tests, spectacles and contact lenses.

Our strategy is to grow turnover, market share and ultimately profitability in all areas of the business while remaining committed to the highest level of patient satisfaction, safety and well-being.

The significant economic slowdown on the high street and in consumer confidence has had an impact on the trading of the Group during the year reducing turnover by 8% to £188.2M and EBITDA to £10M. Despite this the Group continued to reduce its debt by £4.7M in the year.

During the year the Director's sought to mitigate the inherent risks of the continued slowdown by managing and controlling the cost base in all subsidiaries. Of particular concern was one of nine subsidiaries, Optical Express (Southern) Ltd. This subsidiary was struggling due to its stores tertiary, predominantly high street locations hence the Directors focussed efforts on supporting this business with increased marketing and support.

It is expected that economic conditions and consumer confidence in the countries that the Group trades in will continue to remain challenging in the short to medium term but by constantly monitoring and reviewing business performance and actively managing its competitive strategy it will continue to be proactive in mitigating these risks.

### FUTURE DEVELOPMENTS

The Group proposes to continue its growth organically and through acquisition.

# DCM (Optical Holdings) Limited and Subsidiaries

## DIRECTORS' REPORT

---

### EVENTS SINCE THE BALANCE SHEET DATE

In 2012 the Directors became even more concerned over the performance of Optical Express (Southern) Ltd, renamed 123 Leeds Ltd in September 2012, and instructed an independent review of all options available for this subsidiary by PWC. The PWC review strongly agreed with the Directors view that 123 Leeds Ltd be put into Administration due to its debilitating impact on the overall Group.

As a result of this the Directors agreed to consolidate the retail store portfolio via a restructuring of the loss making subsidiary 123 Leeds Limited on 2nd October 2012 by placing this business into administration and buying back the business and assets through another subsidiary, Optical Express Limited. This has resulted in the closure of a number of optical retail stores. Most of the stores closed were small tertiary high street loss making locations allowing the Group to focus resources going forward on its flagship locations.

Excluding the discontinuing operations, the Group would have generated EBITDA of £14.8M in the year.

The Directors are confident that the restructured group is best placed to maximise its return going forward from its broad spectrum of clientele, including an ever ageing population.

### RESULTS AND DIVIDENDS

The trading results for the year and the Group's financial position at the end of the year are shown in the attached financial statements.

The directors have recommended the following dividends:

	31 December 2011 £	1 January 2011 £
Dividend on ordinary shares	<u>—</u>	<u>—</u>

### DIRECTORS

The directors who served the Company during the year were as follows:

D Mouldsdaie  
G Mouldsdaie  
J Stewart  
G Murdoch  
S Mein  
R McKenzie  
Lord J McConnell (appointed 29 July 2011)  
F Blin (appointed 1 February 2012)

### DISABLED EMPLOYEES

The policies and training programmes operated by the Group have been developed to attract and retain the best people on the basis of their skills and abilities. This ensures that the Group offers people with disability the same opportunities for training and career progression as other employees.

### EMPLOYEES

The Group operates employment policies designed to ensure that it is able to attract and retain the highest calibre of employees from all sections of the community.

The Group values diversity in the workplace and is committed to providing the equality of opportunity to all employees and potential employees. It actively encourages training and skills development throughout the Group.

# DCM (Optical Holdings) Limited and Subsidiaries

## DIRECTORS' REPORT

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### POLICY ON THE PAYMENT OF CREDITORS

The Group's policy regarding the payment of suppliers is either to agree terms of payment in the course of business with each supplier or to make suppliers aware of the payment terms, and in either case pay in accordance with the agreed terms.

### DONATIONS

During the year the Company made the following contributions:

	31 December 2011	1 January 2011
	£	£
Charitable	<u>(51,839)</u>	<u>182,890</u>

### STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

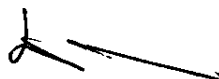
The directors who were in office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant information of which the auditors are unaware. Each of the directors have confirmed that they have taken all steps that they ought to have taken as directors to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditors.

### AUDITORS

Baker Tilly UK Audit LLP has indicated its willingness to continue in office.

Registered office:  
The Ca'd'oro  
45 Gordon Street  
Glasgow  
G1 3PE

By order of the board



S Mein

Director

18<sup>th</sup> December 2012

# DCM (Optical Holdings) Limited and Subsidiaries

## DIRECTOR'S RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

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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 the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under Company law the directors must not approve the financial statements unless they are satisfied that they 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 those financial statements, the directors are required to:

- a. select suitable accounting policies and then apply them consistently;
- b. make judgements and estimates that are reasonable and prudent;
- c. state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- d. 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 adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDER OF DCM (OPTICAL HOLDINGS) LIMITED AND SUBSIDIARIES

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We have audited the group and parent company financial statements ( the "financial statements") on pages 7 to 30. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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**

As more fully explained in the Directors' Responsibilities Statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

## **Scope of the audit**

A description of the scope of an audit of financial statements is provided on the APB's website at [www.frc.org.uk/apb/scope/private.cfm](http://www.frc.org.uk/apb/scope/private.cfm).

## **Opinion on the financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the group's and parent company's affairs as at 31 December 2011 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

## **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

## **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit



ALAN AITCHISON (Senior Statutory Auditor)

For and behalf of BAKER TILLY UK AUDIT LLP, Statutory Auditor

Chartered Accountants

Breckenridge House

274 Sauchiehall Street

Glasgow G2 3EH

18<sup>th</sup> December 2012

# DCM (Optical Holdings) Limited and Subsidiaries

## GROUP PROFIT AND LOSS ACCOUNT

for the year ended 31 December 2011

	Notes	31 December 2011 £	1 January 2011 £
GROUP TURNOVER	1	188,222,657	204,671,694
Cost of sales		35,347,646	33,145,940
Gross profit		152,875,011	171,525,754
Administrative expenses		153,108,928	163,172,706
Other operating income	2	(353,163)	(320,320)
OPERATING PROFIT	3 a)	119,246	8,673,368
Analysed as:			
Before exceptional items		274,246	10,731,679
Exceptional items	3 b)	(155,000)	(2,058,311)
The net operating profit for the year arose from :			
Continuing operations		5,309,246	8,673,368
Discontinuing operations	3 c)	(5,190,000)	-
Interest receivable		2,670	11,333
		121,916	8,684,701
Interest payable and similar charges	6	(1,664,997)	(1,805,584)
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(1,543,081)	6,879,117
Taxation	7	1,665,795	3,032,270
(LOSS)/PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		(3,208,876)	3,846,847
Minority interest		47,311	18,486
(LOSS)/PROFIT attributable to the members of the parent company	8	(3,161,565)	3,865,333
(LOSS)/PROFIT FOR THE FINANCIAL YEAR	8	(3,161,565)	3,865,333

The operating profit for the year arises from the Group's continuing operations.

The Company has taken advantage of section 408 of the Companies Act 2006 not to publish its own profit and loss account.



DCM (Optical Holdings) Limited and Subsidiaries  
 NOTE OF HISTORICAL COST PROFITS AND LOSSES  
 for the year ended 31 December 2011

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	31 December 2011 £	1 January 2011 £
(Loss)/profit on ordinary activities before taxation	(1,543,081)	6,879,117
Difference between a historical cost depreciation charge and the actual depreciation charge calculated on the revalued amount	67,359	195,275
Historical cost (loss)/profit on ordinary activities before taxation	<u>(1,475,722)</u>	<u>7,074,392</u>
Historical cost (loss)/profit for the year after taxation and minority interests	<u>(3,094,206)</u>	<u>4,060,608</u>

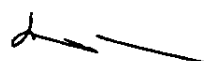
# DCM (Optical Holdings) Limited and Subsidiaries

## GROUP BALANCE SHEET

31 December 2011

	Notes	31 December 2011 £	1 January 2011 £
<b>FIXED ASSETS</b>			
Intangible assets			
Goodwill	9	8,429,458	9,490,462
Tangible assets	10	46,815,959	54,046,506
Investments	11	153,934	153,949
		<u>55,399,351</u>	<u>63,690,917</u>
<b>CURRENT ASSETS</b>			
Stocks	12	10,745,684	10,690,012
Debtors	13	21,546,401	24,278,918
Cash at bank and in hand		1,905,663	2,131,852
		<u>34,197,748</u>	<u>37,100,782</u>
<b>CREDITORS</b>			
Amounts falling due within one year	14	43,462,589	58,358,725
<b>NET CURRENT LIABILITIES</b>		<u>(9,264,841)</u>	<u>(21,257,943)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>46,134,510</u>	<u>42,432,974</u>
<b>CREDITORS</b>			
Amounts falling due after more than one year	15	28,812,542	21,084,256
		<u>17,321,968</u>	<u>21,348,718</u>
<b>PROVISIONS FOR LIABILITIES</b>			
Deferred taxation	18	577,009	628,848
Other provisions	19	6,403,089	7,213,839
		<u>10,341,870</u>	<u>13,506,031</u>
<b>MINORITY INTERESTS</b>		<u>199,784</u>	<u>298,142</u>
		<u>10,142,086</u>	<u>13,207,889</u>
<b>CAPITAL AND RESERVES</b>			
Called up equity share capital	22	10,000	10,000
Share premium account	23	442,424	442,424
Revaluation reserve	23	371,209	438,568
Foreign exchange reserve	23	303,080	207,318
Profit and loss account	23	9,015,373	12,109,579
<b>SHAREHOLDER'S FUNDS</b>	24	<u>10,142,086</u>	<u>13,207,889</u>

The financial statements on pages 7 to 30 were approved by the board of directors and authorised for issue on 18<sup>th</sup> December 2012 and are signed on their behalf by:



S Mein  
Director

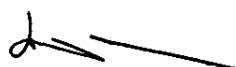
# DCM (Optical Holdings) Limited and Subsidiaries

## BALANCE SHEET

31 December 2011

	Notes	31 December 2011 £	1 January 2011 £
<b>FIXED ASSETS</b>			
Intangible assets	9	14,404	16,150
Tangible assets	10	65,947	77,584
Investments	11	1,058,233	1,058,233
		<u>1,138,584</u>	<u>1,151,967</u>
<b>CURRENT ASSETS</b>			
Debtors	13	42,211,709	43,601,002
Cash at bank		224,204	–
		<u>42,435,913</u>	<u>43,601,002</u>
<b>CREDITORS</b>			
Amounts falling due within one year	14	16,023,357	26,875,437
<b>NET CURRENT ASSETS</b>		<u>26,412,556</u>	<u>16,725,565</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>27,551,140</u>	<u>17,877,532</u>
<b>CREDITORS</b>			
Amounts falling due after more than one year	15	27,403,805	17,755,717
		<u>147,335</u>	<u>121,815</u>
<b>CAPITAL AND RESERVES</b>			
Called up equity share capital	22	10,000	10,000
Share premium account	23	442,424	442,424
Profit and loss account	23	(305,089)	(330,609)
<b>SHAREHOLDER'S FUNDS</b>		<u>147,335</u>	<u>121,815</u>

The financial statements on pages 7 to 30 were approved by the board of directors and authorised for issue on 18<sup>th</sup> December 2012 and are signed on their behalf by:



S Mein  
Director

# DCM (Optical Holdings) Limited and Subsidiaries

## GROUP CASH FLOW

for the year ended 31 December 2011

		31 December 2011 £	1 January 2011 £
	Notes		
Net cash flow from operating activities	25.a	8,106,552	19,289,588
Returns on investments and servicing of finance	25.b	(1,662,327)	(1,794,251)
Taxation	25.b	10,609	(2,994,299)
Capital expenditure and financial investment	25.b	(1,723,150)	(200,001)
Equity dividends paid		—	—
<b>CASH INFLOW BEFORE FINANCING</b>		<b>4,731,684</b>	<b>14,301,037</b>
Financing	25.b	(8,539,540)	(15,017,639)
<b>DECREASE IN CASH IN THE PERIOD</b>		<b><u>(3,807,856)</u></b>	<b><u>(716,602)</u></b>
<b>RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT</b>			
		31 December 2011 £	1 January 2011 £
Decrease in cash in the year		(3,807,856)	(716,602)
Net cash outflow from bank loans		6,829,399	11,782,174
Cash outflow in respect of hire purchase		1,710,141	3,235,465
<b>CHANGE IN NET DEBT</b>	25.c	<b><u>4,731,684</u></b>	<b><u>14,301,037</u></b>
<b>NET DEBT AT 1 JANUARY 2011</b>	25.c	<b><u>(39,017,933)</u></b>	<b><u>(53,318,970)</u></b>
<b>NET DEBT AT 31 DECEMBER 2011</b>	25.c	<b><u>(34,286,249)</u></b>	<b><u>(39,017,933)</u></b>

# DCM (Optical Holdings) Limited and Subsidiaries

## ACCOUNTING POLICIES

---

### BASIS OF ACCOUNTING

The financial statements have been prepared under the historical cost convention modified to include the revaluation of certain fixed assets and on a going concern basis which is reliant on the continuing support of its banker and shareholder.

### BASIS OF CONSOLIDATION

The consolidated accounts incorporate the accounts of the Company and all Group undertakings. These are adjusted, where appropriate, to conform to Group accounting policies. Acquisitions are accounted for under the acquisition method. The results of the companies acquired or disposed of are included in the profit and loss account after or up to the date that control passes respectively.

### TURNOVER

Turnover for the Group's laser vision correction business represents amounts recognised on the completion of customer consultations before surgery is undertaken and on completion of surgery. For the other optical and dental business, turnover represents amounts invoiced during the year, exclusive of Value Added Tax.

### AMORTISATION

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Goodwill arising on acquisitions is being amortised over a period of 20 years. Negative goodwill is being amortised over the period in which the non-monetary assets are released.

### FIXED ASSETS

All fixed assets are initially recorded at cost.

### DEPRECIATION

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Short Leasehold Properties	- Over the term of the lease
Leasehold Improvements	- 15% reducing balance
Fixtures and Fittings	- 15% & 25% reducing balance
Equipment	- 5%, 10% & 15% reducing balance and over 4 years
Motor Vehicles	- 20% reducing balance
Lease Premium	- Period of lease

An amount equal to the excess of the annual depreciation charge on revalued assets over the notional historical cost depreciation charge on those assets is transferred annually from the revaluation reserve to the profit and loss reserve.

Software development costs which have been capitalised are included within Equipment. It is anticipated that they have an estimated useful life of 4 years and accordingly will be written off over this term.

# DCM (Optical Holdings) Limited and Subsidiaries

## ACCOUNTING POLICIES

---

### IMPAIRMENTS

Fixed assets are reviewed for impairment if events or changes in circumstances indicate that the carrying amount may not be recoverable or as otherwise required by relevant accounting standards.

Shortfalls between the carrying value of fixed assets and their recoverable amounts, being the higher of net realisable value and value-in-use, are recognised as impairments. Impairments of revalued assets, except those caused by a clear consumption of economic benefit, are recognised in the statement of total recognised gains and losses until the carrying amount reaches depreciated historic cost. All other impairment losses are recognised in the profit and loss account

### STOCKS

Stocks are valued at the lower of cost and net realisable value. Cost is computed on an average cost basis. Net realisable value is based on estimated selling price less the estimated cost of disposal.

### HIRE PURCHASE AGREEMENTS

Assets held under hire purchase agreements are capitalised and disclosed under tangible fixed assets at their fair value. The capital element of the future payments is treated as a liability and the interest is charged to the Group profit and loss account on a straight line basis.

### FINANCE LEASE AGREEMENTS

Where the Company enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a finance lease. The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated in accordance with the above depreciation policies. Future instalments under such leases, net of finance charges, are included with creditors. Rentals payable are apportioned between the finance element, which is charged to the Group profit and loss account on a straight line basis, and the capital element which reduces the outstanding obligation for future instalments.

### OPERATING LEASE AGREEMENTS

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

### DEFERRED TAXATION

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

### TREATMENT OF TRANSLATION OF FOREIGN ENTERPRISES

At each Balance Sheet date, the monetary assets and liabilities of the Group's entities that do not use UK Sterling as their functional currency are translated into UK Sterling at exchange rates prevailing on the Balance Sheet date and rates at the date of transactions for income statement accounts.

# DCM (Optical Holdings) Limited and Subsidiaries

## ACCOUNTING POLICIES

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### FOREIGN CURRENCIES

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction except where a transaction is hedged. Transactions that are hedged are translated at the hedged rate. Exchange differences are taken to the profit and loss account.

### GOODWILL

Positive and negative goodwill arising on acquisitions is capitalised, classified as an asset on the balance sheet and amortised on a straight line basis over its useful economic life up to a presumed maximum of 20 years. It is reviewed for impairment at the end of the first full financial year following the acquisition and in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

Where the fair value of separable net assets exceeds the fair value of the consideration for an acquired business the difference is treated as negative goodwill and is capitalised and amortised through the profit and loss account in which the non monetary assets are recovered. In the case of fixed assets this is the period over which they are depreciated and in the case of current assets, the period over which they are sold or otherwise realised.

### INTANGIBLES

Intangible assets acquired separately from a business are capitalised at cost. Intangible assets, excluding development costs, created within the business are not capitalised and expenditure is charged against profits in the year in which it is incurred.

### PENSIONS

The Group made contributions into employees private pension schemes during the year. The assets of these schemes are held separately from those of the Group. The contributions are charged to the profit and loss. The Group also operates a defined contribution pension scheme for the directors. The assets of the scheme are held separately from those of the Group. The annual contributions payable are charged to the profit and loss account.

### FINANCIAL INSTRUMENTS

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

# DCM (Optical Holdings) Limited and Subsidiaries

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2011

### 1 TURNOVER

The turnover and profit before tax are attributable to the one principal activity of the Company.

An analysis of turnover is given below:

	31 December 2011 £	1 January 2011 £
United Kingdom	169,353,818	181,834,916
Europe	18,868,839	22,836,778
	<u>188,222,657</u>	<u>204,671,694</u>

### 2 OTHER OPERATING INCOME

	31 December 2011 £	1 January 2011 £
Rent receivable	<u>353,163</u>	<u>320,320</u>

### 3 OPERATING PROFIT

a) Operating profit is stated after charging:

	31 December 2011 £	1 January 2011 £
Amortisation	862,973	721,962
Depreciation of owned fixed assets	7,527,313	9,280,244
Depreciation of assets held under hire purchase agreements	1,477,230	1,415,266
Loss on disposal of fixed assets	6,417	132,326
Auditor's remuneration		
- statutory audit of parent and consolidated accounts	101,139	110,634
- audit of subsidiaries where such services are provided by Baker Tilly or its associates	74,262	86,221
Operating lease costs:		
Plant and equipment	1,733,366	1,507,572
Land and buildings	<u>24,995,297</u>	<u>25,882,352</u>

b) Exceptional costs in the year related to charges on renewal of banking facilities. In 2010, exceptional costs related to provision for onerous leases on a number of properties.

c) On 2 October 2012, a scheme of arrangements was put in place to dispose of a number of unprofitable stores from the Group (see note 29).



# DCM (Optical Holdings) Limited and Subsidiaries

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2011

### 4 PARTICULARS OF EMPLOYEES

The average number of staff employed by the Group during the financial period amounted to:

	31 December 2011	1 January 2011
	No	No
Production staff	121	122
Office and management	440	395
Other	1,437	1,526
	<u>1,998</u>	<u>2,043</u>

The aggregate payroll costs of the above were:

	31 December 2011	1 January 2011
	£	£
Wages and salaries	49,055,628	49,713,778
Social security costs	5,770,814	5,176,005
Pension costs	355,228	440,179
	<u>55,181,670</u>	<u>55,329,962</u>

### 5 DIRECTORS' EMOLUMENTS

The directors' aggregate emoluments in respect of qualifying services were:

	31 December 2011	1 January 2011
	£	£
Emoluments receivable	<u>764,132</u>	<u>802,109</u>

Emoluments of highest paid director:

	£	£
Total emoluments (excluding pension contributions)	<u>500,647</u>	<u>500,600</u>

Emoluments receivable, as above, include Benefits In Kind.

### 6 INTEREST PAYABLE AND SIMILAR CHARGES

	31 December 2011	1 January 2011
	£	£
Interest payable on bank borrowing	1,038,351	1,283,757
Finance charges	166,874	329,707
Other interest and similar charges payable	459,772	192,120
	<u>1,664,997</u>	<u>1,805,584</u>

# DCM (Optical Holdings) Limited and Subsidiaries

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2011

### 7 TAXATION ON ORDINARY ACTIVITIES

#### (a) Analysis of charge in the year

	31 December 2011 £	1 January 2011 £
Current tax:		
UK Corporation tax based on the results for the year at 26.5% (2010 - 28%)	815,396	1,995,794
Adjustment in respect of previous periods – corporation tax	715,602	(148,605)
Adjustment in respect of previous periods – overseas tax	35,487	–
Overseas Taxation	151,139	203,075
Total current tax	1,717,624	2,050,264
Deferred tax:		
Origination and reversal of timing differences	(51,829)	982,006
Total deferred tax (note 18)	(51,829)	982,006
Tax on profit on ordinary activities	<u>1,665,795</u>	<u>3,032,270</u>

#### (b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 26.5% (2010 - 28%).

	31 December 2011 £	1 January 2011 £
Profit on ordinary activities before taxation	<u>(1,543,081)</u>	<u>6,879,117</u>
Profit on ordinary activities by rate of tax	(408,416)	1,926,153
Expenses not deductible for tax purposes	424,886	540,833
Depreciation in excess of capital allowances	678,763	572,751
Non taxable income	(238)	(53,195)
Losses carried back	126,343	–
Others	(32,636)	–
Adjustments in respect of previous periods	715,568	(148,605)
Unutilised losses carried forward	219,661	–
Utilisation of losses brought forward	(84,535)	(990,748)
Foreign taxation	114,686	203,075
Difference in corporation tax rates	(36,458)	–
Total current tax (note 7(a))	<u>1,717,624</u>	<u>2,050,264</u>

### 8 PROFIT ATTRIBUTABLE TO MEMBERS OF THE PARENT COMPANY

The profit dealt with in the accounts of the parent Company was £25,520 (2010 – £1,157 profit).

# DCM (Optical Holdings) Limited and Subsidiaries

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2011

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### 9 INTANGIBLE FIXED ASSETS

Group	Goodwill £
Cost	
At 1 January 2011	15,297,509
Additions	—
Disposals	(95,921)
Foreign exchange adjustments	(135,156)
At 31 December 2011	<u>15,066,432</u>
Amortisation	
At 1 January 2011	5,807,047
Charge for the period	862,973
Disposals	—
Foreign exchange adjustments	(33,046)
At 31 December 2011	<u>6,636,974</u>
Net book value	
At 31 December 2011	<u>8,429,458</u>
At 1 January 2011	<u>9,490,462</u>
Company	Goodwill £
Cost	
At 1 January 2011 and 31 December 2011	<u>35,000</u>
Amortisation	
At 1 January 2011	18,850
Charge for the year	1,746
At 31 December 2011	<u>20,596</u>
Net book value	
At 31 December 2011	<u>14,404</u>
At 1 January 2011	<u>16,150</u>

# DCM (Optical Holdings) Limited and Subsidiaries

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2011

### 10 TANGIBLE FIXED ASSETS

Group	Equipment £	Fixtures & Fittings £	Motor Vehicles £	Short Leasehold Properties & Improvements £	Total £
Cost or valuation					
At 1 January 2011	56,779,427	53,386,329	1,594,018	4,564,158	116,323,932
Additions	1,313,041	354,810	16,000	161,104	1,844,955
Disposals	(92,473)	(84,302)	(10,563)	(29,550)	(216,888)
Foreign exchange adjustments	(85,381)	(74,032)	(1,061)	(2,190)	(162,664)
Transfers	360,896	(261,451)	—	(101,206)	(1,761)
At 31 December 2011	<u>58,275,510</u>	<u>53,321,354</u>	<u>1,598,394</u>	<u>4,592,316</u>	<u>117,787,574</u>
Depreciation					
At 1 January 2011	29,360,172	29,007,026	1,050,119	2,860,109	62,277,426
Charge for the year	4,808,620	3,813,839	111,677	270,407	9,004,543
On disposals	(89,162)	(82,452)	(9,607)	(3,366)	(184,587)
Foreign exchange adjustments	(58,210)	(63,677)	(744)	(1,374)	(124,005)
Transfers	193,552	(142,020)	—	(53,294)	(1,762)
At 31 December 2011	<u>34,214,972</u>	<u>32,532,716</u>	<u>1,151,445</u>	<u>3,072,482</u>	<u>70,971,615</u>
Net book value					
At 31 December 2011	<u>24,060,538</u>	<u>20,788,638</u>	<u>446,949</u>	<u>1,519,834</u>	<u>46,815,959</u>
At 1 January 2011	<u>27,419,255</u>	<u>24,379,303</u>	<u>543,899</u>	<u>1,704,049</u>	<u>54,046,506</u>

#### Assets held at valuation

The leasehold properties were revalued to £2,552,481 in March 2000 on an open market valuation by Montagu Evans, Chartered Surveyors. The historical cost of the short leasehold properties is £859,293 (2010 - £859,293). The directors have not updated the valuation on the basis that there has been no material change in value.

#### Hire purchase agreements

Included within the net book value of £46,815,959 is £4,731,989 (2010 - £6,728,589) relating to assets held under hire purchase agreements. The depreciation charged to the financial statements in the year in respect of such assets amounted to £1,477,230 (2010 - £1,415,266).

# DCM (Optical Holdings) Limited and Subsidiaries

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2011

### 10 TANGIBLE FIXED ASSETS (cont.)

Company	Equipment £
Cost or valuation	
At 1 January 2011	237,786
Disposals	-
At 31 December 2011	<u>237,786</u>
Depreciation	
At 1 January 2011	160,202
Charge for the year	11,637
At 31 December 2011	<u>171,839</u>
Net book value	
At 31 December 2011	<u>65,947</u>
At 1 January 2011	<u>77,584</u>

### 11 INVESTMENTS

Group	Listed investments		
			£
Cost			
At 1 January 2011			153,949
Additions			-
Foreign exchange adjustments			(15)
At 31 December 2011			<u>153,934</u>
Net book value			
At 31 December 2011			<u>153,934</u>
At 1 January 2011			<u>153,949</u>
Company	Group companies	Listed Investments	Total
	£	£	£
Cost			
At 1 January 2011	1,035,105	23,128	1,058,233
Additions	-	-	-
At 31 December 2011	<u>1,035,105</u>	<u>23,128</u>	<u>1,058,233</u>
Net book value			
At 31 December 2011	<u>1,035,105</u>	<u>23,128</u>	<u>1,058,233</u>
At 1 January 2011	<u>1,035,105</u>	<u>23,128</u>	<u>1,058,233</u>

# DCM (Optical Holdings) Limited and Subsidiaries

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2011

### 12 STOCKS

	31 December 2011 £	Group 1 January 2011 £	31 December 2011 £	Company 1 January 2011 £
Stock	<u>10,745,684</u>	<u>10,690,012</u>	<u>—</u>	<u>—</u>

### 13 DEBTORS

	31 December 2011 £	Group 1 January 2011 £	31 December 2011 £	Company 1 January 2011 £
Trade debtors	2,452,061	2,422,551	—	—
Amounts owed by group undertakings	—	—	39,847,616	41,207,066
VAT recoverable	2,595,033	1,290,306	37,047	37,047
Other debtors	3,071,308	3,126,069	2,327,046	2,333,044
Prepayments and accrued income	13,427,999	17,439,992	—	—
Corporation tax	—	—	—	23,845
	<u>21,546,401</u>	<u>24,278,918</u>	<u>42,211,709</u>	<u>43,601,002</u>

Included within other debtors is an amount of £2,127,632 (2010: £2,127,632) in relation to overdrawn directors loan accounts. No interest is being accrued on this balance.

The Optical Express Group of companies continues to be in dispute with HM Revenue and Customs in relation to the recoverability of input tax and to the Group's tax treatment of sales discounts.

#### Input Tax

In 2010 the Group received a written decision from the tribunal hearing agreeing a revised version of our proposed special method. HM Revenue and Customs have since appealed this decision. The Group have also appealed the tribunal decision not to agree the full special method proposed. The appeals are currently postponed to allow discussions to take place between both parties with a view to resolving the dispute without having to go back to the tribunal.

#### Discounts

The Group was due to attend a tribunal hearing in relation to this dispute in September 2010. Both parties agreed to postpone the hearing to allow further time to discuss the Groups' tax treatment of sales discounts. These discussions are still on-going. In 2009 the Directors provided in full for any potential additional tax that would be payable should the discussions not result in a settlement and a later tribunal decision goes in the favour of HM Revenue and Customs.

# DCM (Optical Holdings) Limited and Subsidiaries

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2011

### 14 CREDITORS amounts falling due within one year

	31 December 2011	Group 1 January 2011	31 December 2011	Company 1 January 2011
	£	£	£	£
Bank loans and overdrafts	8,336,336	21,164,152	1,900,000	18,390,059
Trade creditors	15,077,225	19,651,775	—	—
Amounts owed to group undertakings	—	—	13,283,922	8,293,025
Hire purchase agreements	388,256	1,718,537	—	—
Corporation tax	3,125,857	1,653,128	7,394	—
Other taxation and social security	1,431,759	1,592,868	—	—
Other creditors	7,371,909	6,350,145	13,221	13,219
Accruals and deferred income	7,731,247	6,228,120	818,820	179,134
	<u>43,462,589</u>	<u>58,358,725</u>	<u>16,023,357</u>	<u>26,875,437</u>

### 15 CREDITORS amounts falling due after more than one year

	31 December 2011	Group 1 January 2011	31 December 2011	Company 1 January 2011
	£	£	£	£
Bank loans and overdrafts	19,687,268	10,107,184	19,643,805	9,995,717
Hire purchase agreements	20,052	399,912	—	—
Deferred income	1,345,222	2,817,160	—	—
Other creditors	7,760,000	7,760,000	7,760,000	7,760,000
	<u>28,812,542</u>	<u>21,084,256</u>	<u>27,403,805</u>	<u>17,755,717</u>

The Royal Bank of Scotland plc holds a bond, floating charge and debenture over the assets of each group company.

Included in Other creditors are loans from D Mouldsdales of £7,760,000 (2010 - £7,760,000) which bear interest at bank base rate plus a margin. There are no fixed repayment dates and it will not be repaid within the next year.

### 16 CREDITORS - CAPITAL INSTRUMENTS

Creditors include finance capital which is due for repayment as follows:

	31 December 2011	Group 1 January 2011	31 December 2011	Company 1 January 2011
	£	£	£	£
Amounts repayable:				
In one year or less or on demand	2,064,498	18,503,681	2,000,000	18,422,356
In more than one year but not more than two years	4,043,463	10,135,235	4,000,000	10,023,769
In more than two years but not more than five years	15,833,280	80,000	15,833,280	80,000
In more than five years	—	—	—	—
	<u>21,941,241</u>	<u>28,718,916</u>	<u>21,833,280</u>	<u>28,526,125</u>
Less finance fee relating to future periods	(289,475)	(237,751)	(289,475)	(237,751)
	<u>21,651,766</u>	<u>28,481,165</u>	<u>21,543,805</u>	<u>28,288,374</u>

In 2011, the loans were repayable in quarterly instalments of £2,250,000. Interest is charged in arrears based on the bank base rate plus a margin.

# DCM (Optical Holdings) Limited and Subsidiaries

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2011

### 17 COMMITMENTS UNDER HIRE PURCHASE AGREEMENTS

Future commitments under hire purchase agreements are as follows:

	Group		Company	
	31 December 2011	1 January 2011	31 December 2011	1 January 2011
	£	£	£	£
Amounts payable within 1 year	451,558	1,886,718	—	—
Amounts payable between 1 and 2 years	20,052	446,491	—	—
Amounts payable between 3 and 5 years	—	—	—	—
	<u>471,610</u>	<u>2,333,209</u>	<u>—</u>	<u>—</u>
Less interest and finance charges relating to future periods	(63,303)	(214,760)	—	—
	<u>408,307</u>	<u>2,118,449</u>	<u>—</u>	<u>—</u>

### 18 DEFERRED TAXATION

The movement in the deferred taxation provision during the period was:

	Group		Company	
	31 December 2011	1 January 2011	31 December 2011	1 January 2011
	£	£	£	£
Provision brought forward	628,848	(353,158)	—	—
(Decrease)/increase in provision	(51,839)	982,006	—	—
Provision carried forward	<u>577,009</u>	<u>628,848</u>	<u>—</u>	<u>—</u>

The Group's provision for deferred taxation consists of the tax effect of timing differences in respect of:

Group	31 December 2011		1 January 2011	
	Provided / (Recognised)	Unprovided	Provided	Unprovided
	£	£	£	£
Excess of taxation allowances over depreciation on fixed assets	1,270,789	—	1,607,589	—
Other timing differences	(44,745)	—	(193,431)	—
Losses carried forward	(649,035)	—	(785,310)	—
	<u>577,009</u>	<u>—</u>	<u>628,848</u>	<u>—</u>

If the revalued assets were sold at the values stated in note 10 the estimated tax payable on that individual transaction would amount to £322,000. It is unlikely that any amount will become payable in the foreseeable future given the current intentions of the Group.



# DCM (Optical Holdings) Limited and Subsidiaries

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2011

### 19 PROVISIONS FOR LIABILITIES AND CHARGES

Onerous contract	31 December 2011 £	1 January 2011 £
At 1 January 2011	7,213,839	5,908,820
Transfer from profit & loss	-	2,058,311
Reversed in year	-	(45,025)
Utilised in the year	(810,750)	(708,267)
At 31 December 2011	<u>6,403,089</u>	<u>7,213,839</u>

The Onerous Contract provision represents the remaining obligations in respect of property leases which the company is no longer deriving benefit from, net of any anticipated rental income to be received from sub-letting or assigning this lease to a third party.

### 20 COMMITMENTS UNDER OPERATING LEASES

At 31 December 2011 the Group had annual commitments under non-cancellable operating leases as set out below:

Group	31 December 2011		1 January 2011	
	Land and buildings £	Other items £	Land and Buildings £	Other items £
Operating leases which expire:				
Within 1 year	1,523,563	-	1,695,325	-
Within 2 to 5 years	5,665,803	547,175	5,471,411	376,978
After more than 5 years	17,233,300	1,519,643	17,256,841	-
	<u>24,422,666</u>	<u>2,066,818</u>	<u>24,423,577</u>	<u>376,978</u>

# DCM (Optical Holdings) Limited and Subsidiaries

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2011

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### 21 RELATED PARTY TRANSACTIONS

The related party transactions during the year were as follows:

Related Party	Relationship	Transaction	Amount £	Balance due (to)/from at 31/12/11 £
Moulsdale Properties	Common control	Rents paid on properties owned	1,790,111	Nil
D Moulsdale	Director	Long term loan received	Nil	(7,760,000)
		Interest accrued but unpaid	434,047	610,072
		Payments on behalf of director	Nil	2,127,632

The Group's related party transactions during the prior year were as follows:

Related Party	Relationship	Transaction	Amount £	Balance due (to)/from at 01/01/11 £
Moulsdale Properties	Common control	Rents paid on properties owned	1,808,816	Nil
D Moulsdale	Director	Long term loan received	Nil	(7,760,000)
		Interest accrued	300,878	176,025
		Payments on behalf of director	124,853	2,127,632

# DCM (Optical Holdings) Limited and Subsidiaries

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2011

### 22 SHARE CAPITAL

	31 December 2011 £	1 January 2011 £
Authorised:		
11,000 Ordinary shares of £1 each	<u>11,000</u>	<u>11,000</u>
	31 December 2011 £	1 January 2011 £
Allotted, called up and fully paid:		
10,000 Ordinary shares of £1 each	<u>10,000</u>	<u>10,000</u>

The authorised share capital of the Company is divided into 500 'A' Ordinary Shares (fully issued), 9,500 'B' Ordinary Shares (fully issued) and 1,000 Ordinary Shares. The 'A' Ordinary Shares, the 'B' Ordinary Shares and the Ordinary Shares constitute one class of shares for income, capital and voting rights subject to certain provisions. Each holder of the 'A' Ordinary Shares, will on a poll, duly demanded be entitled to two votes for each 'A' Ordinary Share which they respectively hold.

DCM (Optical Holdings) Limited (formerly David Mouldsdales (Holdings) Limited) entered into an Employee Share Participation Plan for senior managers to award cash bonuses for past performance on the outcome of one of three qualifying events :-

- flotation of the Company
- sale of the business of the Company
- cash sale of more than 50% of the share capital held by D Mouldsdales.

The potential awards are limited to 2% of the potential value of the Company at the outcome of these events subject to that value being greater than £40 million

### 23 RESERVES

Group	Foreign exchange reserve £	Share premium account £	Revaluation reserve £	Profit and loss account £
Balance brought forward	207,318	442,424	438,568	12,109,579
Profit for the year	—	—	—	(3,161,565)
Movement in year	95,762	—	—	—
Other movements				
- transfer from revaluation reserve	—	—	(67,359)	67,359
Balance carried forward	<u>303,080</u>	<u>442,424</u>	<u>371,209</u>	<u>9,015,373</u>
Company			Share premium account £	Profit and loss account £
Balance brought forward			442,424	(330,609)
Profit for the year			—	25,520
Balance carried forward			<u>442,424</u>	<u>(305,089)</u>

# DCM (Optical Holdings) Limited and Subsidiaries

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2011

### 24 RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDS

	31 December 2011	1 January 2011
	£	£
(Loss)/profit for the financial year	(3,161,565)	3,865,233
Movement in foreign exchange reserve	95,762	(77,876)
Equity dividends	—	—
Net (reduction in)/addition to shareholder's funds	(3,065,803)	3,787,357
Opening shareholder's funds	13,207,889	9,420,532
Closing shareholder's funds	<u>10,142,086</u>	<u>13,207,889</u>

### 25 CASH FLOWS

#### a Reconciliation of operating profit to net cash inflow from operating activities

	31 December 2011	1 January 2011
	£	£
Operating profit	119,246	8,673,368
Amortisation	862,973	721,962
Depreciation	9,004,543	10,695,510
Loss on disposal of fixed assets	6,417	132,326
(Decrease)/increase in other provisions	(810,750)	1,305,019
(Increase) in stocks	(55,672)	(1,861,968)
Decrease/(increase) in debtors	2,732,517	(2,491,217)
(Decrease)/increase in creditors	(3,938,220)	2,270,482
Foreign exchange adjustments	185,498	(155,894)
Net cash inflow from operating activities	<u>8,106,552</u>	<u>19,289,588</u>

#### b Analysis of cash flows for headings netted in the cash flow

##### Returns on investment and servicing of finance

	31 December 2011	1 January 2011
	£	£
Interest received	2,670	11,333
Interest paid	(1,664,997)	(1,805,584)
Net cash outflow from returns on investments and servicing of finance	<u>(1,662,327)</u>	<u>(1,794,251)</u>

##### Taxation

	31 December 2011	1 January 2011
	£	£
Taxation	<u>10,609</u>	<u>(2,994,299)</u>

**DCM (Optical Holdings) Limited and Subsidiaries**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 December 2011

**25 CASH FLOWS (b) (continued)**

**Capital expenditure and financial investment**

	31 December 2011	1 January 2011
	£	£
Payments to acquire tangible fixed assets	(1,844,955)	(3,633,842)
Payments to acquire intangible fixed assets	–	(27,951)
Receipts from sale of fixed assets	121,805	3,498,075
Acquisition of fixed asset investments	–	(36,283)
<b>Net cash outflow for capital expenditure and financial investment</b>	<b>(1,723,150)</b>	<b>(200,001)</b>

**Financing**

	31 December 2011	1 January 2011
	£	£
Decrease in bank loans	(6,829,399)	(11,782,174)
Capital repayment of hire purchase	(1,710,141)	(3,235,465)
<b>Net cash inflow from financing</b>	<b>(8,539,540)</b>	<b>(15,017,639)</b>

**c Analysis of net debt**

	1 January 2011	Cash flows	31 December 2011
	£	£	£
Cash in hand and at bank	2,131,852	(226,189)	1,905,663
Overdrafts	(2,790,171)	(3,581,667)	(6,371,838)
	(658,319)	(3,807,856)	(4,466,175)
Debt due within 1 year	(18,373,981)	16,409,483	(1,964,498)
Debt due after 1 year	(17,867,184)	(9,580,084)	(27,447,268)
Hire purchase agreements	(2,118,449)	1,710,141	(408,308)
	(38,359,614)	8,539,540	(29,820,074)
<b>Total</b>	<b>(39,017,933)</b>	<b>4,731,684</b>	<b>(34,286,249)</b>

# DCM (Optical Holdings) Limited and Subsidiaries

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2011

### 26 GUARANTEES AND OTHER FINANCIAL COMMITMENTS

The Royal Bank of Scotland plc holds an unlimited inter company cross guarantee between the Company and the other members of the Group which is supported by a bond and floating charge and debenture over the whole Group assets.

### 27 INVESTMENT IN SUBSIDIARY COMPANIES

NAME OF COMPANY	COUNTRY OF REGISTRATION	HOLDING	PROPORTION HELD
Optical Express Limited	Scotland	Ordinary Shares	100%
Optical Express (Gyle) Limited	Scotland	Ordinary Shares	100%
Optical Express (Westfield) Limited	Scotland	Ordinary Shares	100%
Optical Express (Holdings) Limited	Scotland	Ordinary Shares	100%
The Frame Zone Limited	Scotland	Ordinary Shares	100%
DCM Optical Clinic Plc	England	Ordinary Shares	100%
Cruach Capital Limited	Scotland	Ordinary Shares	100%
Bridgewater Hospital (Manchester) Limited	Scotland	Ordinary Shares	100%
Optical Express (Deutschland) GmbH	Germany	Ordinary Shares	100%
DCM 590 Limited	England	Ordinary Shares	100%
Amexc SA	France	Ordinary Shares	100%
DCM Optical (US) Inc	USA	Ordinary Shares	100%

In addition to the above, Optical Express (Holdings) Limited holds 100% of the ordinary share capital of 123Leeds Limited, a Company incorporated in England. Cruach Capital Limited holds 100% of the ordinary share capital of Matland Limited a Company incorporated in England, DCM Laser Clinic Limited a Company incorporated in Scotland and DCM Optical BV a Company incorporated in the Netherlands. All subsidiaries have been consolidated in these financial statements.

### 28 ULTIMATE CONTROLLING PARTY

The directors consider D Mouldsdales to be the ultimate controlling party.

# DCM (Optical Holdings) Limited and Subsidiaries

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2011

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### 29 POST BALANCE SHEET EVENT

In 2012 the Directors became concerned over the performance of Optical Express (Southern) Ltd, renamed 123 Leeds Ltd in September 2012, and instructed an independent review of all options available for this subsidiary by PWC. The PWC review strongly agreed with the Directors view that the business be put into Administration due to its debilitating impact on the overall Group.

As a result of this the Directors agreed to consolidate the retail store portfolio via a restructuring of the loss making subsidiary 123 Leeds Limited on 2nd October 2012 by placing this business into administration and buying back the business and assets through another subsidiary, Optical Express Limited. This has resulted in the closure of a number of optical retail stores. Most of the stores closed were small tertiary high street loss making locations allowing the Group to focus resources going forward on its flagship locations.