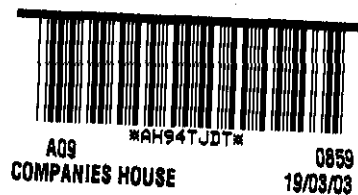


OAKLEY (UK) LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2002



OAKLEY (UK) LIMITED

COMPANY INFORMATION

Directors

C. Ward
D. Gordon
L. Newcomb
G. Lee (Appointed 1 January 2002)
P. Ansell
J. Tennyson (Appointed 1 January 2002)
J. Pollard

Secretary

P. Ansell

Company number

1310079

Registered office

Icknield Way
Letchworth
Herts
SG6 1GD

Business address

Icknield Way
Letchworth
Herts
SG6 1GD

Auditors

Audit Assure
Chartered Accountants and Registered Auditors
Torrington House, 47 Holywell Hill
St. Albans
Herts
AL1 1HD

OAKLEY (UK) LIMITED

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OAKLEY (UK) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2002

The directors present their report and financial statements for the year ended 31 December 2002.

Principal activities and review of the business

The principal activity of the company continued to be that of wholesalers of optical, sports and leisure goods.

The results for the year and the financial position at the year end were considered satisfactory by the directors who expect continued growth in the foreseeable future.

Results and dividends

The results for the year are set out on page 4.

No interim ordinary dividend was paid during the year. The directors do not recommend payment of a final dividend.

Future developments

The company intends to continue its present management policies for the foreseeable future.

Directors

The following directors have held office since 1 January 2002:

C. Ward	
D. Gordon	
L. Newcomb	
G. Lee	(Appointed 1 January 2002)
P. Ansell	
J. Tennyson	(Appointed 1 January 2002)
J. Pollard	

Directors' interests

None of the directors have a beneficial interest in the shares of the company.

The directors' beneficial interests in the shares of the holding company are as stated below:

	Common stock of \$0.01 each	
	31 December 2002	1 January 2002
C. Ward	-	1,000
L. Newcomb	22,845	32,845
D. Gordon	-	-
G. Lee	-	-
P. Ansell	-	-
J. Tennyson	-	-
J. Pollard	-	-

The directors have been granted options in the holding company, during the year, as stated below:

	31 December 2002	31 December 2001
C. Ward	-	1,000
L. Newcomb	25,000	50,000
D. Gordon	16,000	24,980
G. Lee	-	-

OAKLEY (UK) LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2002

P. Ansell	-	1,000
J. Tennyson	-	-
J. Pollard	-	1,000

The directors have exercised options, during the year, as stated below:

	31 December 2002	31 December 2001
C. Ward	2,500	-
L. Newcomb	10,000	139,764
D. Gordon	-	14,909
G. Lee	-	-
P. Ansell	-	-
J. Tennyson	-	-
J. Pollard	-	2,500

Charitable contributions

During the year the company made charitable donations of £1,398 (2001 : £2,007).

Auditors

On 1 May 2002 the company's auditors Morton Thornton, merged with Morgan Brown & Spofforth and then changed their name to Audit Assure. In accordance with section 385 of the Companies Act 1985, a resolution proposing that Audit Assure be reappointed as auditors of the company will be put to the Annual General Meeting.

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 profit or loss of the company 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 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 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 company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

On behalf of the board



28/1/03

OAKLEY (UK) LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF OAKLEY (UK) LIMITED

We have audited the financial statements of Oakley (UK) Limited on pages 4 to 16 for the year ended 31 December 2002. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

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 the directors and auditors

As described in the statement of directors' responsibilities on page 2 the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom 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 judgements 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 the company's affairs as at 31 December 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

30th January 2003

Audit Assure

AUDIT ASSURE
CHARTERED ACCOUNTANTS
& REGISTERED AUDITORS
TORRINGTON HOUSE
47 HOLYWELL HILL
ST. ALBANS
HERTS AL1 1HD

OAKLEY (UK) LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2002

	Notes	2002 £	2001 £
Turnover	2	21,004,472	20,234,559
Cost of sales		(13,796,564)	(12,925,678)
Gross profit		7,207,908	7,308,881
Administrative expenses		(6,070,130)	(4,332,839)
Operating profit	3	1,137,778	2,976,042
Other interest receivable and similar income		5,251	38,050
Interest payable and similar charges	4	-	(252,893)
Profit on ordinary activities before taxation		1,143,029	2,761,199
Tax on profit on ordinary activities	5	(370,506)	(839,353)
Profit on ordinary activities after taxation		772,523	1,921,846
Dividends	6	-	(1,409,741)
Retained profit for the year	14	772,523	512,105

The profit and loss account has been prepared on the basis that all operations are continuing operations.

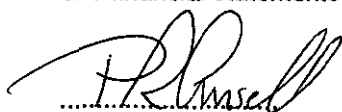
There are no recognised gains and losses other than those passing through the profit and loss account.

OAKLEY (UK) LIMITED

BALANCE SHEET AS AT 31 DECEMBER 2002

	Notes	2002 £	£	2001 £	£
Fixed assets					
Tangible assets	7		1,395,174		1,299,655
Current assets					
Stocks	8	3,375,590		2,362,761	
Debtors	9	2,189,766		2,244,679	
Cash at bank and in hand		537,641		253,010	
		<u>6,102,997</u>		<u>4,860,450</u>	
Creditors: amounts falling due within one year	10	<u>(2,939,097)</u>		<u>(2,377,049)</u>	
Net current assets			<u>3,163,900</u>		<u>2,483,401</u>
Total assets less current liabilities			<u>4,559,074</u>		<u>3,783,056</u>
Provisions for liabilities and charges	11		<u>(4,185)</u>		<u>(690)</u>
			<u>4,554,889</u>		<u>3,782,366</u>
Capital and reserves					
Called up share capital	13		1,000		1,000
Profit and loss account	14		<u>4,553,889</u>		<u>3,781,366</u>
Shareholders' funds - equity interests	15		<u>4,554,889</u>		<u>3,782,366</u>

The financial statements were approved by the Board on 28/1/03...



Director

OAKLEY (UK) LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2002

	2002		2001	
	£	£	£	£
Net cash inflow from operating activities		1,757,346		3,195,178
Returns on investments and servicing of finance				
Interest received	5,251		38,050	
Interest paid	-		(252,893)	
Net cash inflow/(outflow) for returns on investments and servicing of finance		5,251		(214,843)
Taxation		(938,524)		(779,614)
Capital expenditure				
Payments to acquire tangible assets	(581,942)		(815,784)	
Receipts from sales of tangible assets	42,500		22,624	
Net cash outflow for capital expenditure		(539,442)		(793,160)
Equity dividends paid		-		(1,409,741)
Net cash inflow/(outflow) before management of liquid resources and financing		284,631		(2,180)
Increase/(decrease) in cash in the year		284,631		(2,180)

OAKLEY (UK) LIMITED

NOTES TO THE CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2002

1	Reconciliation of operating profit to net cash inflow from operating activities	2002 £	2001 £
	Operating profit	1,137,778	2,976,042
	Depreciation of tangible assets	455,126	345,617
	(Profit)/loss on disposal of tangible assets	(11,203)	25,815
	Increase in stocks	(1,012,829)	(821,125)
	Decrease in debtors	54,913	372,528
	Increase in creditors within one year	1,133,561	296,301
	Net cash inflow from operating activities	1,757,346	3,195,178

2	Analysis of net funds	1 January 2002 £	Cash flow £	Other non-cash changes £	31 December 2002 £
	Net cash:				
	Cash at bank and in hand	253,010	284,631	-	537,641
	Net funds	253,010	284,631	-	537,641

3	Reconciliation of net cash flow to movement in net funds	2002 £	2001 £
	Increase/(decrease) in cash in the year	284,631	(2,180)
	Movement in net funds in the year	284,631	(2,180)
	Opening net funds	253,010	255,190
	Closing net funds	537,641	253,010

OAKLEY (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2002

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable accounting standards.

1.3 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

1.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Leasehold improvement	Over the term of the lease (if the assets are integral to the premises) otherwise over 5 years
Display stands	Over 4 years
Fixtures and fittings	Over 7 years (Included in fixtures and fittings is computer equipment which is being depreciated over 5 years)
Motor vehicles	Over 5 years

1.5 Leasing

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

1.6 Stock

Stock is valued at the lower of cost and net realisable value.

1.7 Pensions

The pension costs charged in the financial statements represent the contributions payable by the company during the year in accordance with SSAP 24.

1.8 Deferred taxation

The accounting policy in respect of deferred tax has been changed to reflect the requirements of FRS19 - Deferred tax. Deferred tax is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

The above amounts to a change in accounting policy. The previous policy was to provide deferred tax only to the extent that it was probable that liabilities would crystallise in the foreseeable future.

The adoption of the standard has not required a prior period adjustment.

1.9 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. However, in accordance with SSAP 20, where there are related forward contracts in respect of trading balances, the rate specified in those contracts have been used. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account.

OAKLEY (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2002

1 Accounting policies (continued)

1.10 Liquid resources

Liquid resources represent cash held at the bank and in hand.

2 Turnover

All the turnover is derived from the principal activities of the company.

Geographical market

	Turnover	
	2002	2001
	£	£
United Kingdom	18,217,022	19,851,789
Rest of EU	2,787,450	382,770
	<u>21,004,472</u>	<u>20,234,559</u>

3 Operating profit	2002	2001
	£	£
Operating profit is stated after charging:		
Depreciation of tangible assets	455,126	345,617
Loss on disposal of tangible assets	-	25,815
Loss on foreign exchange transactions	328,557	-
Operating lease rentals	268,669	249,762
Auditors' remuneration	9,000	14,700
and after crediting:		
Profit on disposal of tangible assets	(11,203)	-
Profit on foreign exchange transactions	-	(1,182)
	<u>(11,203)</u>	<u>(1,182)</u>

4 Interest payable	2002	2001
	£	£
On bank loans and overdrafts	-	1,297
On overdue tax	-	3,821
On promissory notes	-	247,775
	<u>-</u>	<u>252,893</u>

OAKLEY (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2002

5	Taxation	2002 £	2001 £
	Domestic current year tax		
	U.K. corporation tax	366,585	836,906
	Adjustment for prior years	426	1,757
		<u>367,011</u>	<u>838,663</u>
	Current tax charge		
	Deferred tax		
	Deferred tax charge/credit current year	3,495	690
		<u>370,506</u>	<u>839,353</u>
	Factors affecting the tax charge for the year		
	Profit on ordinary activities before taxation	1,143,029	2,761,199
		<u>1,143,029</u>	<u>2,761,199</u>
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 30.00% (2001 : 30.00%)	342,909	828,360
		<u>342,909</u>	<u>828,360</u>
	Effects of:		
	Non deductible expenses	14,308	9,431
	Depreciation	136,538	111,430
	Capital allowances	(127,170)	(112,315)
	Adjustments to previous periods	426	1,757
		<u>24,102</u>	<u>10,303</u>
	Current tax charge	<u>367,011</u>	<u>838,663</u>
6	Dividends	2002 £	2001 £
	Ordinary interim paid	-	1,409,741
		<u>-</u>	<u>1,409,741</u>

Ordinary interim dividends of £nil (2001- £1409.741) per share were paid during the year.

OAKLEY (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2002

7 Tangible fixed assets

	Leasehold improvement	Display stands	Fixtures and fittings	Motor vehicles	Total
	£	£	£	£	£
Cost					
At 1 January 2002	715,262	618,824	585,595	363,382	2,283,063
Additions	25,650	214,344	77,817	264,131	581,942
Disposals	-	(29,075)	-	(118,915)	(147,990)
At 31 December 2002	740,912	804,093	663,412	508,598	2,717,015
Depreciation					
At 1 January 2002	325,575	349,321	180,452	128,060	983,408
On disposals	-	(29,075)	-	(87,618)	(116,693)
Charge for the year	91,144	141,752	127,089	95,141	455,126
At 31 December 2002	416,719	461,998	307,541	135,583	1,321,841
Net book value					
At 31 December 2002	324,193	342,095	355,871	373,015	1,395,174
At 31 December 2001	389,687	269,503	405,143	235,322	1,299,655

8 Stocks

	2002 £	2001 £
Finished goods and goods for resale	3,375,590	2,362,761

9 Debtors

	2002 £	2001 £
Trade debtors	1,994,144	2,117,858
Amounts owed by parent and fellow subsidiary undertakings	56,848	59,970
Other debtors	591	1,399
Prepayments and accrued income	138,183	65,452
	2,189,766	2,244,679

OAKLEY (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2002

10 Creditors: amounts falling due within one year	2002 £	2001 £
Trade creditors	529,150	378,707
Amounts owed to parent and fellow subsidiary undertakings	2,131,194	1,171,485
Corporation tax	47,336	618,849
Other taxes and social security costs	142,475	101,103
Other creditors	-	5,834
Accruals and deferred income	88,942	101,071
	<u>2,939,097</u>	<u>2,377,049</u>

11 Provisions for liabilities and charges

	Deferred taxation £
Balance at 1 January 2002	690
Profit and loss account	3,495
	<u>4,185</u>
Balance at 31 December 2002	<u>4,185</u>

Deferred taxation provided in the financial statements is as follows:

	2002 £	2001 £
Accelerated capital allowances	<u>4,185</u>	<u>690</u>

12 Pension costs

Defined contribution

	2002 £	2001 £
Contributions payable by the company for the year	<u>18,133</u>	<u>14,199</u>

OAKLEY (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2002

13 Share capital	2002	2001
	£	£
Authorised		
10,000 Ordinary shares of £ 1 each	10,000	10,000
	<u> </u>	<u> </u>
Allotted, called up and fully paid		
1,000 Ordinary shares of £ 1 each	1,000	1,000
	<u> </u>	<u> </u>
14 Statement of movements on profit and loss account		Profit and loss account £
Balance at 1 January 2002		3,781,366
Retained profit for the year		772,523
		<u> </u>
Balance at 31 December 2002		4,553,889
		<u> </u>
15 Reconciliation of movements in shareholders' funds	2002	2001
	£	£
Profit for the financial year	772,523	1,921,846
Dividends	-	(1,409,741)
	<u> </u>	<u> </u>
Net addition to shareholders' funds	772,523	512,105
Opening shareholders' funds	3,782,366	3,270,261
	<u> </u>	<u> </u>
Closing shareholders' funds	4,554,889	3,782,366
	<u> </u>	<u> </u>

OAKLEY (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2002

16 Contingent liabilities

At the year end Oakley Inc, the parent company of Oakley (UK) Limited, had outstanding forward exchange contracts in its own name. The gains or losses upon the exercising of these contracts will be borne by Oakley (UK) Limited.

Oakley Inc have an option not to take the contract unless the exchange rate exceeds the trigger rate.

Forward Extra Contracts

	US \$	Exchange rate on forward contract	Sterling equivalent	Trigger rate
February	700,000	1.4500	482,759	1.5550
March	1,500,000	1.4500	1,034,482	1.5570
April	1,500,000	1.4500	1,034,482	1.5600
May	1,500,000	1.4500	1,034,482	1.6000
June	1,500,000	1.4500	1,034,482	1.6000
June	1,000,000	1.5000	666,667	1.6000
July	1,500,000	1.4500	1,034,482	1.6000
July	500,000	1.5000	333,333	1.6000
August	2,000,000	1.5010	1,332,445	1.6100
August	500,000	1.5000	333,333	1.6000
September	2,000,000	1.5010	1,332,445	1.6100
September	1,000,000	1.5000	666,667	1.6000
October	1,000,000	1.5010	666,667	1.6100
November	1,000,000	1.5000	666,667	1.6000
December	1,000,000	1.5000	666,667	1.6000

17 Financial commitments

At 31 December 2002 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings	
	2002	2001
	£	£
Expiry date:		
Between two and five years	-	15,000
In over five years	275,000	275,000
	<u>275,000</u>	<u>290,000</u>

OAKLEY (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2002

18 Directors' emoluments	2002 £	2001 £
Emoluments for qualifying services	578,812	488,131
Company pension contributions to money purchase schemes	18,133	11,439
	<u>596,945</u>	<u>499,570</u>

The number of directors for whom retirement benefits are accruing under money purchase pension schemes amounted to 5 (2001 - 3).

The number of directors who exercised share options during the year was 2 (2001 - 3).

Emoluments disclosed above include the following amounts paid to the highest paid director:

Emoluments for qualifying services	227,992	263,282
Company pension contributions to money purchase schemes	4,400	4,971
	<u>232,392</u>	<u>268,253</u>

The share options are for shares in the parent company, Oakley Inc, for which details are disclosed in the directors' report.

19 Transactions with directors

The director, C. Ward, is a beneficiary of the Serval Marketing Limited Retirement Benefits Scheme which holds 652 shares in the ultimate parent company, Oakley Inc.

During the year the directors purchased goods from the company on normal commercial terms and had outstanding balances with the company as follows:

	Purchases during 2002	Purchases during 2001	Balance at 31.12.2002	Balance at 31.12.2001
P. Ansell	965	666	179	-
C. Ward	3112	5049	82	-
J. Tennyson	757	505	-	-
J. Pollard	877	1857	28	-
G. Lee	2065	1426	-	-

OAKLEY (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2002

20 Employees

Number of employees

The average monthly number of employees (including directors) during the year was:

	2002 Number	2001 Number
Directors	7	5
Administration	83	63
	<u>90</u>	<u>68</u>

Employment costs

	£	£
Wages and salaries	2,524,988	1,938,317
Social security costs	243,567	171,916
Other pension costs	18,133	14,199
	<u>2,786,688</u>	<u>2,124,432</u>

21 Control

The directors consider the ultimate parent company to be Oakley Inc, a company incorporated in the United States of America.

22 Related party transactions

Oakley Europe, Oakley (GMBH), Oakley Ireland and Oakley (UK) Limited are all subsidiaries of Oakley Inc.

At 31 December 2002 Oakley (UK) Limited was owed £nil (2001- £4,997) by Oakley Europe, £56,373 (2001- £54,973) by Oakley (GMBH) and £475 (2001- £nil) by Oakley Ireland. Oakley (UK) Limited owed Oakley Europe £7,164 (2001- £2,493) and owed Oakley Ireland £41,495 (2001- £nil).

During the year Oakley Europe received goods and services of £31,293 (2001- £56,972) from Oakley (UK) Limited and supplied goods of £52,010 (2001- £71,240) to Oakley (UK) Limited; Oakley (GMBH) received goods and services of £35,894 (2001- £113,230) from Oakley (UK) Limited; Oakley Ireland received goods and services of £474 (2001- £nil) and supplied goods of £39,845 (2001- £nil).

At 31 December 2002 Oakley (UK) Limited owed Oakley Inc £2,082,535 (2001- £1,168,992). Oakley Inc supplied goods to the company amounting to £13,226,821 (2001- £12,133,376) during the year.

OAKLEY (UK) LIMITED
MANAGEMENT INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2002

OAKLEY (UK) LIMITED

DETAILED TRADING AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2002

		2002		2001
	£	£	£	£
Turnover				
Sales		21,004,472		20,234,559
Cost of sales				
Opening stock of finished goods	2,362,761		1,541,636	
Purchases	14,174,433		12,922,901	
Commissions payable	405,122		745,400	
Carriage	229,838		78,502	
	<u>17,172,154</u>		<u>15,288,439</u>	
Closing stock of finished goods	(3,375,590)		(2,362,761)	
		<u>(13,796,564)</u>		<u>(12,925,678)</u>
Gross profit	34.32%	7,207,908	36.12%	7,308,881
Administrative expenses		<u>(6,070,130)</u>		<u>(4,332,839)</u>
Operating profit		1,137,778		2,976,042
Other interest receivable and similar income				
Bank interest received		5,251		38,050
Interest payable				
Bank interest paid	-		1,297	
Promissory note interest paid	-		247,775	
Other interest	-		3,821	
		<u>-</u>		<u>(252,893)</u>
Profit before taxation	5.44%	<u>1,143,029</u>	13.65%	<u>2,761,199</u>

OAKLEY (UK) LIMITED

SCHEDULE OF ADMINISTRATIVE EXPENSES FOR THE YEAR ENDED 31 DECEMBER 2002

	2002 £	2001 £
Administrative expenses		
Wages and salaries	2,009,642	1,485,510
Directors' remuneration	515,346	452,807
Employer's N.I. contributions	243,567	171,916
Directors' pension costs	18,133	11,439
Staff pension costs	-	2,760
Staff recruitment expenses	21,649	31,910
Rent re operating leases	268,669	249,762
Rates	86,284	75,302
Insurance	10,461	8,131
Light and heat	15,944	12,029
Computer costs	144,806	-
Repairs and maintenance	69,166	50,470
Printing, postage and stationery	112,762	102,925
Advertising	671,483	541,764
Telephone	65,396	60,463
Packing	56,719	51,887
Exhibition costs	75,616	91,432
Motor and travelling expenses	178,737	116,941
Entertaining	21,509	17,123
Promotions and publicity	423,306	309,249
Legal and professional fees	47,693	32,750
Accountancy	5,840	1,225
Audit fees	9,000	14,700
Bank charges	37,923	25,196
Bad and doubtful debts	156,650	12,491
Profit/loss on foreign currency	328,557	(1,182)
Sundry expenses	30,500	28,102
Charitable donations	1,398	2,007
Royalty paid	(549)	2,298
Depreciation on display stands	141,752	115,596
Amortisation on short leasehold	91,144	79,987
Depreciation on fixtures and fittings	127,089	84,372
Depreciation on motor vehicles	95,141	65,662
Profit/losses on disposal of tangibles	(11,203)	25,815
	<u>6,070,130</u>	<u>4,332,839</u>