

Signet Armorlite Europe Limited

Report and Accounts

31 December 2002

Registered Number: 2108102



Signet Armorlite Europe Limited

Registered No. 2108102

DIRECTORS

M G Dingley (Managing Director)
G Brierley
B Salvadori
C J Stewart
C Hunt
M McCrea
A Pederzini

SECRETARY

C J Stewart

AUDITORS

Ernst & Young LLP
One Colmore Row
Birmingham
B3 2DB

BANKERS

HSBC Bank plc
The Cross
Gloucester
GL1 2AP

SOLICITORS

Tayntons
Clarence Chambers
8-10 Clarence Street
Gloucester
GL1 1DZ

REGISTERED OFFICE

Unit 1 Apollo
Olympus Business Park
Quedgeley
Gloucester
GL2 4NF

DIRECTORS' REPORT

The directors present their report and the group accounts for the year ended 31 December 2002.

RESULTS FOR THE PERIOD

The group profit for the year, after taxation, amounted to £1,424,914 (2001: £2,290,033 as restated). Ordinary dividends of £638,978 (2001: £Nil) were paid during the year.

PRINCIPAL ACTIVITIES

The group's principal activities are the processing and distribution of ophthalmic lenses and associated products in the United Kingdom, Europe and other overseas markets, and the manufacture of ophthalmic moulds used in the manufacture of ophthalmic lenses.

REVIEW OF THE BUSINESS

2002 saw further enhanced trading of the Kodak lens branded products as they further established themselves as a leading premium lens in the market place.

This was due to increased trading from our Kodak surfacing, coating and glazing laboratory, which enables us to supply finished Kodak branded products direct to a retail customer base.

The acquisitions made during 2000 have continued to prosper with both companies contributing to the group's success.

Investment in information technology continued in order to maintain flexibility of resource management.

DIRECTORS AND THEIR INTERESTS

The Directors at 31 December 2002 were as follows:

M G Dingley
G Brierley
B Salvadori
C J Stewart
C Hunt
M McCrea
A Pederzini

The Directors do not have any beneficial interest in the shares of the company.

DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

During the year the company purchased and maintained liability insurance for its directors and officers as permitted by Section 310(3) of the Companies Act 1985.

CHARITABLE DONATIONS

During the year the group made donations to charity of £1,560 (2001: £1,157).

DIRECTORS' REPORT

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company and of the group and of the profit or loss of the group for that period. In preparing those accounts, 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 accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the group will continue in business.

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

AUDITORS

A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting.

By order of the board

C J Stewart
Secretary

Date 30-07-03

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SIGNET ARMORLITE EUROPE LIMITED

We have audited the group's financial statements for the year ended 31 December 2002 which comprise Group Profit and Loss Account, Group Balance Sheet, Company Balance Sheet, Group Statement of Cash Flows, Group Statement of Total Recognised Gains and Losses and the related notes 1 to 23. These financial statements have been prepared on the basis of 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 auditors' 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 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 group 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.

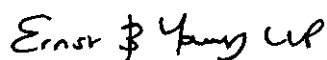
Basis of audit opinion

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 group's circumstances, consistently applied and adequately disclosed.

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

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company and of the group 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.



Ernst & Young LLP
Registered Auditor
Birmingham
Date

8 August 2003

Signet Armorlite Europe Limited

GROUP PROFIT AND LOSS ACCOUNT for the year ended 31 December 2002

	Note	2002 £	Restated 2001 £
TURNOVER	2	19,931,519	20,658,552
Cost of sales		12,979,079	13,771,620
GROSS PROFIT		6,952,440	6,886,932
Distribution costs		815,010	852,134
Administrative expenses		4,302,185	3,980,261
OPERATING PROFIT	3	1,835,245	2,054,537
Profit on disposal of tangible fixed assets		5,280	1,104,916
Interest payable	5	(61,292)	(161,311)
Interest receivable	6	153,109	70,103
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	8	1,932,342	3,068,245
Tax on profit on ordinary activities	7	507,428	778,212
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		1,424,914	2,290,033
Equity dividends paid		638,978	-
RETAINED PROFIT TRANSFERRED TO RESERVES	19	785,936	2,290,033

GROUP STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES for the year ended 31 December 2002

		2002 £	Restated 2001 £
Profit for the financial year attributable to members of the parent company		1,424,914	2,290,033
Exchange difference on retranslation of net assets of subsidiary undertaking	19	36,574	(4,960)
TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR		1,461,488	2,285,073
Prior year adjustment	1	20,855	
TOTAL RECOGNISED GAINS AND LOSSES SINCE THE LAST ANNUAL REPORT		1,482,343	

Signet Armorlite Europe Limited

GROUP BALANCE SHEET

at 31 December 2002

	Note	2002 £	Restated 2001 £
FIXED ASSETS			
Intangible assets	9	51,879	-
Tangible assets	10	3,769,935	1,999,164
		<u>3,821,814</u>	<u>1,999,164</u>
CURRENT ASSETS			
Stocks	12	4,764,647	4,695,901
Debtors	13	3,755,799	5,609,777
Cash at bank and in hand		277,500	175,196
		<u>8,797,946</u>	<u>10,480,874</u>
CREDITORS: amounts falling due within one year	14	4,017,472	5,131,929
NET CURRENT ASSETS		<u>4,780,474</u>	<u>5,348,945</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>8,602,288</u>	<u>7,348,109</u>
CREDITORS: amounts falling due after more than one year	15	549,128	96,800
DEFERRED INCOME	17	29,467	50,126
		<u>8,023,693</u>	<u>7,201,183</u>
CAPITAL AND RESERVES			
Called up share capital	18	1,000	1,000
Profit and loss account	19	8,022,693	7,200,183
TOTAL EQUITY SHAREHOLDERS' FUNDS	19	<u>8,023,693</u>	<u>7,201,183</u>

M.G. Dingley - Director

Date

30.7.03.

Signet Armorlite Europe Limited

COMPANY BALANCE SHEET

at 31 December 2002

	Note	2002 £	Restated 2001 £
FIXED ASSETS			
Tangible assets	10	2,694,564	880,446
Investments	11	1,512,342	1,512,342
		<u>4,206,906</u>	<u>2,392,788</u>
CURRENT ASSETS			
Stocks	12	2,919,314	2,247,737
Debtors	13	2,876,295	4,755,184
Cash at bank and in hand		2,797	2,864
		<u>5,798,406</u>	<u>7,005,785</u>
CREDITORS: amounts falling due within one year	14	4,998,591	5,099,008
NET CURRENT ASSETS		<u>799,815</u>	<u>1,906,777</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>5,006,721</u>	<u>4,299,565</u>
CREDITORS: amounts falling due after more than one year	15	452,298	-
		<u>4,554,423</u>	<u>4,299,565</u>
CAPITAL AND RESERVES			
Called up share capital	18	1,000	1,000
Profit and loss account	19	4,553,423	4,298,565
TOTAL EQUITY SHAREHOLDERS' FUNDS	19	<u>4,554,423</u>	<u>4,299,565</u>

M G Dingley - Director

Date

30.7.03

Signet Armorlite Europe Limited

GROUP STATEMENT OF CASH FLOWS for the year ended 31 December 2002

	Notes	2002 £	2001 £
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	21(a)	3,239,665	(1,333,285)
RETURNS ON INVESTMENTS & SERVICING OF FINANCE			
Interest received		153,109	70,103
Interest paid		(61,292)	(161,311)
		<u>91,817</u>	<u>(91,208)</u>
TAXATION			
Corporation tax paid		(652,010)	(314,483)
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT			
Payments to acquire tangible fixed assets		(2,310,723)	(343,169)
Payments to acquire intangible fixed assets		(57,645)	-
Receipts from sale of tangible fixed assets		5,280	1,865,605
		<u>(2,363,088)</u>	<u>1,522,436</u>
EQUITY DIVIDENDS PAID		(638,978)	-
FINANCING			
Repayment of capital element of finance leases and hire purchase contracts		(1,205)	(13,081)
Bank loan		550,000	-
		<u>548,795</u>	<u>(13,081)</u>
INCREASE / (DECREASE) IN CASH IN THE YEAR	21(c)	<u>226,201</u>	<u>(229,621)</u>

NOTES TO THE ACCOUNTS

at 31 December 2002

1. ACCOUNTING POLICIES

Accounting Convention

The accounts have been prepared under the historical cost convention in accordance with applicable accounting standards.

Basis of Consolidation

The group accounts consolidate the accounts of Signet Armorlite Europe Limited and its subsidiary undertakings drawn up to 31 December each year.

No profit and loss account is presented for Signet Armorlite Europe Limited as permitted by section 230 of the Companies Act 1985.

The results of acquired subsidiaries are consolidated from their date of acquisition, using the acquisition method of accounting.

Negative Goodwill

Negative goodwill, being the difference between the price paid for a company and the aggregate fair value of its separate net assets, is capitalised and released to the profit and loss account in the periods in which the non-monetary assets to which it relates are recovered, either through sale or depreciation.

Intangible Assets

Intangible assets acquired separately from the business are capitalised at cost. Intangible assets are amortised on a straight line basis over their estimated useful economic lives. The carrying value of intangible assets is reviewed for impairment at the end of the first full year following acquisition and in other periods if events or changes in circumstances indicate the carrying value may not be recoverable.

Depreciation

Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost or valuation, less estimated residual value based upon prices prevailing at the date of acquisition or revaluation, of each asset evenly over its expected useful life, as follows:

Buildings	- 2.5% to 20%
Improvements to leasehold property	- 10% to 20%
Fixtures, fittings and equipment	- 10% to 33%
Motor vehicles	- 25%
Industrial vehicles	- 10% to 25%

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.

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Leasing and hire purchase commitments

Assets held under finance leases and hire purchase contracts, which are those where substantially all the risks and rewards of ownership of the asset have passed to the group, are capitalised in the balance sheet and are depreciated over their useful lives.

The interest element of the rental obligations is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding. Rentals paid under operating leases are charged to profit and loss on a straight line basis over the lease term.

NOTES TO THE ACCOUNTS
at 31 December 2002

1. ACCOUNTING POLICIES (CONTINUED)

Deferred taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Financial Reporting Standard 19 ('FRS 19'), 'Deferred Taxation' was issued on 7 December 2000 and is mandatory for accounting periods ending on or after 23 January 2002. The group has therefore implemented FRS19, changed its accounting policy in respect of deferred taxation and restated the prior year results accordingly.

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, or the right to pay less, tax in the future have occurred at the balance sheet date, with the following exceptions:.

Deferred tax assets are only recognised where, on the basis of all available evidence, it is more likely than not that there will be suitable taxable profits from which they can be recovered. Provision is made for deferred tax that would arise on remittance of the retained earnings of overseas subsidiaries only to the extent that, at the balance sheet date, dividends have been accrued as receivable.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which the timing differences reverse, based on tax rates and laws enacted or substantially enacted at the balance sheet date.

Foreign Currencies

Company

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account.

Group

Profits and losses of overseas subsidiary undertakings are translated into sterling at average rates of exchange during the year. The retranslation of the retained earnings of overseas operations to closing rates is dealt with as a movement on reserves.

The assets and liabilities of overseas subsidiary undertakings are translated into sterling at the rate ruling at the balance sheet date. The exchange difference on the retranslation of opening net assets is taken directly to reserves.

Stocks

Stocks are stated at the lower of cost and net realisable value as follows:

Goods for resale - purchase cost on a first-in, first-out basis.

Net realisable value is based on estimated selling price less further costs expected to be incurred to completion and disposal.

Pensions

The company operates a defined contribution pension scheme. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

Government grants

Capital grants received are credited to deferred income upon receipt, from which an annual transfer is made to the profit and loss account, calculated on the same basis as the depreciation of the related assets.

Revenue grants are credited to the profit and loss account in the same year as the related expenditure is incurred except for revenue grants in respect of research and development which are credited in the year of receipt.

Signet Armorlite Europe Limited

NOTES TO THE ACCOUNTS

at 31 December 2002

1. ACCOUNTING POLICIES (CONTINUED)

Research & development

Research and development expenditure is written off in the period in which it is incurred.

Prior year adjustment

During the year ended 31 December 2002, following the adoption of Financial Reporting Standard 19 'Deferred Taxation', the group made full provision for deferred taxation in accordance with the accounting policy. The effect on the group's reserves brought forward at 1 January 2001 was an increase of £17,984, with an increase in the credit for the year ended 31 December 2001 of £2,871 giving a total prior year adjustment of £20,855. As a result of the change in accounting policy, the profit for the current year has increased by £34,225.

2. TURNOVER

Turnover represents the amounts derived from the provision of goods and services which fall within the group's ordinary activities, stated net of value added tax. The turnover and pre-tax profit is entirely attributable to one continuing activity, the processing and distribution of ophthalmic lenses and associated products, and the manufacture of ophthalmic moulds used in the manufacture of ophthalmic lenses.

	2002 £	2001 £
An analysis of turnover by geographical market is given below:		
United Kingdom	12,000,172	12,761,206
Europe and other	7,931,347	7,897,346
	<u>19,931,519</u>	<u>20,658,552</u>

3. OPERATING PROFIT

	2002 £	2001 £
Operating profit is stated after charging/(crediting):		
Auditor's remuneration - audit services	30,500	29,500
- non audit services	15,757	13,069
Depreciation - owned assets	540,998	554,247
- leased assets	-	122,196
Amortisation of patents	5,766	-
Release of negative goodwill	-	(338,732)
Exchange loss/(gain)	(2,679)	(9,118)
Operating lease rentals - land and buildings	180,676	174,556
- other	96,541	101,145
Research and development expenditure (gross)	199,549	168,104
Research development grants	(29,920)	(21,552)

Signet Armorlite Europe Limited

NOTES TO THE ACCOUNTS at 31 December 2002

4. DIRECTORS REMUNERATION AND STAFF COSTS

	2002 £	2001 £
(a) Employees and directors costs during the year were:		
Wages and salaries	3,353,798	3,267,083
Social security costs	309,181	291,483
Other pension costs	134,744	114,706
	<u>3,797,723</u>	<u>3,673,272</u>

	2002 No.	2001 No.
(b) Average number of employees (including directors) during the year were:		
Administration	29	25
Selling and marketing	29	27
Stores and distribution	31	33
Processing	108	117
	<u>197</u>	<u>202</u>

	2002 £	2001 £
(c) Directors' Emoluments		
Emoluments (including benefits in kind and excluding pension contributions)	<u>617,751</u>	<u>430,359</u>
Company contributions paid to money purchase pension scheme	<u>55,934</u>	<u>30,124</u>

	2002 No.	2001 No.
Members of money purchase pension schemes	<u>5</u>	<u>5</u>

The emoluments of the highest paid director were £218,236 (2001: £272,716), and company contributions paid to his money purchase pension scheme were £19,777 (2001: £19,263).

5. INTEREST PAYABLE

	2002 £	2001 £
Bank overdraft	61,292	156,397
Finance charges payable under finance leases and hire purchase contracts	-	220
Other	-	4,694
	<u>61,292</u>	<u>161,311</u>

Signet Armorlite Europe Limited

NOTES TO THE ACCOUNTS at 31 December 2002

6. INTEREST RECEIVABLE

	2002	2001
	£	£
Bank interest	6,626	7,475
Interest receivable from group undertakings	146,483	62,628
	<u>153,109</u>	<u>70,103</u>

7. TAXATION ON PROFIT ON ORDINARY ACTIVITIES

	2002	Restated 2001
	£	£
a) Analysis of tax charge in year:		
UK corporation tax	492,830	721,534
Adjustments in respect of prior periods	1,974	(7,681)
	<u>494,804</u>	<u>713,853</u>
Overseas tax	46,849	82,214
	<u>541,653</u>	<u>796,067</u>
Deferred taxation (note 7d)	(34,225)	(17,855)
	<u>507,428</u>	<u>778,212</u>

b) Factors affecting tax charge for year:

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 30% (2001: 30%). The differences are reconciled below:

Profit on ordinary activities before taxation	1,932,342	3,068,245
	<u>1,932,342</u>	<u>3,068,245</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2001: 30%)	579,703	920,474
Effects of:		
Expenses not deductible for tax purposes	62,328	82,453
Negative goodwill	-	(103,120)
Capital allowances in excess of depreciation	26,155	56,259
Utilisation of capital losses brought forward	(118,412)	(157,523)
Capital gains	-	376,756
Short term timing differences	(4,497)	(5,415)
Non-qualifying depreciation and amortisation	(5,598)	(5,448)
Accounting profit on chargeable assets	-	(360,688)
Adjustments to tax charge in respect of previous periods	1,974	(7,681)
	<u>541,653</u>	<u>796,067</u>

Signet Armorlite Europe Limited

NOTES TO THE ACCOUNTS

at 31 December 2002

c) Factors that may affect future tax charges

The group has surplus trading losses carried forward of £4,171,491 (2001: £4,566,194). A deferred tax asset has not been recognised in respect of these losses due to uncertainties as to the quantum of future suitable taxable profits.

d) Deferred taxation

Group:

	2002	Restated 2001
	£	£
Accelerated capital allowances	(33,490)	(6,627)
Other timing differences	(14,090)	(6,728)
Deferred tax asset (note 13)	(47,580)	(13,355)

Company:

	2002	Restated 2001
	£	£
Accelerated capital allowances	(25,934)	(5,064)
Other timing differences	(3,750)	(8,247)
Deferred tax asset (note 13)	(29,684)	(13,311)

The movement on the deferred tax asset is as follows:

	Group	Company
	£	£
At 1 January 2002 (as restated)	(13,355)	(13,311)
Deferred tax credit in profit and loss account	(34,225)	(16,373)
At 31 December 2002	(47,580)	(29,684)

8. PROFIT ATTRIBUTABLE TO MEMBERS OF THE PARENT COMPANY

The profit dealt with in the accounts of the parent company was £893,836 (2001: profit of £501,359 as restated).

Signet Armorlite Europe Limited

NOTES TO THE ACCOUNTS at 31 December 2002

9. INTANGIBLE FIXED ASSETS

The Group

	<i>Negative Goodwill</i>	<i>Patent</i>	<i>Total</i>
<i>Cost:</i>	<i>£</i>	<i>£</i>	<i>£</i>
At 1 January 2002	705,586	-	705,586
Additions	-	57,645	57,645
	<hr/>	<hr/>	<hr/>
At 31 December 2002	705,586	57,645	763,231
	<hr/>	<hr/>	<hr/>
<i>Amortisation:</i>			
At 1 January 2002	705,586	-	705,586
Amortisation in the year	-	5,766	5,766
	<hr/>	<hr/>	<hr/>
At 31 December 2002	705,586	5,766	711,352
	<hr/>	<hr/>	<hr/>
<i>Net book value:</i>			
At 31 December 2002	-	51,879	51,879
	<hr/>	<hr/>	<hr/>
At 31 December 2001	-	-	-
	<hr/>	<hr/>	<hr/>

The patent is being written off in equal annual instalments over its estimated economic life of 10 years.

Signet Armorlite Europe Limited

NOTES TO THE ACCOUNTS at 31 December 2002

10. TANGIBLE ASSETS

<i>Group</i>	<i>Buildings</i>	<i>Improvement to Land and Short Leasehold Property</i>	<i>Fixtures, Fittings & Equipment</i>	<i>Total</i>
	£	£	£	£
Cost:				
At 1 January 2002	835,850	639,713	5,877,762	7,353,325
Exchange adjustment	-	1,082	4,547	5,629
Additions	1,799,815	39,472	471,436	2,310,723
Disposals	-	-	(24,181)	(24,181)
At 31 December 2002	2,635,665	680,267	6,329,564	9,645,496
Depreciation:				
At 1 January 2002	235,426	364,693	4,754,042	5,354,161
Exchange adjustment	-	749	3,834	4,583
Charge for the year	49,242	82,780	408,976	540,998
Disposals	-	-	(24,181)	(24,181)
At 31 December 2002	284,668	448,222	5,142,671	5,875,561
Net book value:				
At 31 December 2002	2,350,997	232,045	1,186,893	3,769,935
At 1 January 2002	600,424	275,020	1,123,720	1,999,164

<i>Company</i>	<i>Buildings</i>	<i>Improvement to Land and Short Leasehold Property</i>	<i>Fixtures, Fittings & Equipment</i>	<i>Total</i>
	£	£	£	£
Cost:				
At 1 January 2002	-	553,256	3,001,870	3,555,126
Additions	1,799,815	36,969	302,923	2,139,707
Disposals	-	-	(24,181)	(24,181)
At 31 December 2002	1,799,815	590,225	3,280,612	5,670,652
Depreciation:				
At 1 January 2002	-	316,231	2,358,449	2,674,680
Charge for the year	-	76,477	249,112	325,589
Disposals	-	-	(24,181)	(24,181)
At 31 December 2002	-	392,708	2,583,380	2,976,088
Net book value:				
At 31 December 2002	1,799,815	197,517	697,232	2,694,564
At 1 January 2002	-	237,025	643,421	880,446

Signet Armorlite Europe Limited

NOTES TO THE ACCOUNTS

at 31 December 2002

10. TANGIBLE ASSETS (CONTINUED)

Included in the amounts for fixtures, fittings and equipment above are the following amounts relating to leased assets.

	<i>Group</i> £	<i>Company</i> £
Cost:		
At 1 January 2002	1,076,305	1,059,030
Disposals	(5,721)	(5,721)
At 31 December 2002	1,070,584	1,053,309
Depreciation:		
At 1 January 2002	1,076,305	1,059,030
Disposals	(5,721)	(5,721)
At 31 December 2002	1,070,584	1,053,309
Net book value		
At 31 December 2002	-	-
At 1 January 2002	-	-

11. INVESTMENTS

<i>Company</i>	<i>2002</i> £	<i>2001</i> £
Cost:		
At 1 January and 31 December	1,512,342	1,512,342

Details of the investments in which the company holds more than 20% of the nominal value of any class of share capital are as follows:

<i>Name of the Companies</i>	<i>Equity held</i>	<i>Country of Registration/ Incorporation</i>	<i>Holding</i>	<i>Proportion of voting rights and shares held</i>	<i>Nature of business</i>
Subsidiary undertaking:					
Signet Armorlite Europe (Holland) BV	100%	The Netherlands	Ordinary shares	100%	Distribution of ophthalmic lenses in Europe
Anglo Italian Optical Limited	100%	United Kingdom	Ordinary Shares	100%	Distribution of ophthalmic lenses in Europe
Crossbows Optical Limited	100%	Northern Ireland	Ordinary shares	100%	Manufacture of ophthalmic products

Signet Armorlite Europe Limited

NOTES TO THE ACCOUNTS at 31 December 2002

12. STOCKS

	<i>Group</i>		<i>Company</i>	
	2002	2001	2002	2001
	£	£	£	£
Raw materials	213,878	230,440	18,519	16,348
Work in progress	64,020	117,539	-	-
Goods for resale	4,486,749	4,347,922	2,900,795	2,231,389
	<u>4,764,647</u>	<u>4,695,901</u>	<u>2,919,314</u>	<u>2,247,737</u>

The difference between purchase price of stocks and their replacement cost is not material.

13. DEBTORS

	<i>Group</i>		<i>Company</i>	
	2002	2001	2002	2001
	£	£	£	£
Trade debtors (note 14)	2,468,784	2,936,501	1,875,371	2,236,428
Amounts owed by subsidiary undertakings	-	-	478,537	916,826
Amounts owed by parent undertakings	-	1,252,641	-	1,010,895
Amounts owed by other group companies	929,366	850,169	290,443	341,020
Other debtors	72,604	308,756	4,910	7,078
Prepayments	227,465	248,355	197,350	229,626
Corporation Tax	10,000	-	-	-
Deferred taxation (note 7d)	47,580	13,355	29,684	13,311
	<u>3,755,799</u>	<u>5,609,777</u>	<u>2,876,295</u>	<u>4,755,184</u>

14. CREDITORS: amounts falling due within one year

	<i>Group</i>		<i>Company</i>	
	2002	2001	2002	2001
	£	£	£	£
Bank overdraft	641,207	1,489,198	641,207	1,049,229
Amounts due under invoice discounting facility	724,094	-	724,094	-
Bank Loan	97,702	-	97,702	-
Obligations under finance leases and hire purchase contracts	-	1,205	-	-
Trade creditors	1,145,086	1,574,360	751,000	1,178,293
Amounts due to parent undertakings	119,015	107,029	89,949	-
Amounts due to other group companies	2,009	30,275	2,009	23,963
Corporation tax	443,554	543,911	302,803	240,818
Other taxes and social security	213,575	370,883	166,927	325,802
Accruals	600,961	969,165	348,870	415,927
Amount due to subsidiary undertakings	-	-	1,874,030	1,864,976
Other creditors	30,269	45,903	-	-
	<u>4,017,472</u>	<u>5,131,929</u>	<u>4,998,591</u>	<u>5,099,008</u>

The amounts due under invoice discounting facility are secured on the trade debtors.

The bank overdraft is secured by a floating charge on the assets of the company and is repayable on demand.

The bank loan is secured by a fixed charge over three machines held via a chattel mortgage.

Signet Armorlite Europe Limited

NOTES TO THE ACCOUNTS

at 31 December 2002

15. CREDITORS: amounts falling due after more than one year

	<i>Group</i>		<i>Company</i>	
	2002	2001	2002	2001
	£	£	£	£
Bank loan	452,298	-	452,298	-
Trade creditors	96,830	96,800	-	-
	<u>549,128</u>	<u>96,800</u>	<u>452,298</u>	<u>-</u>

16. LOANS

	<i>Group</i>		<i>Company</i>	
	2002	2001	2002	2001
	£	£	£	£
Amounts falling due:				
In one year or less or on demand	97,702	-	97,702	-
In more than one year but not more than two years	103,497	-	103,497	-
In more than two years but not more than five years	348,801	-	348,801	-
	<u>550,000</u>	<u>-</u>	<u>550,000</u>	<u>-</u>

17. DEFERRED INCOME

Government Grants

<i>Group</i>	2002	2001
	£	£
At 1 January	50,126	70,805
Amortisation in the year	(20,659)	(20,679)
At 31 December	<u>29,467</u>	<u>50,126</u>

18. SHARE CAPITAL

	2002	2001
	£	£
Ordinary shares of £1 each		
Authorised (1,000 shares)	1,000	1,000
Allotted, called up and fully paid (1,000 shares)	<u>1,000</u>	<u>1,000</u>

Signet Armorlite Europe Limited

NOTES TO THE ACCOUNTS at 31 December 2002

19. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENTS ON RESERVES

<i>Group</i>	<i>Share Capital £</i>	<i>Profit and loss account £</i>	<i>Total £</i>
At 1 January 2001 (as previously stated)	1,000	4,897,126	4,898,126
Prior year adjustment (note 1)	-	17,984	17,984
At 1 January 2001 (as restated)	1,000	4,915,110	4,916,110
Exchange differences on retranslation of net assets and results of subsidiary undertaking	-	(4,960)	(4,960)
Profit for the year (as restated)	-	2,290,033	2,290,033
At 1 January 2002	1,000	7,200,183	7,201,183
Exchange differences on retranslation of net assets and results of subsidiary undertaking	-	36,574	36,574
Profit for the year	-	785,936	785,936
At 31 December 2002	1,000	8,022,693	8,023,693
<i>Company</i>			
At 1 January 2001 (as previously stated)	1,000	3,787,625	3,788,625
Prior year adjustment (note 1)	-	9,581	9,581
At 1 January 2001 (as restated)	1,000	3,797,206	3,798,206
Profit for the year (as restated)	-	501,359	501,359
At 1 January 2002	1,000	4,298,565	4,299,565
Profit for the year	-	254,858	254,858
At 31 December 2002	1,000	4,553,423	4,554,423

Signet Armorlite Europe Limited

NOTES TO THE ACCOUNTS at 31 December 2002

20. OTHER FINANCIAL COMMITMENTS

Annual commitments under non-cancellable operating leases are as follows:

Group

	<i>Land and buildings</i>			<i>Other</i>
	2002	2001	2002	2001
	£	£	£	£
Operating leases which expire:				
within one year	-	-	14,559	23,843
between two and five years	70,100	65,108	37,193	48,912
over five years	112,290	112,000	-	-
	<u>182,390</u>	<u>177,108</u>	<u>51,752</u>	<u>72,755</u>

Company

	<i>Land and buildings</i>			<i>Other</i>
	2002	2001	2002	2001
	£	£	£	£
Operating leases which expire:				
within one year	-	-	14,559	19,611
between two and five years	46,000	46,000	37,193	48,912
over five years	74,540	74,500	-	-
	<u>120,540</u>	<u>120,500</u>	<u>51,752</u>	<u>68,523</u>

21. NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of operating profit to net cash inflow/(outflow) from operating activities

	2002	2001
	£	£
Operating profit	1,835,245	2,054,537
Amortisation of negative goodwill	-	(338,732)
Depreciation of tangible fixed assets	540,998	676,443
Amortisation of intangible fixed assets	5,766	-
Increase in stocks	(68,746)	(796,083)
Decrease/(increase) in debtors	1,898,203	(2,341,474)
Decrease in creditors	(971,801)	(587,976)
Net cash inflow/(outflow) from operating activities	<u>3,239,665</u>	<u>(1,333,285)</u>

Signet Armorlite Europe Limited

NOTES TO THE ACCOUNTS at 31 December 2002

21. NOTES TO THE STATEMENT OF CASH FLOWS (CONTINUED)

(b) Analysis of net debt

	At 1 January 2002 £	Cash flow £	At 31 December 2002 £
Cash at bank and in hand	175,196	102,304	277,500
Bank overdraft	(1,489,198)	847,991	(641,207)
Amounts due under invoice discounting facility	-	(724,094)	(724,094)
	(1,314,002)	226,201	(1,087,801)
Bank loan	-	(550,000)	(550,000)
Finance leases	(1,205)	1,205	-
	(1,315,207)	(322,594)	(1,637,801)

(c) Reconciliation of net cash flow to movement in net debt

	2002 £	2001 £
Increase/(decrease) in cash in the year	226,201	(229,621)
Net cash flow from movement in debt and lease financing	1,205	13,081
Cash inflow from new bank loan	(550,000)	-
Movement in net debt in the year	(322,594)	(216,540)
Net debt at 1 January	(1,315,207)	(1,098,667)
Net debt at 31 December	(1,637,801)	(1,315,207)

22. PENSIONS

The company operates a defined contribution pension scheme for its employees. The assets of the scheme are held separately from those of the company in an independently administered fund. Contributions are taken to the profit and loss account as they are incurred. There were no amounts accrued or prepaid at the year end.

23. ULTIMATE PARENT UNDERTAKING

The company is a wholly owned subsidiary of Signet Armorlite Incorporated, a company incorporated in the United States of America.

Signet Armorlite Incorporated group accounts are available from 1001 Armorlite Drive, San Marcos, California CA92069 USA.

The company has taken advantage of the exemption under FRS 8 not to disclose transactions with group companies as 90% of the voting rights are held within the group.