

DCM Optical Clinic PLC

FINANCIAL STATEMENTS

for the year ended

27 December 2008

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DCM Optical Clinic PLC

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

D Mouldsdate
J Stewart
S Mein

SECRETARY

G Murdoch

REGISTERED OFFICE

12 York Place
Leeds
LS1 2DS

AUDITORS

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

DCM Optical Clinic PLC

DIRECTORS' REPORT

The directors submit their report and financial statements of DCM Optical Clinic PLC for the year ended 27 December 2008.

PRINCIPAL ACTIVITIES

The principal activity of the company during the year was that of opticians.

REVIEW OF THE BUSINESS

The company has again had another strong year of performance increasing its turnover on the previous year however the profitability has reduced with increasing costs.

Since the beginning of 2009 the company has undertaken initiatives to reduce costs and is planning the launch of a number of Shared Venture Partnerships later in the year. The directors are confident that these initiatives will allow the company to continue to grow its turnover and profitability during 2009.

Competition and the decline in consumer confidence and the economic climate in the countries which the company operates continues to be the main risks facing the business. The directors are confident that 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 Company will continue to increase its turnover and profitability through organic growth.

RESULTS AND DIVIDENDS

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

The directors have not recommended a dividend.

DIRECTORS

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

D Mouldsdale

J Stewart

S Mein (appointed 29 May 2008)

POLICY ON THE PAYMENT OF CREDITORS

The Company'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.

During the year to 27 December 2008 the company took an average of 39 days to settle its bills with suppliers.

DISABLED EMPLOYEES

The Company gives full and fair consideration to applications for employment by disabled persons, having regard to their respective aptitudes and abilities. The Company's policy, where applicable, includes the continued employment of those who may become disabled during their employment.

DCM Optical Clinic PLC

DIRECTORS' REPORT

EMPLOYEE INVOLVEMENT

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

The company 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 company

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.

AUDITOR

A resolution to reappoint Baker Tilly UK Audit LLP, Chartered Accountants, as auditor will be put to the members at the Annual General Meeting.

By order of the board



G Murdoch

Company Secretary

DCM Optical Clinic PLC

DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

The directors are responsible for preparing the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that year. In preparing those financial statements, the director is 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 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 requirements of 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DCM OPTICAL CLINIC PLC

We have audited the financial statements on pages 6 to 16.

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

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 whether, in our opinion, the information given in the Directors' Report is consistent with the financial statements.

In addition, we report to you if, in our opinion, 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 other transactions 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 opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 27 December 2008 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

Baker Tilly UK Audit LLP
BAKER TILLY UK AUDIT LLP
Registered Auditor
Chartered Accountants
Breckenridge House
274 Sauchiehall Street
Glasgow G2 3EH

25/6/09

DCM Optical Clinic PLC
PROFIT AND LOSS ACCOUNT
for the year ended 27 December 2008

		2008	2007
	<i>Notes</i>	£	£
TURNOVER	1	79,905,638	74,724,841
Cost of sales		12,968,933	12,887,449
Gross profit		66,936,705	61,837,392
Administrative expenses		63,431,875	52,362,248
Other operating income	2	(142,787)	(121,543)
OPERATING PROFIT	3	3,647,617	9,596,687
Interest receivable		6,351	438
		3,653,968	9,597,125
Interest payable and similar charges	5	(1,424,521)	(2,361,497)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		2,229,447	7,235,628
Taxation	6	863,226	9,362,320
PROFIT/(LOSS) FOR THE FINANCIAL YEAR		<u>1,366,221</u>	<u>(2,126,692)</u>

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

No separate Statement of Total Recognised Gains and Losses has been presented as all such gains and losses have been dealt with in the Profit and Loss Account.

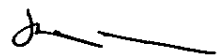
DCM Optical Clinic PLC

BALANCE SHEET

27 December 2008

	Notes	2008 £	2007 £
FIXED ASSETS			
Intangible assets	7	-	-
Tangible assets	8	12,181,880	13,297,561
		<u>12,181,880</u>	<u>13,297,561</u>
CURRENT ASSETS			
Stocks	9	1,218,927	2,015,097
Debtors	10	25,658,567	29,871,794
Cash at bank and in hand		4,190	4,241
		<u>26,881,684</u>	<u>31,891,132</u>
CREDITORS			
Amounts falling due within one year	11	32,391,141	39,900,494
NET CURRENT ASSETS/(LIABILITIES)		<u>(5,509,457)</u>	<u>(8,009,362)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>6,672,423</u>	<u>5,288,199</u>
CREDITORS			
Amounts falling due after more than one year	12	-	5,234
		<u>6,672,423</u>	<u>5,282,965</u>
PROVISIONS FOR LIABILITIES			
Deferred taxation	14	505,905	482,668
		<u>6,166,518</u>	<u>4,800,297</u>
CAPITAL AND RESERVES			
Called up equity share capital	17	50,000	50,000
Profit and loss account	18	6,116,518	4,750,297
SHAREHOLDERS' FUNDS	19	<u>6,166,518</u>	<u>4,800,297</u>

The financial statements on pages 6 to 16 were approved by the board of directors and authorised for issue on 26 June 09 and are signed on their behalf by:



S Mein
Director

DCM Optical Clinic PLC

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 the other group companies and the group's bankers.

CASH FLOW STATEMENT

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from including a cash flow statement in the financial statements on the grounds that the company is wholly owned and its parent publishes a consolidated cash flow statement.

TURNOVER

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

GOODWILL

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 revalued.

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:

Equipment	- 10% & 15% reducing balance
Fixtures & Fittings	- 15% & 25% reducing balance
Motor Vehicles	- 20% reducing balance
Leasehold Properties	- Over the term of the lease

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 AGREEMENT

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 profit and loss account on a straight line basis.

DCM Optical Clinic PLC

ACCOUNTING POLICIES

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.

PENSION COSTS

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account.

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.

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 Clinic PLC

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 27 December 2008

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:

	2008	2007
	£	£
United Kingdom	75,810,571	71,107,684
Europe	4,095,067	3,617,157
	<u>79,905,638</u>	<u>74,724,841</u>

2 OTHER OPERATING INCOME

	2008	2007
	£	£
Rent receivable	<u>142,787</u>	<u>121,543</u>

3 OPERATING PROFIT

Operating profit is stated after charging:

	2008	2007
	£	£
Depreciation of owned fixed assets	1,757,060	1,855,538
Depreciation of assets held under hire purchase agreements	9,533	2,275
Loss on disposal of fixed assets	-	5,780
Auditor's remuneration		
- as auditor	18,240	18,000
Operating lease costs:		
Plant and equipment	3,039,866	2,604,433
Land and buildings	<u>4,512,107</u>	<u>4,387,176</u>

DCM Optical Clinic PLC

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 27 December 2008

4 PARTICULARS OF EMPLOYEES

The average number of staff employed by the company during the financial year amounted to:

	2008	2007
	No	No
Production staff	22	21
Office and management	14	15
Other	452	443
	<u>488</u>	<u>479</u>

The aggregate payroll costs of the above were:

	2008	2007
	£	£
Wages and salaries	11,732,857	10,595,387
Social security costs	1,148,593	959,381
Other pension costs	29,898	35,159
	<u>12,911,348</u>	<u>11,589,927</u>

5 INTEREST PAYABLE AND SIMILAR CHARGES

	2008	2007
	£	£
Interest payable on bank borrowing	1,363,935	1,373,677
Finance charges	4,168	4,168
Other similar charges payable	56,418	983,652
	<u>1,424,521</u>	<u>2,361,497</u>

DCM Optical Clinic PLC
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 27 December 2008

6 TAXATION ON ORDINARY ACTIVITIES

(a) Analysis of charge in the year

	2008 £	2007 £
Current tax:		
UK Corporation tax based on the results for the year at 28% (2007 – 30%)	699,777	1,332,396
Group relief	198,245	3,610,324
Adjustments in respect of previous periods – corporation tax	24,865	124,999
Adjustments in respect of previous periods – group relief	(82,898)	4,297,198
Total current tax	839,989	9,364,917
Deferred tax:		
Origination and reversal of timing differences	23,237	(2,597)
Tax on profit on ordinary activities	863,226	9,362,320

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 28% (2007 - 30%).

	2008 £	2007 £
Profit on ordinary activities before taxation	2,229,447	7,235,628
Profit on ordinary activities by rate of tax	624,245	2,170,688
Expenses not deductible for tax purposes	6,267	39,753
Capital allowances in excess of depreciation	251,414	205,052
Adjustments in respect of previous periods – group relief	(82,898)	2,527,227
Adjustments in respect of previous periods	24,865	4,422,197
Rate differences	16,096	–
Total current tax (note 6(a))	839,989	9,364,917

DCM Optical Clinic PLC
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 27 December 2008

7 INTANGIBLE FIXED ASSETS

	Negative Goodwill £
Cost	
At 29 December 2007 and 27 December 2008	<u>(5,256,791)</u>
Amortisation	
At 29 December 2007	(5,256,791)
Charge for the period	-
At 27 December 2008	<u>(5,256,791)</u>
Net book value	
At 27 December 2008	<u>-</u>
At 29 December 2007	<u>-</u>

8 TANGIBLE FIXED ASSETS

	Equipment £	Fixtures & Fittings £	Motor Vehicles £	Leasehold Property £	Total £
Cost					
At 29 December 2007	7,626,262	14,551,513	12,000	140,143	22,329,918
Additions	297,429	353,483	-	-	650,912
At 27 December 2008	<u>7,923,691</u>	<u>14,904,996</u>	<u>12,000</u>	<u>140,143</u>	<u>22,980,830</u>
Depreciation					
At 29 December 2007	2,208,637	6,762,922	7,980	52,818	9,032,357
Charge for the year	533,055	1,220,308	804	12,426	1,766,593
At 27 December 2008	<u>2,741,692</u>	<u>7,983,230</u>	<u>8,784</u>	<u>65,244</u>	<u>10,798,950</u>
Net book value					
At 27 December 2008	<u>5,181,999</u>	<u>6,921,766</u>	<u>3,216</u>	<u>74,899</u>	<u>12,181,880</u>
At 29 December 2007	<u>5,417,625</u>	<u>7,788,591</u>	<u>4,020</u>	<u>87,325</u>	<u>13,297,561</u>

Hire purchase agreements

Included within the net book value of £12,181,880 is £10,946 (2007 - £20,749) 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 £9,533 (2007 - £2,275).

9 STOCKS

	2008 £	2007 £
Stock	<u>1,218,927</u>	<u>2,015,097</u>

DCM Optical Clinic PLC
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 27 December 2008

10 DEBTORS

	2008	2007
	£	£
Trade debtors	1,001,486	1,209,537
Amounts owed by group undertakings	14,808,208	19,012,853
Other debtors	222,564	307,158
VAT recoverable	561,065	285,592
Prepayments and accrued income	9,065,244	9,056,654
	<u>25,658,567</u>	<u>29,871,794</u>

11 CREDITORS: Amounts falling due within one year

	2008	2007
	£	£
Bank loans and overdrafts	823,786	3,190,195
Trade creditors	3,761,977	5,057,303
Amounts owed to group undertakings	22,491,553	25,992,106
Corporation tax	2,232,232	2,600,954
Other taxation and social security	504,358	468,488
Hire purchase agreements	5,234	33,190
Other creditors	1,730,619	1,602,518
Accruals and deferred income	841,382	955,740
	<u>32,391,141</u>	<u>39,900,494</u>

The bank holds a bond, floating charge and debenture over the assets of each group company.

12 CREDITORS: Amounts falling due after more than one year

	2008	2007
	£	£
Hire purchase agreements	<u>-</u>	<u>5,234</u>

13 COMMITMENTS UNDER HIRE PURCHASE AGREEMENTS

Future commitments under hire purchase agreements are as follows:

	2008	2007
	£	£
Amounts payable within 1 year	5,891	37,357
Amounts payable between 1 and 2 years	-	5,930
Amounts payable between 3 and 5 years	-	-
	<u>5,891</u>	<u>43,287</u>
Less interest and finance charges relating to future periods	(657)	(4,863)
	<u>5,234</u>	<u>38,424</u>
Hire purchase agreements are analysed as follows:		
Current obligations	5,234	33,190
Non-current obligations	-	5,234
	<u>5,234</u>	<u>38,424</u>

DCM Optical Clinic PLC

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 27 December 2008

14 DEFERRED TAXATION

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

	2008 £	2007 £
Provision brought forward	482,668	485,265
Profit and loss account movement arising during the year	23,237	(2,597)
Provision carried forward	<u>505,905</u>	<u>482,668</u>

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

	2008 £	2007 £
Excess of taxation allowances over depreciation on fixed assets	<u>505,905</u>	<u>482,668</u>

15 COMMITMENTS UNDER OPERATING LEASES

At 27 December 2008 the company had annual commitments under non-cancellable operating leases as set out below.

	2008		2007	
	Land and buildings £	Other £	Land and buildings £	Other £
Operating leases which expire:				
Within 1 year	620,004	1,900	485,000	36,000
Within 2 to 5 years	690,836	2,294,725	758,230	2,397,440
After more than 5 years	<u>3,303,885</u>	<u>-</u>	<u>3,390,885</u>	<u>-</u>
	<u>4,614,725</u>	<u>2,296,625</u>	<u>4,634,115</u>	<u>2,433,440</u>

16 RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption granted by paragraph 3c of the Financial Reporting Standard 8 not to disclose transactions with other group companies.

17 SHARE CAPITAL

	2008 £	2007 £
Authorised:		
50,000 Ordinary shares of £1 each	<u>50,000</u>	<u>50,000</u>
	2008 £	2007 £
Allotted, called up and fully paid:		
50,000 Ordinary shares of £1 each	<u>50,000</u>	<u>50,000</u>

DCM Optical Clinic PLC

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 27 December 2008

18 PROFIT AND LOSS ACCOUNT

	2008	2007
	£	£
At 29 December 2007	4,750,297	6,876,989
Retained profit/(loss) for the financial year	1,366,221	(2,126,692)
At 27 December 2008	<u>6,116,518</u>	<u>4,750,297</u>

19 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2008	2007
	£	£
Profit/(loss) for the financial year	1,366,221	(2,126,692)
Opening shareholders' funds	4,800,297	6,926,989
Closing shareholders' funds	<u>6,166,518</u>	<u>4,800,297</u>

21 GUARANTEES AND OTHER FINANCIAL COMMITMENTS

The bank holds an unlimited inter company cross guarantee between the company and the other group companies.

At the 27 December 2008 the groups loans and overdrafts totalled £34,917,137 (2007: £29,792,726), excluding those of the company.

22 ULTIMATE PARENT COMPANY

The company's ultimate parent undertaking is DCM (Optical Holdings) Limited, a company incorporated in Scotland. A copy of that company's accounts is available from Companies House, 37 Castle Terrace, Edinburgh, EH1 2EB. The company is controlled by D Mouldsdales.