



OPTOS PLC

("Optos" or the "Company" or the "Group")

INTERIM RESULTS FOR SIX MONTH PERIOD ENDED 31 MARCH 2008

LONDON, UK, 21 May 2008 – Optos plc (LSE: OPTS), a leading medical technology company for the design, development, manufacturing and marketing of retinal imaging devices, is today announcing its interim results covering the six-month period ended 31 March 2008.

All financial numbers are presented in US dollars, which is the Group's functional and reporting currency, and are prepared in accordance with International Financial Reporting Standards (IFRS).

Financial Highlights

- \$48.9M in revenue, up by 22% (2007:\$40.2M)
- \$5.6M in operating profit before share-based payments, up by 33% (2007:\$4.2M)
- \$4.6M in operating profit after share-based payments, up by 60% (2007:\$2.9M)
- 9.5% operating profit margin (after share-based payments), up by 32% (2007:7.2%)
- \$1.8M profit before tax, up by 241% (2007:\$0.5M)
- \$0.7M net profit, versus a loss of \$0.4M in 2007
- \$19.4M cash from operating activities, up by 29% (2007:\$15.0M)

Operating Highlights

- 2.2M **optomap®** Retinal Exams, up by 14% (2007:1.9M)
- 3,489 devices installed on a pay-per-patient basis, up by 20% (2007:2,907)
- 89% customer contract renewals
- Secondary and medical market entries through launch of new devices

Commenting on the Group's performance for the period, Thomas W. Butts, Chief Executive Officer, said:

"Strong revenue growth, improved operating margins and continued high customer contract renewals underpinned a very good set of results that delivered positive earnings for the period. We successfully commercialised two new devices during the first half of the year - the P200C and P200MA. We believe that these devices fill an urgent clinical need in secondary and medical care. We estimate this as a combined new customer opportunity of approximately 15,000 practice locations representing \$750-\$850 million in potential value. North America continued to generate strong returns and Europe delivered excellent growth for the period. We are on track to generate 20%-25% revenue growth and maintain a contract renewal rate in excess of 85% at the full year."

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About Optos Plc

Optos plc is a leading and rapidly growing medical technology company for the design, development, manufacturing and marketing of devices that image the retina, the light-sensitive area at the back of the eye. Optos has commercialised a full range of complementary retinal imaging devices that support different customer segments and patient levels within the eye and healthcare market: P200 is concentrated on wellness screening carried out by optometrists and ophthalmologists; P200C in the advanced clinical optometry and ophthalmology markets; P200MA supports doctors through an advanced medical angiography procedure. All three devices provide practitioners with the benefit of an ultra wide-field high resolution view of the retina, facilitating the early detection, management and treatment of disorders and diseases evidenced in the retina such as glaucoma, diabetic retinopathy and age-related macular degeneration. Retinal imaging can also indicate evidence of non-eye or systemic diseases such as diabetes, hypertension and certain cancers. Optos' technology provides an unequalled combination of wide-field retinal imaging, speed and convenience for both practitioner and patient and can help save sight and save lives.

Forward-Looking Statements

Certain statements made in this announcement are forward-looking statements. These forward-looking statements are not historical facts but rather are based on the Company's current expectations, estimates and projections about its industry, its beliefs and assumptions. Words such as 'anticipates,' 'expects,' 'intends,' 'plans,' 'believes,' 'seeks,' 'estimates,' and similar expressions are intended to identify forward-looking statements. These statements are not guarantees of future performance and are subject to known and unknown risks, uncertainties and other factors, some of which are beyond the Company's control, are difficult to predict and could cause actual results to differ materially from those expressed or forecasted in the forward-looking statements. The Company cautions shareholders and prospective shareholders not to place undue reliance on these forward-looking statements, which reflect the view of the Company only as of the date of this announcement. The forward-looking statements made in this announcement relate only to events as of the date on which the statements are made. The Company will not undertake any obligation to release publicly any revisions or updates to these forward-looking statements to reflect events, circumstances or unanticipated events occurring after the date of this announcement except as required by law or by any appropriate regulatory authority.

Interim Business and Financial Review

Revenue for the six months ended 31 March 2008 was \$48.9 million, representing an increase of 22% (2007: \$40.2 million). Pay-per-patient revenue represented 91% of the Group's total income for the period and continues to form the Group's core business model in primary care. Remaining revenue was generated from some capital sales, including sales of our new P200MA device into the medical care market. This is our new ultra wide-field imaging platform on which retinal specialists can perform a medical angiography procedure.

At the end of the period, 3,489 devices had been installed on a pay-per-patient basis, up by 20% from the 2,907 devices that were installed on this basis at the same time last year. During the first half of the year 2.2 million eye exams were performed on a pay-per-patient basis, up by 14% from 1.9 million during the same period last year. Contract renewals across the Group remained strong at 89%.

Gross profit increased by 20% to \$31.8 million (2007: \$26.4 million). Operating profit before share-based payments was \$5.6 million, up by 33% (2007: \$4.2 million). Operating profit after share-based payments was up 60% to \$4.6 million (2007: \$2.9 million). This increase in operating profit delivered a strengthened operating margin of 9.5%, which compares to 7.2% for the same period last year and represents a 32% year over year improvement for the Group. Profit before tax of \$1.8 million (2007: \$0.5 million)

represented year over year growth of 241% and marked the fourth consecutive six-month reporting period that the Group has delivered a pre-tax profit. Profit after tax for the period was \$0.7 million versus an after tax loss of \$0.4 million last year. EPS for the period was 1.0 cents compared to a loss of 0.7 cents for the same period last year.

Cash from operating activities was \$19.4 million (2007: \$15.0 million), an increase of 29%.

The Group continued to have excellent access to credit to support future expansion and can report that interest rates payable for new customer contracts using vendor financing arrangements fell during the period. The reduction was driven by lower US dollar 3-yr interest rates which resulted in a gain of in excess of 100 base points versus the same period last year. Vendor financing continues to be an excellent way to help support our business growth. The Group is able to access funds in a flexible manner based on the credit worthiness of each of its individual customers.

Margin Expansion

We have four key initiatives in place to deliver profit margin expansion over the next few years. These include increasing patient utilisation in all customer locations, lowering the unit cost of future device placements, leveraging the asset life of the devices currently in the field as they become fully depreciated and achieving reduced overhead to sales ratios as the business expands. Some of these initiatives have started to deliver enhanced margins for the Group, with operating margins in the first six months increasing to 9.5% from 7.2% at the same time last year, representing a 32% year over year improvement.

Markets

North America

North America offers the Group its largest commercial opportunity and we are pleased to report that our business continued to perform well with revenue for the period at \$45.8 million, representing growth of 20% (2007: \$38.1 million). Our installed base of devices operating on a pay-per-patient basis grew by 17% to 3,234 over the same period last year. 94% were located in our core US market. Growth in our installed base in Canada continued and was up by 22% over last year.

Our national accounts group continued to progress relationships within the corporate customer segment. During the latter part of first half of the year our P200 device was added to the Wal-Mart Advanced Instrument Program. The clinical and commercial benefits of installing the device will be promoted to an estimated 2,250 in-store primary care optometric practices that are owned by independent optometrists operating within the Wal-Mart retail network.

This substantially strengthens the Group's commercial opportunity within the corporate customer segment by adding to the existing relationships already in place such as Pearle Vision, with which we entered into an agreement last year. We expect higher install numbers during the second half of the year resulting from a broadened presence within this customer segment.

Europe

Revenue for the period was \$3.1 million, up by 44% (2007: \$2.2 million). The installed base was 255 at the end of the period, up from 150 at the same time last year and representing 70% growth. Germany now represents our largest individual country market in Europe, where growth in our installed base continued at an excellent rate during the first half of the year at 109% over the same period last year.

Our focus in the UK continues to be on top-tier optician practices where primary patient care is offered in addition to refractive assessment. We are progressing to plan in our newer European markets. Our focus in Norway is on primary care optometry and Switzerland has a combined primary and secondary care market focus. Norway and Switzerland are supported respectively out of our UK and Germany country operations. Our strategy in France and Spain is to initially target the medical care segment with the P200MA.

Technology

Our P200 device continues to support the primary care market. It has also supported a team of scientists led by The Children's Hospital of Philadelphia (CHOP) and The University of Pennsylvania School of Medicine in a clinical trial where gene therapy has been used to safely restore vision in three young adults with a rare form of congenital blindness. The P200 was used to collect wide-field views of the patient's retina. This enables the context of the disease to be understood. The speed of image collection obtained through the P200 enabled the doctors to obtain a holistic view where other techniques had failed.

We are very pleased with the medical response to the clinical efficacy of the P200C and P200MA. The ultra wide-field images they generate are revealing important new clinical discoveries that were previously not appreciated due to limitations in existing imaging technologies.

The P200C is designed to meet the need for more exacting clinical imaging capabilities and standards at optometric and ophthalmic practice locations that are clinically managing patients with advanced ocular disease. A key distinguishing feature is directed eye steering. This enables the doctor to obtain a set of images that extend beyond the normal field of view by potentially reaching the ora serrata, which marks the extreme boundary of the retina. This is accepted as being very difficult to observe clinically using conventional examination techniques.

Changing demographics and lifestyle choices come with an increasing incidence of certain degenerative diseases of the nervous system, such as age-related macular degeneration (AMD), and metabolic diseases, such as diabetes. These diseases lead to further health problems and are becoming a significant cause of health care expenditure. The estimated annual cost associated with adult vision problems in the United States is \$51.4 billion. AMD is the leading cause of blindness in adults older than 55 and 20 million Americans over the age of 55 are diagnosed diabetics.

The P200MA will fill an urgent need in medical care. It is our new ultra wide-field imaging platform on which retinal specialists perform the **optomap® fa** Angiography Procedure. We expect the P200MA to make a significant contribution to vitreoretinal specialists by providing them with new clinical capabilities in the management of diseases such as diabetes and macular degeneration, both of which are growing at very high rates.

A team of US-based retinal specialists, led by Dr Steven Schwartz, an internationally renowned authority in retinal disease and Professor of Ophthalmology and Chief of the Retina Division at the Jules Stein Eye Institute at the University of California at Los Angeles (UCLA), used the P200MA in a major diabetic research study to capture ultra wide-field images of over 700 eyes from a diabetic patient base. New findings in peripheral retinal neovascularisation were confirmed by using the P200MA, specifically that peripheral retinal vascular non-perfusion and ischemia are directly linked with retinal neovascularisation - this is one of the worst complications of diabetic retinopathy and a leading cause of adult blindness.

Market Opportunity

Commercialising the P200C and P200MA extends our clinical reach deeper into secondary and medical care and builds on the estimated \$2-\$3 billion potential opportunity in the primary care market that we are supporting primarily through our P200 device. We estimate that approximately 24,000 practices are performing an estimated 165 million comprehensive eye exams annually in this market. In secondary care, the P200C will be the principal device used to support clinical optometrists and ophthalmologists operating in roughly 12,500 practices where approximately 30% of the patient base has advanced ocular disease. Upwards of 21 million exams or procedures, with an estimated \$525-\$575 million potential opportunity, are carried out annually within these practices. In the medical care market, our P200MA has the potential to reach approximately 2,600 practices across our existing markets, where we estimate 6 million procedures are carried out annually, which would represent a \$230-\$280 million potential opportunity.

Evergreen Strategy

Our Evergreen Strategy is about supporting our customers by developing new processes and enabling software to keep them current and on the leading edge of retinal imaging and practice management technologies. We introduced V2® *Vantage Dx* which is a next generation imaging software upgrade that offers our customers several new key features aimed at benefiting practice productivity and the overall patient experience. Two key features include: Exact Disk™ Optic Nerve Enhancement where the software automatically manipulates the patient's retinal image to ensure that the optic disk appears in its natural shape and 3D Wrap™ which is a previously launched interactive patient education tool but it now includes a refractive error capability that enables practitioners to demonstrate to the patient the effects of refractive error and how this affects vision. Integrated into V2® *Vantage Dx* is a business process enabled by proprietary software to assist in increasing patient flow and improving practice productivity levels. The doctor benefits from enhanced clinical documentation and the patient from an improved experience in having a comprehensive eye examination.

Outlook

An installed base of approximately 3,500 devices on our core pay-per-patient basis at the half year provides the Group with strong levels of recurring revenue from the existing customer base and allows us to look forward with continued confidence of achieving reliable and visible growth. The Group expects strong returns in the second half of the year from within the corporate customer segment and continued margin improvement as our initiatives are executed and as the business grows. We are re-stating our guidance of achieving 20%-25% revenue growth and maintaining a contract renewal rate in excess of 85% for the full year ending 30 September 2008.

Approved by the Board and Authorised for Issue on 21 May 2008.

This interim statement of results for the six-month period ended 31 March 2008 is available on the Company's website (www.optos.com)

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Consolidated Income Statement

For the period ended 31 March 2008

	Notes	Six months ended 31 March 2008 (Unaudited) \$'000	Six months ended 31 March 2007 (Unaudited) \$'000	Year ended 30 September 2007 (Audited) \$'000
Revenue	3	48,919	40,227	86,831
Cost of sales		(17,094)	(13,780)	(30,297)
Gross profit		31,825	26,447	56,534
Selling and distribution costs		(11,324)	(8,644)	(18,716)
Administrative expenses		(14,862)	(13,561)	(27,969)
Operating profit before share-based payments		5,639	4,242	9,849
Share-based payments	4	(1,007)	(1,355)	(3,350)
Operating profit after share-based payments		4,632	2,887	6,499
Finance revenue		381	759	1,182
Finance costs		(3,165)	(3,104)	(6,058)
Profit from continuing operations before taxation		1,848	542	1,623
Income tax charge	5	(1,170)	(984)	(1,849)
Profit/(loss) for the year attributable to equity holders of the parent		678	(442)	(226)
Profit before taxation per ordinary share				
Basic	6	2.7c	0.8c	2.4c
Diluted	6	2.6c	0.8c	2.3c
Profit/(Loss) after taxation per ordinary share				
Basic	6	1.0c	(0.7)c	(0.3)c
Diluted	6	1.0c	(0.7)c	(0.3)c

Consolidated Balance Sheet

As at 31 March 2008

	Notes	As at 31 March 2008 (Unaudited) \$'000	As at 31 March 2007 (Unaudited) \$'000	As at 30 September 2007 (Audited) \$'000
Non-current assets				
Property, plant and equipment	7	89,667	84,937	91,116
Intangible assets	8	12,155	9,014	10,616
Deferred tax asset	5	9,167	11,023	10,337
Total non-current assets		110,989	104,974	112,069
Current assets				
Inventories		6,619	3,941	7,348
Trade and other receivables		14,672	9,847	11,008
Cash and cash equivalents		25,158	27,408	21,060
Total current assets		46,449	41,196	39,416
Total assets		157,438	146,170	151,485
Current liabilities				
Trade and other payables		(15,305)	(12,093)	(13,581)
Financial liabilities	9	(39,176)	(37,962)	(40,460)
Provisions		(29)	(330)	(173)
Government grants		(118)	-	(94)
Income tax payable		(58)	-	(147)
Total current liabilities		(54,686)	(50,385)	(54,455)
Total assets less current liabilities		102,752	95,785	97,030
Non-current liabilities				
Financial liabilities	9	(41,129)	(40,437)	(37,569)
Provisions		(701)	(825)	(910)
Government grants		(854)	(905)	(923)
Total non-current liabilities		(42,684)	(42,167)	(39,402)
Net assets		60,068	53,618	57,628
Equity attributable to equity holders of the parent				
Issued capital		2,468	2,397	2,453
Share premium		116,425	113,075	115,682
Retained earnings		(57,867)	(62,316)	(59,884)
Other reserves		(958)	462	(623)
Total equity		60,068	53,618	57,628

Consolidated Statement of Changes in Equity

For the period ended 31 March 2008

	Share Capital \$'000	Share Premium \$'000	Retained Earnings \$'000	Foreign Exchange \$'000	Total \$'000
At 1 October 2006	2,361	111,375	(62,271)	(129)	51,336
Exchange differences on foreign operations	-	-	(565)	591	26
Loss for the period	-	-	(442)	-	(442)
Total income and expenses for the period	-	-	(1,007)	591	(416)
Issue of ordinary share capital	36	1,700	-	-	1,736
Share based payments	-	-	962	-	962
At 31 March 2007	2,397	113,075	(62,316)	462	53,618
Exchange differences on foreign operations	-	-	565	(1,085)	(520)
Profit for the period	-	-	216	-	216
Total income and expenses for the period	-	-	781	(1,085)	(304)
Issue of ordinary share capital	56	2,607	-	-	2,663
Share based payments	-	-	1,651	-	1,651
At 30 September 2007	2,453	115,682	(59,884)	(623)	57,628
Exchange differences on foreign operations	-	-	-	(335)	(335)
Profit for the period	-	-	678	-	678
Total income and expenses for the period	-	-	678	(335)	343
Issue of ordinary share capital	15	743	-	-	758
Share based payments	-	-	1,339	-	1,339
At 31 March 2008	2,468	116,425	(57,867)	(958)	60,068

Consolidated Cash Flow Statement

For the period ended 31 March 2008

	Six months ended 31 March 2008 (Unaudited) \$'000	Six months ended 31 March 2007 (Unaudited) \$'000	Year ended 30 September 2007 (Audited) \$'000
Operating activities			
Profit/(Loss) for the period	678	(442)	(226)
<i>Adjustments to reconcile profit for the period to net cash inflow from operating activities</i>			
Income tax charge	1,170	984	1,849
Net finance costs	2,784	2,345	4,876
Depreciation and amortisation	14,683	11,945	25,633
Loss on disposal of property, plant, equipment and intangibles	444	-	1,511
Share-based payments	1,339	962	2,613
Increase in trade and other receivables	(3,716)	(2,485)	(3,549)
Government grants amortisation	(45)	-	(47)
Decrease/(Increase) in inventories	704	(248)	(3,613)
Increase in trade and other payables	1,670	1,938	2,632
(Decrease)/Increase in provisions	(353)	16	(56)
Cash flow from operating activities	19,358	15,015	31,623
Tax on continuing operations	(89)	(100)	(132)
Net cash flow from operating activities	19,269	14,915	31,491
Cash flows used in investing activities			
Interest received	381	759	1,182
Purchases of property, plant and equipment (PPE)	(13,767)	(19,080)	(39,502)
Expenditure on intangible assets	(1,938)	(1,327)	(3,148)
Government grant receipt	-	191	350
Net cash flows used in investing activities	(15,324)	(19,457)	(41,118)
Cash flows from financing activities			
Proceeds from finance leases	23,225	19,816	43,063
Payment of finance leases	(20,621)	(22,577)	(46,903)
Proceeds from share issues	758	1,737	4,399
Interest paid	(3,164)	(3,104)	(6,058)
Net cash flows from financing activities	198	(4,128)	(5,499)
Net increase/(decrease) in cash and cash equivalents	4,143	(8,670)	(15,126)
Effect of exchange on cash & cash equivalents	(45)	(74)	34
Cash and cash equivalents at beginning of period	21,060	36,152	36,152
Cash and cash equivalents at end of period	25,158	27,408	21,060

Notes to the Interim Financial Statements

1 Authorisation of financial statements

The interim condensed consolidated financial statements of the Group for the six months ended 31 March 2008 were approved and authorised for issue by the Directors on 20 May 2008. Optos plc is a public limited company incorporated and domiciled in Scotland. The Company's ordinary shares are traded on the London Stock Exchange.

2 Basis of preparation and accounting policies

The interim condensed consolidated financial statements are unaudited but have been formally reviewed by the auditors and their report to the Company is attached. The information shown for the year ended 30th September 2007 does not constitute statutory accounts as defined in Section 240 of the Companies Act 1985 and has been extracted from the Group's 2007 Annual Accounts which have been filed with the Registrar of Companies. The report of the auditors on the financial statements contained within the Group's 2007 Annual Report and Accounts was unqualified and did not contain a statement under either Section 237(2) or Section 237(3) of the Companies Act 1985.

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those set out in the Group's statutory financial statements for the year ended 30th September 2007 which were prepared under International Financial Reporting Standards as adopted by the European Union and with the accounting policies that the directors anticipate will be applied in the annual financial statements at 30th September 2008. To be consistent with current interpretation of IAS 7, the starting point for the cash flow statement has been changed from operating profit to profit/(loss) for the period. New Standards and Interpretations adopted in these accounts are listed below, and did not have any effect on the financial position or performance of the Group:

IFRS7	Financial Instruments: Disclosures
IAS1	Presentations of Financial Statements: Capital Disclosures
IFRIC 10	Interim Financial Reporting and Impairment
IFRIC 11	IFRS 2 Group and Treasury Share Transactions

3 Segmental analysis

The primary segment reporting format is determined to be geographic segments as the Group's risks and rates of return are affected predominantly by differences in the geographic locations of the markets served. The Group's principal area of activity is the design, development, manufacture and marketing of retinal examination equipment (P200s) at healthcare professional sites. These sites are fully supported by the Group's employees. Revenue is generated on a pay-per-examination basis, usually with a minimum monthly usage level being agreed. For the six months ended 31 March 2008 "pay-per-patient" agreements accounted for approximately 91% of sales compared to 93% for the same period in the previous year (12 months to 30 September 2007: 90%). Additional revenue is generated from the sale of retinal examination equipment, in which case revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer. Based upon this split of revenues the Directors have determined that a geographical analysis of operations is most appropriate and accordingly the Group has only one class of business.

The operating businesses are organised and managed separately according to the geographic location of the operations, with each segment representing a strategic business unit that offers the same products to different markets. The Group's geographical segments are based on the location of the Group's customers. Sales to external customers disclosed in geographical segments are based on the geographical location of the Group's customers.

Transfer prices between segments are set at cost. Segment revenue, segment expense and segment result include transfers between geographical segments. Those transfers are eliminated on consolidation.

An analysis by geographical market is given below for the six months ended 31 March 2008:

	North America 2008 \$'000	Europe 2008 \$'000	Eliminations 2008 \$'000	Total 2008 \$'000
Revenue				
Sales to external customers	45,807	3,112	-	48,919
Inter-segment sales	-	9,699	(9,699)	-
Segment Revenue	<u>45,807</u>	<u>12,811</u>	<u>(9,699)</u>	<u>48,919</u>
Result				
Segment result before share based payments	13,758	(8,119)		5,639
Share based payments	(1,106)	99		(1,007)
Inter-segment costs	(7,660)	7,660		-
Operating profit after share based payments	<u>4,992</u>	<u>(360)</u>		4,632
Net interest				<u>(2,784)</u>
Profit from continuing operations before taxation				1,848
Taxation				<u>(1,170)</u>
Net profit for the period				<u>678</u>

An analysis by geographical market is given below for the six months ended 31 March 2007:

	North America 2007 \$'000	Europe 2007 \$'000	Eliminations 2007 \$'000	Total 2007 \$'000
Revenue				
Sales to external customers	38,058	2,169	-	40,227
Inter-segment sales	-	13,622	(13,622)	-
Segment Revenue	<u>38,058</u>	<u>15,791</u>	<u>(13,622)</u>	<u>40,227</u>
Result				
Segment result before share based payments	11,155	(6,913)		4,242
Share based payments	(113)	(1,242)		(1,355)
Inter-segment costs	(5,789)	5,789		-
Operating profit after share- based payments	(1) <u>5,253</u>	<u>(2,366)</u>		2,887
Net interest				<u>(2,345)</u>
Profit from continuing operations before taxation				542
Taxation				<u>(984)</u>
Net loss for the period				<u>(442)</u>

An analysis by geographical market is given below for the year ended 30 September 2007:

	North America 2007 \$'000	Europe 2007 \$'000	Eliminations 2007 \$'000	Total 2007 \$'000
Revenue				
Sales to external customers	82,151	4,680	-	86,831
Inter-segment sales	-	27,956	(27,956)	-
Segment Revenue	82,151	32,636	(27,956)	86,831
Result				
Segment result before share based payments	24,211	(14,362)		9,849
Share based payments	(1,891)	(1,459)		(3,350)
Inter-segment costs	(11,139)	11,139		-
Operating profit after share- based payments	11,181	(4,682)		6,499
Net interest				(4,876)
Profit from continuing operations before taxation				1,623
Taxation				(1,849)
Net loss for the period				(226)

(1) In the interim financial statements for the six months ended 31 March 2007 the operating profit after share-based payments was shown pre inter-segment costs

4 Share based payments

The Company has operated discretionary share option arrangements both pre and post it's admission to the main market of the London Stock Exchange in February 2006, details of which can be found on pages 60-62 of the Group's Annual Report for the year ended 30 September 2007, a copy of which is available on the Group's website (www.optos.com).

On 8 January 2008 320,563 awards at £0.02 per share were made under the Performance Share Plan 2007. On the same date 463,808 options at £1.24 per share were awarded under the Share Options Plan 2007.

The total charge for share based payments for the 6 months ended 31 March 2008 was \$1,007,000 (March 2007: \$1,355,000 ; Sept 2007: \$3,350,000) The charge comprised \$1,339,000 (March: 2007 \$962,000; Sept 2007: \$2,613,000) in respect of the fair value of equity-settled share options as estimated using the Black-Scholes formula, and a credit of \$332,000 (March 2007: a charge of \$393,000; Sept 2007: charge of \$737,000) in respect of provisions for employer related employment taxes payable on exercise of the options issued prior to the Company's admission to the London Stock Exchange.

5 Taxation

As at the 30 March 2008, the Group is estimated to have approximately \$76,000,000 of gross unused tax losses. In the 6 months ended 31 March 2008 \$89,000 of tax (March 2007: \$100,000; Sept 2007: \$147,000) was paid in the United States in respect of certain minimum taxes levied by certain individual state tax bodies, relating to the year ended 30 September 2007.

Of the total Group unused tax losses, a deferred tax asset has been recognised since 2006 in respect of historic US tax losses as there is sufficient evidence to conclude that these losses will be recoverable in the future. The remaining deferred tax asset balances for gross unused tax losses of approximately \$42,500,000 (March 2007: \$39,000,000; Sept 2007: \$41,000,000) arising primarily in the UK, have not been recognised on the grounds that there is insufficient evidence that these assets will be recoverable. These assets will be recovered when future tax charges are sufficient to absorb these tax benefits. The continued availability of the tax losses is subject to certain conditions being met and the level of losses not being challenged by the relevant tax authority.

The tax charge for the six month period ended 31 March 2008 relates to a partial release of deferred tax assets in Optos Inc. The total tax charge has been derived by taking the year to date financials of Optos Inc and applying the expected full year effective tax rate of 40%.

6 Profit/ (Loss) Per Ordinary Share

Basic earnings per share amounts are calculated by dividing the profit/ (loss) before taxation and the profit/ (loss) after taxation for the financial period by the weighted average number of ordinary shares outstanding during the period.

Diluted earnings per share amounts are calculated by dividing the profit before taxation and the (loss) after taxation for the financial period by the weighted average number of ordinary shares outstanding during the period (adjusted for the effects of dilutive options). In the case of a loss, no impact for further dilution is reflected as this would not have the effect of increasing the loss per share and is therefore not dilutive.

The profit/ (loss) per ordinary share is calculated as follows:

	Six months ended 31 March 2008 (Unaudited) No.	Six months ended 31 March 2007 (Unaudited) No.	Year ended 30 September 2007 (Audited) No.
Weighted average number of ordinary shares in issue	68,868,484	66,640,970	67,515,924
Effect of dilution: share options	955,642	2,060,388	1,837,840
Adjusted weighted average number of ordinary shares for diluted earnings per share	69,824,126	68,701,358	69,353,764
Profit before taxation (\$'000s)	1,848	542	1,623
Basic profit before taxation per share (cents)	2.7c	0.8c	2.4c
Diluted profit before taxation per share (cents)	2.6c	0.8c	2.3c
Profit/(loss) after taxation (\$'000s)	678	(442)	(226)
Basic profit/(loss) after taxation per share (cents)	1.0c	(0.7)c	(0.3)c
Diluted profit/(loss) after taxation per share (cents)	1.0c	(0.7)c	(0.3)c

7 Property, plant and equipment

During the six months to 31 March 2008, the Group acquired assets with a cost of \$13,402,000 (March 2007: \$18,880,000; Sept 2007: \$39,935,000) and disposed of assets with a net book value of \$914,000 (March 2007: \$750,000; Sept 2007: \$1,497,000)

There is no impairment to property, plant and equipment.

8 Intangible assets

During the six months to 31 March 2008, the Group capitalised intangible assets of \$1,938,000 (March 2007: \$1,327,000; Sept 2007: \$3,148,000) and amortised intangible assets of \$399,000 (March 2007: \$145,000; Sept 2007: \$362,000)

As at 31 March 2008, the net book value of Group intangible assets was \$12,155,000 (March 2007: \$9,014,000; Sept 2007: \$10,616,000). Of this total at 31 March 2008, \$11,317,000 (March 2007: \$8,514,000; Sept 2007: \$10,116,000) related to development costs, with the balance relating to software costs.

Development costs are capitalised as intangible assets under IAS 38 to the extent the Board considers that individual projects meet the recognition criteria under the relevant standard. As at 31 March 2008, \$9,481,000 (March 2007: \$7,370,000; Sept 2007: \$8,900,000) of these costs related to the development of new medical devices, including the P200MA, designed to be manufactured across a common technology platform. Costs related to the P200MA commenced amortisation in 2007 and will be amortised over the number of units expected to be manufactured in the first 5 years of operations. The carrying value of development costs will be reviewed for impairment annually when the asset is not yet in use or, more frequently, when an indication of impairment arises during the reporting year.

9 Finance lease commitments

Upon placement of P200 equipment at a customer site, the healthcare professional typically enters into a three-year lease agreement with a third-party provider of vendor finance. Optos enters into a matching finance agreement with the third-party provider of vendor finance involving the transfer of P200 equipment to the finance provider with legal title being transferred back to Optos at the end of the period. As the significant risks and rewards of ownership are retained by Optos, the proceeds received from the third-party providers of vendor finance are recorded as finance lease obligations, which are repayable by instalments and are secured over the related P200 assets.

During the six months to 31 March 2008, the Group raised additional funding through vendor finance of \$23,225,000 (March 2007: \$19,816,000; Sept 2007: \$43,063,000) and made repayments to third-party providers of vendor finance of \$20,621,000 (March 2007: \$22,577,000; Sept 2007: \$46,903,000). Total finance lease commitments outstanding at 31 March 2008 were \$80,305,000 (March 2007: \$78,399,000; Sept 2007: \$78,029,000)

10 Related party transactions

During the six months to 31 March 2008 purchases totalling \$nil, (March 2007: \$nil; Sept 2007: \$17,210) at normal market prices were made by the Company from Crombie Anderson Limited, of which D C Anderson is a Director and controlling shareholder, of which \$nil was outstanding at each period end.

INDEPENDENT REVIEW REPORT TO OPTOS PLC

Introduction

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 31 March 2008 which comprises the Consolidated Income Statement, Consolidated Balance Sheet, Consolidated Statement of Changes in Equity, Consolidated Cash Flow Statement and the related notes 1 to 10. We have read the other information contained in the half yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the Company in accordance with guidance contained in ISRE 2410 (UK and Ireland) "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company, for our work, for this report, or for the conclusions we have formed.

Directors' Responsibilities

The interim financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the interim financial report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

As disclosed in note 2, the annual financial statements of the Group are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this interim financial report has been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting", as adopted by the European Union.

Our Responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the interim financial report for the six months ended 31 March 2008 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

Ernst & Young LLP
Glasgow
20 May 2008