



Revolutionising Eye Care

## Focused on delivering





# Financial and Operating Highlights

For the six month period ended 31 March 2007

## Financial performance:

- 29% increase in Group revenue to \$40.2 million (2006: \$31.3 million)
- 63% increase in operating profit before share based payments to \$4.2 million (2006: \$2.6 million)
- 299% increase in operating profit after share based payments to \$2.9 million (2006: \$0.7 million)
- \$0.5 million profit before tax versus a loss before tax of \$2.6 million in the same period last year
- 35% increase in cash from operating activities to \$15.2 million (2006: \$11.3 million)

## Operational progress:

- Agreement with Pearle Vision, a leading US-based optical retail chain, to install the P200 device in defined locations
- Introduction of V<sup>2</sup>® *Vantage* software to assist practitioners in capturing and reviewing **optomap**® Retinal Exam images
- 20% increase in **optomap**® Retinal Exams to 1.9 million (2006: 1.6 million)
- Increase in Group installed base to 2,907 devices
- 89% contract renewal rate

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

**Focused on delivering** leading retinal imaging technology

## Matching the needs of a growing market

Earlier and better detection is assuming greater importance in eye and health care. Our technology supports health care practitioners in their commitment to providing state-of-the-art, efficient and thorough clinical patient care and offers them enhanced diagnostic, monitoring and treatment capabilities at an earlier stage – this can help save sight and save lives.

## Interim Business and Financial Review



The continued adoption of our P200 device and our high contract renewal rate reflects the growing confidence health care practitioners have in what we offer and supports them in their commitment to delivering gold standard patient care.

**Dr John M. Padfield**  
Chairman

Focused on delivering excellent customer service

### Unequalled combination of wide-field retinal imaging, speed and convenience

Maintaining high levels of customer satisfaction is a core component of our business model. What we offer assists health care practitioners in detecting disease and enhances the experience their patients have while having a comprehensive eye examination. It also saves practitioners time and builds practice revenue. An 89% contract renewal rate confirms our continued progress on this strategic objective.

## Introduction

During the first half of the year we continued to implement our strategy of deepening penetration in our existing markets, assessing new market opportunities, broadening our product range and maintaining high levels of customer satisfaction.

The continued adoption of our P200 device and our high contract renewal rate reflects the growing confidence health care practitioners have in what we offer and supports them in their commitment to delivering gold standard patient care.

Optos delivered solid financial results for the six month period ended 31 March 2007.

## Operating and Financial Review

Revenue for the half year was \$40.2 million, an increase of 29% over the \$31.3 million reported for the same period last year. Gross profit increased by 28% to \$26.4 million, up from \$20.7 million last year. Operating profit before share based payments was \$4.2 million, up by 63% from \$2.6 million last year. Operating profit after share based payments was \$2.9 million, up by 299% from \$0.7 million at the same time last year. Profit before tax of \$0.5 million compares to a loss before tax of \$2.6 million at the same time last year, marking the second consecutive six-month period where the Group delivered a pre-tax profit. Losses after tax were \$0.4 million for the period, a reduction of 83% from a loss after tax of \$2.6 million last year. EPS for the period was (0.7) cents compared to (5.1) cents at the same time last year, representing an improvement of 87%. Cash from operating activities was \$15.2 million, an increase of 35% from \$11.3 million last year.

The Group delivered a significant uplift in its customer base during the first half of the year with the installed base of P200 devices growing to 2,907 during the period, representing growth of 27% over the 2,293 devices installed at the same time last year. These devices performed 1.9 million **optomap**® Retinal Exams during the period, up by 20% from 1.6 million during the same period last year.

Contract renewals for the period were 89%, which is consistent with the renewal rate reported at the year end and comfortably ahead of the Company's longer-term target of 85%.

Revenue is generated on a pay-per-patient examination basis from the sale of the **optomap**® Retinal Exam by the practitioner to the patient, with an agreed minimum monthly usage level. During the first half of the year, the Company also sold a small number of P200 devices to customers on a capital basis. These sales accounted for approximately 7% of Group revenue for the period. Recurring revenue will be generated from these institutional and individual customer locations through service and upgrade agreements.

## North America

North America continued to deliver strong results with revenue for the period at \$38.1 million, representing growth of 27% over \$29.9 million at the same time last year. The installed base of P200 devices in this market grew by 26% to 2,757, of which 2,595 were located in the US. We continued to grow our presence in Canada and closed the half year with 162 devices, up by 28% over 127 devices at the same time last year.

Installations of the P200 device in the US currently represent approximately 89% of the total existing installed base. The US market offers the largest commercial opportunity. The Group continued to focus on accelerating growth in this market, within both independently owned and operated practices and through expanded efforts within the corporate retail chain segment.

Recently, the Company entered into an agreement with Pearle Vision, a leading US-based optical retail chain which has approximately 800 corporate and franchise retail locations, to install the P200 device in defined locations. Under the agreement, 167 devices were installed in the Pearle Vision network during the period. Pearle Vision is continuing to promote the clinical benefits delivered by the P200 device and the **optomap**® Retinal Exam within its corporate and franchise retail locations on a phased basis in each of its designated marketing areas in the United States.

## Interim Business and Financial Review continued

While it is too early to quantify total uptake, the Company believes that the agreement with Pearle Vision offers good upside potential relative to growing the installed base of P200 devices throughout this corporate customer chain.

### Europe

Europe delivered strong revenue growth for the period, up 53% to \$2.2 million versus \$1.4 million at the same time last year. The installed base of P200 devices climbed to 150 at the end of the period, which represents growth of 53% from the 98 devices in Europe a year ago.

Focus in the UK is restricted to top-tier optician practices where, in addition to visual acuity and refraction, primary patient care at the clinical level is also offered by the practice. The Group improved its share of the UK addressable market and closed the half year with an installed base of 85 P200 devices, up by 18% from the 72 devices at the same time last year.

The market in Germany is comprised entirely of ophthalmologists who carry out both primary and secondary care, largely in private practice. We believe Germany has the right fundamentals and potential to add significantly to the Group's overall plan for growth. Operations in Germany have been strengthened through the recruitment of an experienced sales and service team. Initial results have been encouraging with the installed base of P200 devices growing to 65 at the half year, representing an increase of 150% from 26 devices at the same time last year.

### Products

#### Preventative Care

The Company's core product is the **optomap**<sup>®</sup> Retinal Exam. It is offered within the preventative and primary care market as a clinically effective eye and health wellness and screening tool. It is generated by the P200 device, is non-reimbursable and requires patient payment at the point-of-service.

#### Secondary and Medical Care

The P200 device also produces the **optomap**<sup>® plus</sup> Medical Retinal Exam, which is a secondary care market product and is a reimbursable exam. This exam enables

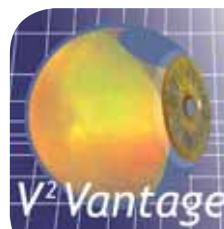
practitioners to clearly monitor known conditions, where the interpretation, reporting and documentation of the pathology is more rigorous and thus distinguishes it from the screening exam. The **optomap**<sup>® plus</sup> Medical Retinal Exam is now available at approximately 80% of the Company's customer practices in the USA. Full integration is expected in the USA within the current financial year.

During the first half of the year a prototype of the Company's new P200MA device was previewed at the Club Jules Gonin and Retina Society meeting in South Africa and at the American Academy of Ophthalmology. This device produces the **optomap**<sup>® fa</sup> (fluorescein angiography) Medical Procedure, which is an advanced secondary care, medical product. It is a reimbursable procedure. This procedure will provide retinal doctors with advanced diagnostic, monitoring and treatment capabilities for particular eye disorders and diseases, such as diabetic retinopathy and age-related macular degeneration. Commercial launches in the US and Germany are expected early in 2008.

The **optomap**<sup>® plus</sup> Medical Retinal Exam and **optomap**<sup>® fa</sup> Medical Procedure will extend the Company's reach into the reimbursed secondary and medical care markets and capitalise on the many new opportunities in disease management.

#### Proprietary Software

Recently, the Group introduced the latest version of its proprietary software – **V<sup>2</sup> Vantage** – to the existing customer base. It contains some important new features that will assist practitioners in capturing and reviewing the **optomap**<sup>®</sup> Retinal Exam images. New features include ResMax™ and 3D Wrap™.



**V<sup>2</sup> Vantage** is a key strategic element within our customer partnership agreements, which promises to keep practitioners on the leading edge of retinal imaging technology.

Preventative care will continue to offer an extremely large commercial opportunity and within this market we believe more and more practitioners will come to depend on our technology and the **optomap**® Retinal Exam to help them deliver on this front.



**Thomas W. Butts**  
Chief Executive Officer

Focused on delivering value for shareholders

## Solid results and sustainable growth

Our continued focus on innovation, improving operational efficiencies and putting the customer first underscore the strength of our business to deliver solid financial results and underpins our ongoing commitment to generating sustainable growth and value for our shareholders.

## Interim Business and Financial Review continued

ResMax™ is a capability that utilises high resolution images captured over a smaller field of view, which is expected to prove particularly useful for diseases affecting the central pole such as glaucoma and age-related macular degeneration. 3D Wrap™ allows the practitioner to create a three dimensional representation of the human eye on to which the patients' **optomap**® Retinal Exam is projected. This graphical capability allows for a complete visualisation of the shape and location of the disease.

V2® *Vantage* is a key strategic element within the customer partnership agreements, and promises to keep these practitioners at the leading edge of retinal imaging technology. The new features also strengthen the practitioner-patient relationship and support the patient education process, further enhancing the overall experience the patient has during a comprehensive eye examination.

### Our Employees

Our success in delivering continued growth does not happen without the dedication of an exceptional group of people. Our employees have an incredible passion for their work and take great pride in the Company. We believe that our employees make us different and we congratulate them on a job exceedingly well done.

### Leading the Way

Helping health care practitioners deliver enhanced patient care is at the heart of our business. Preventative care is the first step in detecting and diagnosing disease earlier and before irreparable damage has occurred. This provides time for successful intervention by the practitioner and improved treatment and outcomes for the patient.

Preventative care will continue to offer an extremely large commercial opportunity and within this market we believe more and more practitioners will come to depend on our technology and the **optomap**® Retinal Exam to help them deliver on this front.

We believe that we have the right strategies in place to win in our markets which, combined with the reliability of our revenue model, allows us to look ahead with added confidence to deliver continued growth.

We are also extremely excited about the opportunities in secondary and medical care through the **optomap**® *plus* Medical Retinal Exam and the **optomap**® *fa* Medical Procedure.

### Outlook

A solid first half of the financial year has provided us with a stronger platform to move into the second half. We believe that we have the right strategies in place to win in our markets which, combined with the reliability of our revenue model, allows us to look ahead with added confidence to deliver continued growth.

**Dr John M. Padfield**  
Chairman

**Thomas W. Butts**  
Chief Executive Officer

## Awards



### The Queen's Awards for Enterprise 2007

The Queen's Awards recognise the outstanding successes of Britain's business elite. Winners are required to have achieved outstanding results in their respective fields over a sustained period. Companies in the **International Trade** category are recognised for demonstrated continuous outstanding growth in overseas earnings sustained over not less than three years. The Award is made each year by HM Queen Elizabeth on the advice of the Prime Minister, who is assisted by an Advisory Committee that includes representatives from Government, industry and commerce.

### Scotland plc Awards 2007

**The Oracle Award for Innovation** recognises the efforts of companies in the identification, development and launch of new concepts capable of enhancing business performance, with a focus on how the innovation has contributed to company business performance. The judging panel, chaired by David Thorburn, Chief Operating Officer of Clydesdale Bank plc, selected Optos from a shortlist of companies based on material provided by the research sponsor, the University of Strathclyde Business School. Previous winners and shortlisted companies for the award include Wolfson Microelectronics plc, Stagecoach Group plc and AG Barr plc.



We know that the standards required to win these awards are extremely high. Both awards exemplify the excellent work being carried out by our employees and reflect the confidence our customers have in our technology for helping them deliver a higher standard of health care.

**Thomas W. Butts**  
Chief Executive Officer

# Consolidated Income Statement

For the period ended 31 March 2007

	Notes	Six months ended 31 March 2007 (Unaudited) \$'000	Six months ended 31 March 2006 (Unaudited) \$'000	Year ended 30 September 2006 (Audited) \$'000
<b>Revenue</b>	2	40,227	31,297	67,720
Cost of sales		(13,780)	(10,577)	(23,304)
<b>Gross profit</b>		26,447	20,720	44,416
Selling and distribution costs		(8,644)	(6,509)	(13,714)
Administrative expenses		(13,561)	(11,608)	(24,216)
<b>Operating profit before share based payments</b>		4,242	2,603	6,486
Share based payments		(1,355)	(1,879)	(2,163)
<b>Operating profit after share based payments</b>		2,887	724	4,323
Finance revenue		759	179	1,118
Finance costs		(3,104)	(3,504)	(6,541)
<b>Profit/(loss) before tax</b>		542	(2,601)	(1,100)
Income tax (charge)/credit	3	(984)	–	11,907
<b>Net (loss)/profit for the period attributable to equity holders of the parent</b>		(442)	(2,601)	10,807
(Loss)/profit per ordinary share	4			
Basic		(0.7)c	(5.1)c	18.5c
Diluted		(0.7)c	(5.1)c	17.6c

# Consolidated Balance Sheet

As at 31 March 2007

	As at 31 March 2007 (Unaudited) \$'000	As at 31 March 2006 (Unaudited) \$'000	As at 30 September 2006 (Audited) \$'000
<b>Non-current assets</b>			
Property, plant and equipment	84,937	71,403	77,643
Intangible assets	9,014	6,805	7,844
Deferred tax asset	11,023	–	11,907
<b>Total non-current assets</b>	<b>104,974</b>	<b>78,208</b>	<b>97,394</b>
<b>Current assets</b>			
Inventories	3,941	2,708	3,693
Trade and other receivables	9,847	6,115	7,362
Cash and cash equivalents	27,408	39,832	36,152
<b>Total current assets</b>	<b>41,196</b>	<b>48,655</b>	<b>47,207</b>
<b>Current liabilities</b>			
Trade and other payables	(12,093)	(8,175)	(10,252)
Financial liabilities	(37,962)	(36,067)	(40,940)
Provisions	(330)	–	(114)
<b>Total current liabilities</b>	<b>(50,385)</b>	<b>(44,242)</b>	<b>(51,306)</b>
<b>Total assets less current liabilities</b>	<b>95,785</b>	<b>82,621</b>	<b>93,295</b>
<b>Non-current liabilities</b>			
Financial liabilities	(40,437)	(43,451)	(40,220)
Provisions	(825)	(1,738)	(1,025)
Government grants	(905)	(714)	(714)
<b>Total non-current liabilities</b>	<b>(42,167)</b>	<b>(45,903)</b>	<b>(41,959)</b>
<b>Net assets</b>	<b>53,618</b>	<b>36,718</b>	<b>51,336</b>
<b>EQUITY</b>			
Issued capital	2,397	2,352	2,361
Share premium	113,075	112,468	111,375
Retained earnings	(62,316)	(78,059)	(62,271)
Other reserves	462	(43)	(129)
<b>Total equity</b>	<b>53,618</b>	<b>36,718</b>	<b>51,336</b>

# Consolidated Statement of Changes in Equity

For the period ended 31 March 2007

	Issued Capital \$'000	Share Premium \$'000	Equity Reserve \$'000	Retained Earnings \$'000	Other Reserves \$'000	Total \$'000
<b>At 1 October 2005</b>	1,665	52,472	2,744	(76,441)	(29)	(19,589)
Exchange differences on foreign operations	–	–	–	–	(14)	(14)
Loss for the period	–	–	–	(2,601)	–	(2,601)
Total income and expenses for period	–	–	–	(2,601)	(14)	(2,615)
Conversion of loan	217	11,751	(2,744)	(1)	–	9,223
Issue of ordinary share capital	470	53,850	–	–	–	54,320
Cost of issue of ordinary share capital	–	(5,605)	–	–	–	(5,605)
Share based payments	–	–	–	984	–	984
<b>At 31 March 2006</b>	2,352	112,468	–	(78,059)	(43)	36,718
Exchange differences on foreign operations	–	–	–	–	(80)	(80)
Adjustment to conversion of loan	–	(1,538)	–	1,544	(6)	–
Profit for the period	–	–	–	13,408	–	13,408
Total income and expenses for period	–	(1,538)	–	14,952	(86)	13,328
Issue of ordinary share capital	9	445	–	–	–	454
Share based payments	–	–	–	836	–	836
<b>At 30 September 2006</b>	2,361	111,375	–	(62,271)	(129)	51,336
Exchange differences on foreign operations	–	–	–	(665)	591	(74)
Loss for the period	–	–	–	(442)	–	(442)
Income tax paid	–	–	–	100	–	100
Total income and expenses for period	–	–	–	(1,007)	591	(416)
Issue of ordinary share capital	36	1,700	–	–	–	1,736
Share based payments	–	–	–	962	–	962
<b>At 31 March 2007</b>	2,397	113,075	–	(62,316)	462	53,618

# Consolidated Cashflow Statement

For the period ended 31 March 2007

	Six months ended 31 March 2007 (Unaudited) \$'000	Six months ended 31 March 2006 (Unaudited) \$'000	Year ended 30 September 2006 (Audited) \$'000
<b>Cash flows from operating activities</b>			
Operating profit after share based payments	2,887	724	4,323
Adjustments for:			
Depreciation and amortisation	11,945	9,541	21,273
Loss on disposal	–	–	756
Share based payments	962	1,879	1,820
Increase in trade and other receivables	(2,485)	(1,228)	(2,475)
Increase in inventories	(248)	–	(985)
Increase in trade payables	1,938	345	1,651
Government grant receipt	191	–	–
Increase in provisions	16	–	296
Cash inflows from operating activities	15,206	11,261	26,659
Income tax paid	(100)	–	–
Net cash inflows from operating activities	15,106	11,261	26,659
<b>Cash flows used in investing activities</b>			
Interest received	759	179	1,118
Purchases of property, plant and equipment (PPE)	(19,080)	(14,416)	(32,015)
Expenditure on intangible assets	(1,327)	(1,275)	(2,463)
Net cash flows used in investing activities	(19,648)	(15,512)	(33,360)
<b>Cash flows from financing activities</b>			
Proceeds from finance leases	19,816	21,940	45,240
Payment of finance leases	(22,577)	(18,506)	(40,163)
Proceeds from share issues	1,737	48,672	49,169
Interest paid	(3,104)	(3,504)	(6,287)
Net cash flows from financing activities	(4,128)	48,602	47,959
Net (decrease)/increase in cash and cash equivalents	(8,670)	44,351	41,258
Effect of exchange on cash and cash equivalents	(74)	171	(416)
Cash and cash equivalents at beginning of period	36,152	(4,690)	(4,690)
<b>Cash and cash equivalents at end of period</b>	<b>27,408</b>	<b>39,832</b>	<b>36,152</b>

# Notes to the Interim Financial Statements

## 1 BASIS OF PREPARATION

The interim financial statements are unaudited but have been formally reviewed by the auditors and their report to the Company is set out on page 15. The information shown for the year ended 30 September 2006 does not constitute statutory accounts as defined in Section 240 of the Companies Act 1985 and has been extracted from the Group's 2006 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 2006 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.

These interim financial statements have been prepared on the basis of the accounting policies set out in the Group's 2006 Annual Report and Accounts which were approved by the Board of Directors on 18 December 2006. The Group has not applied IAS34 'Interim financial reporting', which is not mandatory for UK Groups, in the preparation of these interim financial statements.

## 2 SEGMENTAL INFORMATION

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 health care 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 2007 'pay per patient' agreements accounted for approximately 93% of sales compared to 97% for the same period in the previous year.

Incidental to the above activity, the Group occasionally sells 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. These sales are not material to the Group turnover. Accordingly, the Directors have determined that the Group only has 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 its customers.

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

## Notes to the Interim Financial Statements continued

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
<b>Revenue</b>				
Sales to external customers	38,058	2,169	–	40,227
Inter-segment sales	–	13,622	(13,622)	–
Segment revenue	38,058	15,791	(13,622)	40,227
<b>Result</b>				
Segment result before share based payments	11,155	(6,913)		4,242
Share based payments	(113)	(1,242)		(1,355)
Operating profit after share based payments	11,042	(8,155)		2,887
Net interest				(2,345)
Profit from continuing operations before taxation				542
Taxation				(984)
Net loss for the period				(442)

An analysis by geographical market is given below for the six months ended 31 March 2006:

	North America 2006 \$'000	Europe 2006 \$'000	Eliminations 2006 \$'000	Total 2006 \$'000
<b>Revenue</b>				
Sales to external customers	29,876	1,421	–	31,297
Inter-segment sales	–	11,047	(11,047)	–
Segment revenue	29,876	12,468	(11,047)	31,297
<b>Result</b>				
Segment result before share based payments	8,455	(5,852)		2,603
Share based payments	(432)	(1,447)		(1,879)
Operating profit after share based payments	8,023	(7,299)		724
Net interest				(3,325)
Loss from continuing operations before taxation				(2,601)
Taxation				–
Net loss for the period				(2,601)

## Notes to the Interim Financial Statements continued

### 3 TAXATION

In the year ended 30 September 2006 the Group recognised a deferred tax asset of \$11,907,000 in relation to losses incurred by its Optos Inc subsidiary. This followed a review of future prospects for the US operation which concluded that there was sufficient evidence that these losses would be recoverable in the future. At that time deferred tax asset balances for gross unused tax losses of approximately \$37,000,000 arising primarily in the UK, had not been recognised as they have yet to meet the recognition criteria of IAS 12. 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 2007 relates to actual taxes paid during the period together with 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%. Cash taxes in respect of corporation tax paid in the period amounted to approximately \$100,000 and were in respect of minimum taxes collected by both federal and state authorities in the US. The balance of the charge recognised is non cash in nature and reflects the application of IAS 12 Income Taxes.

### 4 LOSS PER SHARE

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

Diluted earnings per share amounts are calculated by dividing the profit for the year to 30 September 2006 after taxation by the weighted average number of ordinary shares outstanding during the period (adjusted for the effects of dilutive options). For the six month periods ended 31 March 2006 and 31 March 2007 the loss attributable to ordinary shareholders and the weighted average number of ordinary shares for the purpose of calculating the diluted loss per share are identical to those for the basic loss per share. This is because the conversion of loan notes, exercise of share options and warrants would not have the effect of increasing the loss per share and is therefore not dilutive.

The basic (loss)/earnings per share is calculated as follows:

	Six months ended 31 March 2007 (Unaudited) \$'000	Six months ended 31 March 2006 (Unaudited) \$'000	Year ended 30 September 2006 (Audited) \$'000
(Loss)/profit after taxation (\$'000s)	(442)	(2,601)	10,807
Weighted – average number of ordinary shares in issue	66,640,970	50,876,133	58,426,930
Effect of dilution: share options	–	–	3,113,912
Adjusted weighted average number of ordinary shares for diluted earnings per share	66,640,970	50,876,133	61,540,842
Basic (loss)/profit per share (cents)	(0.7)c	(5.1)c	18.5c
Diluted (loss)/profit per share (cents)	(0.7)c	(5.1)c	17.6c

# Independent Review Report to Optos plc

## **Introduction**

We have been instructed by the company to review the financial information for the six months ended 31 March 2007 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 4. We have read the other information contained in the interim report and considered whether it contains any apparent misstatements or material inconsistencies with the financial information. This report is made solely to the company in accordance with guidance contained in Bulletin 1999/4 'Review of interim financial information' 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 report, including the financial information contained therein, is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the interim report in accordance with the Listing Rules of the Financial Services Authority which require that the accounting policies and presentation applied to the interim figures should be consistent with those applied in preparing the preceding annual accounts except where any changes, and the reasons for them, are disclosed.

## **Review work performed**

We conducted our review in accordance with guidance contained in Bulletin 1999/4 'Review of interim financial information' issued by the Auditing Practices Board for use in the United Kingdom. A review consists principally of making enquiries of group management and applying analytical procedures to the financial information and underlying financial data, and based thereon, assessing whether the accounting policies and presentation have been consistently applied, unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit performed in accordance with International Standards on Auditing (UK and Ireland) and therefore provides a lower level of assurance than an audit. Accordingly we do not express an audit opinion on the financial information.

## **Review conclusion**

On the basis of our review we are not aware of any material modifications that should be made to the financial information as presented for the six months ended 31 March 2007.

## **Ernst & Young LLP**

Glasgow  
23 May 2007

# Directors and Advisers

**Dr John M. Padfield**

Non-executive Chairman

**Thomas W. Butts**

Chief Executive Officer

**Allan Watson**

Chief Financial Officer

**Douglas C. Anderson**

Executive Director

**Patrick R.D. Paul**

Non-executive Director

**Anne M. Glover**

Non-executive Director

**Barry M. Rose**

Non-executive Director

**David R. Guyer, M.D.**

Non-executive Director

**Registered Office**

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**Company Number**

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**Company Secretary**

Allan Watson

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