

**Optos plc**  
**(“Optos” or “the Company”)**

**Preliminary Results for the Year-Ended 30 September 2007**

**LONDON, 29 November 2007 – Optos plc (LSE: OPTS)**, a leading medical technology company for the design, development, manufacturing and marketing of retinal imaging devices, today announced its preliminary results for the year ended 30 September 2007. All numbers are denominated in \$USD which is the Company’s reporting currency and prepared under International Financial Reporting Standards (IFRS).

	Year-ended 30 September 2007 (audited) \$M	Year-ended 30 September 2006 (audited) \$M	%
			Change
Revenue	\$86.8	\$67.7	28%
Operating profit before share-based payments	\$9.8	\$6.5	52%
Operating profit after share-based payments	\$6.5	\$4.3	50%
Profit / (loss) before tax	\$1.6	(\$1.1)	n/m
(Loss) /profit after tax	(\$0.2)	\$10.8	n/m
EPS Basic before tax (cents)	2.4	(1.9)	n/m
EPS Basic after tax (cents)	(0.3)	18.5	n/m
Cash flow from operating activities	\$31.6	\$26.7	19%

**Group Highlights**

▪ **Financial Performance:**

- 28% increase in revenue to \$86.8 million (2006: \$67.7 million)
- 52% increase in operating profit before share-based payments to \$9.8 million (2006: \$6.5 million)
- 50% increase in operating profit after share-based payments to \$6.5 million (2006: \$4.3 million)
- \$1.6 million profit before tax versus a loss of \$1.1 million in 2006
- 19% increase in cash from operating activities to \$31.6 million (2006: \$26.7 million)

▪ **Operational Progress:**

- 3,367 total pay-per-patient and capital customer locations - 89% contract renewal rate
- 3,266 pay-per-patient customer locations, up by 26% from 2,593 in 2006
- 673 devices installed on a pay-per-patient basis and 58 on capital basis during the year
- 4 million **optomap®** Retinal Exams
- New European geographic markets (France, Spain, Switzerland, Norway)

“Strong levels of new business in all of our markets and improvement in the base cost line generated an excellent set of results for 2007. We are very pleased that our technology is used as a standard of care measure in primary care and that the prospects for our new P200MA device in the medical care market are so promising,” said Thomas W. Butts, Chief Executive Officer. “The ultra wide-field image of the retina that our devices capture responds directly and uniquely to the demographic and lifestyle trends that are raising certain eye and non-eye diseases, including diabetes, to epidemic levels. 2008 will be another exciting year for Optos.”

For the year ending 30 September 2008, Optos expects revenue growth of between 20% - 25% over the \$86.8 million generated in 2007 and for contract renewal rates to be at least consistent with the Company’s longer term target of 85%.

Management will host a meeting for analysts at 09h30 GMT today at the offices of Goldman Sachs International, Peterborough Court, 133 Fleet Street, London EC4A 2BB. Analysts wishing to attend should contact Yvonne Alexander, Citigate Dewe Rogerson, +44 (0)20 7638 9571. An audio replay of the preliminary results presentation will be available for 30 days following the announcement. This will be accessible on +44 (0)20 7806 1970 (UK Toll), or +00 (1) 718-354-1112 (USA Toll), through the replay access code: 6652346#.

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#### **Notes to Editors**

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' platform technology is the Panoramic200 Scanning Laser Ophthalmoscope device - known as the P200. In a quarter of a second the P200 device produces a high resolution image of up to 200 degrees or approximately 82 percent of the retina in a single capture. The image - branded the **optomap®** Retinal Exam - provides eye care practitioners with clinically useful information that facilitates the early detection 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. The Company has gained regulatory clearance (CE and FDA 510(k)) to market a second device - P200MA. 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.

# Optos plc

## Preliminary Results for the Year-Ended 30 September 2007

### OVERVIEW

Strong levels of new business in all of our markets, with sustained growth in North America and excellent levels of underlying growth in Europe, underlined an excellent performance in 2007. Revenue for the year was \$86.8 million, up from \$67.7 million or by 28% over last year. Revenue is generated primarily 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. We delivered a full year profit before tax on ordinary activities of \$1.6 million for the year versus a loss of \$1.1 million last year. Profit before tax has now been reported in each of the last three consecutive six-month reporting periods. An 89% contract renewal rate demonstrated continued high levels of customer satisfaction and provides confirmation of the reliability of our revenue model. Overall, our results for 2007 extend our track record of executing on our stated growth plan and provide a considerably stronger foundation for continued progress in 2008.

### FINANCIAL REVIEW

#### Revenues

Revenue increased by 28% from \$67.7 million in 2006 to \$86.8 million in 2007, representing continued growth across the business. North America generated revenue of \$82.2 million, which represented growth of 27% over last year. Europe generated revenue of \$4.7 million, up by 57% over the previous year and driven by a 183% year over year uplift in Germany to \$2.1 million. Approximately 90% of revenue was generated through pay-per-patient customer contracts, which provides a high rate of recurring revenue looking out. The balance of revenue generated during the year was derived from capital sales.

#### Gross Margins

Gross margins weakened slightly from 65.6% to 65.1%, reflecting a modest reduction in operating margins.

#### Operating Costs and Operating Profits

The Company continued to invest in its field and administrative infrastructure in North America and Europe by growing headcount. This is designed to develop and capture new business and strengthen back office support, which will enhance customer service and satisfaction levels and support business expansion. A 67% year over year increase in R&D investment to \$3.7 million will support a broadened product offering in the Company's markets. The majority of this investment met the recognition criteria for capitalisation as an intangible under IAS 38, as well as further investments in longer term research which was fully expensed. Average headcount grew by 23% from 214 to 264. Investment in field-related expenditures increased by 37% to \$18.7 million, and in administrative expenses by 16% to \$28.0 million. Operating profit before share-based payments increased by 52% from \$6.5 million to \$9.8 million. Share-based payments increased from \$2.2 million to \$3.4 million, largely as a result of the award to Thomas W. Butts in January 2007 following his appointment as Chief Executive Officer. The Company also made a number of awards in May 2007, following announcement of its interim results, under its shareholder-approved long term incentive and share option plans. Operating profit after share-based payments increased by 50% from \$4.3 million to \$6.5 million.

## **Profit on Ordinary Activities before Tax**

The Group made a profit on ordinary activities before tax of \$1.6 million versus a loss of \$1.1 million during the prior year, and has now delivered three consecutive six-month periods of profit before tax.

## **Taxation**

Following the recognition of \$11.9 million deferred tax asset in 2006, the Group has recognised a \$1.8 million charge in respect of US profits during the period. In cash terms, the Group incurred only \$0.1 million of taxes, levied from certain minimum federal and state taxes in the US. Losses for the Company and its two other overseas subsidiaries were not deemed to meet the recognition criteria of IAS12, and therefore remain unrecognised.

## **Profit / (loss) for the Financial Year**

The Group recorded a loss for the financial year after taxation of \$0.2 million versus a profit in the previous year of \$10.8 million. This profit reflects the impact of deferred tax recognition policies and masks the underlying improvement in profit demonstrated by the \$1.6 million profit before tax described above.

## **Cash Flow**

Net cash flow from operating activities increased by 19% versus prior year at \$31.6 million. This was delivered by the increased scale and operating profitability of the business, off-set by short term investments in working capital. Cash flow used in investing activities increased from \$33.4 million to \$41.1 million, largely due to investments in property, plant and equipment. The majority of this investment represents the costs of new P200 devices installed in the field under pay per patient agreements, which will deliver revenues in future periods. In addition to this, part of this increase also reflected higher inventory levels of major spares related to the Group's P200 assets, which due to IAS 16 are classified as fixed assets as opposed to inventory. Net cash flows from financing activities resulted in a \$5.5 million outflow of cash, consistent with the Group's strategy following its initial public offering of making net repayments in vendor finance obligations during the year. Net cash decreased by \$15.1 million during the year to a year-end cash balance of \$21.1 million, reflecting the Group's continued investment in growing the business since its initial public offering in February 2006.

## **Balance Sheet**

The Group balance sheet strengthened during the year from \$51.3 million to \$57.6 million. The increase in total assets was partly due to the continued expansion of the Group's installed base of P200 devices, along with investments in product development and working capital. The Group's asset of \$11.9 million in respect of deferred tax assets reduced as the item was part expensed through profit. Total liabilities remained flat versus prior year at \$93.9 million, and within that outstanding vendor finance liabilities was reduced from \$81.2 million to \$78.0 million. Total shareholders' funds increased from \$51.3 million to \$57.6 million of which \$4.4 million relates to the issue of share capital on the exercise of options.

## OPERATIONAL REVIEW

### Growth in Established Markets

We continued to generate strong returns in our established markets in North America and Europe within the primary care customer segment, with very good returns in the USA and Germany. Total installs on a pay-per-patient basis was 673 devices for the year, growing the pay-per-patient customer number to 3,266 across the Group, up from 2,593 at the end of the same period last year and representing 26% year over year growth. An additional 58 devices were installed on a capital sales basis during the year. This brings the total number of devices that have been installed on a capital sales basis to 101, representing 3% of the Group's total installed base of 3,367 devices at the end of the financial year. Recurring revenue continues to be generated from the devices installed on a capital basis through service and upgrade agreements. The continued growth in our installed base demonstrates a high level of confidence healthcare practitioners have in our technology to assist them in delivering state of the art, efficient and thorough patient care. During the year, approximately 4 million pay per patient eye exams were performed by our devices. This was largely made up of the **optomap®** Retinal Exam and augmented slightly by our newer **optomap® plus** Medical Retinal Exam, which we introduced to the customer base over the course of the year. Year over year growth in the total number of pay-per-patient eye exams was 19%.

### North America

North America continues to present the largest opportunity for sustained growth within the primary care customer segment. We estimate that there are 20,000 addressable practices in the United States and 1,300 addressable practices in Canada. Once again, our results in North America for the year were strong. Revenue was up by 27% on the year, from \$64.7 million to \$82.2 million. We generated \$75.9 million in the United States, up from \$59.3 million last year and representing 28% growth in what is our largest country market. Canada, which has a much smaller addressable market, recorded \$6.2 million in revenue, representing modest year over year growth of 15% from \$5.4 million last year. Our pay-per-patient installed base in North America grew by 24% to 3,072 devices, up from 2,475 at the same time last year. In the United States, we installed 571 devices in new customer practice locations during the year, taking our installed base from 2,324 to 2,895 devices and representing 25% year over year growth. This represents approximately 14% penetration of the total US addressable market in primary care optometry.

Our National Accounts Group continued focus on developing new business within the corporate customer retail chain segment, at both the regional and national levels. We developed a stronger commercial relationship with Pearle Vision, a leading national US-based chain and wholly-owned subsidiary of Luxottica S.p.A. Pearle Vision maintains a strong clinical focus in the primary care segment throughout its network of owned and franchised customer locations. To support its clinical focus Pearle Vision launched direct consumer television and print-based advertising campaigns in several of its designated marketing areas throughout the United States. These campaigns were rolled out to coincide with the installation of the P200 device in Pearle Vision locations within these defined geographic areas and promoted the importance of the **optomap®** Retinal Exam as a key component of every comprehensive eye examination. We look forward to strengthening our presence within Pearle Vision and other corporate customer locations in 2008.

Primary care optometry offers the largest commercial opportunity in the United States and during the year Optos continued to work closely with the national governing body, the American Optometric Association (AOA), on a number of outreach and educational initiatives. We increased our institutional presence in a number of different ways during the year, within schools of optometry, through developing new channels for diabetic screening, and within the US military and the US Olympic Committee.

Installing our device in schools of optometry where the **optomap®** Retinal Exam becomes part of the curriculum and educational training programme ensures that all students entering the profession will have had extensive exposure to what we offer before being admitted professionally to practice. Our device is being used in these institutions to facilitate patient care and to assist students in the recognition of retinal conditions and abnormalities.

There are an estimated 20 million diabetic patients in the United States. Diabetes is a chronic disease that leads to blindness and requires regular screening. Our technology is supporting diabetic screening programmes, including at the University of Virginia (UVa) Health System. The University of Virginia Health System is a nationally renowned academic medical centre committed to providing outstanding patient care, educating tomorrow's health care leaders, and discovering new and better ways to treat diseases. Diabetes is a prevalent condition amongst the clinic's patients, with approximately 2,000 diabetic patients served by the outpatient clinic.

Our P200 device is now being used at a number of US Military Air Force (USAF) bases - these include in the states of Ohio, Florida, Arizona, California and Arkansas. It has been estimated by the USAF that upwards of 60,000 person-hours have been saved from lost flying time by using the **optomap®** Retinal Exam as opposed to a dilated-only examination process. The US military operates a capital purchase programme and our devices were sold on a capital as opposed to being installed on our core pay-per-patient basis. The **optomap®** Retinal Exam has also been integrated by the United States Olympic Committee in its health and wellness screening programme of US Olympic athletes at the Committee's national training centre in Colorado Springs.

Our strong relationships with existing customers and the sustainable initiatives we have in place to drive new installs and increase the number of pay-per-patient examinations will provide us with a stronger platform for continued growth in North America in primary care. We also expect to capture share in the secondary care segment through the **optomap® plus** Medical Retinal Exam and in the medical care market with the **optomap® fa** Medical Procedure.

## Europe

Market characteristics in Europe vary from country to country and are considerably different from North America. The vast majority of eye examinations in the UK are carried out in a retail setting by ophthalmic opticians who tend to focus heavily on retail sales and refraction as opposed to preventative eye and health care. Germany is a pure ophthalmology market where ophthalmologists carry out both primary and secondary eye and health care in a clinical setting. On this basis we estimate that there are approximately 400 addressable practices in the UK and 2,500 addressable practices in Germany.

The business had an exceptional year in Europe, driven by accelerated growth in the UK and aggressive growth in Germany. We recorded \$4.7 million in revenue from our European operations for the year, up from \$3.0 million last year and representing 57% growth. Our UK business unit returned \$2.6 million in revenue for the year, up by 15% from \$2.2 million last year. Germany generated \$2.1 million in revenue compared to \$0.7 million last year, representing 183% year over year growth. Our pay per patient installed base in Europe grew by 64% to 194 devices, up from 118 at the same time last year. We grew our UK installed base by 25% and closed the year with 96 devices, up from 77 at the end of our last financial year. This represents approximately 25% of the UK addressable market. Germany delivered tremendous growth for the year, with installs up by 139% to close the year with 98 devices compared to 41 devices at the same time last year.

A significant development in Germany during the year was entering into a cooperation agreement with Bundesverband der augenärztlicher Diagnostik Centren (BADC) which is the Federal

Association of Eye Diagnostic Centres. BADC is the most influential body in eye care in Germany and is comprised of approximately 110 Ophthalmic Diagnostic Centres (ADC) which together are staffed by approximately 1,200 ophthalmologists. BADC works on the basis of evidenced based medicine and acts as a 'buying group' with the objective of purchasing and integrating the most innovative diagnostic devices into its shared network of ophthalmologists to provide the best medical treatment possible for its patients. Our objective with the BADC is to have our device in each individual BADC member ophthalmology practice and have the **optomap®** Retinal Exam offered as the first part of every eye examination that is performed. Patients with pathology would then be referred to one of the ADC's for advanced diagnostic assessment and procedures. Optos has a co-marketing agreement with the BADC where the **optomap®** Retinal Exam is promoted to all of its member ophthalmologists.

Our progress overall in Europe was to plan. Looking ahead, we will continue to grow our penetration in the UK by targeting primary care customer locations that are sufficiently clinically focused and large enough to integrate our device and the **optomap®** Retinal Exam into the practice. Germany, however, is our core European market for growth. Germany presents the business with an opportunity to deliver our ultra wide-field exam in each of the primary, secondary and medical care markets. Our agreement with BADC accords us a unique position with thought-leaders in the German ophthalmology marketplace. Examination on pay-per-patient basis accounts for approximately 90% of the German market, which is aligned with, and supports, our business model.

## **New Markets**

Market research and trial placement of our devices were completed in a number of new geographic markets during the year, after which we announced our plans to expand into four new European country markets - France, Spain, Switzerland and Norway. These are four very different but exciting new markets in terms of growing our presence and share of the eye and health care market across Europe. The estimated combined immediate addressable market for these new country markets is 770 practice locations to add to the estimated addressable market of 2,900 practice locations in the UK and Germany. We will continue to market and distribute direct to customers and will install our retinal imaging devices primarily using our pay-per-patient model in the new markets.

France and Spain are made up primarily of ophthalmologists. As in Germany, practitioners operate in private practice and carry out both primary and secondary care. Growth will initially be generated from within the advanced secondary and medical health care market, which we estimate has a combined immediate addressable market of 320 retinal specialist locations. We will look to progress to an offering within the primary care market through ophthalmologists operating in private practice once a foothold has been established in the secondary and medical care market segment. Switzerland is a pure ophthalmology market with ophthalmologists carrying out primary to secondary and medical care. The immediate addressable market has been estimated at 250 private medical practices. Norway represents an opportunity for growth in the primary and preventative care market carried out by optometrists. The immediate addressable market is approximately 200 optometric practice locations.

Japan is the second-largest market in the world for ophthalmic equipment after the United States. Our market research continued during the year and a full regulatory filing and company registration has been completed. Pre-market evaluation was initiated in the 2007 and a decision on commercial launch will be taken in 2008.

## New Product Development

We expanded our product range into the secondary care market by rolling-out the **optomap® plus** Medical Retinal Exam during the year. This exam offers practitioners additional capabilities in the image capture and review process to facilitate diagnosis and documentation of previously detected pathology. The pre-market evaluation of our P200MA device at evaluation sites in the USA and Germany was completed. The P200MA is a new imaging platform that will generate the **optomap® fa** Medical Procedure. Full commercial launch of our P200MA device and the **optomap® fa** Medical Procedure is scheduled for the second quarter of the 2008 financial year.

We completed the roll-out of the latest version of our proprietary software - V2® *Vantage* - to our existing customer base during the year. The new features offer innovative clinical advancements and enhancements for both the practitioner and the patient. ResMax™ is a high resolution enhancement of the central pole over a smaller field of view. This feature has been extremely useful for diseases affecting the central pole such as glaucoma and age-related macular degeneration. 3DWrap™ is a patient orientation tool that allows the practitioner to create a three dimensional representation of the human eye on to which the patient's image from the **optomap®** Retinal Exam is projected. This graphical capability allows for a complete visualisation of the shape and location of disease. Our new software and its core features are proving particularly helpful to our customers carrying out secondary care with our **optomap® plus** Medical Retinal Exam, which provides access to reimbursement and enables practitioners to monitor known disease conditions. V2® *Vantage* delivers on our promise within our customer partnership agreements to keep our customers on the leading edge of retinal imaging technology.

We invested in establishing a Clinical Trials team during the year to support existing and new products. This team will allow us to generate high quality clinical data to leverage growth in sales and expand into new therapeutic areas. It will also allow us to generate evidence in ophthalmology to support the clinical benefits and value statement of our **optomap® fa** Medical Procedure. Publications in peer reviewed journals to support and expand our product life cycle are another priority for this new team.

## Customer Satisfaction

An 89% contract renewal for the full year is unchanged from 2006. Working towards delivering world-class levels of customer service is a strategic business imperative. As more eye care practitioners integrate the **optomap®** Retinal Exam into their practices we know that in order to continue to meet this imperative that we needed to strengthen our customer service capabilities. We did this in North America during the year by re-organising our clinical, sales, and customer service functions with the objective of delivering world-class customer service. We created a structure of highly skilled, dedicated teams that will help drive satisfaction and performance among our customer base. The changes will ensure our operational efficiencies are capable of meeting the demands of a growing customer base.

## Outlook

Preventative eye and health care regimes are not simply a matter of avoiding emergency problems; they are an essential tool in the earlier detection, treatment and management of disease. Our aim is to ensure that the **optomap®** Retinal Exam becomes the accepted standard of care in primary care. In those patient examinations where pathology exhibits our **optomap® plus** Medical Retinal Exam provides practitioners with additional capabilities in the image capture and review process. This facilitates diagnosis and documentation. This new product was rolled out to our customer base in North America in 2007 and usage is expected to increase substantially in the coming financial year. A full commercial launch of the P200MA and the **optomap® fa** Medical Procedure is planned in early 2008. This is a very exciting new imaging platform that holds much promise, particularly for diabetic patients and how doctors will be able to

treat the disease in a much more targeted and efficient way. This will result in significantly improved patient outcomes. We are very pleased that our technology is used as a standard of care measure in primary care and that the prospects for our new P200MA device in the medical care market are so promising. 2008 will be another exciting year for Optos.

**Thomas W. Butts, Chief Executive Officer**

**Allan M. Watson, Chief Financial Officer**

# Consolidated Income Statement

## For the year ended 30 September 2007

	2007 \$'000	2006 \$'000
Revenue	86,831	67,720
Cost of sales	<u>(30,297)</u>	<u>(23,304)</u>
Gross profit	56,534	44,416
Selling and distribution costs	(18,716)	(13,714)
Administrative expenses	<u>(27,969)</u>	<u>(24,216)</u>
Operating profit before share-based payments	9,849	6,486
Share-based payments	<u>(3,350)</u>	<u>(2,163)</u>
Operating profit after share-based payments	6,499	4,323
Finance revenue	1,182	1,118
Finance costs	<u>(6,058)</u>	<u>(6,541)</u>
Profit/(loss) from continuing operations before taxation	1,623	(1,100)
Income tax (charge) /credit	<u>(1,849)</u>	<u>11,907</u>
Net (loss)/profit for the year attributable to equity holders of the parent	<u>(226)</u>	<u>10,807</u>
Profit/(loss) before taxation per ordinary share		
Basic	2.4c	(1.9)c
Diluted	2.3c	(1.9)c
(Loss)/profit after taxation per ordinary share		
Basic	(0.3)c	18.5c
Diluted	(0.3)c	17.6c

# Consolidated Balance Sheet

## As at 30 September 2007

	2007	2006
	\$'000	\$'000
<b>Non-current assets</b>		
Property, plant and equipment	91,116	77,643
Intangible assets	10,616	7,844
Deferred tax asset	10,337	11,907
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<b>Total non-current assets</b>	112,069	97,394
<b>Current assets</b>		
Inventories	7,348	3,693
Trade and other receivables	11,008	7,362
Cash and cash equivalents	21,060	36,152
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<b>Total current assets</b>	39,416	47,207
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<b>Total assets</b>	151,485	144,601
<b>Current liabilities</b>		
Trade and other payables	(13,581)	(10,252)
Financial liabilities	(40,460)	(40,940)
Provisions	(173)	(114)
Government grants	(94)	-
Income tax payable	(147)	-
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<b>Total current liabilities</b>	(54,455)	(51,306)
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<b>Total assets less current liabilities</b>	97,030	93,295
<b>Non-current liabilities</b>		
Financial liabilities	(37,569)	(40,220)
Provisions	(910)	(1,025)
Government grants	(923)	(714)
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<b>Total non-current liabilities</b>	(39,402)	(41,959)
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<b>Net assets</b>	57,628	51,336
Equity attributable to equity holders of the parent		
Issued capital	2,453	2,361
Share premium	115,682	111,375
Retained earnings	(59,884)	(62,271)
Other reserves	(623)	(129)
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<b>Total equity</b>	57,628	51,336

# Consolidated Statement of Changes in Equity

## For the year ended 30 September 2007

	Share Capital \$'000	Share Premium \$'000	Equity Reserve \$'000	Retained Earnings \$'000	Foreign Exchange \$'000	Total \$'000
At 1 October 2005	1,665	52,472	2,744	(76,441)	(29)	(19,589)
Exchange differences on foreign operations	-	-	-	-	(100)	(100)
Profit for the year	-	-	-	10,807	-	10,807
Total income and expenses for year	-	-	-	10,807	(100)	10,707
	1,665	52,472	2,744	(65,634)	(129)	(8,882)
Conversion of loan	217	10,213	(2,744)	1,543	-	9,229
Issue of ordinary share capital	479	54,295	-	-	-	54,774
Cost of issue of ordinary share capital	-	(5,605)	-	-	-	(5,605)
Share-based payments	-	-	-	1,820	-	1,820
At 30 September 2006	2,361	111,375	-	(62,271)	(129)	51,336
Exchange differences on foreign operations	-	-	-	-	(494)	(494)
Loss for the year	-	-	-	(226)	-	(226)
Total income and expenses for year	-	-	-	(226)	(494)	(720)
	92	4,307	-	-	-	4,399
Share-based payments	-	-	-	2,613	-	2,613
At 30 September 2007	2,453	115,682	-	(59,884)	(623)	57,628

# Consolidated Cash Flow Statement

## For the year ended 30 September 2007

	2007	2006
	\$'000	\$'000
<b>Operating activities</b>		
(Loss)/Profit for the year	(226)	10,807
<i>Adjustments to reconcile profit for the year to net cash inflow from operating activities</i>		
Income tax charge/ (credit)	1,849	(11,907)
Net finance costs	4,876	5,423
Depreciation and amortisation	25,633	21,273
Loss on disposal of property, plant, equipment and intangibles	1,511	756
Share-based payments	2,613	1,820
Increase in trade and other receivables	(3,549)	(2,475)
Government grants amortisation	(47)	-
Increase in inventories	(3,613)	(985)
Increase in trade and other payables	2,632	1,651
(Decrease)/Increase in provisions	(56)	296
<b>Cash flow from operating activities</b>	<b>31,623</b>	<b>26,659</b>
Tax on continuing operations	(132)	-
<b>Net cash flow from operating activities</b>	<b>31,491</b>	<b>26,659</b>
Cash flows used in investing activities		
Interest received	1,182	1,118
Purchases of property, plant and equipment (PPE)	(39,502)	(32,015)
Expenditure on intangible assets	(3,148)	(2,463)
Government grant receipt	350	-
Net cash flows used in investing activities	(41,118)	(33,360)
Cash flows from financing activities		
Proceeds from finance leases	43,063	45,240
Payment of finance leases	(46,903)	(40,163)
Proceeds from share issues	4,399	49,169
Interest paid	(6,058)	(6,287)
Net cash flows from financing activities	(5,499)	47,959
Net increase/(decrease) in cash and cash equivalents	(15,126)	41,258
Effect of exchange on cash & cash equivalents	34	(416)
Cash and cash equivalents at beginning of period	36,152	(4,690)
Cash and cash equivalents at end of period	21,060	36,152

## Notes to the Preliminary Announcement

### 1 Basis Of Preparation

The financial information is prepared on the historical cost basis and is presented in US Dollars, rounded to the nearest thousand.

The financial information set out above does not constitute the Company's statutory accounts for the years ended 30 September 2007 or 2006. Statutory accounts for 2006, which were prepared under IFRS as adopted by the EU have been delivered to the registrar of companies and those for 2007, prepared under IFRS as adopted by the EU, will be delivered in due course. The report of the auditors on those accounts is unqualified and does not contain a statement under Section 237(2) or Section 237(3) of The Companies Act 1985 concerning accounting records or failure to obtain necessary information and explanations.

This financial information has been prepared in accordance with adopted IFRS at 30 September 2007.

### 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 healthcare professional sites. These sites are fully supported by the Group's employees. Revenue is primarily generated on a pay-per-examination basis, usually with a minimum monthly usage level being agreed. For the year ended 30 September 2007, "pay-per-patient" agreements accounted for approximately 90% of sales (2006: 96%). 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 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 geographical segments. Those transfers are eliminated on consolidation.

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

	North America	Europe	Eliminations	Total
	2007	2007	2007	2007
	\$'000	\$'000	\$'000	\$'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	13,072	(3,223)	-	9,849
Share-based payments	(1,891)	(1,459)	-	(3,350)
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 year				(226)
<b>Assets and liabilities</b>				
Segment assets	98,976	85,800	(64,688)	120,088
Unallocated assets				31,397
Total assets	98,976	85,800	(64,688)	151,485
Segment liabilities	59,868	19,803	(64,688)	14,983
Unallocated liabilities				78,874
Total liabilities	59,868	19,803	(64,688)	93,857
<b>Other segment information</b>				
Capital expenditure:				
Property, plant and equipment	33,376	6,559		39,935
Intangible fixed assets	40	3,108		3,148
Depreciation	23,247	2,239		25,486
Amortisation	53	309		362
Loss on disposal	1,464	33		1,497

Unallocated net liabilities comprise net debt and taxation.

An analysis by geographical market is given below for the year ended 30 September 2006:

	North America 2006 \$'000	Europe 2006 \$'000	Eliminations 2006 \$'000	Total 2006 \$'000
Revenue				
Sales to external customers	64,733	2,987	-	67,720
Inter-segment sales	-	23,959	(23,959)	0
Segment revenue	64,733	26,946	(23,959)	67,720
Result				
Segment result before share-based payments	9,783	(3,297)	-	6,486
Share-based payments	(480)	(1,683)	-	(2,163)
Operating profit after share-based payments	9,303	(4,980)	-	4,323
Net interest				(5,423)
Loss from continuing operations before taxation				(1,100)
Taxation				11,907
Net profit for the year				10,807
<b>Assets and liabilities</b>				
Segment assets	77,571	50,706	(31,735)	96,542
Unallocated assets				48,059
Total assets	77,571	50,706	(31,735)	144,601
Segment liabilities	36,227	7,613	(31,735)	12,105
Unallocated liabilities				81,160
Total liabilities	36,227	7,613	(31,735)	93,265
<b>Other segment information</b>				
Capital expenditure:				
Property, plant and equipment	27,300	5,398		32,698
Intangible fixed assets	0	2,463		2,463
Depreciation	18,295	2,624		20,919
Amortisation	45	309		354
Loss on disposal	756	0		756

Unallocated net liabilities comprise cash, finance leases and taxation.

### 3 Taxation

Deferred tax asset balances for gross unused tax losses of approximately \$41,000,000 (2006: \$37,000,000), 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.

A deferred tax asset was recognised in 2006 in respect of historic US tax losses as there was sufficient evidence to conclude that these losses will be recoverable in the future.

#### 4 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 year by the weighted average number of ordinary shares outstanding during the period.

Diluted earnings per share amounts are calculated by dividing the profit/(loss) before taxation and the profit/(loss) after taxation for the financial year 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:

	2007	2006
Weighted average number of ordinary shares in issue	67,515,924	58,426,930
Effect of dilution: share options	1,837,840	3,113,912
Adjusted weighted average number of ordinary shares for diluted earnings per share	69,353,764	61,540,842
Profit/(loss) before taxation (\$'000s)	1,623	(1,100)
Basic profit/(loss) before taxation per share (cents)	2.4c	(1.9)c
Diluted profit/(loss) before taxation per share (cents)	2.3c	(1.9)c
(Loss)/profit after taxation (\$'000s)	(226)	10,807
Basic (loss)/profit after taxation per share (cents)	(0.3)c	18.5c
Diluted (loss)/profit after taxation per share (cents)	(0.3)c	17.6c