

31 March 2004

CustomVis plc
("CustomVis", "the Group" or "the Company")

Half year results for the period ended 31 December 2003

Chairman's Statement

Introduction

CustomVis, which designs and markets customised laser vision equipment, is pleased to announce its half year results for the six months ended 31 December 2003.

The Group was admitted to trading on the Alternative Investment Market in London in July 2003, having raised £11.5 million before costs.

As stated in the Trading Update on 24 February 2004, the Company did not manage to "scale-up" its production facilities and therefore expected to make only five laser systems in the year ending 30 June 2004. This remains the case.

The first laser system was delivered to a leading ophthalmic surgeon in Germany; it has been commissioned and is due to commence procedures shortly. The main reason for the delay in the surgical process is the lack of sufficient clinical data which is principally attributable to the production delays preventing despatch and use of enough laser systems.

The second laser system has been despatched to Spain where it will be commissioned and is expected to be operational before the end of April.

The third laser system which is due for despatch in April, will be sited for a short period of time in Western Australia where there is a bank of suitable patients readily available to be operated on by the surgeons who performed the successful procedures using the prototype laser pre the Company's flotation. This should enable the Company to quickly gather more clinical data.

Following the recent Trading Update, the Company has:-

- Commenced the process of recruiting a production director
- Committed additional resources to production
- Recruited additional staff

The full review of the impact of the delays in production on financial performance is ongoing and further clarification will be provided as soon as possible.

Cash balances at 29 February 2004 amounted to £9.3 million.

Financial Results

The Group recorded a loss after tax which amounted to £1.2 million for the six month period ended 31 December 2003. This equates to a loss of 3.5p per share, and continues to reflect the early stage nature of the business and the slower than expected build up of the production capability.

Group net assets at 31 December 2003 were £10.4 million. This included intangible assets of £1.4 million and net current assets of £8.7 million, and cash balances of £10.2 million.

Because of the lower than anticipated scale-up in production, costs have been less than had been anticipated in the period to date. As at the end of February 2004 the group's cash balances amounted to £9.3 million. The Group's monthly cash spend has however now been increased to facilitate this production scale-up, and currently runs at approximately £350,000 per month.

The Board does not propose to pay an interim dividend.

Overview of Business

As previously announced, CustomVis has delivered its first laser system to a leading ophthalmic surgeon in Germany. A second system was shipped recently to Spain.

Now it has been commissioned, it is expected that the laser system in Germany will commence procedures shortly.

The careful training and Clinical Management of our early user sites is important and will guide new users to produce results that continue to highlight the advantages of the CustomVis laser and its technological lead over competitors.

The third system has now entered the final testing phase before it becomes available for use. To speed up the process of gathering clinical data, this third system will be sited for a short period of time in Perth, Australia where there is a bank of suitable patients readily available for trials, before being shipped to the next commercial customer. The proposed site in Perth is where treatment was originally undertaken by the prototype laser before flotation.

The funds raised at flotation have enabled management to continue to scale up the Group's production, sales and service capabilities. The Group has focused on the recruitment and training of additional skilled staff plus the acquisition of equipment and materials to enable it to achieve revised production targets. The sales and service network required for the first commercial phase of activity is now in place. The group remains on track to deliver five laser systems in total in the year ending 30 June 2004, in line with revised expectations.

Interest in acquiring our system continues to increase following our participation in the European Society of Cataract and Refractive Surgeons meeting in Barcelona during January 2004 and this should increase further following our participation in the American Society of Cataract and Refractive Surgeons meeting in San Diego in May as well as

the American Academy of Ophthalmology Exhibition in New Orleans during November 2004.

We anticipate that the Group will shortly be able to start recording clinical data from the first three lasers. This data will be published and reported on at leading Ophthalmic conferences during 2004.

Management & Staff

The Group has grown significantly this year to more than 60 people in order to fulfil the early stages of the production and sales plan.

In February CustomVis opened a small office in the UK, which creates a focus for management activity and also serves as a focal point for sales & service activity throughout Europe and the Middle East.

Outlook

Progress is now being made in production, and sales of commercial installations have commenced. The focus of the business henceforth will be the production of laser systems and the gathering of clinical data.

The Laser Vision Correction industry continues to show strong growth in our key target markets across Europe, the Far East and Australia. Strong demand for new technology is driving interest in our system and CustomVis remains well positioned to take advantage of this demand.

- Ends-

Further information:

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Independent Review Report to CustomVis plc

Introduction

We have been instructed by the Company to review the financial information for the six months ended 31 December 2003, which comprises the Group Profit and Loss Account, Group Balance Sheet, Group Cash Flow Statement and the related notes.

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.

Directors' Responsibilities

The interim report, including the financial information contained therein, is the responsibility of, and has been approved by the directors.

Review Work Performed

We conducted our review in accordance with guidance contained in Bulletin 1999/4 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 United Kingdom Auditing Standards 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 December 2003.

PKF

Glasgow, UK

30 March, 2004

Registered Auditors,

CustomVis plc
Consolidated Profit & Loss Account
For the 6 months ended 31 December 2003

	Six months to 31 December 2003 (Unaudited) £	Period to 30 June 2003 (Audited) £
Turnover and Gross profit	1,589	2,848
Administrative expenses	(1,452,400)	(692,043)
Other operating income	-	23,818
Operating loss	(1,450,811)	(665,377)
Interest received and similar income	289,201	7,768
Loss on ordinary activities before taxation	(1,161,610)	(657,609)
Tax on loss on ordinary activities	2 (7,610)	(2,629)
Loss on ordinary activities transferred to reserves	(1,169,220)	(660,238)
Loss per ordinary share	3	
Basic and diluted	3.5p	7.6p

All activities relate to continuing operations

The group has no recognised gains or losses for the period other than the losses above.

CustomVis plc
Consolidated Balance Sheet
As at 31 December 2003

	At 31 December 2003 (Unaudited) £	At 30 June 2003 (Audited) £
Fixed assets	4	
Intangible assets	1,448,786	1,565,278
Tangible assets	197,112	100,033
	1,645,898	1,665,311
Current assets		
Stock	195,700	-
Debtors	166,310	286,545
Cash at bank and in hand	10,178,076	773,458

		-----	-----
		10,540,086	1,060,003
Creditors: Amounts falling due within one year		(1,834,075)	(429,236)
		-----	-----
Net current assets		8,706,011	630,767
		-----	-----
Total assets less current liabilities		10,351,909	2,296,078
Creditors: Amounts falling due after more than one year		-	(1,342,844)
		-----	-----
Net assets		10,351,909	953,234
		=====	
Capital and reserves			
Called-up share capital	5	1,735,958	1,048,090
Share premium account		10,450,503	546,078
Foreign currency translation reserve		(5,094)	19,304
Profit & loss account		(1,829,458)	(660,238)
		-----	-----
Equity shareholders' funds	6	10,351,909	953,234
		=====	

CustomVis plc
Consolidated Cash Flow Statement
For the 6 months ended 31 December 2003

	Six months to 31 December 2003 (Unaudited) £	Period to 30 June 2003 (Audited) £
	-----	-----
Reconciliation of operating loss to net cash outflow from operating activities		
Operating loss	(1,450,811)	(665,377)
Depreciation and amortisation	211,335	105,537
(Increase) in stock	(195,700)	-
Decrease/(increase) in debtors	120,235	(252,036)
Increase in creditors	61,995	166,799
	-----	-----
Net cash outflow from operating activities	(1,252,946)	(645,077)
	=====	
Cash flow statement	7	
Net cash outflow from operating activities	(1,252,946)	(645,077)
Returns on investment and servicing of finance	289,201	7,768
Taxation	(7,610)	(2,629)
Capital expenditure	(191,922)	(70,743)
Acquisitions and disposals	-	122,243
	-----	-----
Financing	(1,163,277)	(588,438)
	10,592,293	1,361,896
	-----	-----

Increase in cash in period	9,429,016	773,458
	=====	=====
Reconciliation of net cash flow to movement in net funds/(debt)		
Increase in cash in period	9,429,016	773,458
Cash inflow from issue of loan notes	-	(1,342,844)
Net debt at 30 June 2003	(569,386)	-
	-----	-----
	8,859,630	(569,386)
Other movements		
Translation differences	(24,398)	-
	-----	-----
Net funds/(debt) at 31 December 2003	8,835,232	(569,386)
	=====	=====

CustomVis plc
Notes to the Interim Report
For the 6 months ended 31 December 2003

1. Basis of preparation

These accounts are unaudited and do not constitute statutory accounts within the meaning of section 240 of the Companies Act 1985. The interim results have been prepared in accordance with the accounting policies set out in the annual report and financial statements for the period ended 30 June 2003.

The financial information relating to 30 June 2003 has been extracted from the financial statements which have been delivered to the Registrar of Companies. The independent auditors' report on those accounts was unqualified.

2. Taxation

No corporation tax has been provided for in the period due to the projected result for the period not exceeding the losses brought forward.

Deferred tax assets arising from trading losses have not been recognised on the basis that their future economic benefit is uncertain.

3. Loss per share

	Six months to 31 December 2003	Year to 30 June 2003
Loss for the period attributable to shareholders	£ (1,169,220)	£ (660,238)
	=====	=====

Weighted average number of shares in issue	33,414,597	8,666,563
	=====	=====

Diluted loss per share has been calculated using the same figures as the basic calculation. No account has been taken of options, as these potential Ordinary Shares are not considered to be dilutive under the definitions of the applicable accounting standards.

4. Fixed assets

Total	Intangible assets £	Tangible assets £	£
Cost			
At 1 July 2003	1,653,442	117,406	1,770,848
Additions	69,454	122,468	191,922
	-----	-----	-----
At 31 December 2003	1,722,896	239,874	1,962,770
	-----	-----	-----
Amortisation			
At 1 July 2003	88,164	17,373	105,537
Charge for the period	185,946	25,389	211,335
	-----	-----	-----
At 31 December 2003	274,110	42,762	316,872
	-----	-----	-----
Net Book Value			
At 31 December 2003	1,448,786	197,112	1,645,898
	=====	=====	
At 30 June 2003	1,565,278	100,033	1,665,311
	=====	=====	

5. Share Capital

	At 31 December 2003 £	At 30 June 2003 £
Authorised		
100,000,000 Ordinary shares of 5p each	5,000,000	5,000,000
	=====	=====
Allotted, called up and fully paid		
34,719,160 Ordinary shares of 5p each	1,735,958	1,048,090
	=====	=====

On 1 July 2003 options were exercised over 1,120,000 Ordinary shares of 5p each. The exercise price was 62p per share.

On 8 July 2003 the company was floated on the Alternative Investment Market. At this point 12,637,375 Ordinary Shares of 5p each were issued. The flotation price was 91p per share.

6. Reconciliation of movement in shareholders' funds

Share capital	Share premium account	Foreign currency reserve	Profit & loss account	Total
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At 1 July 2003	1,048,090	546,078	19,304	(660,238)	953,234
Issue of share capital	687,868	9,904,425	-	-	10,592,293
Foreign currency movement	-	-	(24,398)	-	(24,398)
Loss for the period	-	-	-	(1,169,220)	(1,169,220)
	-----	-----	-----	-----	-----
At 31 December 2003	1,735,958	10,450,503	(5,094)	(1,829,458)	10,351,909
	=====	=====	=====	=====	=====

7. Gross cash flows

	Six months to 31 December 2003 £	Year to 30 June 2003 £
Return on investment and servicing of finance		
Interest received	163,797	7,768
Currency gain	125,404	-
	-----	-----
	289,201	7,768
	=====	=====
Taxation		
Corporation tax and stamp duty	(7,610)	(2,629)
	=====	=====
Capital expenditure		
Payments to acquire intangible assets (19,695)	(69,454)	
Payments to acquire tangible assets	(122,468)	(51,048)
	-----	-----
	(191,922)	(70,743)
	=====	=====
Acquisitions and disposals		
Cash assets acquired from subsidiary	-	122,243
	=====	=====
Financing		
Issue of share capital	10,592,293	19,052
New loan notes issued	-	1,342,844
	-----	-----
	10,592,293	1,361,896
	=====	=====
Analysis of changes in net (debt)/funds		

	At 30 June 2003 £	Cashflow £	At 31 December 2003 £
Cash at bank and in hand	773,458	9,404,618	10,178,076
Debt due within one year	-	(1,342,844)	(1,342,844)
Debt due after more than one year	(1,342,844)	1,342,844	-
	-----	-----	-----
	(569,386)	9,404,618	8,835,232
	=====	=====	=====

This information is provided by RNS
The company news service from the London Stock Exchange