

T h e F u t u r e i n S i g h t ™

CUSTOM✓**VIS** ™



Pulzar Z1™

www.customvis.com

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CUSTOMVIS PLC

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2008

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CORPORATE DIRECTORY

Directors

Simon Carroll PhD MBA FAICD
(Non-Executive Chairman)

Paul Van Saarloos MSc PhD (Chief Executive)

Emanuel Rosen BSc, MB,ChB, MD, FRCS(Edin), FRCOphth
(Non-Executive Director)

Chief Financial Officer and Company Secretary

Stephen McRae BBS, ICANZ, ACA.

Registered Office

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London EC2M 4YH
UNITED KINGDOM

Company Number

04609602

Solicitors

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London EC2M 4YH
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Nominated Adviser and Broker

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London EC2A 1AD
UNITED KINGDOM

Principal Place of Business

Level 1,
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AUSTRALIA

Auditors

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St Bride's House
10 Salisbury Square
London EC4Y 8EH
UNITED KINGDOM

Registrars

Capita Registrars Limited
Erskine House
68-73 Queen Street
Edinburgh EH2 4NR
UNITED KINGDOM

CHAIRMAN'S REPORT

Introduction

It is the Directors' belief that the Company's core product, Pulzar Z1, remains the only solid state refractive laser on the market. The market belief that solid state lasers will take over this industry in the future remains unchanged and CustomVis is not aware of any other solid state laser replacement under development. Long development times and a strong and improving patent position provide a barrier for competitors to introduce a similar system.

The installed base of Pulzar Z1 solid state refractive lasers has now increased to 35. The Directors estimate that approximately 90,000 eyes have been treated on this platform to date, with approximately 70,000 eyes in the last year, demonstrating an increasing acceptance of solid state at the 213nm wavelength, which provides for less tissue damage and faster recovery than the excimer laser at 193nm, as a viable alternative to the established excimer laser technology. The worldwide installed base of excimer lasers currently stands at around 5500, with approximately 800 new lasers being sold every year. This gives us a considerable market to sell the Pulzar Z1 into.

An important recent development for the Company relates to its new scanner controller. This was designed to improve the reliability of the laser and was the only hardware upgrade required in preparing the lasers for a future upgrade for faster pulse repetition rates. It also works more accurately and precisely than the previous controller. It was put into production earlier this year to correct for the effects of a batch of scanners that were not functioning at the optimum level. The significant result of this upgrade has been that most surgeons reported an immediate and substantial improvement in clinical results.

Therefore, a plan was implemented to upgrade all of the installed lasers to the new scanner control, which is now approximately 80 per cent complete. The clinical results published to date have been based on treatments using our old scanner system and yet they have consistently matched clinical results published by our competitors using their current excimer lasers. With this new improved scanning technology, we believe the future for CustomVis is exciting.

Overview of the Trading Year

Results for the year

The Group made a profit before taxation for the year of £1,056,296 (2007: £1,438,318 loss) after recognising an unrealised gain on foreign exchange of £2,481,397 (2007: £18,380). Sales revenue was £1,161,312 (2007: £880,613), which is an increase of 32 per cent. on the previous year, and the gross profit for the year ended 30 June 2008 was £628,742, an increase of 58 per cent. over the previous year (2007: £397,696). Earnings per share for the year ended 30 June 2008 were 0.6p (2007: loss 1.9p).

During the year ended 30 June 2007, the Group installed 11 lasers, resulting in an increase of the worldwide installed base to 28 lasers at 30 June 2008. Since then the Group has installed a further seven lasers, so that at present the worldwide installed base is now 35 lasers.

During the year under review the Company raised £2.24 million (net of issue expenses) via a placing of 73,846,700 ordinary shares at 3.25p per share to fund ongoing operations and growth. The net cash outflow from operating activities during 2007/08 increased to £1,887,185 compared to £1,706,887 in the corresponding year and, at 30 June 2008, the

Group had cash in hand of £1.5 million. The Directors are confident that they will be able to fund ongoing operations and growth through existing and prospective sales and other options the Board is currently pursuing.

Following a review of the prior year tax computations, it was discovered that the prior year tax position has been materially understated.

CustomVis has an Australian subsidiary; CLVR Pty Ltd ("CLVR"), with whom CustomVis has an intercompany loan account to fund the subsidiary's trading operations. Interest is payable on the loan account by CLVR and has been booked as interest receivable in the CustomVis accounts since the year ended 30 June 2004.

Due to the loss-making nature of CLVR, it has not been able to make the necessary interest payments. CustomVis therefore provided in full against the interest receivable in the accounts from the year ended 30 June 2005 and 30 June 2006, effectively netting off the interest receivable in the P&L account.

The tax computations of CustomVis for the years ended 30 June 2005 and 30 June 2006 failed to adjust for both the intercompany interest receivable and the corresponding provisions against this interest in the tax computations that were originally submitted.

As a result the tax position of the Company was understated in these years, resulting in an underpayment of tax of approximately £78,000 in the year ended 30 June 2006 and a large reduction in the carried forward trading losses for tax purposes. This situation is under review and the Company is anticipating the possibility of penalties being levied.

The correct treatment of the interest and corresponding provisions has been applied in the tax computation for the year ended 30 June 2007 onwards. The 2007 tax computation of CustomVis had yet to be completed upon approval of the Company's 2007 financial statements. These financial statements did not include a tax expense for the year to 30 June 2007 for CustomVis. Upon discovering the underpayment of tax for the June 2005 and June 2006 years, the Directors reviewed the draft 2007 tax computation and understand that there is a tax liability of approximately £184,000 (exclusive of any penalties that may be levied by UK tax authorities) for the year ended 30 June 2007.

Sales and Marketing

In the past, CustomVis has predominately been selling lasers directly to its customers and managing all related service and warranty programmes. This strategy was required initially, as distributors did not have the knowledge and skills to introduce this new technology to their markets.

With the expanding installed base, the Company has been implementing a plan of moving from direct sales to sales and service through a network of distributors. Distributors have good local knowledge with their sales people in regular contact with the surgeons in their region. Distributors generally attend the national ophthalmic conferences.

The Company believes this is an appropriate and cost-effective model for its current stage of development. There is a cash flow benefit to CustomVis as distributors only receive commission once the Company has received the proceeds from the sale. The distributors are required to provide a trained service engineer, and are responsible for most of the service.

With increasing clinical and scientific publications now available, distributors have the information required to initiate sales. In order to manage the Company's expanding distributor network, we have appointed new sales representatives in Latin America, the Asia Pacific region and the Middle East region. Furthermore, the Company has established an internal global marketing capability to support the Regional Sales and Distributor Network.

This strategic shift in the sales functions coincided with the departure in September of Dr Jain, the Company's Chief Operating Officer who was also the Sales Director. A temporary slow down in sales flow has been experienced due to the time taken to re-engage existing, as well as identify and appoint new distributors and to get the new team members up to speed. However, countering this has been a significant increase in interest in the Pulzar Z1 laser.

Refractive surgeons are typically dealing with normally sighted eyes, hence they are often very conservative in their approach to new technologies. It is difficult to predict therefore, when these surgeons will see enough clinical evidence of performance, safety and efficacy, to make the decision to buy a Pulzar ZI laser. However, as further strong clinical evidence is obtained, the new sales strategy of sales, distribution / service and marketing is expected to reap results soon.

World Economic Crisis

The world economic crisis has both positive and negative aspects for CustomVis. Most laser sales are quoted in US dollars and the relatively stronger US dollar, coupled with the economic uncertainty, has delayed some sales.

On a positive note, most of the deferred payments receivable on installed lasers are in US\$, so these payments are covering a larger proportion of our costs which are mainly denominated in Australian dollars. Importantly, our solid state laser provides a real economic advantage compared to excimer lasers. The direct and indirect running costs are lower for solid state lasers. In the past this was not usually an important part of the surgeons buying decision, but more recently, we have noticed that this has become an important factor for surgeons which may present some good opportunities for CustomVis.

It is also worth noting the end of the mining boom in Western Australia. This had created significant upward pressure on local salaries and made it very difficult to attract and retain good staff. This problem appears to have passed for the time being.

Production

The production process has been refined and can smoothly deal with a minimum of three lasers per month. During the period under report the cost of production of a laser has been reduced by 20 per cent. by the research and development team reducing the cost of some OEM parts and better management of suppliers and production processes. The improved production processes have also resulted in lower technical risks and decreased production run-time.

Retinal Camera

CustomVis has developed a new low cost portable digital camera for photographing the retina of the eye. The camera has been demonstrated at three major ophthalmic trade shows receiving a high level of interest. Feedback from these demonstrations has been incorporated into the design of the device and a test production run is now underway. It is planned to put the camera into production in early to mid 2009.

The camera has applications in screening for glaucoma and diabetic retinopathy. The portability also allows screening and storage of retinal images from patients who are difficult to access using existing camera systems, such as those patients who are bed ridden.

The Company believes the camera does not have a close competitive product in either cost or portability. Interest has been shown from ophthalmology, optometry and veterinary areas. Our distributors believe there is a large market for these devices. We expect to be in full production before the end of the current financial year. CustomVis believes this camera will generate meaningful revenues at reasonable gross margins in the future.

Medical Advisory Board

Recently the Company determined to establish a Medical Advisory Board to advise on key technological and medical issues relevant to the Company's position in the industry. Professor Emanuel Rosen will chair this Advisory Board of international key opinion leaders whose meetings will coincide with major international conferences. Amongst his many professional appointments, Professor Rosen is a Past President of the European Society of Cataract and Refractive Surgeons and is Co-editor of the Journal of Cataract and Refractive Surgery.

Research and Development

The past year has been a successful one for the CustomVis research and development team. The new scanner control has resulted in improved clinical results from more reliable systems and is expected to help generate future sales. The retinal camera has been developed, undergone rapid prototyping and is poised for a test-marketing production run..

A major part of the R&D effort has been directed to reducing the cost of goods and with design changes to the Pulzar Z1 has helped reduce the production cost by 20 per cent. Additional efforts over the next period will be made to reduce the production cost further.

The development of our Multifunction Laser has made reasonable progress during the year, despite limited resources applied to this project. This ophthalmic laser system will be a more advanced version of our current Pulzar Z1 laser for refractive surgery, and will be able to perform other laser procedures ophthalmologists routinely carry out.

The Company is making headway with its new treatment for Presbyopia. Longer term analysis of the initial test groups showed that our latest trials were not performed with the most optimum configuration. The final trials are being re-started but it is important to state that the results, before the reconfiguration, were excellent and we believe this procedure offers the potential for significant additional revenues once approved for release.

Research work related to the Pulzar Z1 has ensured the successful publication of a number of important studies proving the safety and efficacy of this laser. These publications are extremely important tools for breaking the barriers to accepting this new technology and helping to generate sales:

Recent Peer-Reviewed Scientific and Clinical Publications:

- One-year results of photorefractive keratectomy and laser *in situ* keratomileusis for myopia using a 213 nm wavelength solid-state laser by: N. Tsiklis, G. Kymionis, G. Kounis, A. Pallikaris, V. Diakonis, S. Charisis, M. Markomanolakis, I. Pallikaris (*J Cataract Refract Surg* 2007; 33:971-977)
- Endothelial cell density after photorefractive keratectomy for moderate myopia using a 213nm solid state laser system by: N. Tsiklis, G. Kymionis, A. Pallikaris, V. Diakonis, H. Ginis, G. Kounis, S. Panagopoulou, I. Pallikaris (*J Cataract Refract Surg* 2007; 33:1866-1870)
- Histological Changes and Unscheduled DNA Synthesis in the Rabbit Cornea Following 213-nm, 193-nm, 266-nm Irradiation by: P. van Saarloos, J Rodger (*J Refract Surg.* 2007; 23:477-481)
- Photorefractive Keratectomy Using Solid State Laser 213 nm and Excimer Laser 193 nm: A Randomized, Contralateral, Comparative, Experimental Study by: N. Tsiklis,

G. Kymionis, G. Kounis, I. Naoumidi, I. Pallikaris (*Invest Ophthalmol Vis Sci* 2008; 49:1415-1420)

The following patents have also been granted to the Company:

- UK GB2426816 Limbal-based eye tracking
- USA 7221494 Scanning device and method of scanning an optical beam over a surface
- USA 7460569 Solid state UV laser

These patents are the Company's first granted patents. A significant number of patent applications covering its technology are still pending.

Trade shows and conferences

The Company continues to attend important ophthalmic conferences around the world, and demonstrates the laser and camera at all the major trade shows. The scientific and clinical papers and posters presented at these conferences are important to appraise customers of the developments and validate our products. The demonstration of our laser is also extremely important part of our marketing; not only does it allow appreciation of the efficient operation of the laser, but also allows the doctors to judge the viability of our Company by the attendance at these shows.

Board and Senior Management Changes

I joined the Board as an independent non-executive director of CustomVis on 7 May 2008 and I was pleased to accept the role of Chairman on 11 December 2008. On the same date, Professor Emanuel Rosen stepped down from the role of Chairman after two and a half years. Professor Rosen remains an independent non-executive of the Company.

On 2 September 2008 Dr Mukesh Jain resigned as director of the Company.

On 31 March 2008, Stephen McRae was appointed Chief Financial Officer and Company Secretary.

Outlook

With 35 lasers now installed, over 90,000 eyes treated, increasing publications on our technology and recent improvements to the performance of the laser, the Company is poised to make significant sales. A new management team with a strong focus on sales and marketing should bring the promise of this new technology to fruition. The payments flowing from the growing installed base, coupled with favorable exchange rate variations, provide the basis of a solid financial year ahead. However, the Board does recognise the uncertainty of the world economic circumstances.

Management and staff are to be congratulated on their continued attention to building a strong foundation product, the Pulsar Z1 laser, from which the Company can grow its business in the lucrative international ophthalmology industry.

Simon Carroll

Chairman

REPORT OF THE DIRECTORS

The directors submit their report and the financial statement for the year ended 30 June 2008.

PRINCIPAL ACTIVITY

The principal activity of the Group is the manufacture and sale of laser optical equipment for use within the laser vision correction industry.

GENERAL

The Directors believe CustomVis's Pulzar Z1 remains the only solid state refractive laser on the market. The market belief that solid state lasers will take over this industry in the future remains unchanged and CustomVis is not aware of any other solid state excimer laser replacement under development. Long development times and a good and improving patent position provide a barrier for competitors to introduce a similar system.

The installed base of Pulzar Z1 solid state refractive lasers has increased to 35 and approximately 90,000 eyes have now been treated on this platform. These numbers demonstrate an increasing acceptance of solid state within the industry as a viable alternative to the established excimer laser technology.

An important recent development relates to a new scanner controller. This was designed to improve the reliability of the laser and was the only hardware upgrade required in preparing the lasers for a future upgrade for faster pulse repetition rates. It also works more accurately and precisely than the previous controller. It was put into production to correct for the effects of a batch of scanners that were not functioning at the optimum level. The result of this upgrade was that most surgeons reported an immediate and significant improvement in clinical results.

A plan has been implemented to upgrade all of the installed lasers to the new scanner control. This process is now approximately 80 per cent. complete. With the clinical results published to date all having been based on the old scanner system all matching the clinical results produced by current excimer lasers, the future for CustomVis is exciting.

BUSINESS REVIEW

Overview of the Trading Year

Trading Results

Sales Revenue £1,161,312, (2007: £880,613), increase of £280,699 (31.87%)

11 units were installed during the 2008 Financial year resulting in an installed base of 28 lasers in 18 countries.

Gross Profit £628,742, (2007: £367,696), increase of £231,046 (58.1%).

Net Profit £658,702, (2007: Loss £1,438,318), after recognition of exchange gains of £2,481,397, (2007: £18,380)

The adjustment to prior year tax returns has led to additional tax liabilities of £302,226 being incurred. This is currently the subject of negotiations with HMRC.

GOING CONCERN

Having considered the guidance given in the document Going Concern and Financial Reporting: Guidance for Directors of Listed Companies Registered in the UK issued in November 1994 by the Going Concern Working Group, the Directors have formed a judgement that, at the time of approving these financial statements there is a reasonable expectation that the Group has adequate resources and likely income to continue in operational existence for the foreseeable future and therefore adopt the going concern basis for the financial statements.

PRINCIPAL RISKS AND UNCERTAINTIES

The key risks and uncertainties facing the business are as follows:

- Retention of key operational and executive staff.
- Ability to continuously produce, improve and sell the Lasers to meet competitive pressures.
- Ability to generate sufficient cash flows through sales and other mechanisms to support operations and growth.
- Reduce cost of production and improve margins by improving the product.

The Directors are satisfied that adequate measures are in place to mitigate the above risks and uncertainties facing the business.

KEY PERFORMANCE INDICATORS

The Group will measure its performance in the year to 30 June 2009 based on the following key performance indicators:

- The Group is targeting to produce and sell three lasers per month.
- The Group is targeting to become cash flow positive.
- The number of eyes treated by the CustomVis solid state laser is expected to exceed 200,000 in aggregate by the end of 2009.
- Research & development effort is directed to reducing the production costs by at least 10 per cent. and at least one more product should be prepared for release.
- Increase the installed base of lasers to 50.

DIVIDENDS

The Directors are unable to recommend payment of a dividend.

POST BALANCE SHEET EVENTS

Since the balance sheet date the Company has sold seven lasers bringing the installed base to 35 and is currently in discussion with several prospective customers in Asia, the Middle East and Europe.

A former director and staff member has served a writ on the Company claiming unpaid expenses and commissions. The writ is being defended and the estimated cost to settle is not considered significant.

PAYMENT OF CREDITORS

It is the policy of the Company and the Group to settle creditors' accounts within the terms agreed with individual suppliers at the inception of a contract or order being made. As at 30 June 2008, the creditor days for the Group was calculated at 30 days (2007: 30 days)

INFORMATION SUPPLIED TO AUDITORS

Each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

So far as each director is aware, there is no relevant audit information of which the Company's auditors are unaware.

FINANCIAL INSTRUMENTS

The Company's financial risk management objective is broadly to seek to make neither profit nor loss from exposure to currency or interest rate risks. Its policy is currently to finance working capital through funds raised from share issues and sales. Other than using its foreign currency accounts to pay suppliers, the Company does not use hedge accounting. The Company's exposure to the price risk of financial instruments is therefore minimal.

As the counterparty to all financial instruments, other than debtors and creditors, is its bankers, it is also exposed to minimal credit and liquidity risks in respect of these instruments; its cash flow risk in respect of forward currency purchases is also minimal as it aims to pay suppliers in accordance with their stated terms. The Directors do not consider any other risks attaching to the use of financial instruments to be material to an assessment of the Company's and Group's financial position or results.

CORPORATE GOVERNANCE

During the year each Director has ensured that appropriate governance standards have been adopted in all aspects of the Company's operations, as is appropriate for a company of this size. The Company has established a Charter for the Board and the Finance and Audit Committee and has setup a Nominations Committee which consists of the non-executive directors and key executives (where appropriate). The Board has met regularly during the year. The Executive Group also meets regularly to manage all aspects of the business including Production, Research & Development, Sales and Marketing, Financial & Commercial management and key risks.

PEOPLE & PREMISES

The Group continues to recruit and retain highly qualified and motivated staff. During the year the staff numbers have decreased from 36 to 32. The decrease in headcount has been mainly in Research and Development. Looking forward there will be continuous review of operations and adjustments where necessary to meet our circumstances. There is a need to increase the head count in Sales and Marketing to further enhance our selling efforts and to provide greater coverage in all parts of the world.

The Group continues to base its Production and Administration facilities in Australia, with its registered office in the United Kingdom.

RESEARCH AND DEVELOPMENT

The Group's research and development activities are undertaken by the subsidiary and are summarised in the Chairman's report. This research and development is undertaken to reduce the cost of production and servicing of the laser, improve its performance and reliability, and to develop new features and products .

DIRECTORS' REMUNERATION AND THEIR INTERESTS

The directors who served during the year and their interests in the Company at the balance sheet date and at the start of the year are as stated below:

• DIRECTORS' SALARIES

Name of Directors	Salary and Fees (£)	Pension Contributions (£)	Total (£)
Emanuel Rosen	21,667	2,449	24,116
Paul van Saarloos	129,827	11,684	141,511
Mukesh Jain	140,222	12,612	160,384
Simon Carroll	2,075	187	2,262

• DIRECTORS' SHAREHOLDINGS

Ordinary Shares

Name of Directors	2008	2007
Emanuel Rosen	32,718	32,718
Paul van Saarloos	9,042,912	9,042,912
Mukesh Jain	10,100,000	-
Simon Carroll	-	-

• DIRECTORS' OPTIONS

In addition to the above shareholdings certain of the directors who served during the year also have the following share options over ordinary shares:

Name of Director	Date of Grant	At 1 July 2007	Options granted/ transferred in the year	At 30 June 2008	Exercise Price (£)
Mukesh Jain	10 February 2005	100,000	-	100,000	0.05
Mukesh Jain	10 February 2005	250,000	-	250,000	0.60
Mukesh Jain	1 February 2007	1,000,000	-	1,000,000	0.05
Mukesh Jain	10 March 2007	200,000	-	200,000	0.06
Mukesh Jain	30 June 2008	2,000,000	-	2,000,000	0.05
Paul van Saarloos	1 February 2007	3,000,000	-	3,000,000	0.10
Paul van Saarloos	30 June 2008	2,000,000	-	2,000,000	0.05

The market price of CustomVis shares at 30 June 2008 was 4.5p. During the year the share price at its highest value was 5.50p and its lowest was 3.38p.

Details of these options are given in Note 16 to the financial statements.

CUSTOMVIS PLC

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations. Company law requires the directors to prepare financial statements for each financial year. Under that law the directors prepared the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union. The financial statements are required to give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Group and the Company and enable them to ensure that the financial statements comply with the Companies Act 1985 and Article 4 of the IAS Regulation. They are also responsible for safeguarding the assets of the Group and the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements and other information included in annual reports may differ from legislation in other jurisdictions.

Auditors

The auditors Horwath Clark Whitehill LLP have indicated their willingness to continue in office.

This report was approved by the Board on 9th January 2009 and signed on its behalf by

Paul van Saarloos
Chief Executive Officer

Independent Auditors' Report to the Shareholders of CustomVis Plc

We have audited the Group and parent company financial statements (the "financial statements") of CustomVis Plc for the year ended 30 June 2008 which are set out on pages 16 to 45. These financial statements have been prepared under the accounting policies set out therein.

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

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU are set out in the Statement of Directors' Responsibilities.

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

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. This other information comprises only the Corporate Directory, Chairman's Statement, Report of the Directors, Directors' Remuneration and their interests, and Statement of Directors' Responsibilities. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board of the Financial Reporting Council. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with IFRSs as adopted by the EU, of the state of the Group's and the parent company's affairs as at 30 June 2008 and of the Group's profit for the year then ended; and
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

Emphases of Matter

Going Concern

We draw attention to the disclosures in Note 1 regarding the directors' assumptions as to the continuing application of the going concern concept. The directors are optimistic as to the continued development of the business of the Group. However, unless an increase in sales is achieved, there remains doubt as to the ability of the Group to continue as a going concern. Our opinion is not qualified in this respect. The financial statements do not include any adjustments that would result if the Group was unable to continue as a going concern.

Other matters

Without qualifying our opinion, we draw attention to Note 7 that explains the basis of the exchange gain reported in the income statement of £2,418,397 and to Note 9 that explains the prior period adjustment in respect of taxation.

Horwath Clark Whitehill LLP
Chartered Accountants & Registered Auditors

St Bride's House
10 Salisbury Square
London EC4Y 8EH
United Kingdom

9th January 2009

CUSTOMVIS PLC
CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2008

	<u>Notes</u>	<u>2008</u> £	<u>2007</u> £
Revenue		1,161,312	880,613
Cost of Sales		(532,570)	(482,917)
Gross profit		628,742	397,696
Other income	6	436,378	365,237
Staff expenses		(714,069)	(1,005,953)
Marketing expenses		(135,211)	(227,133)
Depreciation		(115,420)	(134,577)
Occupancy Expenses		(197,527)	(157,924)
Share Based Payments	17	(9,743)	(107,860)
Administrative expenses		(1,318,251)	(586,184)
Foreign exchange gain	7	2,481,397	18,380
Profit/(Loss) before tax	8	1,056,296	(1,438,318)
Income tax expense	9	(397,594)	-
Operating profit / (loss) for the year attributable to the equity holders of the parent	8	658,702	(1,438,318)
Earnings/(Loss) per share			
Basic	10	0.56p	(1.86p)
Diluted	10	0.56p	(1.86p)

The accompanying notes form part of these financial statements

CUSTOMVIS PLC

CONSOLIDATED AND PARENT BALANCE SHEETS AS AT 30 JUNE 2008

	<u>Notes</u>	<u>Group</u> <u>2008</u> £	<u>Group</u> <u>2007</u> £	<u>Company</u> <u>2008</u> £	<u>Company</u> <u>2007</u> £
Assets					
Current Assets					
Cash and cash equivalents		1,493,249	897,399	1,062,119	293,640
Trade and other receivables	11	800,057	521,815	773,465	387,394
Prepayments		79,286	-	7,184	-
Inventory	12	1,509,972	1,117,917	-	-
Total Current Assets		3,882,564	2,537,131	1,842,768	681,034
Non-current assets					
Trade and other receivables	11	664,213	401,666	664,087	1,211,222
Property, plant and equipment	13	145,274	218,662	57,121	116,864
Investments	14	-	-	-	-
Total Non-Current Assets		809,487	620,328	721,208	1,328,086
TOTAL ASSETS		4,692,051	3,157,459	2,563,976	2,009,120
Current liabilities					
Trade and other payables	15	(749,464)	(618,951)	(285,531)	(128,334)
Provision for Taxation	9	(397,594)	-	(397,594)	-
Non-Current Liabilities					
Payables due after one year	15	(189,100)	(139,861)	(189,100)	(139,861)
TOTAL LIABILITIES		(1,336,158)	(758,812)	(872,225)	(268,195)
NET ASSETS		3,355,893	2,398,647	1,691,751	1,740,925
EQUITY					
Issued Capital	16	5,504,424	4,765,957	5,504,424	4,765,957
Reserves		10,405,296	10,845,219	12,229,659	10,718,030
Retained earnings		(12,553,827)	(13,212,529)	(16,042,332)	(13,743,062)
TOTAL EQUITY		3,355,893	2,398,647	1,691,751	1,740,925
ATTRIBUTABLE TO THE					
EQUITY HOLDERS OF THE					
PARENT		3,355,893	2,398,647	1,691,751	1,740,925

The accompanying notes form part of these financial statements

CUSTOMVIS PLC

STATEMENT OF CHANGES IN EQUITY FOR YEAR ENDED 30 JUNE 2008

Consolidated Group

	Note	Share Capital	Share premium	Options Reserve	Foreign currency translation reserve	Retained earnings
		£	£	£	£	£
Balance at 1 July 2006		3,240,957	10,442,369	309,155	144,966	(11,774,211)
Exchange differences arising on translation of foreign operations		-	-	-	(17,777)	-
Net income recognised directly in equity		-	-	-	(17,777)	-
Proceeds from new share issue		1,525,000	-	-	-	-
Costs arising from share issue		-	(141,354)	-	-	-
Net loss for the year		-	-	-	-	(1,438,318)
Total recognised income and expenses		1,525,000	(141,354)	-	(17,777)	(1,438,318)
Recognition of share based payments		-	-	107,860	-	-
Balance at 30 June 2007		4,765,957	10,301,015	417,015	127,189	(13,212,529)
Exchange differences arising on translation of foreign operations		-	-	-	(1,951,552)	-
Net income recognised directly in equity		-	-	-	(1,951,552)	-
Proceeds from new share issue		738,467	1,661,551	-	-	-
Costs arising from share issue		-	(159,665)	-	-	-
Net profit for the year		-	-	-	-	658,702
Total recognised income and expenses		738,467	1,501,886	-	(1,951,552)	658,702
Recognition of share based payments		-	-	9,743	-	-
Balance at 30 June 2008		5,504,424	11,802,901	426,758	(1,824,363)	(12,553,827)

The accompanying notes form part of these financial statements.

CUSTOMVIS PLC

STATEMENT OF CHANGES IN EQUITY FOR YEAR ENDED 30 JUNE 2008 (CONTINUED)

Company

	Note	Share Capital	Share premium	Options Reserve	Retained earnings
		£	£	£	£
Balance at 1 July 2006		3,240,957	10,442,369	309,155	(10,962,767)
Exchange differences arising on translation of foreign operations		-	-	-	-
Net income recognised directly in equity		-	-	-	-
Proceeds from new share issue		1,525,000	-	-	-
Costs arising from share issue		-	(141,354)	-	-
Net loss for the year		-	-	-	(2,780,295)
Total recognised income and expenses		1,525,000	(141,354)	-	(2,780,295)
Recognition of share based payments		-	-	107,860	-
Balance at 30 June 2007		4,765,957	10,301,015	417,015	(13,743,062)
Net income recognised directly in equity		-	-	-	-
Proceeds from new share issue		738,467	1,661,551	-	-
Costs arising from share issue		-	(159,665)	-	-
Net loss for the year		-	-	-	(2,299,270)
Total recognised income and expenses		738,467	1,501,886	-	(2,299,270)
Recognition of share based payments		-	-	9,743	-
Balance at 30 June 2008		5,504,424	11,802,901	426,758	(16,042,332)

The accompanying notes form part of these financial statements.

CUSTOMVIS PLC

CONSOLIDATED AND PARENT STATEMENT OF CASHFLOWS FOR THE YEAR ENDED 30 JUNE 2008

Notes	<u>Group</u> <u>2008</u> £	<u>Group</u> <u>2007</u> £	<u>Company</u> <u>2008</u> £	<u>Company</u> <u>2007</u> £
Cash flow from Operating Activities				
Receipt from customers	1,049,730	393,751	615,451	93,815
Payments to suppliers and employees	(2,936,915)	(2,100,638)	(175,312)	(24,499)
Net cash (used in)/generated by from operating activities	19(a) (1,887,185)	(1,706,887)	440,139	69,316
Cash flow from Investing Activities				
Payments for property, plant and equipment	(5,520)	(72,456)	-	(171,138)
Net cash used in investing activities	(5,520)	(72,456)	-	(171,138)
Cash flow from Financing Activities				
Proceeds from interest and investment income	22,858	55,310	22,858	8,278
Proceeds from/(advances to) group undertakings	-	-	(1,934,871)	(1,321,221)
Proceeds from issue of equity shares	2,240,353	1,383,646	2,240,353	1,383,646
Net cash generated from/(used in) financing activities	2,263,211	1,438,956	328,340	70,703
Net increase/(decrease) in cash and cash equivalents	370,506	(340,387)	768,479	(31,119)
Exchange gains on cash and cash equivalents	225,344	-	-	-
Cash and cash equivalents at the beginning of the year	897,399	1,237,786	293,640	324,760
Cash and cash equivalents at the end of the financial year	19(b) 1,493,249	897,399	1,062,119	293,640

The accompanying notes form part of these financial statements.

1. General Information and Going Concern

CustomVis Plc is a limited company incorporated in United Kingdom. The address of its registered office and principal place of business are disclosed in the introduction to the annual report. The principal activities of the Company and its subsidiaries ("the Group") the manufacture and sale of laser optical equipment for use within the laser vision correction industry.

Going Concern

Having considered the guidance given in the document Going Concern and Financial Reporting: Guidance for Directors of Listed Companies Registered in the UK issued in November 1994 by the Going Concern Working Group, the Directors have formed a judgement that, at the time of approving these financial statements there is a reasonable expectation that the Group has adequate resources and likely income to continue in operational existence for the foreseeable future and therefore adopt the going concern basis for the financial statements. However, the continued going concern of the Group is dependent upon the Group achieving its sales forecasts and continuing to increase the number of its machines that are in service.

2. First-time adoption of international financial reporting and accounting standards

CustomVis Plc prepares its financial statements in accordance with International Financial Reporting Standards (IFRS) and interpretations issued by the International Accounting Standards Board as adopted by the European Union.

CustomVis Plc adopted IFRS for the first time in the financial year which ended on 30 June 2008. The adoption of these standards and interpretations has not resulted in any changes to CustomVis's accounting policies. There has been no material effect of the adoption of IFRS on the results for the year ended 30 June 2007 other than presentational requirements.

As at the date of approval of these financial statements, the following standards and interpretations were in issue but not yet effective:

- IAS 23 (Amendment), 'Borrowing costs' (effective from 1 January 2009)
- IAS 1 (Revised), 'Presentation of financial statements' (effective from 1 January 2009)
- IFRS 2 (Amendment), 'Share-based payment' (effective from 1 January 2009)
- IAS 32 (Amendment), 'Financial instruments: Presentation' (effective from 1 January 2009)
- IFRS 1 (Amendment) 'First time adoption of IFRS' (effective 1 January 2009)
- IAS 27 (Revised), 'Consolidated and separate financial statements', (effective from 1 July 2009)
- IFRS 3 (Revised), 'Business combinations' (effective from 1 July 2009).
- IAS 36 (Amendment), 'Impairment of assets' (effective from 1 January 2009).
- IAS 38 (Amendment), 'Intangible assets' (effective from 1 January 2009).
- IAS 19 (Amendment), 'Employee benefits' (effective from 1 January 2009).

The Directors do not anticipate that the adoption of these interpretations in future reporting periods will have a material impact on the Group's results.

3. Presentation of Financial Statements

The financial statements have been prepared in accordance with International Accounting and Financial Reporting Standards (IFRS).

The financial statements are presented in British Pounds (GBP) since this is the currency in which the Group raises its equity funding.

a) Basis of Preparation

The financial statements have been prepared on the historical costs basis except as modified below where accounting standards require the use of a fair value. The principal accounting policies are set out below

b) Basis of consolidation

The consolidated financial statements include the results of CustomVis Plc and its subsidiary undertakings. Control is achieved where the Company has the power to govern the financial and operating policies of an investee enterprise so as to obtain benefits from its activities.

The results of the subsidiary acquired or disposed off during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the Group.

All significant intercompany transactions and balances between group enterprises are eliminated on consolidation.

No Income statement is presented for CustomVis Plc as permitted by section 230 of the Companies Act 2005. The loss incurred by the parent company for the year ended 30 June 2008 was £2,299,270 (2007 Loss £2,780,295).

c) Revenue recognition

Sales of goods are recognised when goods are delivered, installed and the significant risk and rewards of ownership have been passed.

Warranty income is recognised over the term of the warranty contract.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the interest rate applicable.

d) Foreign Currencies

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each group entity are expressed in British Pounds (£), which is the functional currency of the Company and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing at the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the

balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the period in which they arise except for:

- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur, which form part of the net investment in a foreign operation, and which are recognised in the foreign currency translation reserve and recognised in profit or loss on disposal of the net investment.

e) Government grants

Government grants and other grants are recognised as income over the periods necessary to match them with the costs for which they are intended to compensate, on a systematic basis. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

f) Research and Development

Expenditure on research activities is recognised as an expense in the period in which it is incurred. An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or
- sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is charged to profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets acquired separately.

g) Property, plant and equipment

Fixtures and equipment are stated at cost less accumulated depreciation.

Depreciation is charged so as to write off the cost, over their estimated useful lives, using the reducing balance method, on the following bases.

	Annual Rate (%)	Depreciation Method
Leasehold improvements	15%	Reducing balance
Furniture and fixtures	15% to 50%	Reducing balance
Plant and Machinery	18.75% to 100%	Reducing balance
Other Equipment	20%	Reducing balance

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in income.

h) Share-based payments

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in note 17.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest. At each balance sheet date, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss over the remaining vesting period, with a corresponding adjustment to the equity-settled employee benefits reserve.

Equity-settled share-based payment transactions with other parties are measured at the fair value of the goods or services received, except where the fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

i) Taxation

The charge for current tax is based on the results for the year as adjusted for items which are non-assessable or disallowed. It is calculated using rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable profit. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill (or negative goodwill) or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction which affects neither the tax profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax is calculated at the rates that are expected to apply when the asset or liability is settled. Deferred tax is charged or credited in the income statement, except when it relates to items credited or charged directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

j) Inventories

Inventories are stated at the lower of cost and net realisable value. Costs comprise of direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition.

Cost is calculated using:

- Raw materials – on a first in first out basis
- Finished goods and work-in-progress - comprise of direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition.

Net realisable value represents the estimated selling price less all estimated costs to completion and costs to be incurred in marketing, selling and distribution.

k) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation.

Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

l) Financial Instruments

Financial assets and financial liabilities are recognised on the Group's balance sheet when the Group has become a party to the contractual provisions of the instrument.

I. Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

II. Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

III. Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

IV. Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs.

V. Fair Value

Fair value is the measurement basis, with the exception of held-to-maturity investments and loans and receivables which are measured at amortised cost. Fair value is inclusive of transaction costs. Changes in fair value are either taken to the income statement or to an equity reserve (refer below).

Fair value is determined based on current bid prices for all quoted investments. If there is not an active market for a financial asset fair value is measured using established valuation techniques.

The Group assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets are impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of a security below its cost is considered in determining whether the security is impaired. If any such evidence exists the cumulative loss is removed from equity and recognised in the income statement.

4. Critical accounting judgements and key sources of estimations uncertainty

In the application of the Group's accounting policies, which are described in note 3, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

a. Key estimate - Income tax

Judgement is required in determining any provision for income and capital gains taxes. The Group recognises liabilities of anticipated tax based on estimates of taxes due. Where the final tax outcome of these matters is different from the amounts that were initially recognised,

CUSTOMVIS PLC

Notes to the Consolidated Financial Statements For the Year ended 30 June 2008

such differences will impact the income tax and deferred tax expenses, assets or provisions in the year in which such determination is made.

b. Key estimate - share based payments

The Group issues share options to directors and employees, which are measured at fair value at the date of grant. The fair value of the equity settled options determined at the grant date is expensed on a straight line basis over the vesting period based on the actual number of shares vested in the accounting period. In performing the valuation of these options, only conditions other than the market conditions are taken into account. Fair value is derived by use of the Black & Scholes pricing model. The expected life used in the model is based on estimates of the management considering non-transferability, exercise restrictions and behavioural considerations.

CUSTOMVIS PLC
Notes to the Consolidated Financial Statements
For the Year ended 30 June 2008

5. Segment Information

Segment information is presented in respect of the Group's primary format, geographical segments, which are based on the Group's management and internal reporting structure.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers, and segment assets are based on the geographical location of the assets.

The Group operated one business segment during the reporting period, being manufacturing of laser vision correction equipment.

Geographical Segment	UK/Europe		Australasia		Rest of the World		Total	
	2008	2007	2008	2007	2008	2007	2008	2007
	£	£	£	£	£	£	£	£
Revenue								
Sales	118,696	57,459	42,718	273,856	999,898	549,298	1,161,312	880,613
Other	-	32,452	436,378	332,785	-	-	436,378	365,237
Total revenue	118,696	89,911	479,096	606,641	999,898	549,298	1,597,690	1,245,850
Segment result								
Result from continuing operations	(301,386)	(386,051)	890,354	(1,315,072))	467,328	262,805	1,056,296	(1,438,318)
Total segment result	(301,386)	(386,051)	890,354	(1,315,072)	467,328	262,805	1,056,296	(1,438,318)
Assets								
Property, plant and equipment	57,121	116,864	88,153	101,801	-	-	145,274	218,665
Other	1,216,058	251,567	2,039,923	1,856,094	1,290,796	831,133	4,546,777	2,938,794
Total segment assets	1,273,179	368,431	2,128,076	1,957,895	1,290,796	831,133	4,692,051	3,157,459
Liabilities								
Total segment liabilities	572,751	66,954	463,933	490,523	329,475	201,335	1,336,159	758,812
Other segment information:								
Depreciation	59,744	54,274	55,676	80,363	-	-	115,420	134,637

CUSTOMVIS PLC
Notes to the Consolidated Financial Statements
For the Year ended 30 June 2008

	Note	2008 Group £	2007 Group £
6. Other income			
Interest income		22,858	55,310
Government Grants		278,972	259,605
Rental Income		109,091	50,322
Other Income		25,457	-
		436,378	365,237

7. Foreign Exchange Gain

The Group earned a Foreign Exchange Gain of £2,481,397 (2007: £18,380) due to the movement of the exchange rate between Pound Sterling and the Australian dollar over the financial year. This gain arose in the individual financial statements of the Company's subsidiary CLVR Pty Ltd. The gain arose as a result of inter-company financing and is unrealised.

	2008 Group £	2007 Group £
8. Operating Profit/(Loss)		
Operating Profit/(Loss) is stated after charging:		
Depreciation	115,420	134,580
Operating lease payments – land and buildings	197,527	144,805
Share-based payments	9,743	107,860
Research and development		
- expenditure in the year	16,587	29,213
Auditors' remuneration (detailed below)		
Fees payable to the Company's auditor for the audit of the Company's annual accounts	24,215	7,068
Fees payable to the Company's auditor and its associates in respect of :		
-The auditing of accounts of associates of the Company pursuant to legislation (including that of countries and territories outside Great Britain)	24,436	24,755
-Services supplied pursuant to such legislation	-	1,543
-Services relating to taxation	20,990	2,644
-Services relating to corporate finance transactions entered into or proposed to be entered into by or on behalf of the Company or any of its associates	-	7,500
-All other services	-	9,096
and after crediting:		
Foreign exchange gains	(2,481,397)	(18,380)
Government grants	(278,972)	(259,605)

CUSTOMVIS PLC
Notes to the Consolidated Financial Statements
For the Year ended 30 June 2008

	2008	2007
	£	£
9. Income tax expense		
UK Taxation		
- Current year UK corporation tax	95,368	-
- Amount in respect of previous year	302,226	-
	<u>397,594</u>	<u>-</u>
- Overseas taxation	-	-
	<u>397,594</u>	<u>-</u>
The charge for the year can be reconciled to the profit/ (loss) per the income statement as follows.		
Profit/ (Loss) on ordinary activities before tax	1,056,296	(1,438,318)
Profit/(loss) on ordinary activities multiplied by the standard rate of corporation tax on the UK income tax rate of 29.5% (2007: 30%)	311,607	(431,495)
Effect of revenue that is exempt from Taxation	(732,012)	-
Effect of expenses that are not deductible in determining taxable profit	255,797	34,860
Effect of unused tax losses and tax offsets	259,976	396,635
Adjustments to prior year tax	302,226	-
Income tax expense recognised in profit or loss	<u>397,594</u>	<u>-</u>

Deferred taxation

The Group has losses carried forward estimated at £12,891,407 (2007 - £12,586,666) that give rise to a deferred taxation asset. This asset has not been incorporated into the financial statements as it is not certain at the balance sheet date that profits in the foreseeable future will be sufficient to allow this balance to be utilised.

UK Taxation – amount in respect of previous year

The UK Tax expense includes prior year adjustments to the tax computations discovered during the completion of the 2008 Financial Statements.

CustomVis has an Australian subsidiary; CLVR Pty Ltd (“CLVR”), with whom CustomVis has an intercompany loan account to fund the subsidiary’s trading operations. Interest is payable on the loan account by CLVR and has been booked as interest receivable in the CustomVis accounts since the year ended 30 June 2004.

Due to the loss-making nature of CLVR, it has not been able to make the necessary interest payments. CustomVis therefore provided in full against the interest receivable in the accounts from the year ended 30 June 2005 and 30 June 2006, effectively netting off the interest receivable in the P&L account.

The tax computations of CustomVis for the years ended 30 June 2005 and 30 June 2006 had not originally adjusted for both the intercompany interest receivable and the corresponding provisions against this interest in the tax computations that were originally submitted.

As a result the tax position of the Company has been understated in these years, resulting in an underpayment of tax of circa £75,000 in the year ended 30 June 2006 and a large reduction in the carried forward trading losses for tax purposes. The UK tax authorities have been informed of the errors.

CUSTOMVIS PLC
Notes to the Consolidated Financial Statements
For the Year ended 30 June 2008

The correct treatment of the interest and corresponding provisions has been applied in the tax computation for the year ended 30 June 2007 onwards. The 2007 tax computation of CustomVis had yet to be completed upon approval of the Company's 2007 financial statements. These financial statements did not include a tax expense for the year to 30 June 2007 for CustomVis. Upon discovering the underpayment of tax for the June 2005 and June 2006 years, the directors reviewed the draft 2007 tax computation and understand that there is a tax liability of circa £184,000 (exclusive of any penalties that may be levied by UK tax authorities) for the year ended 30 June 2007.

10. Earnings per share

	2008	2007
Basic earnings/(loss) per share	0.56p	(1.86p)
Diluted earnings/(loss) per share	0.56p	(1.86p)

The calculation of basic and diluted earnings per share was based on a weighted average number of shares calculated as follows:

	Number of shares	
Issued ordinary shares at 1 July	95,319,148	64,819,148
Shares issued during the year	73,846,700	30,500,500
Weighted average number of ordinary shares 30 June (basic)	117,922,043	77,387,821
Weighted average number of ordinary shares 30 June (diluted)	117,922,043	77,387,821
Profit / (Loss) used in calculating basic and diluted earnings / (loss) per share from continuing operations	£658,702	(£1,438,318)

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

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11. Trade and other receivables

	Group		Company	
	2008	2007	2008	2007
	£	£	£	£
Current				
Trade receivables	800,057	435,397	773,465	380,326
Other receivables	-	86,418	-	7,068
	<u>800,057</u>	<u>521,815</u>	<u>773,465</u>	<u>387,394</u>
Non-current				
Trade receivables	664,213	401,666	664,087	401,666
Amounts owed by group undertakings	-	-	-	809,556
	<u>664,213</u>	<u>401,666</u>	<u>664,087</u>	<u>1,211,222</u>

Ageing of past due but not impaired

	Group		Company	
	2008	2007	2008	2007
	£	£	£	£
60 – 90 days	55,844	25,304	55,750	25,304
90 – 120 days	24,742	13,281	13,982	13,281
120 days +	112,054	106,886	109,034	106,024
Total	<u>192,640</u>	<u>145,471</u>	<u>178,766</u>	<u>144,609</u>

Movement in the allowance for doubtful debt

Balance at the beginning of the year	-	-	-	-
Impairment losses recognised on receivables	30,000	-	30,000	-
	<u>30,000</u>	<u>-</u>	<u>30,000</u>	<u>-</u>

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the directors believe that there is no credit provision required in excess of the allowance for doubtful debts.

12. Inventory

	Group		Company	
	2008	2007	2008	2007
	£	£	£	£
Raw materials	723,679	520,002	-	-
Work In Progress	223,244	33,766	-	-
Finished Goods	563,049	564,149	-	-
	<u>1,509,972</u>	<u>1,117,917</u>	<u>-</u>	<u>-</u>

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13. Property, Plant and Equipment - Group

	Plant & Machinery	Fixtures, fittings & equipment	Leasehold Improvement	Leased Assets	Total
	£	£	£	£	£
Cost					
At 1 July 2006	305,244	150,211	19,234	108,299	582,988
Exchange differences	1,386	828	-	-	2,214
Additions	6,104	3,510	-	62,842	72,456
At 30 June 2007	312,734	154,549	19,234	171,141	657,658
Exchange differences	19,644	2,024	1,551	-	23,219
Additions	4,503	1,017	-	-	5,520
At 30 June 2008	336,881	157,590	20,785	171,141	686,397
Depreciation					
At 1 July 2006	160,982	100,476	6,571	18,488	286,517
Exchange differences	12,322	9,745	1,027	(5,195)	17,899
Charge for the year	42,059	34,296	3,948	54,277	134,580
At 30 June 2007	215,363	144,517	11,546	67,570	438,996
Exchange differences	-	-	-	(13,293)	(13,293)
Charge for the year	38,225	13,002	4,450	59,743	115,420
At 30 June 2008	253,588	157,519	15,996	114,020	541,123
Net book value					
At 30 June 2007	97,371	10,032	7,688	103,571	218,662
At 30 June 2008	83,293	71	4,789	57,121	145,274

Property, Plant and Equipment – Company

	Leased Assets	Total
	£	£
Cost		
At 1 July 2006	-	-
Additions	171,141	171,141
At 30 June 2007	171,141	171,141
Additions	-	-
At 30 June 2008	171,141	171,141
Depreciation		
At 1 July 2006	-	-
Charge for the year	54,277	54,277
At 30 June 2007	54,277	54,277
Charge for the year	59,743	59,743
At 30 June 2008	114,020	114,020
Net book value		
At 30 June 2007	116,864	116,864
At 30 June 2008	57,121	57,121

Leased Assets comprise two lasers installed in clinics where the surgeon does not own the machine until the final payment has been made.

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14. Investments

	Group		Company	
	2008 £	2007 £	2008 £	2007 £
Investments in controlled entities – at cost	-	-	1,000,316	1,000,316
Provision for impairment	-	-	(1,000,316)	(1,000,316)
	-	-	-	-

HOLDINGS OF 20% OR MORE

The Company holds 20% or more of the share capital of the following companies:

Company	Country of registration and operation	Nature of business	Class of Shares held	Proportion of shares held
Subsidiary undertaking				
CLVR Pty Ltd	Australia	Development and sale of laser optical equipment	Ordinary	100%

The above subsidiary's transactions are all included within the consolidated financial statements.

15. Trade and other payables

	Note	Group		Company	
		2008 £	2007 £	2008 £	2007 £
Current					
Trade Creditors		273,446	335,743	37,047	21,308
Director's current account	21	20,734	20,398	-	-
Other creditors		206,800	155,784	-	-
Accruals and deferred Income		248,484	107,026	248,484	107,026
		<u>749,464</u>	<u>618,951</u>	<u>285,531</u>	<u>128,334</u>
Non-current					
Accruals and deferred Income		189,100	139,861	189,100	139,861
		<u>189,100</u>	<u>139,861</u>	<u>189,100</u>	<u>139,861</u>

Trade Creditors are settled in accordance with terms of the supplier. Accrued expenses are an assessment of amounts due and payable but for which invoices have not yet been received.

Deferred Warranty Income is recognised on a pro-rata basis depending on the terms and conditions of the sale agreement with the customer.

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16. Share Capital

	Company and Group			
	2008		2007	
	Number of shares Ordinary	Deferred	Number of shares Ordinary	Deferred
Authorised				
618,723,408 Ordinary shares of 1p each (2007: 200,000,000 Ordinary shares of 5p each)	618,723,408	-	200,000,000	-
95,319,148 deferred shares of 4p each (2007: Nil)	-	95,319,148	-	-
Issued capital				
In issue at beginning of financial year	95,319,148	-	64,819,148	-
Shares issued for cash	73,846,701	-	30,500,000	-
Shares issued as a result of capital reorganisation	-	95,319,148	-	-
In issue at end of financial year	169,165,849	95,319,148	95,319,148	-

	Company and Group					
	Share Capital				Share premium	
	2008		2007		2008	2007
	£	£	£	£	£	£
	Ordinary	Deferred	Ordinary	Deferred		
Issued capital						
Balance at beginning of financial year	4,765,957	-	3,240,957	-	10,301,015	10,442,369
Shares issued for cash	738,467	-	1,525,000	-	1,661,551	-
Shares issued as a result of capital reorganisation	(3,812,766)	3,812,766	-	-	-	-
Transaction costs	-	-	-	-	(159,665)	(141,354)
Balance at end of financial year	1,691,658	3,812,766	4,765,957	-	11,802,901	10,301,015

Share Rights

The rights and obligations attached to the Ordinary shares and Deferred shares are set out in the Company's Articles of Association, copies of which can be obtained from the Companies House in the UK or by writing to the Company Secretary.

Ordinary Shares

Holders of Ordinary Shares are entitled to attend, speak and vote at general meetings of the Company. On a show of hands every shareholder who is present in person shall have one vote and on a poll every shareholder present in person or by proxy shall have one vote for every ordinary share for which he is the holder. Electronic and paper proxy appointments must be received by the Company's Registrars not later than 48 hours before a general meeting.

Deferred Shares

Holders of Deferred Shares are not entitled to receive any dividend or other distribution in respect of any financial year or other period of the Company and shall have no right to receive notice of or to attend, speak or vote either in person or by proxy at any general meeting of the Company by virtue of their holdings of such Deferred Shares. As regards capital, on a return of capital on a winding up the holders of Deferred Shares shall only be entitled to receive the amount paid up on such shares after the holders of the Ordinary Shares have received the minimum aggregate amount of £1,000,000 in respect of each Ordinary Share held by them, but the holders of the Deferred Shares shall not be entitled to participate further in any distribution of the assets of the Company.

17. Share based payments

Share options had been granted to subscribe for ordinary shares, which are exercisable between 2007 and 2017 at prices of £0.05 to £0.91. At 30 June 2008, there were 10,949,550 options outstanding.

CustomVis has an approved share option scheme for the directors and employees of the Group. Options are exercisable at the quoted market price of the Company's shares on the date of grant. The vesting period is three years with a stipulation that the options are granted in proportion to the period of employment after the grant subject to a minimum of one year. The options are exercisable for a period of ten years from the date of grant.

The aggregate of the estimated fair values of the options granted outstanding as on 30 June 2008 is £846,378. The inputs into the Black Scholes model for computation of value of options are as follows:

Share price at the grant date	£0.05
Option exercise price at grant date	£0.045
Expected volatility	42%
Expected life	3 years from grant date
Risk free rate	5.25%
Expected dividend	Nil

Expected volatility was determined by calculating CustomVis's historical volatility. The expected life used has been adjusted based on management's best estimate for the effects of non-transferability, exercise restrictions and behavioural considerations.

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The following reconciles the outstanding share options granted under the employee share option plan at the beginning and end of the financial year:

	2008		2007	
	Number of options	Weighted average price £	Number of options	Weighted average price £
Outstanding at beginning of the year	6,858,933	0.21	2,948,704	0.49
Granted during the year	5,155,000	0.05	5,464,550	0.08
Forfeited during the year	(20,000)	0.06	(647,000)	0.60
Exercised during the year			-	-
Expired during the year	(1,044,383)	0.81	(907,321)	0.05
Outstanding at the end of the year	10,949,550		6,858,933	
Exercisable at the end of the year	10,949,550	0.08	6,858,933	0.21

Exercised during the financial year

The following share options granted under the employee share option plan were exercised during the financial year:

Issued date	2008			2007		
	Number exercised	Exercise date	Share price at exercise	Number exercised	Exercise date	Share price at exercise
2005-2016	-	-	-	-	-	-
2007-2017	-	-	-	-	-	-
2008-2018	-	-	-	-	-	-
	-	-	-	-	-	-

The Group has recognised an expense of £9,743 (2007: £107,860) towards equity settled share based payments.

Balance at end of the financial year

The share options outstanding at the end of the year had a weighted average exercise price of £0.08 (2007 - £0.21), and a weighted average remaining contractual life of 1,905 days (2007: 2,809 days).

18. Reserves

Translation reserve

Movements in the translation reserve are set out in the Statement in Changes in Equity on page 18.

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations where their functional currency is different to the presentation currency of the reporting entity.

Share based payments reserve

Movements in the share based payments reserve are set out in the Statements of Changes in Equity on page 18.

This reserve represents the fair value at grant of share options issued. This reserve is reversed against issued capital when shares are issued on exercise of the options.

19. Reconciliation of cash flows from operating activities

	Group		Company	
	2008	2007	2008	2007
	£	£	£	£
<i>(a) Cash flows from operating activities</i>				
After tax profit / (loss) for the period	658,702	(1,493,628)	(2,299,270)	(2,780,295)
<i>Adjustments for Non-Cash Items</i>				
Equity settled share based payment expense	9,743	107,860	9,743	107,860
Bad debts provision	30,000	-	30,000	-
Net Finance costs	(22,858)	-	(22,858)	(8,278)
Provision against loans with group undertakings	-	-	2,067,618	3,274,257
Transactions with group undertakings	-	-	676,812	(44,844)
Depreciation	115,420	134,580	59,743	54,274
Foreign exchange gains	(2,481,397)	-	-	-
Operating loss before changes in working capital and provisions:	(1,690,390)	(1,251,188)	521,788	602,974
Changes in assets and liabilities (excluding the effects of acquisition and exchange differences on consolidation):				
Increase in trade and other receivables	(604,388)	(852,099)	(685,679)	(785,587)
Increase in inventories	(3,378)	(172,328)	-	--
Increase in trade and other payables	13,377	570,820	206,436	251,928
Exchange rate difference arising on cash balances	-	(2,092)	-	-
Increase in provision for taxation	397,594	-	397,594	-
		-		-
Net cash flows (used in)/generated from operating activities	(1,887,185)	(1,706,887)	440,139	69,315

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(b) Reconciliation of cash and cash equivalents

	Group		Company	
	2008	2007	2008	2007
Cash at bank and at call	1,493,249	897,399	1,062,119	293,640

The Group's exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities are disclosed in Note 22.

20. Total Minimum Lease Repayments

At 30 June 2008 the Group had an operating lease arrangement associated with office premises in Perth, Western Australia. The total minimum lease commitments are as follows:

	Group		Company	
	2008	2007	2008	2007
	£	£	£	£
Less than one year	169,120	172,689	-	-
Between one and five years	-	169,120	-	-
	169,120	341,809	-	-

In order to reduce future commitments, the Group is currently sub-leasing some of the office space associated with the lease. Under the terms of the lease, if the lease is cancelled, any termination payment is subject to negotiation.

Lessor activity

Property rental income earned during the year was £109,091 (2007: £52,821). The property has one committed tenant for the next three years and a further committed tenant until April 2009.

At the balance sheet date, the Group had contracted with tenants for the following future minimum lease payments.

	Group		Company	
	2008	2007	2008	2007
	£	£	£	£
Less than one year	148,707	94,542	-	-
Between one and five years	147,492	296,199	-	-
	296,199	390,741	-	-

21. Related Parties

a) The Company's wholly-owned subsidiary and details of transactions with that company are listed in note 14.

Transactions between the Group and its subsidiary, which is a related party of the Group, has been eliminated on consolidation and is not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below.

Transactions with Directors

One of the directors, Paul van Saarloos, has a credit balance of £20,734 (2007: £ 20,398) with the subsidiary company, CLVR Pty Ltd. This relates to undrawn salary. This amount is disclosed within directors' accounts in Note 15. No interest is charged on these balances. The year end balance was the highest balance during the year.

Remuneration of key management personnel

The remuneration of directors and the key management personnel of the Group in aggregate are as follows.

	2008 £	2007 £
Short term employee benefit	539,171	455,928
Share based payments	8,429	94,743
Directors Remuneration (including Superannuation):		
Emanuel Rosen	24,116	10,986
Paul van Saarloos	141,511	114,306
Mukesh Jain	160,384	134,275
Simon Carroll	2,262	-

Mukesh Jain has issued a writ against the Company claiming unpaid expenses and commissions. This writ is being defended and has an estimated settlement amount of less than £15,000.

Options and rights over equity instruments

The movement during the reporting period in the number of options over ordinary shares in the Company held, directly, indirectly or beneficially, by each key management person, including their related parties, is as follows:

Directors	Held at 1 July 2007	Exercised	Held at 30 June 2008
Paul van Saarloos	3,000,000		5,000,000
Mukesh Jain	1,450,000		3,450,000

Directors	Held at 1 July 2006	Exercised	Held at 30 June 2007
Paul van Saarloos	-		3,000,000
Mukesh Jain	350,000		1,450,000

Options granted as compensation vest over two years. During the financial year there was no forfeiture or vesting of options granted in previous periods. There were no options on issue that were still to vest at the end of the reporting period.

22. Financial risk management

The Group's activities expose it to market risk (including currency risk, and interest rate risk), credit risk and liquidity risk.

This note presents qualitative and quantitative information about the Company's and Group's exposure to each of the above risks, their objectives, policies and procedures for managing risk, and the management of capital. The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework.

The Group's overall risk management approach focuses on the unpredictability of financial markets and seeks to minimize the potential adverse effects on the financial performance of the Group. The Group does not currently use derivative financial instruments to hedge financial risk exposures and therefore it is exposed to daily movements in the exchange rates, and interest rates.

The Group uses various methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange, and ageing analysis for credit risk.

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor, and market confidence and to sustain future development of the business. Given the stage of the Group's development there are no formal targets set for return on capital. There were no changes to the Group's approach to capital management during the year. Neither the Group nor any of its controlled entities are subject to externally imposed capital requirements.

(a) Interest rate risk

The significance and management of the risks to the Group and the Company is dependent on a number of factors including:

- Interest rates (current and forward) and the currencies that are held;
- Level of cash and liquid investments and their term;
- Maturity dates of investments;
- Proportion of investments that are fixed rate or floating rate.

The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate investments.

At the reporting date the effective interest rates of variable rate interest bearing financial instruments of the Company and the Group were as follows. There were no interest-bearing financial liabilities:

An increase in 50 basis points from the weighted average year-end interest rates at 30 June would have increased equity and profit and loss by the amounts shown below. This analysis assumes that all other variables remain constant. The analysis is performed on the same basis for 2007:

	Group		Company	
	2008	2007	2008	2007
<i>Carrying amount (£)</i>				
Financial assets	1,493,250	897,399	1,062,068	293,640
<i>Weighted average interest rate (%)</i>				
Financial assets	2.78	2.79	3.06	2.90

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Sensitivity analysis

An increase in 50 basis points from the weighted average year-end interest rates at 30 June would have increased/ (decreased) equity and profit and loss by the amounts shown below. This analysis assumes that all other variables remain constant. The analysis is performed on the same basis for 2007:

	Group		Company	
	Equity	Profit and loss	Equity	Profit and loss
	£	£	£	£
30 June 2008	110,063	13,938	55,484	(29,253)
30 June 2007	78,668	(47,172)	10,941	(91,185)

A decrease in 50 basis points from the weighted average year-end interest rates at 30 June would have (increased)/decreased equity and profit and loss by the amounts shown below. This analysis assumes that all other variables remain constant. The analysis is performed on the same basis for 2007:

	Group		Company	
	Equity	Profit and loss	Equity	Profit and loss
	£	£	£	£
30 June 2008	76,504	15,016	38,567	(20,333)
30 June 2007	54,682	(32,789)	7,605	(63,382)

(b) Credit risk

Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in a financial loss to the Company or Group, and arises principally from the Group's receivables from customers and cash deposits.

Ageing of past due but not impaired

	Group		Company	
	2008	2007	2008	2007
	£	£	£	£
60 – 90 days	55,844	25,304	55,750	25,304
90 – 120 days	24,742	13,281	13,982	13,281
120 days +	112,054	106,886	109,034	106,024
Total	192,640	145,471	178,766	144,609

Movement in the allowance for doubtful debt

Balance at the beginning of the year	-	-	-	-
Impairment losses recognised on receivables	30,000	-	30,000	-
Balance at end of year	30,000	-	30,000	-

(c) Currency risk

Currency risk arises from sales, purchases, assets and liabilities that are denominated in a currency other than the functional currencies of the entities within the Group, being the A\$, US\$ and Euro.

The Group operates predominantly in Australia and is exposed to currency risk arising from various foreign currency exposures, primarily with respect to the US\$, A\$, Euro and GBP. The functional currency of its Australian operations is considered to be the A\$, however the cash receipts from those operations, which comprise 100% of the revenues of the Group, are received in US\$, Euro and GBP. The majority of the Group's payments, are also payable in

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A\$ which effectively creates a natural hedge. The Company's foreign exchange risk predominantly resides in its GBP loan to one of its controlled entities.

The Group does not currently use derivative financial instruments to hedge foreign currency risk and therefore is exposed to daily movements in exchange rates. However, the Group intends to maintain sufficient cash balances to meet its A\$ and GBP obligations.

The Company's and the Group's exposure to foreign currency risk at balance date was as follows, based on carrying amounts.

	USD £	AUD £	EURO £	Total £
Group 2008				
Cash and cash equivalents	50,042	433,833	37,885	521,759
Trade receivables	1,400,227	19,855	44,186	1,464,268
Trade payables	(14,101)	(125,137)	-	(139,238)
Gross balance sheet exposure	<u>1,436,168</u>	<u>328,550</u>	<u>82,071</u>	<u>1,846,790</u>
Group 2007				
Cash and cash equivalents	90,304	36,014	52,590	178,908
Trade receivables	896,252	-	19,505	915,757
Trade payables	(50,526)	(446,621)	-	(497,147)
Gross balance sheet exposure	<u>936,029</u>	<u>(410,607)</u>	<u>72,095</u>	<u>597,517</u>
Company 2008				
Cash and cash equivalents	50,042	-	37,885	87,926
Trade receivables	1,400,227	-	44,186	1,444,413
Trade payables	(14,101)	-	-	(14,101)
Gross balance sheet exposure	<u>1,436,168</u>	<u>-</u>	<u>82,071</u>	<u>1,518,239</u>
Company 2007				
Cash and cash equivalents	90,304	-	52,590	142,894
Trade receivables	896,252	-	19,505	915,757
Trade payables	(50,526)	-	(926)	(51,452)
Gross balance sheet exposure	<u>936,029</u>	<u>-</u>	<u>71,169</u>	<u>1,007,198</u>

The following significant exchange rates applied during the year:

GBP to:	Average rate		Reporting date spot rate	
	2008	2007	2008	2007
1 AUD	0.4496	0.4076	0.4713	0.4228
1 USD	0.4989	0.5152	0.6827	0.4846
1 EUR	0.6084	0.6749	0.9688	0.7195

22. Financial risk management (continued)

(d) Currency risk (continued)

Sensitivity analysis

A 10% strengthening of the GBP against the following currencies at 30 June 2008 would have decreased equity and pre tax profit and loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates and the exchange rate between the GBP and USD, remain constant. The analysis is performed on the same basis for 2007:

	Group		Company	
	Equity	Profit and loss	Equity	Profit and loss
	£	£	£	£
30 June 2008 USD	(143,617)	(143,617)	(143,617)	(143,617)
30 June 2007 USD	(93,603)	(93,603)	(93,603)	(93,603)

A 10% weakening of the GBP against the following currencies at 30 June 2008 would have increased equity and pre tax profit and loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates and the exchange rate between the GBP and USD, remain constant. The analysis is performed on the same basis for 2007:

	Group		Company	
	Equity	Profit and loss	Equity	Profit and loss
	£	£	£	£
30 June 2008 USD	143,617	143,617	143,617	143,617
30 June 2007 USD	93,603	93,603	93,603	93,603

(e) Fair values

The fair values of financial assets and financial liabilities, together with their carrying amounts shown in the balance sheet, are as follows:

	Carrying amount	Fair Value	Carrying amount	Fair Value
	2008	2008	2007	2007
	£	£	£	£
<i>Consolidated</i>				
Loans and receivables	1,464,269	1,464,269	923,481	923,481
Cash and cash equivalents	1,493,249	1,493,249	897,399	897,399
Trade and other payables	(938,564)	(938,564)	(758,812)	(758,812)
	<u>2,018,954</u>	<u>2,018,954</u>	<u>1,062,068</u>	<u>1,062,068</u>
<i>Company</i>				
Loans and receivables	1,437,552	1,437,552	1,598,616	1,598,616
Cash and cash equivalents	1,062,119	1,062,119	293,640	293,640
Trade and other payables	(474,631)	(474,631)	(268,195)	(268,195)
	<u>2,025,040</u>	<u>2,025,040</u>	<u>1,624,061</u>	<u>1,624,061</u>

The basis for determining fair values is disclosed in Note 3(j).

(f) *Liquidity Risk*

The Company monitors its cash position on a daily basis and utilises short term deposit accounts to maximise interest rate returns. Funds are held in foreign currency accounts to minimise exchange risk where these funds may be required to settle foreign currency invoices. The Company issues the majority of its overseas invoices in USD and maintains USD cash balances accordingly.

Cash Flow projections are made on a weekly basis with transfers made to provide sufficient funds to settle invoices as required.

23. Reconciliation of IFRS transition for the Company:

CustomVis is required to report on the effect of the transition from UK GAAP to IFRS and the effect that this may have on the Group balance sheet, Company balance sheet and the Statement of Changes in Equity for the 2007 and 2008 years. The Directors have reviewed what impact the transition may have had and consider that this is immaterial and have therefore elected not to restate comparative figures for these statements.

CUSTOMVIS
COMPANY NUMBER
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