

# **CUSTOMVIS PLC**

*(Incorporated and registered in England and Wales under the Companies Act 1985  
with registered number 4609602)*

## **PROSPECTUS**

### **An offer of Employee Options**

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**THIS DOCUMENT IS IMPORTANT AND  
REQUIRES YOUR IMMEDIATE ATTENTION**

This Prospectus is dated 21 March 2005 and was lodged with ASIC on 21 March 2005. Neither ASIC nor any of its officers take any responsibility for the contents of this Prospectus.

No securities will be issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

This Offer is only being made to Australian Employees of CustomVis and its subsidiaries. If you are not an Australian Employee you cannot accept this Offer.

Applications under this Prospectus may not be accepted by the Company until the expiry of the exposure period. The exposure period is generally seven days from the date of lodgment of this Prospectus with ASIC, but this may be extended by ASIC to 14 days. Applications received prior to the expiration of the exposure period will not be processed until the exposure period has finished.

This Prospectus will be made generally available during the exposure period by being posted on the Company's website [www.customvis.com](http://www.customvis.com). In addition, copies of the Prospectus will be available on request by calling ++618 9273 4000 during normal office hours during the exposure period.

The options offered under this Prospectus should be considered as speculative. Before deciding to invest in the Company, potential investors should read the entire Prospectus and the risk factors that could affect the financial performance of the Company. You should carefully consider these risks (Section 5 of this Prospectus) in light of your personal circumstances (including financial and taxation issues) and seek professional advice from your accountant, stockbroker, lawyer or other professional adviser before deciding whether to accept the Offer.

The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and therefore persons into whose possession this document comes should seek advice on, and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of those laws. This Prospectus does not constitute an offer of securities in any jurisdiction where, or to any person to whom, it would be unlawful to issue this Prospectus.

Please refer to the Definitions in section 8 of this Prospectus for terms and abbreviations used in parts of this Prospectus.

No person has authority to give any information or make any representation in connection with the Offer that is not contained in this Prospectus. Any information not in, or incorporated by express reference into, this Prospectus may not be relied on as having been authorised by CustomVis in connection with the Offer.

## DIRECTORS AND ADVISERS

Directors	William Colvin <i>(Non-executive Chairman)</i>
	Dr Paul van Saarloos <i>(Chief Executive Officer)</i>
	Dr Mukesh Jain <i>(Executive Director)</i>
	John McEvoy <i>(Executive Director)</i>
	Dr William Ardrey <i>(Non-executive Director)</i>
	Emanuel Saul Rosen <i>(Non-executive Director)</i>
Company Secretary	John McEvoy
Registered Office	Hammonds 7 Devonshire Square Cutlers Gardens London EC2M 4YH
Nominated Adviser and Broker	Collins Stewart Limited 9th Floor 88 Wood Street London EC2V 7QR
Auditors and Reporting Accountants (United Kingdom)	PKF 78 Carlton Place Glasgow G5 9TH
Auditors (Australia)	PKF Level 7, BGC Centre 28 The Esplanade Perth, Western Australia 6000
Solicitors to the Company (United Kingdom)	Hammonds 7 Devonshire Square, Cutlers Gardens London EC2M 4YH
Solicitors to the Company (Australia)	Bennett & Co Level 6 89 St George's Terrace Perth, Western Australia 6000
Principal Bankers	Clydesdale Bank West End Dundee DD1 4DY
Public Relations Advisers	Weber Shandwick, Square Mile Fox Court 14 Gray's Inn Road London WC1X 8WS
Registrars	Capita IRG plc Bourne House 34 Beckenham Road Beckenham Kent BR3 4TU

## KEY DATES

Lodgment of this Prospectus with ASIC	21 March 2005
Exposure Period Ends (maybe extended 1 week by ASIC)	28 March 2005
Opening Date	29 March 2005
Closing Date	12 April 2005
Options Issued	26 April 2005
Option Certificates despatched	3 May 2005

Dear Employees,

### **Employee Share Option Plan**

It gives us great pleasure to be able to send you this offer of options in CustomVis PLC.

Some time ago the Board recognised the significant contribution of all employees in enabling CustomVis to achieve a number of significant milestones in the Company's development:

- Listing on AIM;
- GBP 10 million capital raising;
- first batches of lasers successfully produced;
- encouraging clinical data (exceeding TGA requirements);
- systems, reporting and QA improvements and upgrades, and
- first laser deliveries.

The Company has expanded rapidly and it is encouraging to see the hard work is continuing and the positive outlook of staff.

We now need to turn these successes into further laser deliveries/sales and into positive cash flow. If we can achieve this during the next calendar year, your Board is confident that these achievements will start to be recognised in a rising share price.

The option price has been set at 60p. This is substantially above the current market price but still well below the AIM issue price of 91p. The total options available for issue represent 5% of issued capital but not all are being issued immediately with some being held back for future incentives.

Your Board advises you to take up this offer as it is at no cost to yourselves. If in doubt seek independent financial advice.

Here's to 2005 – hopefully a happy and successful one for all our staff, their families and our Company.

Yours sincerely,

On Behalf of the Board - Paul van Saarloos  
CEO

## 1. INVESTMENT OVERVIEW

### 1.1 Overview

This section provides a summary of the Offer of Employee Options in CustomVis to Australian Employees pursuant to the Company's Employee Option Incentive Scheme.

### 1.2 Summary of the Issue

#### (a) *The Capital Structure*

The capital structure of the Company after the completion of the Offer is set out below:

	<b>Number</b>
Shares on issue as at date of this Prospectus	34,719,148
Options in issue as at date of this Prospectus	2,261,704
Employee Options offered pursuant to this Prospectus	647,000

#### (b) *Purpose of the Issue*

The Offer is made to Australian Employees pursuant to the Company's Employee Option Incentive Scheme in recognition of their efforts. The Offer is seen by the directors as a reward to Employees in helping to build the Company. As Employee Optionholders, Australian Employees will be able to participate in any rise in the Company's share price. In general, the share prices of life sciences companies tend to increase significantly as they commercialise products, meet regulatory hurdles and begin outperforming competitors.

Please read this Prospectus in full. Actions required, should you wish to participate in this Offer are detailed in section 2.

## **2. DETAILS OF THE OFFER**

This Prospectus invites Australian Employees to apply for that number of free Employee Options set out in the Entitlement and Acceptance form.

### **2.1 The Offer**

This Offer is open to all Australian Employees. The number of Employee Options which you are able to accept is printed on the Entitlement and Acceptance Form. Each Employee Option is exercisable at 60 pence after the expiration of the vesting period and the satisfaction of the performance criteria and on or before the date which is ten years from the date of issue.

The vesting period is

- (a) 2 years from the date of issue of an Employee Option where the Employee has been employed with the Company for at least one year as at the date of issue of the Employee Option; or
- (b) 3 years from the date of issue of the Employee Option.

The performance criteria requires 10 Pulzar Z-1 refractive lasers to have been sold.

Applications under this Prospectus will only be accepted on the Entitlement and Acceptance Form attached to this Prospectus.

### **2.2 The Offer Summary**

The number of Employee Options being offered under this Prospectus is 647,000.

### **2.3 Offer Period**

Applications may be lodged at any time after the date of lodgment of this Prospectus with ASIC. However, applications cannot be accepted by the Company until expiry of the exposure period (anticipated to be 7 days after the date of the lodgment of the Prospectus with ASIC).

Applications received prior to the expiration of the exposure period will not be processed until the exposure period has finished. No preference will be conferred on persons who lodge applications before the expiry of the exposure period and all applications received during the exposure period will be treated as if they were simultaneously received on the Opening Date.

The proposed Closing Date for Applications is 12 April 2005 at 5.00 pm Australia WST.

The Company reserves the right to vary dates and times of the Offer, including the Closing Date, without prior notice.

Applications will not be accepted prior to the expiry of the exposure period and thereafter may be closed at any time by the Company within the time periods set out in this Prospectus.

Applicants are encouraged to lodge their Entitlement and Acceptance Forms as soon as possible after the Opening Date.

## 2.4 Australian Employee Rights

The number of Employee Options to which an Australian Employee is entitled is set out in the Entitlement and Acceptance Form. Each Australian Employee may accept their entitlement in whole or in part. If you decide not to accept your entitlement you cannot renounce (sell) the right. If the entitlement is not accepted it will lapse

## 2.5 Application for Employee Options

If you wish to take up **all** of your Entitlement under the Offer, please complete the Entitlement and Acceptance Form in accordance with the instructions set out on the reverse of that form. Applications must not exceed your Entitlement as shown on the Entitlement and Acceptance Form. Applications exceeding your Entitlement will be deemed to be for your maximum Entitlement. Please ensure the completed Entitlement and Acceptance Form is received by the Company Secretary:

Level 1, 110 Erindale Road, Balcatta, WA 6021

**not later than 5.00pm WST on 12 April 2005** or such later date as the directors advise.

### *Partial Acceptance of Entitlement*

If you wish to take up **part** of your Entitlement pursuant to the Offer, please complete the Entitlement and Acceptance Form in accordance with the instructions set out on the reverse of that form and insert the number of Employee Options for which you wish to accept the Offer (being less than your Entitlement as specified on the Entitlement and Acceptance Form). Please ensure the completed Entitlement and Acceptance Form is received by the Company's Share Registry:

Level 1, 110 Erindale Road, Balcatta, WA 6021

**not later than 5:00pm WST on 12 April 2005** or such later date as the directors advise.

### *Non-Acceptance of Entitlement*

If you do not wish to take up any part of your Entitlement under the Offer, you are not required to take any action.

**Please note that the Offer closes on 12 April 2005. It is important that CustomVis receives your acceptance no later than that date.**

No brokerage or stamp duty is payable by Applicants.

An original, completed and lodged Entitlement and Acceptance Form constitutes a binding and irrevocable offer to subscribe for the Employee Options specified in the Entitlement and Acceptance Form. The Entitlement and Acceptance Form does not need to be signed to be a valid application. An application will be deemed to have been accepted by the Company upon allotment of the Employee Options.

If the Entitlement and Acceptance Form is not completed correctly it may still be treated as valid. The directors' decision as to whether to treat the application as valid and how to construe, amend or complete the Entitlement and Acceptance Form is final.

## 2.6 **Acceptance of Applications**

Applicants will be forwarded notification of their allocation as soon as practicable after allocation has taken place.

## 2.7 **Allotment**

The Employee Options are expected to be issued and allotted by no later than 26 April 2005.

## 2.8 **Listing**

The Employee Options will not be listed on any stock exchange.

## 2.9 **Risks**

The success of the business of the Company depends on a number of factors including the risks set out in section 5 of this Prospectus. Investors are urged to consider these risk factors carefully before deciding to accept the Offer.

## 2.10 **Tax Considerations**

Investors should seek and rely on their own professional taxation advice in relation to an investment in the Company.

### **3. BUSINESS OVERVIEW**

#### **3.1 Overview of CustomVis' Business**

The Company, which designs and markets customized laser vision equipment, was admitted to the Alternative Investment Market in London on 8 July 2003, having raised £11.5m, before costs, through an institutional placement.

These funds were raised to enable management to scale up the Group's production, sales and service capabilities. The Group's sales, production and service networks are now well established.

#### **3.2 Business Progress**

As a result of the significant gearing up of production during the 2004 calendar year, together with the recruitment of leading people in the sector, the Board believes the Group is well positioned to make significant progress in the 2005 calendar year.

Treatment rates are now accelerating, predominately from the placement of lasers in Columbia, Norway and Korea. In excess of 350 eyes have now been treated around the world. Clinical data is very encouraging with results indicating that our solid-state laser system is already able to match the results of our competitors' products. Further refinements to our system are expected to continue to improve the surgical outcomes.

Key goals for the next eighteen months are to obtain sufficient clinical data to advance the sale of lasers into existing markets, where regulatory approvals are held, and advance the approval processes for additional markets.

For additional information, please see Section 4 – Financial Information where the Company's Interim Results for the 6 months ending 31 December 2004 are reproduced.

#### **3.3 Market**

The laser vision correction industry continues to grow. Our solid state technology shows significant advantages over the non-solid state systems in existence. As noted in our Public Offer Prospectus, the solid state system increases reliability and avoids the need for toxic gases. The reduced service requirements make it less likely that our system will cause surgery results to deteriorate over time.

The Group attends trade shows around the world and interest in our system is increasing, but additional clinical data is still required. Whilst this data is being collected, work continues on expanding the distributor network with agreements being signed for Korea, Middle East and Turkey. The company recently announced the sale of a laser to a clinic in Korea.

#### **Management and Staff**

- 3.4 Due to the focus of the operation in Western Australia, the Group has centralised executive functions in Perth, WA. The reporting, accounting processes and systems have been upgraded. The Board continues to review its structure and processes. In order to reduce the cash burn rate, the number of staff has been reduced from a peak of almost 70 to approximately 50.

### 3.5 The Directors and Senior Management Team

#### *Executive Directors*

**Dr. Paul van Saarloos** (*Chief Executive Officer*) has significant experience managing medical technology companies and creating patented, commercially successful products in the field of refractive surgery. He holds over 100 patents, has co-authored over 30 published scientific papers in the area of ophthalmic technology, and has developed, patented and commercialised numerous technologies (e.g. Zeiss Humphrey Atlas topographer; Dishler laser; Q-Vis laser). Dr. Paul van Saarloos previously served as managing director of Q-Vis, as a researcher at the Lion's Eye Institute, and as a laser physicist for numerous medical technology companies involved in ophthalmology. In addition to his CEO position, he also performs the roles of chief scientist and research & development manager on the CLVR Operations Board.

**Mukesh Jain** (*Executive Director*); appointed 8 November 2003, has vast international business exposure with qualifications in science and engineering, which include PhD, M Eng Sc, M Sc, B Sc and Grad. Dip. in Business. He has worked in well-renowned companies of the industry including NIDEK, Q-Vis and the Lions Eye Institute. He has a proven track record as a successful international sales and marketing executive. Complimented with a strong entrepreneurial streak, Dr. Jain is also a dedicated and innovative researcher.

**Mr John McEvoy** (Finance Director & Company Secretary), has extensive experience in senior finance roles in both the public and private sector. Previously employed as financial controller and company secretary by the RZM Cable Sands Group, a mineral sands mining group, with turnover of over A\$100 million per annum. John played a key role in the sale of the group to BeMaX Resources NL. Joined CustomVis plc in August 2004 and appointed as executive finance director in March 2005.

#### *Non-Executive Directors*

**William Colvin** (*Non-executive Chairman*) is currently Chief Executive of NHP plc, a quoted nursing home owner and operator, whose market capitalisation has significantly increased since he was appointed Chief Executive in November 2000. He is also currently a non-executive director of Sondex plc, a technology company in the oil and gas sector to the upstream oil and gas industry. Mr Colvin is a Scottish Chartered Accountant.

**Emanuel Rosen** (*Non-executive Director*) is currently the medical director of the Boots Opticians Eye Laser Service. He is also president of the International Implant Club and a past president of both The European and the United Kingdom and Ireland Societies of Cataract and Refractive Surgeons. Mr Rosen has over 35 years of experience in the medical field and is also the author and editor of a number of publications.

**Dr William Ardrey** (*Non-executive Director*) has served as president, CEO, CFO and marketing director of a number of companies in the medical and technology fields. He has led 5 technology companies from start-up to trade sales, and served as a president at Thomson Financial Services, a US\$2 billion publicly listed financial information provider. Dr William Ardrey is also a widely published author on marketing and strategy, and a frequent visiting professor at such universities as Columbia University, George

Washington University, University of Adelaide and University of Western Australia. He also serves on the CLVR Operating Board.

### ***CustomVis Key Employees***

In addition to Dr. Paul van Saarloos, Dr Mukesh Jain and Mr John McEvoy, the following are key employees of CustomVis

**Mr Frank Zanin** (*Regulatory and Quality Assurance Manager*) has three years experience in the refractive surgery industry. He previously worked in Switzerland for eight years with Ascon-Ericsson as technical quality manager. At CustomVis he is responsible for quality assurance and general regulatory affairs.

**Mr John Papas** (*Senior Design Engineer*) is responsible for mechanical and mechnronics design, mechanical and optical systems design. He has over 20 years of experience as a mechanical design engineer for the design of systems ranging from safety systems to laser fluorescence test measurement equipment. Previous experience includes such companies as Safe Effect Technologies, Orbital Engines, MEMTEC and Western Mining.

**Mr Kevin Behrmann** (*R&D Electronic Engineering Manager*) has since the inception of the Company been managing the electrical and electronics department, which is involved in design and manufacture. His roles have recently been expanded to include establishing a service and training function for CustomVis. His experience and background are in engineering and laser service and he serves as CustomVis laser safety officer. Mr Behrmann was involved with Q-Vis for eight years in the research and production of medical laser systems dealing with eye surgery including four years servicing lasers and managing the service department.

**Mr Ketan Shah** (*Senior Software Engineer*) has maintained computer networks for German non-government organisations in Africa and private and public entities in Australia. Mr Shah is currently the product manager for the "ZCAD" surgical planning software. He also assists in general support for new products and enhancements and managed the software documentation programmes in preparation of the various regulatory approval audits.

**Mr. Darrell Taylor** (Service Manager) has seven years experience in the refractive surgery industry, including a period with Baush & Lomb. Darrell previously worked for 22 years in the Medical electronics industry for Bayer Diagnostics (formerly Technicon Equipment), the medical products arm of Bayer GmbH. Darrell gained extensive expertise in the areas of optical design and maintenance, and system control electronics for large medical analytical systems, worked with early cell & particle counting laser based systems, spectrometers, GC mass spectrometers, and other scientific analytical systems. His duties for Bayer / Technolas included technical training/support in Australia and South East Asia. Darrell also acted as product specialist for their haematology (whole blood) analyzers and managed the West Australian service group.

#### **4. FINANCIAL INFORMATION**

The Company's Interim Results for the 6 months ending 31 December 2004 are reproduced overleaf.

**CustomVis plc**  
("CustomVis" or "the Group")

**Interim Results for the 6 months ending 31 December 2004**

**Chairman's Statement**

After a less than satisfying 18 months due to delays in achieving forecast commercial sales, the Board is confident of a change in fortunes for the Group in 2005. After a significant gearing up of production in 2004, together with the restructuring of the operations and executive management team, we feel we are making progress in delivering returns to our shareholders for the first time since our IPO in July 2003.

Our absolute focus is on improving the cash position of the Group. We are seeking to achieve this through a combination of accelerated laser sales and upgrades, supported by positive clinical data from the installed base as well as further cost reductions.

The initial clinical data from surgeries in Norway, Germany, Saudi Arabia and Columbia is very encouraging. To date, our lasers have treated over 300 eyes with results indicating that CustomVis' solid-state laser system is at the forefront of eye surgery. We will be progressing further upgrades and refinements to the system in 2005, which we believe will continue to improve the surgical outcome.

Since the end of the reporting period we have completed our first laser sale to a clinic in Korea, following successful trial results. Similarly, we have a pipeline of lasers currently on trial around the world which we expect to convert into sales in the coming months.

Our restructuring of the Group is almost complete. We have in this time, appointed a new executive Finance Director, John McEvoy, we have closed our UK office to focus energies and talent in our Perth headquarters, we have reduced head count from 70 to 50 and are now close to operating at our optimum cash burn rate.

We are viewing the future with renewed confidence.

**Bill Colvin**  
**Chairman**  
**CustomVis plc**

## **CustomVis Plc**

### **Interim Results for the 6 months ending 31 December 2004**

#### **Operational & Financial Review**

##### **Introduction**

CustomVis, which designs and markets surgical laser vision equipment for custom eye surgery announces its results for the six months ended 31 December 2004. Delays encountered in achieving the first sales have negatively impacted the Group's cash position.

The Group is now focusing on:

- Completion of key projects identified as impacting commercial sales.
- Reducing the cash burn rate, whilst maintaining the key skills base required to design, produce and market the CustomVis Pulzar Z1 laser.
- Increasing the number of installed lasers.
- Increasing the rate of collection of clinical data.

##### **Financial Results**

The Group recorded a loss after tax of £2.1 million for the six months ended 31 December 2004 (2003: loss of £1.2 million) on sales of £11,704 (December 2003: £1,589). This equated to a loss of 5.9p (2003: loss of 3.5p) per share.

Group net assets at 31 December 2004 were £5.5 million (December 2003: £10.4 million). This included intangible assets of £1.1 million (2003: £1.4 million) and net current assets of £4.2 million (2003: £8.7 million), which includes cash funds of £3.5 million (2003: £10.2 million). Net expenditure per month has now been reduced to approximately £0.27 million. Cost reduction measures have yet to take full effect. In July 2004 the Group repaid loan notes of £1.3 million.

The Board does not propose to pay an interim dividend.

##### **Progress Since 31 December 2004:**

Key Milestones achieved in first quarter calendar 2005:

- Sale of Pulzar Z-1 laser to Korean clinic.
- Laser upgrades projects - complete or nearing completion.
- Signing of Tracey wavefront agreement.
- Additional machines placed in Korea and Saudi Arabia. Sales receipts contracted pending satisfactory initial clinical results.
- Reduction in costs through restructuring.

## **Operational Review**

### **Key Projects**

A number of issues were identified as critical to achieving the first commercial sales of the CustomVis Pulzar Z1 Laser and these projects are complete or near completion, including:

- Integration with Tracey Wavefront Device: A number of leading surgeons have expressed a preference for integration of our system with the Tracey wavefront device. An agreement has recently been signed with Tracey for the integration of its system and the first machines incorporating this system have been despatched. Following on, the companies will jointly develop a topographical interface and upgraded imaging systems. We expect the first units incorporating the agreed upgrades to be delivered by Tracey Technologies to CustomVis at the end of March.

### **Cash Burn Rate**

The Group is reducing the cash burn rate whilst maintaining the key skills required. Initiatives undertaken include:

- Closure of UK office.
- Reduction in number of staff. The number of staff has been reduced from a peak of almost 70 to approximately 50.
- Merger of Perth, Australia offices and factory.

As a result of the above, and other cost saving initiatives, the cash burn rate is expected to reduce to below £250,000 per month. The Group is also pursuing additional funding through an Australian federal government Commercial Ready grant. Based on the group's prudent management of cash reserves and confirmation of the commencement of sales, the directors believe it is appropriate to prepare these accounts on a going concern basis.

### **Installed Lasers**

The Group currently has lasers installed externally in Australia, Columbia, Germany, Korea, Norway and Spain. At the date of this report the Group has four lasers in stock, essentially complete, with another three nearing completion. The lasers in Australia, Columbia and Norway are being used as test sites to collect clinical data and surgical feedback. The laser in Germany is being used for a formal clinical trial. The laser sent to Korea for the approval process was sold at the end of February, after a highly successful trial period. A laser is being sent to the Middle East on a short-term trial and the Board expects this laser to be purchased at the end of the trial period. The Group has signed distributor agreements for Korea and the Middle East, which we expect should lead to further sales in the next few years. CustomVis is looking for a new laser site in Spain to commence trials. It is planned to deliver four more lasers during the period to 30 June 2005.

### **Outlook**

Our targets for the quarter ended 30 June 2005 are:

- Additional sales into markets such as Korea and Saudi Arabia.
- The announcement of initial results from formal trials in Germany.
- Continued reduction in the net cash burn rate through sales receipts and cost control (and potential government funding).

- Finalising the implementation of laser upgrade projects.

In December 2004 the shareholders approved an Employee Share Option Plan. The directors are intending to approve the first issue of options under the plan, as soon as practicable, at a minimum exercise price of 60p.

Our targets for the remainder of 2005:

- Advance the China FDA approval process.
- Improve cash position through sales of lasers in stock and in trials.
- Source additional funds for marketing and production push.

**Commenting on the outlook, Bill Colvin, Chairman of CustomVis said:**

“Our absolute focus is on improving the cash position of the Group going forward. We seek to achieve this through a combination of accelerated laser sales and upgrades, supported by clinical data from the installed laser base as well as further cost reductions. We have made a start recovering the fortunes of the Group, aided by the restructuring of the executive management team.”

-ends-

For Further Information, please contact:

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**Notes to Editors:**

About CustomVis

CustomVis™ was set up in March 2001 to address a number of problems being experienced in the field of laser vision correction ("LVC"). LVC surgery involves the use of a laser to re-shape the cornea to try to correct visual abnormalities.

Currently, the most common form of LVC surgery utilises excimer (gas) laser technology, which the Directors believe is approaching the end of its product development cycle. This is mainly due to technological limitations including eye tracking technologies, limited gas lifetime, excessive maintenance, slower pulse rates and the larger beam spot sizes of the laser. The CustomVis PULZAR Z1™ System was designed to address these issues and meet the requirements of effective custom LVC surgery.

The CustomVis PULZAR Z1™ system incorporates a solid state laser, solid state scanning integrated with rapid eye tracking devices to track the movement of the patient's eye, and the ability to incorporate data from a variety of diagnostic systems into surgical planning software and the treatment process.

CustomVis listed on AIM, part of the London Stock Exchange in July 2003.

## **Independent Review Report to CustomVis plc**

### **Introduction**

We have been instructed by the Company to review the financial information for the six months ended 31 December 2004, which comprises the Group Profit and Loss Account, Group Statement of Total Recognised Gains and Losses, Group Balance Sheet, Group Cash Flow Statement and the related notes. We have read the other information contained in the interim report and considered where it contains any apparent misstatements or material inconsistencies with the financial information.

### **Directors Responsibilities**

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

### **Review Work Performed**

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

### **Review Conclusion**

On the basis of our review we are not aware of any material modifications that should be made to the financial information as presented for the six months ended 31 December 2004.

**PKF**

**Registered Auditors**

**Glasgow, UK. 15 March 2005**

**Group Profit and Loss Account  
for the six months ended 31 December 2004**

	Notes	Six months to 31 Dec 2004 (Unaudited) £	Six months to 31 Dec 2003 (Unaudited) £	Year to 30 June 2004 (Audited) £
Turnover and gross profit		11,704	1,589	8,851
Administrative expenses		(2,170,636)	(1,452,400)	(4,420,528)
Other operating income		-	-	59,353
Operating loss		(2,158,932)	(1,450,811)	(4,352,324)
Interest receivable and similar income		105,163	289,201	341,392
Loss on ordinary activities before taxation		(2,053,769)	(1,161,610)	(4,010,932)
Tax on loss on ordinary activities	2	-	(7,610)	-
Loss on ordinary activities after taxation transferred to reserves		(2,053,769)	(1,169,220)	(4,010,932)
<b>Loss per Ordinary Share</b>				
Basic	3	(5.9p)	(3.5p)	(11.6p)
Diluted	3	(5.9p)	(3.5p)	(11.6p)

**Group Statement of Total Recognised Gains and Losses  
for the six months ended 31 December 2004**

	Six months to 31 Dec 2004 (Unaudited) £	Six months to 31 Dec 2003 (Unaudited) £	Year to 30 June 2004 (Audited) £
Loss for the financial period	(2,053,769)	(1,169,220)	(4,010,932)
Currency translation differences on foreign currency net investments	190,400	101,006	(135,650)
Total recognised gains and losses relating to the period	(1,863,369)	(1,068,214)	(4,146,582)

All the above figures relate to continuing activities.

**Group Balance Sheet  
as at 31 December 2004**

	Notes	At 31 Dec 2004 (Unaudited) £	At 31 Dec 2003 (Unaudited) £	At 30 June 2004 (Audited) £
<b>Fixed assets</b>				
Intangible assets	4	1,053,967	1,448,786	1,216,988
Tangible assets	5	338,475	197,112	298,303
		<u>1,391,442</u>	<u>1,645,898</u>	<u>1,515,291</u>
<b>Current assets</b>				
Stock		925,546	195,700	682,027
Debtors		159,484	166,310	236,199
Cash at bank and in hand		3,485,100	10,178,076	6,893,905
		<u>4,570,130</u>	<u>10,540,086</u>	<u>7,812,131</u>
<b>Creditors: amounts falling due within one year (including convertible debt)</b>		<u>(414,334)</u>	<u>(1,834,075)</u>	<u>(1,915,815)</u>
<b>Net current assets</b>		<u>4,155,796</u>	<u>8,706,011</u>	<u>5,896,316</u>
<b>Net assets less current liabilities</b>		<u>5,548,238</u>	<u>10,351,909</u>	<u>7,411,607</u>
<b>Capital and reserves</b>				
Called up share capital	6	1,735,957	1,735,958	1,735,957
Share premium account	7	10,463,166	10,450,503	10,463,166
Foreign currency translation reserve	7	74,054	(5,094)	(116,346)
Profit & loss account	7	(6,724,939)	(1,829,458)	(4,671,170)
		<u>5,548,238</u>	<u>10,351,909</u>	<u>7,411,607</u>
<b>Equity Shareholders Funds</b>		<u>5,548,238</u>	<u>10,351,909</u>	<u>7,411,607</u>

The financial statements were approved by the Board on 15 March, 2005 and signed on its behalf by

.....  
**Paul van Saarloos**  
Director

**Group Cash Flow Statement  
for the six months ended 31 December 2004**

	Six months to 31 Dec 2004 (Unaudited) £	Six months to 31 Dec 2003 (Unaudited) £	Year to 30 June 2004 (Audited) £
<b>Reconciliation of operating loss to net Cash outflow from operating activities</b>			
Operating loss	(2,158,932)	(1,450,811)	(4,352,324)
Depreciation and amortisation	204,716	211,335	400,704
Impairment of intangible fixed assets	-	-	22,247
(Increase) in stock	(243,519)	(195,700)	(682,027)
Decrease in debtors	76,715	120,235	50,346
(Decrease)/Increase in creditors	(158,637)	61,995	143,735
Exchange rate differences arising on cash balances	174,216	101,006	(124,832)
	<hr/>	<hr/>	<hr/>
	(2,105,441)	(1,151,940)	(4,542,151)
<b>Net cash outflow from operating activities</b>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<b>Cash Flow Statement (Note 8)</b>			
Net cash outflow from operating activities	(2,105,441)	(1,151,940)	(4,542,151)
Return on investments and servicing of finance	105,163	163,797	341,392
Taxation	-	(7,610)	-
Capital expenditure	(65,683)	(191,922)	(283,749)
	<hr/>	<hr/>	<hr/>
	(2,065,961)	(1,187,675)	(4,484,508)
Financing	(1,342,844)	10,592,293	10,604,955
	<hr/>	<hr/>	<hr/>
	(3,408,805)	9,404,618	6,120,447
<b>(Decrease)/increase in cash in the period</b>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<b>Reconciliation of net cash flow to movement in net funds/(debt) (Note 9)</b>			
	(3,408,805)	9,404,618	6,120,447
(Decrease)/increase in cash in the period			
Cash outflow from repayment of loan notes (Note 6)	1,342,844	-	-
	<hr/>	<hr/>	<hr/>
	(2,065,961)	9,404,618	6,120,447
Net funds/(debt) at 30 June	5,551,061	(569,386)	(569,386)
	<hr/>	<hr/>	<hr/>
Net funds at 31 December 2004	3,485,100	8,835,232	5,551,061

**Notes to the Financial Statements  
for the six months ended 31 December 2004**

**1 Basis of preparation**

These accounts are unaudited and do not constitute statutory accounts within the meaning of section 240 of the Companies Act 1985. The interim results have been prepared in accordance with the accounting policies set out in the annual report and financial statements for the year ended 30 June 2004.

The financial information relating to 30 June 2004 has been extracted from the financial statements which have been delivered to the Registrar of Companies. The independent auditors' report on those accounts was unqualified.

**2 Taxation**

No corporation tax has been provided for in the period as the projected taxable losses for the period and taxation losses brought forward indicate that the group will have no tax liability for the period.

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

**3 Loss per Share**

	<b>Six months to 31 Dec 2004</b>	<b>Six months to 31 Dec 2003</b>	<b>Year to 30 June 2004</b>
Loss for the period attributable to shareholders	<u>£(2,053,769)</u>	<u>£(1,169,220)</u>	<u>£(4,010,932)</u>
Weighted average number of shares in issue	<u>34,719,148</u>	<u>33,414,597</u>	<u>34,439,861</u>

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

**Notes to the Financial Statements  
for the six months ended 31 December 2004**

**4 Intangible fixed assets**

	<b>Patents £</b>	<b>Goodwill £</b>	<b>Total £</b>
<b>Cost</b>			
At 1 July 2004 and 31 December 2004	<u>23,228</u>	<u>1,630,214</u>	<u>1,653,442</u>
<b>Amortisation</b>			
At 1 July 2004	23,228	413,226	436,454
Charge for the period	<u>-</u>	<u>163,021</u>	<u>163,021</u>
At 31 December 2004	<u>23,228</u>	<u>576,247</u>	<u>599,475</u>
<b>Net book value</b>			
At 1 July 2004	<u>-</u>	<u>1,216,988</u>	<u>1,216,988</u>
At 31 December 2004	<u>-</u>	<u>1,053,967</u>	<u>1,053,967</u>

**5 Tangible fixed assets**

	<b>Plant &amp; machinery £</b>	<b>Fixtures, fittings &amp; equipment £</b>	<b>Leasehold improvements £</b>	<b>Total £</b>
<b>Cost</b>				
At 1 July 2004	212,736	173,144	1,797	387,677
Exchange differences	12,728	8,776	101	21,605
Additions	<u>26,207</u>	<u>39,476</u>	<u>-</u>	<u>65,683</u>
At 31 December 2004	<u>251,671</u>	<u>221,396</u>	<u>1,898</u>	<u>474,965</u>
<b>Depreciation</b>				
At 1 July 2004	47,745	40,640	989	89,374
Exchange differences	3,006	2,356	59	5,421
Charge for the period	<u>11,174</u>	<u>30,390</u>	<u>131</u>	<u>41,695</u>
At 31 December 2004	<u>61,925</u>	<u>73,386</u>	<u>1,179</u>	<u>136,490</u>
<b>Net book value</b>				
At 1 July 2004	<u>164,991</u>	<u>132,504</u>	<u>808</u>	<u>298,303</u>
At 31 December 2004	<u>189,746</u>	<u>148,010</u>	<u>719</u>	<u>338,475</u>

**Notes to the Financial Statements  
for the six months ended 31 December 2004**

**6 Movement in shareholders' funds**

**Share capital**

	<b>31 Dec 2004 £</b>	<b>31 Dec 2003 £</b>	<b>30 June 2004 £</b>
<b>Authorised</b>			
100,000,000 Ordinary shares of 5p each	<u>5,000,000</u>	<u>5,000,000</u>	<u>5,000,000</u>
<b>Allotted, called up and fully paid</b>			
34,719,148 Ordinary shares of 5p each	<u>1,735,957</u>	<u>1,735,957</u>	<u>1,735,957</u>

<b>7 Reserves</b>	<b>Share premium account £</b>	<b>Foreign currency reserve £</b>	<b>Profit and loss account £</b>	<b>Total £</b>
At 1 July 2004	10,463,166	(116,346)	(4,671,170)	5,675,650
Loss for the period	-	-	(2,053,769)	(2,053,769)
Foreign currency translation gain arising in the period	<u>-</u>	<u>190,400</u>	<u>-</u>	<u>190,400</u>
At 31 December 2004	<u>10,463,166</u>	<u>74,054</u>	<u>(6,724,939)</u>	<u>3,812,281</u>

**Notes to the Financial Statements**  
for the six months ended 31 December 2004

**8 Gross cash flows - Group**

	Six months to 31 Dec 2004 £	Six months to 31 Dec 2003 £	Year to 30 June 2004 £
<b>Returns on investments and servicing of finance</b>			
Interest received	105,163	163,797	341,392
<b>Taxation</b>			
Corporation tax and stamp duty paid	-	(7,610)	-
<b>Capital expenditure</b>			
Payments to acquire intangible assets	-	(69,454)	-
Payments to acquire tangible assets	(65,683)	(122,468)	(283,749)
	<u>(65,683)</u>	<u>(191,922)</u>	<u>(283,749)</u>
<b>Financing</b>			
Issue of ordinary share capital	-	10,592,293	10,604,955
Repayment of loan notes	1,342,844	-	-
	<u>1,342,844</u>	<u>10,592,293</u>	<u>10,604,955</u>

**9. Analysis of changes in net funds/(debt)**

	Opening Balance £	Cash Flows £	Closing Balance £
Cash at bank and in hand	6,893,905	(3,408,805)	3,485,100
Debt due within one year	(1,342,844)	1,342,844	-
Debt due after more than one year	-	-	-
	<u>5,551,061</u>	<u>(2,065,961)</u>	<u>3,485,100</u>

## **5. INVESTMENT RISK FACTORS**

The Employee Options offered under this Prospectus are considered speculative. The directors strongly recommend investors examine the contents of this Prospectus and consult their professional advisers before deciding whether to apply for the Employee Options offered pursuant to this Prospectus.

An investment in the Company involves general risks associated with any investment in companies that are listed on a stock exchange. Many factors affect the financial performance of CustomVis and/or the value of its shares. These factors will have a flow on affect on the value of the Employee Options being offered pursuant to this Prospectus.

There is also a range of specific risks associated with the Company's businesses, which are largely beyond the control of the Company and the directors because of the nature of the businesses of the Company. In particular investors should consider the following:

### **5.1 Intellectual property**

The Company is in the early stages of its development. It will be essential for the success of the Company to obtain and secure patents for its products and processes. Currently the Company has pending patent applications and no assurance can be given whether such applications will result in the issue of patents or whether issued patents will provide necessary protection or will be circumvented or invalidated. Further, some of the technology (including its manufacturing process) is know-how protected as trade secrets and/or under confidentiality agreements. The Company does not believe that such know-how infringes the proprietary rights of any third party.

The laser vision correction industry has historically been highly litigious and it is possible that competitors may try to claim that CustomVis infringes their patents and may seek injunctions and/or damages against the Company. No assurance can be given that CustomVis will not be subject to claims for infringement of patents or other intellectual property rights of others. If such proceedings were initiated, the Company's defence of its proprietary rights could involve substantial costs and management time.

### **5.2 Technical risks**

While clinical findings from patients treated to date are encouraging, and the expectations of clinicians regarding this technology are high, insufficient clinical data is currently available to make a full assessment of the overall performance of the system. It is not guaranteed that future surgeries will generate results equivalent to those from the clinical trials to date. Although initial treatments have produced good pre-clinical and preliminary clinical testing results, the CustomVis System is a new product with potential unknown risks.

### **5.3 Clinical and regulatory approval**

FDA approval allowing for sales of the CustomVis System in the United States is not guaranteed, for either the myopia category or the irregular astigmatism category. Several factors could contribute to the potential delay or inability to gain this approval, particularly for use in the irregular astigmatism category. This category has additional risks in that the FDA has not developed a guidance document in relation to such treatment and therefore their requirements could change. Also no other companies have yet been granted FDA approval for custom surgery in irregular astigmatism, so uncertainty about time to approval is greater.

### **5.4 Manufacturing**

The Company has produced nine complete machines (excluding a prototype) and has a further four in the final stages of production. Future projections envisage a significant increase in production and there is no guarantee that the increased production rate can be achieved.

#### **5.5 Distribution**

The Group has only limited distribution arrangements in place. To achieve an efficient distribution structure throughout the world will require strategic alliances, which have yet to be formed in certain jurisdictions. Negotiations of appropriate terms have yet to be undertaken.

This process will require the need to establish quality testing, safety standards testing, exporting to multiple countries, installation and training of distributors.

#### **5.6 Commercial**

The growth and profitability of the Group will be influenced by the acceptance of laser vision correction surgery and its ability to penetrate this market in the US, Europe and Asia. There can be no assurance that the laser vision correction surgery will be a widely accepted method of treating refractive disorders. Such acceptance may also be adversely affected by cost, safety and effectiveness concerns, a general resistance to laser surgery, the lack of data surrounding such procedures and the possibility of unknown side effects. There can be no assurance that data produced will not reveal defects or complications that may have a material adverse effect on the continuation of laser vision correction surgery.

#### **5.7 Competitors**

CustomVis faces direct competition from companies with other laser-based refractive surgery systems. Due to the relatively rapid growth in uptake of refractive surgery there are an increasing number of these laser-based systems available to the market. Most of these systems have been available for at least a year.

#### **5.8 Retention of key employees**

The Group is heavily reliant upon its chief executive officer and executive directors and the skills of its management and scientific team and the loss of any of these key members of staff could reduce the Group's ability to achieve its planned development objectives. The Group has endeavoured to ensure that the principal members of its management and scientific team are incentivised, but the retention of such staff cannot be guaranteed.

#### **5.9 Product liability and insurance**

CustomVis's business exposes it to potential product liability risks, which are inherent in research and preclinical study, clinical trials, manufacturing, marketing and the use of ophthalmic products. In addition, it is necessary for CustomVis to secure certain levels of insurance as a condition to the conduct of clinical trials. There can be no assurance that adequate or necessary insurance coverage will be available at an acceptable cost or in sufficient amounts or that, in the event of a claim, the level of insurance carried by the Group now or in the future will be adequate or that a liability or other claim would not materially and adversely affect the business.

## 6. SUMMARY OF TERMS AND RIGHTS

### 6.1 Summary of the terms of CustomVis Employee Option Incentive Scheme

#### (a) *The Offer and Acceptance*

The Board may make offers under the Scheme at any time during the offer periods. The offer periods will be each of the following periods during the next ten years.

- (i) 6 weeks after the Scheme is approved by shareholders;
- (ii) 6 weeks after the Company announces its final or interim results each year;
- (iii) 6 weeks after the commencement of a particular Employee's employment occurs;  
or
- (iv) at any other time if the Board considers there to be exceptional circumstances justifying the making of offer.

No offers will be made:

- (i) that requires the payment of any consideration to acquire an Employee Option;
- (ii) to an Employee who has Voting Power in the Company of more than 30%; or
- (iii) within 6 months of an Employee's anticipated date of retirement.

An Employee may accept the offer within 10 business days of the date the offer. The offer will only be considered accepted when the Employee's acceptance, which must be in writing, is actually received by the Company. Each offer may be accepted in whole or in part so long as acceptance is in multiples of 1,000 Shares. The Board may impose, at the time of the Offer such restrictions on exercise of the Employee Options as it considers appropriate.

#### (b) *Scheme Limits*

No offer may be made to an Employee unless the total number of:

- (i) Employee Options offered under the Scheme;
- (ii) Shares which would be issued were each outstanding offer or option pursuant to a Company Employee Incentive Scheme accepted or exercised; and
- (iii) Shares issued during the previous 5 years pursuant to a Company Employee Incentive Scheme,

but disregarding any offer made or option acquired or Share issued:

- (i) by way of an offer to a person situated at the time of receipt of the offer outside Australia; or
- (ii) that was an excluded offer on invitation within the meaning of the Corporations Law as it stood prior to the commencement of Schedule 1 to the *Corporate Law Economic Reform Program Act 1999*; or
- (iii) that did not need disclosure to investors because of section 708 of the *Corporations Act*,

does not exceed 5% of the total number of issued Shares at the time of the offer.

The number of:

- (i) Shares issued on the exercise of Employee Options under a Company Employee Incentive Scheme; and
- (ii) Shares that would be issued were each outstanding offer or option pursuant to a Company Employee Incentive Scheme accepted or exercised,

is not to exceed 10% of the total number of issued Shares in any rolling 10 year period.

The number of:

- (i) Shares issued on the exercise of options under a discretionary Company Employee Incentive Scheme; and
- (ii) Shares that would be issued were each outstanding offer or option pursuant to a discretionary Company Employee Incentive Scheme accepted or exercised,

is not to exceed 5% of the total number of issued Shares in any rolling 10 year period.

The number of Employee Options issued pursuant to the initial offers is not to exceed 5% of the total number of issued Shares as at the date the Scheme is approved by the Company's shareholders.

The word "discretionary" means a scheme in which participation is at the discretion of the Board as opposed to being required to be available on an all-employee basis and shall for the avoidance of doubt exclude United Kingdom Share Incentive Plans and Savings Related Share Option Schemes approved under Schedule 2 or 3 of the Income Tax (Earnings & Pensions) Act 2003 of the United Kingdom.

(c) *Amendments to Terms and Conditions and Employee Options*

The terms and conditions of the Scheme may be amended from time to time by a resolution of the Board but no amendment may be made which prejudices the right then accrued to an Employee Option holder without the prior consent of the Employee Option holder, or in the case of the following alterations, without the sanction of a resolution of members of the Company:

- (i) extending the class of persons who may participate in the Scheme;
- (ii) varying the method by which the price payable for Shares is calculated; or

- (iii) varying the method by which the issue price or exercise price of Employee Options is calculated.

## 6.2 **Rights attaching to the Employee Options**

### (a) *Grant, Execution and Lapse of the Employee Options*

Employee Options can only be issued to Employees for no consideration.

Employee Options cannot be acquired by an Employee:

- (i) who has Voting Power in the Company of 30% or more;
- (ii) if the market value (at the time of the issue) of Employee Options issued to that Employee in that year is greater than their base annual salary;
- (iii) if the Employee is within 6 months of the relevant statutory or anticipated retirement age.

Employee Options are for a term not exceeding 10 years from the date of issue, or such longer term as the members in general meeting approve, and may not be exercised after the expiry of that term.

The exercise price of Employee Options shall be determined by the Board but shall be not less than 60p and at least the market value at the date of issue and may not be less than the nominal value of a Share.

### (b) *Not Listed*

Employee Options will not be listed for quotation on any stock exchange.

### (c) *Non transferable*

Employee Options cannot be sold, transferred, mortgaged, pledged or otherwise encumbered without the consent of the Board.

### (d) *Manner of Exercise of Employee Options*

An Employee Option may not be exercised if at the time it is sought to be exercised:

- (i) the vesting period (usually 2 years) has not expired;
- (ii) the holder (or the person who nominated the holder), in the opinion of the Board, has failed to comply in a material respect with the terms and conditions of the Scheme; or
- (iii) the Board has determined that the holder (or the person who nominated the holder) has acted fraudulently, dishonestly or in breach of his or her obligations to the Company or Related Body Corporate.

Upon the death, permanent disability, retrenchment or retirement of an Employee the Employee (or their legal personal representative) shall be entitled to retain their Employee Options that have not yet vested in accordance with a formula set out in clause 5.3 of the Scheme.

Upon an Employee ceasing to be an Employee other than by death, permanent

disability, retrenchment or retirement, the relevant Employee shall not be entitled to retain any Employee Options that have not yet vested unless the Board determines otherwise.

Any Employee Options held by an Employee that have not yet vested upon the Employee ceasing to be an Employee and which are not retained pursuant to specific clauses in the Scheme shall automatically lapse.

Any Employee Options held by an Employee that have vested or that are retained pursuant to specific clauses in the Scheme shall lapse on the date that is 12 months after the Employee ceases to be an Employee unless they are exercised prior to that date.

Employee Options may only be exercised in multiples of 1,000 or such lower multiple as the Board approves.

(e) *Shares Arising on Exercise of Employee Options*

Shares issued upon the exercise of an Employee Option shall be allotted within 30 days after receipt by the Company of all documentation for the exercise of the Employee Option and a new share certificate or statement despatched as soon as reasonably practicable after the date of allotment.

Shares issued upon the exercise of Employee Options shall, from the date of issue, rank pari passu in all respects with Shares of the same class on issue.

(f) *Capital Changes*

In the event of any variation of the share capital of the Company (whenever effected) by way of capitalisation or rights issue, or sub-division, consolidation or reduction, or otherwise, the Board may make such adjustments as it considers appropriate.

(g) *Takeover, Reconstruction and Winding Up*

If:

- (i) any person obtains control of the Company as a result of making a takeover offer an Employee may exercise his Employee Option within six months of the time when the person making the offer has obtained control of the Company and any conditions subject to which the offer is made have been met;
- (ii) any person becomes bound or entitled to acquire Shares under sections 428 to 430 of the *Companies Act 1985*, an Employee may exercise his Employee Options within the period during which that person is so bound or entitled;
- (iii) the Court sanctions a compromise or arrangement under Section 425 of the *Companies Act 1985* for the purposes of or in connection with a scheme for the reconstruction or change in control of the Company or its amalgamation with any other company or companies, an Employee may exercise his Employee Option within the period beginning with the date when the change of control occurs and ending six months after that date;
- (iv) notice is duly given of a resolution being passed for the voluntary winding up of the Company, an Employee may exercise his Employee Option at any time up to the commencement of the winding up and in these circumstances the Employee

Option may be exercised conditionally on the passing of such resolution;

- (v) the Company ceases to have control over CLVR Pty Ltd an Employee may exercise his Employee Option within six months of the time when the Company ceases to have control, in relation to all Employee Options that have vested and in relation to that number of Employee Options that have not yet vested in accordance with the formula set out in clause 10 of the Scheme.

If the Company gives notice to shareholders of a proposed demerger of the Company, the Board may, acting reasonably give notice to Employees that, to the extent that they are not otherwise exercisable, Employee Options may be exercised within such period (not exceeding 30 days) as the Board may specify.

### 6.3 **Rights attaching to Shares**

A summary of the rights attaching to the ordinary shares of CustomVis is set out below. This summary is qualified by the terms CustomVis' Articles (a full copy of the Company's Articles is available from CustomVis upon request) and does not purport to be exhaustive or to constitute a definitive statement of the rights and liabilities of holders of Shares.

#### (a) *Voting Rights*

Subject to any special rights or restrictions as to voting attached to any Share by or in accordance with the Articles, at a general meeting every member holding a Share present in person shall upon a show of hands have one vote and on a poll every member present in person or by proxy shall have one vote for every Share of which he is the holder.

#### (b) *Dividends*

Subject to the *Companies Act* 1985, the Company may by ordinary resolution declare dividends to be paid to the members in accordance with their respective rights, but no dividend shall exceed the amount recommended by the Directors. The Directors may from time to time declare or pay such interim dividends (including any dividend payable at a fixed rate) as appear to them to be justified by the financial position of the Company.

The Directors may, with the authority of an ordinary resolution of the Company, direct that the payment of any dividend may be satisfied wholly or in part by the distribution of specific assets and, in particular, of paid up shares or debentures of any other company. The Board may, with the authority of an ordinary resolution of the Company, offer any holders of Shares the right to elect to receive further Shares instead of cash in respect of all (or some part) of any dividend specified by the ordinary resolution.

(c) *Distribution of assets on a winding up*

If the Company is wound up, the liquidator may, with the authority of an extraordinary resolution of the Company and subject to the *Companies Act*, divide among the members in specie the whole or any part of the assets of the Company and, for such purpose, value any assets and determine how such division shall be carried out as between members or different classes of members or vest the whole or any part of the assets in trustees upon such trusts for the benefit of the members as the liquidator shall think fit but no member shall be compelled to accept any assets upon which there is any liability.

(d) *Transfer of shares*

- (i) Subject to the restrictions set out in the Articles, a member may transfer all or any of his Shares in any manner, which is permitted by the *Companies Act* and is from time to time approved by the Board.
- (ii) The Company shall register the transfer of any Shares in accordance with the *Companies Act*, any relevant regulations and other statutes and where permitted the Board may, in its absolute discretion, refuse to register any transfer of a Share.

(e) *Power to increase, consolidate, sub-divide and cancel shares*

- (i) The Company may by ordinary resolution:
  - A. increase its share capital by such sum to be divided into shares of such amount as the resolution prescribes;
  - B. consolidate and divide all or any of its share capital into shares of a larger amount than its existing shares;
  - C. subject to any relevant statutes, sub-divide its Shares, or any of them, into shares of smaller amount and the resolution may determine that, as between the shares resulting from the sub-division, one or more of the shares may, as compared with the others, have such preferred, deferred or other special rights, or be subject to such restrictions as the Company has power to attach to unissued or new shares; and
  - D. cancel any shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled.

(f) *Fractions*

Whenever as a result of a consolidation or sub-division of shares any member would become entitled to a fraction of a share, the Board may on behalf of the members deal with the fractions as it thinks fit.

(g) *Power to reduce capital*

Subject to any relevant statutes, and to any rights for the time being conferred on the holders Shares, the Company may by special resolution reduce its share capital, any capital redemption reserve or any share premium account in any way.

(h) *Power to purchase own shares*

Subject to any relevant statutes, and to any rights for the time being conferred on the holders of Shares, the Company may purchase all or any of its Shares.

(i) *Variation of rights*

Any of the rights for the time being attached to Shares may be varied or abrogated (whether or not the Company is being wound up) in such manner (if any) as may be provided by those rights or, if no such provision is made, either:

- (i) with the consent in writing of the holders of three-quarters in nominal value of the issued Shares; or
- (ii) with the authority of an extraordinary resolution passed at a separate general meeting of the holders of those Shares.

**6.4 The Capacity of CustomVis to issue Shares**

The Board of CustomVis has the power to issue Shares upon the valid exercise of Employee Options pursuant to its Articles of Association. The Board will ensure that the Company at all times has enough share capital within its authorised capital to enable Shares to be issued for all options validly exercised.

## 7. ADDITIONAL INFORMATION

### 7.1 Interests of Directors and Promoters

Other than as set out below or elsewhere in this Prospectus no director or promoter of CustomVis (or entity in which they are a partner or director) has, or has had in the two year before the date of this Prospectus, any interests in:

- (a) the formation or promotion of CustomVis;
- (b) property acquired or proposed to be acquired by CustomVis in connection with its formation or promotion or the Offer;
- (c) the Offer; and

no amounts have been paid or agreed to be paid and no value or other benefit has been given or agreed to be given to;

- (d) any director of CustomVis to induce him or her to become, or to qualify as, a director of CustomVis; or
- (e) any director or promoter of CustomVis (or entity in which they are a partner or director) for services which he or she has provided in connection with the formation or promotion of CustomVis or the Offer.

The directors and their related entities have the following interests in CustomVis shares and CustomVis options as at the date of this Prospectus:

<b>ORDINARY SHARES OF 5P EACH</b>	<b>As at 21 March 2005</b>	<b>As at 31Dec 2004</b>	<b>As at 30June 2004</b>	<b>As at 30June 2003</b>
Paul van Saarloos	8,869,000	8,869,000	8,869,000	13,303,500
William Ardrey	-	4,288,718	4,288,718	4,288,718
William Colvin	45,000	45,000	45,000	-
Emanuel Rosen	32,718	32,718	32,718	-
Mukesh Jain	-	-	-	-
John McEvoy	10,000	-	-	-

In addition to the above shareholdings, Dr Ardrey and Dr Jain have the following options over ordinary shares of 5p each:

	<b>DATE OF GRANT</b>	<b>NUMBER OF OPTIONS</b>	<b>EXERCISE PRICE (£)</b>
William Ardrey	20 June 2003	350,000	0.62
Mukesh Jain	12 February 2005	100,000	0.05
	12 February 2005	250,000	0.60

The above options are exercisable within 10 years of them being granted. Dr Ardrey is however subject to a lock-in-agreement preventing him from selling any shares prior to the earlier of 24 months from date of flotation or Company profitability.

## 7.2 **Interests of Experts and Advisers**

Other than as set out below or elsewhere in this all persons named in this Prospectus as having performed a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus do not, and have not had in the two years before the date of this Prospectus, any interests in:

- (a) the formation or promotion of CustomVis;
- (b) property acquired or proposed to be acquired by CustomVis in connection with its formation or promotion or the Offer;
- (c) the Offer; and
- (d) no amounts have been paid or agreed to be paid and no value or other benefit has been given or agreed to be given to any persons named in this Prospectus as having performed a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus, in connection with the formation or promotion of CustomVis or the Offer.

### **Bennett & Co**

Bennett & Co has acted as legal advisor to the Offer and in that capacity has been involved in providing legal advice to the Company in relation to the Offer. The Company will pay Bennett & Co approximately A\$20,000 for these services.

## 7.3 **Consents to being named in this Prospectus**

Bennett & Co has given, and, at the time of lodging this Prospectus, has not withdrawn its consent to be named in this Prospectus as corporate legal advisers to CustomVis in the form and context in which it is named. Bennett & Co has acted as corporate legal advisers to CustomVis and has performed work in accordance with its usual time based charges. Bennett & Co takes no responsibility for any part of the Prospectus other than the references to its name.

PKF has given, and, at the time of lodging this Prospectus, has not withdrawn its consent to be named in this Prospectus as auditors of CustomVis and to the inclusion of CustomVis' financial statements for the six months ended 31 December 2004 in the form and context in which it and the financial statements are included. PKF takes no responsibility for any part of the Prospectus other than the references to its name.

## 8. DEFINITIONS

<b>AIM</b>	means the Alternative Investment Market of the London Stock Exchange
<b>Applicant</b>	means a person who submits an application for options pursuant to this Prospectus
<b>Articles</b>	means the Company's articles of association as amended from time to time
<b>ASIC</b>	means Australian Securities and Investments Commission
<b>Australian Employee</b>	means an Employee whose earnings from the Company are taxable within Australia
<b>Board</b>	means the board of directors of CustomVis at the date of this Prospectus
<b>Closing Date</b>	means 5.00pm Perth time on 12 April 2005
<b>Company</b>	means CustomVis and its subsidiaries where appropriate
<b>Companies Act 1985</b>	means the <i>Companies Act</i> 1985 of the UK as amended
<b>CustomVis</b>	means CustomVis Plc (incorporated and registered in England and Wales under the <i>Companies Act</i> 1985 with registered number 04609602)
<b>CustomVis System</b>	means Pulzar Z1 Laser
<b>Employee</b>	means a full time or part time employee (including executive but not non-executive directors) of the Company or a Related Body Corporate who commits at least 25 hours per week or 75% of his or her overall remuneration time for the purpose of the Company's business or the business of a Related Body Corporate
<b>Employee Options</b>	means options in CustomVis issued pursuant to this Prospectus and on the terms and conditions of the Scheme
<b>Entitlement</b>	means the entitlement of each Australian Employee to accept the Offer in regard to that number of Employee Options set out on their Entitlement and Acceptance Form
<b>Entitlement and Acceptance Form</b>	means the entitlement and acceptance form attached to this Prospectus
<b>FDA</b>	means the Department of Health & Human Services US Food and Drug Administration
<b>Group</b>	means the Company and, where applicable, its subsidiaries
<b>Offer</b>	means the offer of Employee Options pursuant to this Prospectus
<b>Opening Date</b>	means 29 March 2005
<b>Prospectus</b>	means this prospectus dated 21 March 2005

<b>Public Offer Prospectus</b>	means a prospectus dated 8 July 2003 whereby the Company placed 12,637,363 ordinary shares of 5p at 91p per share
<b>Related Body Corporate</b>	has the meaning as defined in Division 6 of Part 1.2 of Chapter 1 of the <i>Corporations Act 2001</i> of Australia
<b>Scheme</b>	means the CustomVis Employee Option Incentive Scheme approved by the members of CustomVis on 14 December 2004 as amended from time to time
<b>Share</b>	means a fully paid ordinary share in the capital of the Company
<b>Voting Power</b>	has the meaning given in s610 of the <i>Corporations Act 2001</i> of Australia