

27 July 2007

CustomVis

Year End	Revenue (£m)	PBT* (£m)	EPS* (p)	DPS (p)	PE (x)	Yield (%)
06/05	0.2	(4.6)	(13.4)	N/A	N/A	N/A
06/06	0.1	(2.2)	(3.9)	N/A	N/A	N/A
06/07e	0.5	(1.5)	(1.9)	N/A	N/A	N/A
06/08e	1.7	(0.6)	(0.6)	N/A	N/A	N/A

Note: *PBT and EPS are normalised, excluding goodwill amortisation and exceptional items

Investment summary: Steady trading

CustomVis today announced a trading update for the year ended 30 June 2006. Revenues were slightly ahead of expectations at £0.5m. Five units were shipped in the second half of the financial year, which was below our expectations of eight or nine. The company needs to build a strong order book in its core Middle East market; penetration into Europe remains very slow.

Revenues ahead of expectations

The unaudited revenue guidance of £0.5m is ahead of our expectation of £0.4m despite lower shipments than anticipated. Leasing accounts for c.85% of revenues. The strengthening Australian dollar reduced reported revenue by 10%.

Production capacity raised

The company expanded production to three units per month from April. It now has sufficient key parts in stock for a further six to 12 months. Utilising this capacity, for example, by expansion into Europe, is now a priority.

Slower customer commitment

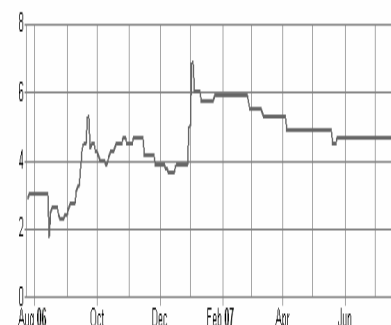
Five lasers were installed in H2 compared to nine expected; some orders were delayed till the autumn. This makes nine new installed lasers during the 2006–2007 financial year. Delays are due to slow completion of customer clinical facilities and the need for currency and importation licences, e.g. into Egypt. For H108 there are three confirmed orders for shipment and nine unconfirmed orders (contract but no deposit).

Valuation: Leasing supports price target

We have adjusted our target share price to 9.5p, from 10p in May, in view of the flatter sales than expected. This is mitigated by better leasing revenues due to firmer prices. Acquisitions in the sector continue with bids by AMO for Bausch & Lomb and by Alcon for Wavelight AG; Wavelight has the leading European laser.

Price 4.38p
Market Cap £4m

Share price graph



Share details

Code CUS
Listing AIM
Sector Medical Devices
Shares in issue 95.3m

Price

52 week High 7.13p Low 0.88p

Balance Sheet

Debt/Equity (%) N/A
NAV per share (p) 2.5
Est cash (£m) 1.1

Business

Designs, builds and sells innovative lasers for high-end custom eye surgery. Based in Australia, sales are in Asia and emerging countries but European market may develop from 2008.

Valuation

	2006	2007e	2008e
P/E relative	N/A	N/A	N/A
P/CF	N/A	N/A	N/A
EV/Sales	N/A	N/A	N/A
ROE	N/A	N/A	N/A

Geography based on revenues

UK	Europe	US	Other
0%	0%	0%	100%

Analyst

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Exhibit 1: Financials

	£'000	2005	2006	2007e	2008e
30-June		IFRS	IFRS	IFRS	IFRS
PROFIT & LOSS					
Revenue		151	89	500	1,695
Cost of Sales		(88)	(32)	(123)	(315)
Gross Profit		62	57	377	1,380
EBITDA		(5,243)	(2,348)	(1,783)	(1,179)
Operating Profit (before GW and except.)		(4,804)	(2,229)	(1,586)	(637)
Goodwill Amortisation		0	0	0	0
Exceptionals		0	0	0	0
Other		0	0	0	0
Operating Profit		(4,804)	(2,229)	(1,586)	(637)
Net Interest		166	73	42	49
Profit Before Tax (norm)		(4,638)	(2,156)	(1,544)	(588)
Profit Before Tax (FRS 3)		(4,638)	(2,156)	(1,544)	(588)
Tax		0.0	0.0	0.0	0.0
Profit After Tax (norm)		(4,638)	(2,156)	(1,544)	(588)
Profit After Tax (FRS 3)		(4,638)	(2,156)	(1,544)	(588)
Average Number of Shares Outstanding (m)		34.7	55.8	80.1	95.3
EPS - normalised (p)		(13.4)	(3.9)	(1.9)	(0.6)
EPS - FRS 3 (p)		(13.4)	(3.9)	(1.9)	(0.6)
Dividend per share (p)		0.0	0.0	0.0	0.0
Gross Margin (%)		41.3	63.7	75.5	81.4
EBITDA Margin (%)		N/A	N/A	N/A	N/A
Operating Margin (before GW and except.) (%)		N/A	N/A	N/A	N/A
BALANCE SHEET					
Fixed Assets		322	296	635	916
Intangible Assets		0	0	0	0
Tangible Assets		322	296	635	916
Investment in associates		0	0	0	0
Current Assets		3,186	2,255	2,061	1,567
Stocks		1,042	946	820	764
Debtors		179	71	128	306
Cash		1,965	1,238	1,113	497
Current Liabilities		(458)	(188)	(335)	(710)
Creditors		(458)	(188)	(335)	(710)
Short term borrowings		0	0	0	0
Long Term Liabilities		0	0	0	0
Long term borrowings		0	0	0	0
Other long term liabilities		0	0	0	0
Net Assets		3,050	2,363	2,361	1,773
CASH FLOW					
Operating Cash Flow		(3,618)	(2,179)	(1,154)	156
Net Interest		166	73	42	49
Tax		0	0	0	0
Capex		(134)	(105)	(537)	(821)
Acquisitions/disposals		0	0	0	0
Financing		0	1,484	1,340	0
Dividends		0	0	0	0
Net Cash Flow		(3,586)	(727)	(309)	(616)
Opening net debt/(cash)		(6,894)	(1,965)	(1,238)	(1,113)
HP finance leases initiated		0	0	0	0
Other		(1,343)	0	185	0
Closing net debt/(cash)		(1,965)	(1,238)	(1,113)	(497)

Source: Company accounts/Edison Investment Research

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