

## Regulatory Story

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**Company** CustomVis plc  
**TIDM** CUS  
**Headline** Interim Results  
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**CustomVis Plc**  
("CustomVis" "the Company" or the "Group")

### **INTERIM RESULTS** **For the six months ended 31 December 2009**

CustomVis (AIM: CUS) develops, manufactures and sells laser systems for refractive surgery of the eye. To date, sales are in many countries worldwide, excluding the US. The Directors believe it is currently the only company in the world marketing a solid state laser to perform this surgery. Solid state is widely accepted as the next generation technology for this industry as it overcomes known shortcomings of the gas excimer lasers currently used for this purpose.

The Group announces its report for the six months ended 31 December 2009.

#### **CHAIRMAN'S STATEMENT**

I am pleased to report on the Group's activities for the first half of the 2009/10 financial year. Our solid-state laser technology with its enhanced performance specifications continues to gain global recognition and sales enquiries have been growing to record levels.

By the end of 2009, the Group had shipped or installed 45 (H1 2008/09: 35) Pulzar Z1 lasers and this number has increased to 47 at the time of this report. With our lasers having treated in excess of 110,000 eyes, we look forward to significantly expanding this number through the newly approved treatment for presbyopia, PresBvis™.

#### **FINANCIAL REVIEW**

The Group made a profit before taxation of £1,080,198 for the six months ended 31 December 2009 after recognising an unrealised gain on foreign exchange of £1,731,737 (2008: £222,929). Sales revenue was £760,765 (2008: £904,733), a decrease of 16 per cent. on the comparative period last year. Earnings per share for the period was 0.60p (2008: loss of 0.13p). Over the period the AUD:GBP exchange rate strengthened by 14 per cent. making the current period costs appear higher than last years when expressed in GBP.

Group net assets at 31 December 2009 were £3.60 million (31 December 2008: £4.58 million). Net current assets at that date were £2.89 million (2008: £3.48 million), which included cash funds of £65,375 (2008: £625,741).

On 5 October 2009, the Group announced it had raised £299,390 (net of issue expenses) via a placing of 23,030,000 ordinary shares at 1.3p per share to fund ongoing operations and growth. The placing was supported by a number of the Group's major investors. The placing proceeds were raised to enable the Company to recruit further sales staff for Europe, increase its marketing effort and provide working capital to increase production and sales.

#### **OPERATIONAL REVIEW**

While we continue to experience strong growth in interest in the flagship product, Pulzar Z1™, acknowledgement of the continuing impact of the global economic situation must be made with the effect on business confidence across the whole industry remains evident. The Company also had to progress through an EGM on 6 July 2009, that was called by a requisition group focused on challenging certain Board members. During this period, the Company received substantial negative comment in the industry that the Board believes has influenced a decline in sales flow; a situation that is being overcome in certain markets.

During the reporting period, we contracted new distributors in Argentina, Chile, Mexico and the

Philippines. Subsequent to the period, we appointed a dedicated European Sales Manager and German distributor. At the same time, we installed lasers in Iraq and Argentina. In line with the end of the recession in certain parts of the world, South America has emerged as a key market in recent times with interest from this market steadily increasing.

On 6 November 2009, we announced the approval for PresBvis™, our presbyopia treatment by the Therapeutic Goods Administration ("TGA"), Australia's regulatory agency for medical drugs and devices. This major achievement also provides for European CE approval. The Directors believe this treatment option doubles the addressable market for the Pulzar Z1™. Preliminary market reports demonstrate interest in the laser is now being driven towards PresBvis™ procedures in clinics separately to standard LASIK treatment. Independent medical reports identify certain specifications of the Pulzar Z1™ that make it ideal for this type of surgery. PresBvis™ is delivered on a per eye basis. First revenues were obtained in November 2009 and in recent weeks we have seen growth in this new source of revenue. This is expected to increase substantially during the calendar year.

Our new low cost, portable digital ophthalmoscope (RetinaVis™) used for photographing the retina of the eye has been demonstrated at three major ophthalmic trade shows and has received a high level of interest. We have reached agreement on sale of the first demonstration units to distributors.

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 research reveals there is a large market for these devices and we believe this camera will generate meaningful revenues at reasonable gross margins in the future, commencing from the third quarter of 2010.

The project to develop a new multipurpose ophthalmic laser, for which a AUS\$2.3 million Australian government grant was awarded, was greater than 90 per cent. complete at the end of this reporting period. The grant has now concluded and the many advances achieved will provide improvements for our ophthalmic laser technology.

During the period, we reached an agreement with Moorfields Eye Hospital in London to undertake trials of the laser on patients that have very limited options for vision correction with laser treatment being one of the few. These treatments aim to provide key information that distinguishes our laser from the excimer gas-fired lasers due to its advanced technical specifications for customised laser surgery. Moorfields Eye Hospital has now submitted an abstract on the preliminary results to the European Society of Cataract and Refractive Society (ESCRS) meeting. If accepted, this will be presented in September 2010.

Moorfields Eye Hospital has also begun plans to extend the trial to include our PresBvis™ treatment for presbyopia. This will be compared with another potential presbyopia treatment.

## **CURRENT TRADING**

We are witnessing a sharp increase in marketing efforts by our excimer laser competitors as they try to rebuild their sales flow, now that the worst of the global economic crises is thought to be past. We are also continuing to see negative marketing directed towards us by anonymous parties assumed by the Directors to be associated with the July 2009 EGM, which is having an adverse effect on our sales performance. At the recent winter ESCRS meeting held in Budapest, strong interest was shown in our laser. This was helped by a leading UK ophthalmologist presenting their results, which were very positive on the performance of our laser. We are now dealing with a record number of sales enquiries.

However, the low sales performance in the third quarter of the financial year has placed considerable pressure on the cashflow of the Company. The Directors are currently pursuing various options including the option to raise additional working capital.

The Board would like to thank its staff for their continuing hard work and the shareholders for their continuing support.

**Simon Carroll**  
Chairman



**Unaudited Consolidated Income Statement  
for the six months ended 31 December 2009**

	Six months to 31 December 2009	Six months to 31 December 2008	Year to 30 June 2009
Notes	(Unaudited)	(Unaudited)	(Audited)
	£	£	£
<b>Revenue</b>	760,765	904,733	2,119,384
Cost of Sales	(352,056)	(414,122)	(1,047,865)
<b>Gross profit</b>	408,709	490,611	1,071,519
Other income	390,095	134,540	592,054
Staff expenses	(782,393)	(742,905)	(1,296,713)
Marketing expenses	(56,392)	(102,654)	(238,739)
Depreciation	(29,032)	(37,464)	(103,231)
Occupancy expenses	(62,096)	(105,913)	(226,491)
Share based payments	-	(17,597)	(26,769)
Administrative expenses	(520,430)	(303,730)	(1,225,935)
Foreign exchange gain	1,731,737	462,183	717,729
Profit/(Loss) before tax	1,080,198	(222,929)	(736,576)
Income tax expense	-	-	353,474
<b>Profit/(Loss) for the period attributable to the equity holder of the parent</b>	1,080,198	(222,929)	(383,102)
<b>Earnings/(Loss)/ per share</b>			
Basic	4 0.60p	(0.13p)	(0.22p)
Diluted	0.60p	(0.13p)	(0.22p)



**Unaudited Consolidated Balance Sheet  
as at 31 December 2009**

Notes	As at 31 December 2009 (Unaudited) £	As at 31 December 2008 (Unaudited) £	As at 30 June 2009 (Audited) £
<b>Current assets</b>			
Cash and cash equivalents	65,375	625,741	324,797
Trade and other receivables	1,682,043	1,434,571	1,602,331
Prepayments	141,021	44,781	64,967
Inventory	1,000,547	1,371,799	1,199,060
	2,888,986	3,476,892	3,191,155
<b>Non-current assets</b>			
Trade and other receivables	691,103	991,133	838,100
Property, plant & equipment	20,354	109,257	43,530
	711,457	1,100,390	881,630
<b>Total assets</b>	3,600,443	4,577,283	4,072,785
<b>Current liabilities</b>			
Trade and other payables	859,715	676,604	1,007,788
Provision for taxation		397,594	28,620
	859,715	1,074,198	1,036,408
<b>Non-current liabilities</b>			
Payables due after one year	351,321	256,780	302,276
<b>Total liabilities</b>	1,211,036	1,330,978	1,338,684
<b>Net assets</b>	2,389,407	3,246,305	2,734,701
<b>EQUITY</b>			
Issued share capital	5,506,760	5,504,424	5,504,424
Reserves	8,739,378	10,518,637	10,166,606
Retained earnings	(11,856,731)	(12,776,756)	(12,936,929)
<b>Total equity attributable to equity holders of the parent</b>	2,389,407	3,246,305	2,734,101

**Unaudited Consolidated Statement of Changes in Equity  
for the six months ended 31 December 2009**

Notes	Six months to 31 December 2009 (Unaudited) £	Six months to 31 December 2008 (Unaudited) £	Year to 30 June 2009 (Audited) £
<b>Share capital</b>			
Opening balance	5,504,424	5,504,424	5,504,424
Proceeds from new share issue	2,336	-	-
	5,506,760	5,504,424	5,504,424
<b>Share premium reserve</b>			
Opening balance	11,802,901	11,802,901	11,802,901
Premium from new share issue	301,322	-	-
	12,104,223	11,802,901	11,802,901
<b>Options reserve</b>			
Opening balance	453,527	426,758	426,758
Recognition of share based payments	-	17,597	26,769
	453,527	444,355	453,527
<b>Foreign currency translation reserve</b>			
Opening balance	(2,089,822)	(1,824,363)	(1,824,363)
Exchange differences arising on translation of foreign operations	(1,728,550)	95,744	(265,459)
	(3,818,372)	(1,728,619)	(2,089,822)
<b>Retained earnings</b>			
Opening balance	(12,936,929)	(12,553,827)	(12,553,827)
Net profit/(loss) for the period	1,080,198	(222,929)	(383,102)
	(11,856,731)	(12,776,756)	(12,936,929)



**Unaudited Consolidated Cash Flow Statement  
for the six months ended 31 December 2009**

Note	Six months to 31 December 2009 (Unaudited) £	Six months to 31 December 2008 (Unaudited) £	Year ended 30 June 2009 (Audited) £
Cash flow used in operating activities			
Profit/(Loss) for the period	1,080,198	(222,929)	(383,102)
Adjustments for:			
Depreciation	29,032	37,464	103,231
Share based payments	-	17,597	26,769
Profit on disposal of property	-	-	(109,567)
Net finance costs	(16,635)	(16,905)	(15,321)
Provision for bad and doubtful debts	-	-	404,003
Unrealised foreign exchange rate differences	(1,731,737)	(375,676)	(717,860)
Other payments	-	-	-
	(639,142)	(560,449)	(691,847)
Increase/(Decrease) in receivables	8,769	(441,994)	(963,248)
(Decrease)/Increase in payables	(127,648)	(1,181)	376,388
Decrease/(Increase) in inventory	198,514	125,155	341,607
Provision for taxation	-	-	(368,974)
Net cash used in operating activities	(559,507)	(878,469)	(1,306,875)
Cash flow used in investing activities			
Payments for property, plant and equipment	(5,856)	(2,207)	109,872
Net cash used in investing activities	(5,856)	(2,207)	(5,520)
Cash flow from financing activities			
Proceeds from Interest and investment income	602	16,905	18,987
Proceeds from issue of equity shares	303,658	-	-
Net cash from financing activities	304,260	16,905	18,987
Net (decrease)/increase in cash and cash equivalents	(261,104)	(863,771)	1,177,216
Exchange gains/(losses) on cash and cash equivalents	1,682	(3,737)	8,764
Cash and cash equivalents at beginning of the financial period	324,797	1,493,249	1,493,249
Cash and cash equivalents at the end of the financial period	65,375	625,741	324,797



**Notes to the Interim Results for the six months ended 31 December 2009****1. Basis of preparation**

These interim consolidated accounts are for the six months ended 31 December 2009 and have been prepared using accounting policies consistent with International Financial Reporting Standards (IFRS) adopted for use by the European Union. The accounting policies and methods of computation used in the interim consolidated financial statements are consistent with those used in the Annual Report for 2009 and are expected to be applied for the year ending 30 June 2010.

The financial information presented does not constitute statutory accounts as defined by section 240 of the Companies Act 1985. The Group's statutory accounts for the year ended 30 June 2009 have been filed with the Registrar of Companies.

Comparative figures are given for the six months to 31 December 2008 and the year ended 30 June 2009.

The interim results for the six months ended 31 December 2009 are not necessarily indicative of the results to be expected for the full 2010 year.

**2. Taxation**

No corporation tax has been provided for the six months ended 31 December 2009 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. Earnings/(Loss) per share**

	Six months to 31 December 2009 £	Six months to 31 December 2008 £	Year to 30 June 2009 £
Profit/(Loss) used in calculating basic and diluted earnings/(loss) per share from continuing operations	1,080,198	(222,929)	383,102
Weighted average number of shares in issue	180,844,993	169,165,848	117,922,043

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

**4. Segment Result****For the six months ended 31 December 2009**

	UK/Europe £	Australasia £	Rest of World £	Total £
<b>Revenue</b>				
Sales	390,517	-	370,248	760,765
Other		390,095	-	390,095
<b>Total</b>	390,517	390,095	370,248	1,150,860
<b>Segment Result</b>	106,834	804,084	169,280	1,080,198
<b>Assets</b>				
Property, plant & equipment		20,354	-	20,354
Other	429,611	1,467,836	1,682,642	3,580,089
<b>Total</b>	429,611	1,488,190	1,682,642	3,600,443
<b>Liabilities</b>	266,428	629,739	314,869	1,211,036
<b>Depreciation</b>	2,123	26,909	-	29,032

**For the six months ended 31 December 2008**

	UK/Europe £	Australasia £	Rest of World £	Total £
<b>Revenue</b>				
Sales	354,213	-	550,520	904,733
Other	13,554	120,986	-	134,540
<b>Total</b>	367,767	120,986	550,520	1,039,273

<b>Segment Result</b>	231,101	(708,846)	254,816	(222,929)
<b>Assets</b>				
Property, plant & equipment	28,561	80,696	-	109,257
Other	937,225	1,590,238	1,940,563	4,468,026
<b>Total</b>	965,786	1,670,934	1,940,563	4,577,283
<b>Liabilities</b>	564,726	396,832	369,419	1,330,977
<b>Depreciation</b>	28,560	8,904	-	37,464



For the year ended 30 June 2009

	UK/Europe	Australasia	Rest of World	Total
	£	£	£	£
<b>Revenue</b>				
Sales	503,727	4,366	1,611,291	2,119,384
Other	15,321	467,164	109,569	592,054
<b>Total</b>	<b>519,048</b>	<b>471,530</b>	<b>1,720,860</b>	<b>2,711,438</b>
<b>Segment Result</b>	<b>(328,379)</b>	<b>(728,830)</b>	<b>320,633</b>	<b>(736,576)</b>
<b>Assets</b>				
Property, plant & equipment	2,123	41,407	-	43,530
Other	413,984	1,484,587	2,130,684	4,029,255
<b>Total</b>	<b>416,107</b>	<b>1,525,994</b>	<b>2,130,684</b>	<b>4,072,785</b>
<b>Liabilities</b>	<b>234,097</b>	<b>669,433</b>	<b>435,154</b>	<b>1,338,684</b>
<b>Depreciation</b>	<b>52,700</b>	<b>50,531</b>	<b>-</b>	<b>103,231</b>

#### 5. Dividends

No dividends were paid or are proposed in respect of the six months ended 31 December 2009.

6. Copies of the interim results will be available from the registered office of the Company, 7 Devonshire Square, Cutlers Gardens, London EC2M 4YH and from the Company's website [www.customvis.com](http://www.customvis.com).

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