

ANNUAL REPORT 2006



CUSTOMVIS

CORPORATE DIRECTORY

DIRECTORS

Non-Executive Director and Chairman

Emanuel Rosen

Executive Directors

Paul van Saarloos

Mukesh Jain

SECRETARY

Keith Jewitt

COMPANY NUMBER

04609602

REGISTERED OFFICE

7 Devonshire Square

Cutlers Gardens

London

EC2M 4YH

AUDITORS

PKF (UK) LLP

78 Carlton Place

Glasgow

G5 9TH

BANKERS

Clydesdale Bank plc

West End Branch

158 Nethergate

Dundee

DD1 4DY

SOLICITORS

Hammonds

7 Devonshire Square

Cutlers Gardens

London

EC2M 4YH

NOMINATED ADVISOR AND BROKERS

John East & Partners Limited

Crystal Gate

28 – 30 Worship Street

London EC2A 2AH

CUSTOMVIS ANNUAL REPORT 2006

CONTENTS

OPERATING & FINANCIAL REVIEW	2
REPORT OF THE DIRECTORS	6
INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CUSTOMVIS PLC	9
GROUP PROFIT AND LOSS ACCOUNT	10
GROUP STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES	10
GROUP BALANCE SHEET	11
COMPANY BALANCE SHEET	12
GROUP CASH FLOW STATEMENT	13
NOTES TO THE FINANCIAL STATEMENTS	14



OPERATING & FINANCIAL REVIEW

“Throughout the centuries there were men who took steps, down new roads, armed with nothing but their own vision”

Ayn Rand (1905 – 1982)

INTRODUCTION

CustomVis, which designs and markets surgical laser vision equipment for customized refractive surgery, is pleased to announce its results for the year ended 30 June 2006.

OVERVIEW OF THE TRADING YEAR

The trading year saw great advances as the Company moved from a predominately research and development entity that collated and published clinical data to support the Solid State technology utilized in the Company's flagship product, the Pulzar Z1 Refractive laser vision correction device, to having refined and established the device as a commercial unit. This enabled a full re-launch of the Pulzar Z1 at the APAO conference in Singapore in June 2006, where interest in the Pulzar Z1 exceeded the Company's pre-show expectations.

Whilst the year finished positively, there were a number of difficulties that the Company faced in the first half of the year. The establishment of a revenue stream through the conversion of sales interest was unfortunately delayed as a result of components purchased from third party suppliers not performing to specification. Due to the necessity of sourcing certain components from alternate suppliers, this delayed the closure of sales negotiations and the “locking down” of the Pulzar Z1 as a unit.

Whilst the Company successfully reduced its cash burn rate to less than £150,000 (net of sales) per month by June 2006 and continued to monitor and apply close management of costs, the delays incurred in achieving sales meant a continual drain on available cash reserves.

The Directors' principal focus during the financial year was to finalise the design and specification of the Pulzar Z1 and this was achieved when the Pulzar Z1 was re-launched at the APAO Conference at Sun City in Singapore on 10 June, 2006. The new look Pulzar Z1 stimulated interest to levels not previously

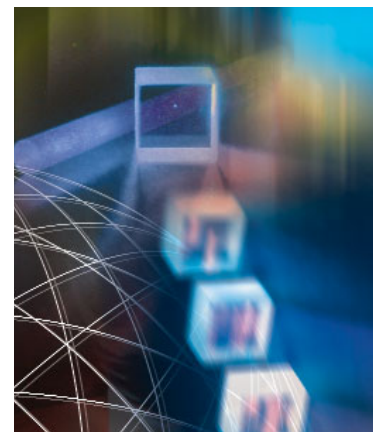
experienced by the Company at any previous trade conference. A large number of surgeons commented on the quietness of operation compared to traditional Excimer lasers, the ease of operation, the short start-up procedures and the small physical size of the Pulzar Z1 compared to Excimer lasers.

The Company also presented clinical data on about 3,000 eyes and had three papers presented at the APAO Conference.

Prior to the re-launch in June 2006, the Company had maintained interest in the Pulzar Z1 through strategic marketing activities, which resulted in the announcement of the sale of two Pulzar Z1 units in the first half of June 2006. The Directors are encouraged that two of the first four purchasers of the Pulzar Z1 have purchased a second laser and believe it is a strong endorsement of the product.

The Company currently has a worldwide installed base of 13 units all of which are producing clinical data.

As at June 30 2006 the company employed 25 staff including Directors. The Company is proud of its workforce over the last year and that it still retains the key employees and management with the skills vital to the continued growth and success of the organization.



SINCE YEAR END – IS THE FUTURE IN SIGHT?

Since the financial year end on 30 June 2006, the Company has achieved and announced a further four sales. It has also signed agreements for an additional four sales, which are awaiting receipt of deposits or letters of credit to confirm completion. CustomVis was also confirmed as a recipient of the AusIndustry Commercial Ready Grant for the value of A\$2.3 million payable quarterly over the next two and a quarter years for the research & development of a Solid State Multi-Function laser, another world first.

We know that while the world is small, it is big on cultural differences. In order to effectively penetrate markets, local knowledge and presence is priceless. The company has strengthened its business development and sales presence initially in two geographical locations. It has appointed Mr. Waldfried Webber for sales and marketing in Europe and Mr. Kevin Grundy for the Middle East region, specialists with extensive local knowledge and far reaching contacts in their respective areas. The strategy of securing area specialists in the role of Market Development is one that the company will continue to pursue to achieve its structured, penetrative growth in targeted markets.

In order to meet the growing demand for the Pulzar Z1 the company will be spending the second quarter of the 2006/07 year gearing up its production capabilities at its Balcatta, Western Australia premises to achieve a minimum output of three machines per month from March 2007 while establishing an infrastructure that allows an increase to five machines per month imminently after March 2007.

The company attended the ESCRS Conference in London at the start of September 2006 and had four papers accepted by the committee for presentation. This conference also generated interest in the CustomVis laser, and a significant number of serious sales negotiations from this conference are still continuing.

The company will continue its Research & Development, focusing on reducing the production cost of the Pulzar Z1 laser, developing the world's first solid state Multi-Purpose laser with the aid of the AusIndustry Commercial Ready Grant, and other related ophthalmic products.

The Company will need additional finance to complete its production gear up, reach a positive cash flow and achieve its goal of becoming a significant player in the world refractive surgery market. The Directors are very confident of obtaining this finance and attaining these goals.

Dr Paul Van Saarloos – CEO of CustomVis plc

"We have seen the consolidation and validation of what all at CustomVis have been working towards, acceptance of solid state technology is now being achieved, and having over 5,000 eyes treated and the establishment of consistent sales flow quantifies the belief that Solid State is the only Future in Sight in laser vision correction".



REPRESENTATION AT TRADE SHOWS AND CONFERENCES

The attendance at trade shows and conferences is an important element of the sales and marketing activity, providing the opportunity to demonstrate the ease of use of the Pulzar Z1, allowing attendees a direct comparison between the quietness of operation of the Solid State Pulzar Z1 against the very noticeable noise levels generated by Excimer Lasers, and appreciate the small footprint and physical size of the Pulzar Z1, the turnkey operation and simplicity of use.

The Company continued to stimulate interest in the Pulzar Z1 by attending the ASCRS (American Society of Cataract and Refractive Surgery) held in San Francisco during March 17 - 21 2006.

At the APAO (Asia-Pacific Academy of Ophthalmology) held at Sun City in Singapore during June 10 – 13 2006, the new look Pulzar Z1 achieved great interest as indicated previously.

The ESCRS (European Society for Cataract & Refractive Surgery) held at EXCEL, London in September 2006.

The company exhibited at AAO (American Academy of Ophthalmology) in Las Vegas in November and will be attending the 11th ESCRS Winter Refractive Surgery Meeting in Athens from 2-4 February 2007.

CustomVis will continue to exhibit at trade conferences showing the ophthalmic community the benefits and advantages of Solid State technology to the world.

COMMENTS OF THE CHAIRMAN, EMANUEL ROSEN

“The excellent clinical results the Pulzar Z1 is achieving, having treated over 5,000 eyes worldwide, and the positive response now being received from the ophthalmic community to CustomVis and the Solid State technologies utilised in the Pulzar Z1, the group is now preparing to capitalize on the increased interest from the market.

Whilst requiring additional finance to secure its trading future, the group has focused and succeeded on expenditure control, excellent quality control throughout the build and testing process and has in place an experienced management team supported by a knowledgeable workforce.

CustomVis is now well positioned to lead refractive laser surgery into the solid state era”.

“CustomVis designs, develops and markets surgical laser vision correction technology to ophthalmologists worldwide”



REPORT OF THE DIRECTORS

The Directors submit their report and the financial statements for the year ended 30 June 2006.

PRINCIPAL ACTIVITY

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

GOING CONCERN

Having considered the guidance given in the document Going Concern and Financial Reporting: Guidance for Directors of Listed Companies Registered in the UK issued in November 1994 by the Going Concern Working Group, the Directors have formed a judgement that, at the time of approving these financial statements there is a reasonable expectation that the Group has adequate resources and likely income to continue in operational existence for the foreseeable future and therefore adopt the going concern basis for the financial statements. Further details are given in Note 1.1 at page 14.

FUTURE DEVELOPMENTS

Over the coming twelve months the Group will gear up its production capabilities and intend to sell an average of at least 3 lasers per month. The number of patients treated by the CustomVis solid state laser is expected to exceed 10,000. Research & development work will bring down the production cost by at least 10% and at least one more product should be prepared for release.

DIVIDENDS

The Directors do not recommend payment of a final dividend.

POST BALANCE SHEET EVENTS

Since the balance date the Company has sold four Lasers with further agreements for the sale of another four Lasers that are still subject to confirmation by way of payment of deposit.

The Company is also at an advanced stage of raising additional capital by way of the issue of new shares.

PAYMENT OF CREDITORS

It is the policy of the Company and the Group to settle creditors' accounts within the terms agreed with individual suppliers at the inception of a contract or order being made.

As at 30 June 2006 the creditor days for the Group was calculated as 25 days (2005:-29 days).

BUSINESS REVIEW

The directors' business review is set out in the 'Operating and Financial Review' on page 2 of this report.

INFORMATION SUPPLIED TO AUDITORS

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

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

FINANCIAL INSTRUMENTS

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

The Company's exposure to the price risk of financial instruments is therefore minimal. As the counterparty to all financial instruments is its bankers, it is also exposed to minimal credit and liquidity risks in respect of these instruments, its cash flow risk in respect of forward currency purchases is also minimal as it aims to pay suppliers in accordance with their stated terms.

The directors do not consider any other risks attaching to the use of financial instruments to be material to an assessment of the Company's and Group's financial position or results.

STATEMENT BY THE DIRECTORS ON COMPLIANCE WITH THE CODE OF BEST PRACTICE

The company complies so far as is reasonable, given the Group's size and the construction of the Board, with the Combined Code.

Due to the resignation of William Colvin the only remaining member of the Audit Committee is Emanuel Rosen, although the finance director would normally attend audit committee meetings as an invitee. This committee would normally meet twice a year and is responsible for ensuring that the financial performance of the Group is properly reported on and monitored. The committee also meets with the auditors and reviews their reports relating to the accounts and internal control systems.

The remuneration committee consists of Paul Van Saarloos and Mukesh Jain. This committee makes recommendations to the Board of the Company on matters relating to the remuneration and terms of employment of the existing and proposed Executive Directors of the Company and on proposals for the granting of share options pursuant to any share option scheme in operation.

DIRECTORS AND THEIR INTERESTS

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

	Ordinary Shares of 5p each	
	2006	2005
Paul van Saarloos	9,042,912	8,869,000
William Ardrey (resigned 22/05/06)	-	4,288,718
William Colvin (resigned 24/04/06)	-	45,000
Emanuel Rosen	32,718	32,718
Mukesh Jain	-	-
John McEvoy (resigned 10/02/06)	-	30,000

Dr William Ardrey's shareholding included a non-beneficial interest in 4,288,718 shares as the appointed board nominee of two shareholders, Custom Lasers Inc. and Asian Lasers Inc.

DIRECTORS' OPTIONS

In addition to the above shareholdings certain of the directors who served during the year also have the following share options over ordinary shares of 5p each:

Name	Date of Grant	Number of Shares/Granted			At 30 June 06	Exercise Price £
		At 1 July 05	Transferred	Lapsed		
William Ardrey	20 Jan 03	350,000	-	-	350,000	0.62
Mukesh Jain	10 Feb 05	100,000	-	-	100,000	0.05
Mukesh Jain	10 Feb 05	250,000	-	-	250,000	0.60

The market price of CustomVis shares at 30 June 2006 was 5p. During the year the share price at its highest value was 9p and its lowest was 2.75p.

The above options are exercisable within ten years of them being granted. Details of these options are given in note 25 to the financial statements.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the group and the company and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the group and the company and enable them

to ensure that the financial statements comply with the Companies Act 1985. It is also the responsibility of the directors to ensure that the annual report includes the information required by the AIM rules of the London Stock Exchange. They are also responsible for safeguarding the assets of the group and the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements and other information included in annual reports may differ from legislation in other jurisdictions.

Auditors

The auditors PKF (UK) LLP have indicated their willingness to continue in office and a resolution for their reappointment will be proposed at the Annual General Meeting of the Company.

This report was approved by the Board on 29 December 2006 and signed on its behalf by

Paul van Saarloos
CEO

"THE EYES HAVE ONE LANGUAGE EVERYWHERE"

George Herbert (1593 – 1633)



CUSTOMVIS IS SPEAKING THAT ONE LANGUAGE IN LASER VISION CORRECTION – SOLID STATE IS "THE FUTURE IN SIGHT"

DIRECTORS

NON EXECUTIVE DIRECTOR AND CHAIRMAN

At 30 June 2006 there was one non-executive director of CustomVis plc. Dr William Ardrey resigned on 22 May 2006 and Mr William Colvin resigned on 24 April 2006.

EMANUEL ROSEN (Non-Executive Chairman) aged 69, is currently the medical director of Boots Opticians Eye Laser Service. He is past president of the International Implant Club, The European Society of Cataract and Refractive Surgeons and the UK and Ireland Society 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, including being co-editor of the major international peer review in the field, The Journal of Cataract and Refractive Surgery.

EXECUTIVE DIRECTORS

The following executive directors served for the whole of the financial year, unless otherwise stated, and were still executive directors at the date of signing of the financial statements. Mr John McEvoy served as an executive director until his resignation on 10 February 2006.

DR PAUL VAN SAARLOOS (Chief Executive Officer), aged 44, 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 van Saarloos also performs the role of Chief Scientist and Research and Development manager on the CLVR Operations Board.

DR. MUKESH JAIN (Director – COO and Marketing Director), aged 50, has vast international business exposure with qualifications in science and engineering, which include PhD, M Eng Sc, M Sc, B Sc and Grad. Dip Business. He has worked in well-renowned companies in the industry including NIDEK, Q-Vis and in Lions Eye Institute.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CUSTOMVIS PLC

We have audited the group and parent company financial statements ("the financial statements") of CustomVis plc for the year ended 30 June 2006 which comprise the consolidated profit and loss account, the consolidated and the company balance sheets, the consolidated cash flow statement, the consolidated statement of total recognised gains and losses and the related notes. The financial statements have been prepared under the accounting policies set out therein.

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

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom accounting standards ('United Kingdom Generally Accepted Accounting Practice') are set out in the statement of directors' responsibilities.

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

We report to you in our opinion as to whether the financial statements give a true and fair view and have been properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the directors' report is consistent with the financial statements. The information in the directors' report includes that specific information presented in the operating and financial review that is cross referenced from the business review section of the directors' report.

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

We read other information contained in the annual report and consider whether it is consistent with the audited financial statements. The other information comprises only the directors' report and the operating and financial review. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

BASIS OF AUDIT OPINION

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

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

OPINION

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the group's and the parent company's affairs as at 30 June 2006 and of the group's loss for the year then ended.
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the directors' report is consistent with the financial statements.

EMPHASIS OF MATTER – GOING CONCERN

In forming our opinion, which is not qualified, we have considered the adequacy of the disclosures made in note 1.1 to the financial statements concerning the losses incurred subsequent to the year end and the current status of the planned fund raising of £1.3 million (net of expenses) which is expected to be concluded by the middle of January 2007. As further explained in note 1.1 should the fund raising be materially delayed or not happen this might give rise to a significant doubt about the company's ability to continue as a going concern.

PKF (UK) LLP
Registered auditors
Glasgow, UK

GROUP PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 JUNE 2006

	Notes	2006 £	2005 £
Turnover	2	89,088	150,743
Cost of sales		(32,318)	(88,492)
Gross profit		56,770	62,251
Administrative expenses		(2,452,072)	(4,911,309)
Other operating income		166,246	45,335
Operating loss	3	(2,229,056)	(4,803,723)
Interest receivable and similar income	4	72,680	166,213
Loss on ordinary activities before taxation		(2,156,376)	(4,637,510)
Tax on loss on ordinary activities	6	-	-
Loss on ordinary activities after taxation transferred to reserves	15	(2,156,376)	(4,637,510)
Loss per Ordinary Share			
Basic	7	(3.9p)	(13.4p)
Diluted	7	(3.9p)	(13.4p)

GROUP STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 30 JUNE 2006

	2006 £	2005 £
Loss for the financial year	(2,156,376)	(4,637,510)
Currency translation differences on foreign currency net investments	(14,800)	276,112
Total recognised gains and losses relating to the year	(2,171,176)	(4,361,398)

All the above figures relate to continuing activities.

THE NOTES ON PAGES 14 TO 24 FORM AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

GROUP BALANCE SHEET AS AT 30 JUNE 2006

	Notes	2006		2005	
		£	£	£	£
Fixed assets					
Intangible assets	8		-		-
Tangible assets	9		296,471		322,371
			<u>296,471</u>		<u>322,371</u>
Current assets					
Stock	11	945,589		1,042,193	
Debtors	12	71,382		178,615	
Cash at bank and in hand		1,237,786		1,964,998	
		<u>2,254,757</u>		<u>3,185,806</u>	
Creditors: amounts falling due within one year	13	<u>(187,992)</u>		<u>(457,968)</u>	
Net current assets			<u>2,066,765</u>		<u>2,727,838</u>
Net assets less current liabilities			<u>2,363,236</u>		<u>3,050,209</u>
Capital and reserves					
Called up share capital	14		3,240,957		1,735,957
Share premium account	15		10,442,369		10,463,166
Foreign currency translation reserve	15		144,966		159,766
Profit & loss account	15		<u>(11,465,056)</u>		<u>(9,308,680)</u>
Equity shareholders funds	16		<u>2,363,236</u>		<u>3,050,209</u>

The financial statements were approved and authorised for issue by the Board on 29 December, 2006 and were signed on its behalf by

Paul van Saarloos
Director

THE NOTES ON PAGES 14 TO 24 FORM AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

COMPANY BALANCE SHEET AS AT 30 JUNE 2006

	Notes	2006		2005	
		£	£	£	£
Fixed assets					
Investments	10		-		-
			-		-
Current assets					
Debtors (of which £2,717,748 (2005 £999,691) is due after more than one year)	12	2,721,050		1,062,325	
Cash at bank and in hand		324,760		1,369,196	
		3,045,981		2,431,521	
Creditors: amounts falling due within one year	13	(16,267)		(43,535)	
Net current assets			3,029,714		2,387,986
Net assets less current liabilities			3,029,714		2,387,986
Capital and reserves					
Called up share capital	14		3,240,957		1,735,957
Share premium account	15		10,442,369		10,463,166
Profit & loss account	15		(10,653,612)		(9,811,137)
Equity shareholders funds	16		3,029,714		2,387,986

The financial statements were approved and authorised for issue by the Board on 29 December, 2006 and were signed on its behalf by

Paul van Saarloos
Director

THE NOTES ON PAGES 14 TO 24 FORM AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

GROUP CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2006

	Notes	2006 £	2005 £
Reconciliation of operating loss to net cash outflow from operating activities			
Operating loss		(2,229,056)	(4,803,723)
Depreciation and amortisation	3	100,493	438,997
Impairment of intangible fixed assets	3	-	890,945
Loss on sale of fixed assets	3	13,028	27,284
Decrease/(increase) in stock		96,604	(360,166)
Decrease in debtors		107,233	57,584
(Decrease) in creditors		(269,976)	(115,003)
Exchange rate differences arising on cash balances		2,618	246,260
Net cash outflow from operating activities		(2,179,056)	(3,617,822)
Cash Flow Statement			
Net cash outflow from operating activities		(2,179,056)	(3,617,822)
Return on investments and servicing of finance	23	72,680	166,213
Capital expenditure	23	(105,039)	(134,454)
		(2,211,415)	(3,586,063)
Financing	23	1,484,203	-
(Decrease) in cash in the year	24	(727,212)	(3,586,063)
Reconciliation of net cash flow to movement in net funds			
(Decrease) in cash in the year		(727,212)	(3,586,063)
Net funds at 30 June 2005		1,964,998	5,551,061
Net funds at 30 June 2006		1,237,786	1,964,998

THE NOTES ON PAGES 14 TO 24 FORM AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

1. ACCOUNTING POLICIES

1.1 Fundamental accounting concept and basis of preparation of financial statements

At balance sheet date the group had £1.23 million of cash, £0.19 million of creditors due within one year and no long term debt.

The Directors are encouraged by the sales made during 2005/06 and by the further sales made since the balance sheet date. The directors have prepared financial projections for a period beyond twelve months from the date of signing these financial statements which includes the raising of the new equity. Based on the future income to be generated from these sales and coupled with the additional equity raising net proceeds from £1.3 million from existing and new shareholders which will be available to the Company following approval of the resolutions at an Extraordinary General Meeting in January 2007, the Directors believe that the going concern basis continues to be appropriate.

The financial statements are prepared under the historical cost convention. The Group has consistently applied all relevant accounting standards.

1.2 Basis of Consolidation

The Group financial statements consolidate the financial statements of CustomVis plc and its subsidiary undertaking up to 30 June 2006. No profit and loss account is presented for CustomVis plc as permitted by section 230 of the Companies Act 1985. CLVR Pty. Ltd. has been included in the Group financial statements using the acquisition method of accounting. Accordingly, the primary financial statements include the results and cash flows of CLVR Pty. Ltd. for the year. The loss incurred by the parent Company for the year ended 30 June 2006 was £842,475 (2005 – loss of £8,523,870).

1.3 Turnover

Turnover represents the total invoice value, excluding value added tax, of sales made (by way of operating lease) during the year.

1.4 Goodwill

Acquired goodwill is written off in equal annual instalments over its estimated useful economic life of 5 years and is subject to annual impairment reviews. At 30 June 2006 goodwill was fully written off.

1.5 Patents

Patents are valued at cost less accumulated amortisation. Amortisation is calculated to write off the cost in equal annual instalments over their estimated useful life of 2 years.

1.6 Government grants

Government grants in respect of capital expenditure are credited to a deferred income account and are released to profit over the expected useful lives of the assets by equal annual instalments. Grants of a revenue nature are credited to income so as to match them with the expenditure to which they relate.

1.7 Research and development

Research expenditure is written off to the profit and loss account in the period in which it is incurred.

1.8 Tangible fixed assets and depreciation

Depreciation is provided at rates to write off the cost less residual value of each asset over its expected useful life, as follows:

Plant and machinery	18.75 to 100% reducing balance
Fixtures, fittings and equipment	15 to 50% reducing balance
Leasehold improvements	15% reducing balance
Leased Assets	Over the life of the lease.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

1. ACCOUNTING POLICIES (CONTINUED)

1.9 Investments

Fixed investments are stated at cost and where necessary reviewed for impairment.

1.10 Stock

Stock is valued at the lower of cost and net realisable value. Costs incurred in bringing each product to its present location and condition is accounted for as follows:

Raw materials – purchase cost on a first in first out basis; and

Finished goods and work in progress – cost of direct material. Labour and overhead costs incurred in bringing finished goods and work in progress to its present location and condition are written off to profit and loss as these costs are not believed to be directly recoverable due to the continuing development of the product.

1.11 Leases

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term.

1.12 Capital instruments

Shares are included in shareholders' funds. Other instruments are included as liabilities if they contain an obligation to transfer economic benefits and if not they are included within shareholders' funds. The group's financial instruments comprise cash and liquid resources and various items such as debtors, trade creditors etc that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the Group's operations. The finance cost recognised in the profit and loss account in respect of capital instruments other than equity shares is allocated to periods over the term of the instrument at a constant rate on the carrying amount.

1.13 Foreign currencies

Company

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the exchange rate ruling at the balance sheet date. All differences are taken to the profit and loss account as they occur.

Group

The balance sheet of the overseas subsidiary undertaking is translated at the rate of exchange ruling at the balance sheet date and the profit and loss account is translated at an average rate. Exchange differences arising on the retranslation of opening net assets are taken directly to reserves. All other translation differences are taken to the profit and loss account in the period in which they arise.

1.14 Deferred taxation

The charge for taxation is based on the results for the year as adjusted for tax purposes. Full provision is made for taxation deferred in respect of timing differences, except where the standard states that the provision should not be made. Deferred tax assets are not provided for where it is not certain that future profits will be sufficient to allow these balances to reverse. Deferred tax balances are not discounted.

1.15 Pensions

The Group makes defined contributions to a group pension scheme and to a number of personal pension schemes. Pension contributions are charged to the profit and loss account as incurred.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

	2006 £	2005 £
2. SEGMENTAL ANALYSIS – TURNOVER		
Geographic Analysis by Origin:		
UK/Europe	50,621	49,750
Australasia	38,467	100,993
	89,088	150,743
Geographic Analysis by Destination:		
UK/Europe	50,621	38,809
Australasia	38,467	111,934
	89,088	150,743

Business Analysis

The group predominantly operates within the laser vision correction industry. An analysis of the loss before tax and net assets is given below:

	2006 Loss before tax	2005 Loss before tax	2006 Net assets	2005 Net assets
UK/Europe	(898,490)	(1,856,144)	984,682	296,932
Australasia	(1,078,188)	(2,781,366)	1,181,618	2,638,011
Rest of the world	(179,698)	-	196,936	115,266
	(2,156,376)	(4,637,510)	2,363,236	3,050,209

	2006 £	2005 £
3. OPERATING LOSS		
Operating loss is stated after charging:		
Depreciation	100,493	112,954
Amortisation of intangible assets	-	326,043
Impairment of intangible assets	-	890,945
Operating lease payments – land and buildings	136,497	132,534
Loss on disposal of fixed assets	13,028	27,284
Research and development – expenditure in current year	9,617	884,304
Auditors' remuneration – Audit work – Group	28,073	27,753
of which – Company	14,013	12,790
– Other services	1,313	11,248
and after crediting:		
Government grants	52,056	-

In addition to auditors other services noted above £1313 which relate to taxation advice, fees totalling £15,000 were paid in respect of advice in relation to the share issue in October 2005. These amounts have been deducted from the Share Premium account in accordance with relevant legislation.

	2006 £	2005 £
4. INTEREST RECEIVABLE AND SIMILAR INCOME		
Bank interest	72,680	166,213

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

	2006 Number	2005 Number
5. EMPLOYEES		
Number of employees		
The average monthly number of employees (including the directors) during the year was:		
Directors	3	6
Administration & Marketing	4	10
Electronics & Software	6	14
Mechanical	5	11
Research	2	8
Service	5	8
	25	57

The majority of employees are employed by the subsidiary company in Australia.

	2006 £	2005 £
Employment costs		
Wages and salaries	1,159,871	1,758,779
Compensation for loss of office	57,248	114,873
Social security costs	13,865	101,379
Pensions	87,110	135,072
	1,318,094	2,110,103

5.1 DIRECTORS' EMOLUMENTS

Remuneration and other emoluments	282,652	333,344
Compensation for loss of office	-	95,000
Pension contributions	26,488	40,755
	309,140	469,099

	2006 Number	2005 Number
Number of directors to whom retirement benefits are accruing	3	6
The emoluments of the highest paid director during the year were as follows:		
	£	£
Emoluments	131,401	136,667
Pension contributions	11,826	12,262
	143,227	148,929

Details of share options held by the directors as at 30 June 2006 are disclosed in the Report of the Directors. None of these options have been exercised at the balance sheet date and accordingly no gains were made on these in the year to 30 June 2006.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

	2006 £	2005 £
6. TAX ON LOSS ON ORDINARY ACTIVITIES – GROUP		
Current Tax		
Overseas taxation	-	-
Factors affecting tax charge for the year		
Loss on ordinary activities before tax	(2,156,376)	(4,637,510)
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30%	(646,913)	(1,391,253)
Losses not utilised	640,809	1,363,888
Expenses not deductible for tax purposes	6,104	27,365
	-	-

Deferred taxation

The Group has losses carried forward that give rise to a deferred taxation asset estimated at £3,380,000 (2005 - £2,740,000). This balance has not been incorporated into the financial statements as it is not certain at the balance sheet date that profits in the foreseeable future will be sufficient to allow this balance to be utilised.

	2006 £	2005 £
7. LOSS PER SHARE		
Loss for the year attributable to shareholders	(2,156,376)	(4,637,510)
Weighted average number of shares in issue	55,582,984	34,719,148

The weighted average number of shares in issue for the year ended 30 June 2006 was calculated by taking into account the additional 30,100,000 ordinary shares issued on 20 October 2005.

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.

8. INTANGIBLE FIXED ASSETS – GROUP

	Patents £	Goodwill £	Total £
Cost			
At 1 July 2005 and 30 June 2006	23,228	1,630,214	1,653,442
Amortisation			
At 1 July 2005	23,228	1,630,214	1,653,442
Net book value			
At 30 June 2005	-	-	-
At 30 June 2006	-	-	-

All intangible assets relate solely to the Group and not to the Company. The patents are owned by the subsidiary Company and goodwill is created upon consolidation.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

9. TANGIBLE FIXED ASSETS – GROUP

	Plant & Machinery £	Fixtures, fittings & equipment £	Leasehold Improvements £	Leased Assets £	Total £
Cost					
At 1 July 2005	346,735	150,211	14,616	-	514,562
Exchange differences	(18,370)	-	(114)	-	(18,484)
Additions	-	-	4,732	108,299	113,031
Disposals	(23,121)	-	-	-	(23,121)
At 30 June 2006	305,244	150,211	19,234	108,299	582,988
Depreciation					
At 1 July 2005	113,243	72,506	3,442	-	189,191
Exchange differences	(707)	(359)	-	-	(1,066)
Charge for the year	50,547	28,329	3,120	18,488	100,493
Disposals	(2,101)	-	-	-	(2,101)
At 30 June 2006	160,982	100,476	6,571	18,488	286,517
Net book value					
At 30 June 2005	233,492	77,705	11,174	-	322,371
At 30 June 2006	144,262	49,735	12,663	89,811	296,471

10. FIXED ASSETS INVESTMENTS – COMPANY

	£
Cost	
At 1 July 2005 and 30 June 2006	1,000,316
Provision for diminution in value	
At 1 July 2005 and 30 June 2006	1,000,316
Net book value	
At 30 June 2005 and 30 June 2006	-

HOLDINGS OF 20% OR MORE

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

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

	2006 £	2005 £
11. STOCK – GROUP		
Raw materials	417,043	370,438
Work in progress	46,986	59,318
Finished goods	481,560	612,437
	945,589	1,042,193

	2006 £	2005 £
12. DEBTORS – GROUP		
Current assets		
Other debtors	18,716	44,291
Prepayments and accrued income	52,666	134,324
	71,382	178,615

DEBTORS – COMPANY

Current assets		
Amounts owed by group undertaking	2,717,748	999,691
Prepayments and accrued income	3,302	62,634
	2,721,050	1,062,325

Amounts owed by group undertaking of £2,717,748 (2005: £999,691) all fall due after more than one year.

	2006	2005
13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR – GROUP		
Trade creditors	154,226	245,040
Directors' accounts	16,537	17,584
Other creditors	17,229	181,871
Accruals and deferred income		13,473
	187,992	457,968

CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR – COMPANY

Trade creditors	14,304	38,246
Accruals and deferred income	1,962	5,289
	16,267	43,535

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

	2006 £	2005 £
14. SHARE CAPITAL – GROUP AND COMPANY		
Authorised		
100,000,000 Ordinary shares of 5p each	5,000,000	5,000,000
Allotted, called up and fully paid		
64,819,148 (2005 – 34,719,148) Ordinary shares of 5p each	3,240,957	1,735,957

The company issued 30,100,000 ordinary shares of 5p each at a premium of 0.75p (an issue price of 5.75p per share) on 20 October 2005. The funds raised were used to provide additional working capital.

15. RESERVES – GROUP

	Share premium account £	Foreign currency reserve £	Profit and loss account £	Total £
At 1 July 2005	10,463,166	159,766	(9,308,680)	1,314,252
Loss for the year	-	-	(2,156,376)	(2,156,376)
Foreign currency translation gains arising in the year	-	(14,800)	-	(14,800)
Premium less costs arising from Share Issue	(20,797)	-	-	(20,797)
At 30 June 2006	10,442,369	144,966	(11,465,056)	(877,721)

RESERVES – COMPANY

	Share premium account £	Profit and loss account £	Total £
At 1 July 2005	10,463,166	(9,811,137)	652,029
Loss for the year	-	(842,475)	(842,475)
Premium less costs arising from Share Issue	(20,797)	-	(20,797)
At 30 June 2006	10,442,369	(10,653,612)	(211,243)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

16. RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDERS' FUNDS – GROUP

	2006 £
Equity shareholders funds at 1 July 2005	3,050,209
Loss for the year	(2,156,376)
Foreign currency translation gains arising in the year	(14,800)
Net proceeds of equity share issue	1,484,203
Equity shareholders' funds at 30 June 2006	2,363,236

RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDERS' FUNDS – COMPANY

Equity shareholders funds at 1 July 2005	2,387,986
Loss for the year	(842,475)
Net proceeds of equity share issue	1,484,203
Equity shareholders' funds at 30 June 2006	3,029,714

17. TRANSACTIONS WITH DIRECTORS

One of the directors, Paul van Saarloos, has a loan outstanding from CLVR Pty Ltd. This relates to undrawn salary. The amount of this loan is disclosed within creditors as directors' accounts. No interest is charged on this balance.

18. RELATED PARTY TRANSACTIONS

Other than detailed in note 17 above, there were no related party transaction during the year. The Group has taken advantage of the exemptions afforded by Financial Reporting Standard No.8 Related Party Transactions and accordingly transactions between the companies within the Group are not disclosed.

19. POST BALANCE SHEET EVENTS

Subsequent to the year end the company has entered into contracts for the sale (by way of Operating Lease) of four Lasers with payments spread over terms ranging from two to three years.

As at the date of this report, the company is at an advanced stage of raising additional capital by way of the issue of new Ordinary shares

20. CONTROLLING INTEREST

Following flotation of the Company on 8 July 2003, no individual party has overall control of the Company.

21. CAPITAL INSTRUMENTS

The Group did not use capital instruments as a hedging mechanism during the financial year ended 30 June 2006. The Group may commence some foreign exchange hedges in the next financial year depending on the level of sales made under finance arrangements and the currencies in which these are denominated. These are likely to be forward contracts in Australian dollars. Details of other financial instruments used by the Company and the Group are given in the Directors' report.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

22. LEASING COMMITMENTS

At 30 June 2006 the Group had an operating lease arrangement associated with office premises in Perth, Western Australia. The annual commitments are as follows:

	Lands and Buildings	
	2006	2005
	£	£
Operating leases which expire:		
In two to five years	97,319	92,124

As a result of reductions in staffing levels, and in order to reduce future commitments associated with the operating lease, the Company is currently sub-leasing some of the office space associated with the lease. Under the terms of the lease, if the lease is cancelled, any termination payment is subject to negotiation.

23. GROSS CASH FLOWS – GROUP

	2006	2005
	£	£
Returns on investments and servicing of finance		
Interest received	72,680	166,213
Capital expenditure		
Proceeds from sale of tangible fixed assets	7,992	387
Payments to acquire tangible fixed assets	(113,031)	(134,841)
	(105,039)	(134,454)
Financing		
Issue of ordinary share capital (net of issue expenses)	1,484,203	-

24. ANALYSIS OF CHANGES IN NET FUNDS – GROUP

	Opening Balance £	Cash Flows £	Closing Balance £
Cash at bank and in hand	1,964,998	(727,212)	1,237,786

25. SHARE OPTIONS

At 30 June 2006, there were option agreements in place for the purchase of 2,948,704 (2005 - 3,088,704) Ordinary Shares of 5p each. Options held by directors of the Company at year end, in respect of 350,000 shares, are as follows:

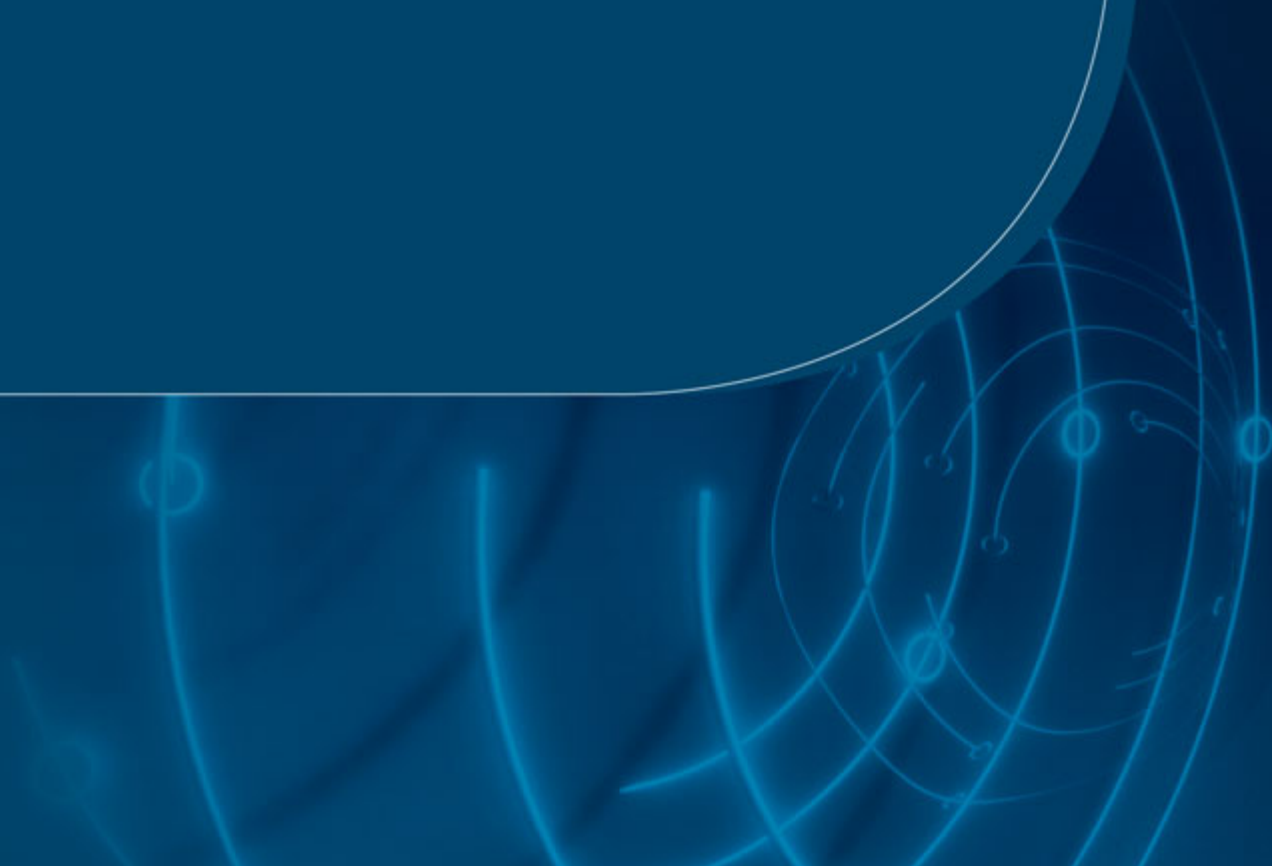
	Number of Options	Exercise Price £
Mukesh Jain	100,000	0.05
Mukesh Jain	250,000	0.60

Details of the remainder of the options, in respect of 2,598,704 shares, are as follows:

	Number of Options	Exercise Price £	Exercise Period
	907,321	0.05	By 8 July 2006
	694,383	0.91	By 8 July 2008
	350,000	0.62	By 20 February 2013
	647,000	0.60	By 26 April 2015

CUSTOMVIS

www.customvis.com





CUSTOMVIS

PO Box 518, Balcatta 6914
WESTERN AUSTRALIA

Telephone: +61 8 9273 4000
Facsimile: +61 8 9273 4044
web: www.customvis.com
E-mail: info@customvis.com