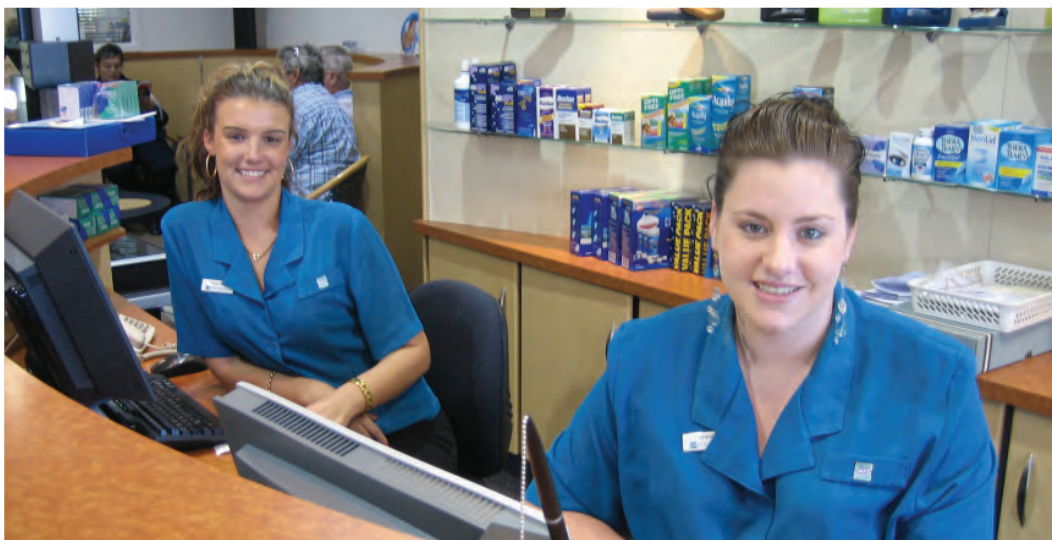




annual report 2008





CORPORATE DIRECTORY

Directors

Mr Finian MacCana (Chairman)
Mrs Sam Andersen (Managing Director)
Dr Anthony J Hanks
Mr Raymond Fortescue
Mr Anthony Larkin

Company Secretary

Ms Jennine McClure

Registered Office

131 Martin Street,
Brighton VIC 3186

Telephone: (03) 9530 8188

Facsimile: (03) 9530 8199

Auditor

Pitcher Partners
Level 19,
15 William Street
Melbourne VIC 3000

Legal Adviser to the Company

Middletons Lawyers
Level 25, Rialto South Tower
525 Collins Street
Melbourne VIC 3000

Bankers to the Company

National Australia Bank Limited
Level 4, 454 Nepean Highway
Frankston VIC 3199

Principal Business Address (Head Office)

131 Martin Street,
Brighton VIC 3186

Telephone: (03) 9530 8188

Facsimile: (03) 9530 8199

Website: www.eyecarepartners.com.au

Share Registry

Computershare Investor Services Pty Ltd
Yarra Falls
452 Johnston Street
Abbotsford VIC 3067

General enquiries: 1300 368 825

Overseas holders: +61 3 9415 4617

Fax: +61 3 9473 2529

Website: www.computershare.com

Email: web.queries@computershare.com.au

**EYECARE PARTNERS LIMITED AND CONTROLLED ENTITIES
ANNUAL REPORT FOR THE FINANCIAL YEAR ENDED
30 JUNE 2008**

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EYECARE PARTNERS LIMITED AND CONTROLLED ENTITIES

CHAIRMAN'S LETTER TO SHAREHOLDERS

Dear Fellow Shareholders,

It is with pleasure that the Directors of Eyecare Partners Limited present the Company's first annual report since the Company's reconstruction and transformation to owner and operator of optometry practices Australia wide.

The Company has now operated for a full year as an optometry business and our inaugural year has been both exciting and rewarding for shareholders. Your Company has grown through the acquisition of 10 optometry practices during the financial year and a further 7 practices during July 2008. The strategy of Eyecare Partners articulated in the Company's prospectus has been successful during its first year, with the Company meeting its aspirations to double the number of practices in the first 12 months of operations.

Under the stewardship of the Managing Director, Sam Andersen, and its supervising optometrists, the operations of the Group have met with expectations over the last 12 months, and your Directors confirm the strategy moving forward of further acquisition of optometry practices, retention of the local management of optometry practices and further integration of practice management and accounting systems to add greater synergies to the group.

The Directors are also pleased to confirm the Company's strategy of the continued payment of dividends to its shareholders, and will propose the introduction of a Dividend Reinvestment Plan at the next General Meeting of Shareholders, which is scheduled for 12pm, 27th October 2008.

The Director's have declared a final dividend of \$0.006 per security, payable on 30 September 2008.

The management and Board of the Company are pleased with the results of the group and look forward to another rewarding year of growth in 2009.

I want to take this opportunity to record my and the Directors' appreciation of Sam Andersen, who has worked tirelessly and assiduously ensuring the prosperity of the Company. She and her team have risen to the challenges that inevitably occur in the first year of any business venture. Their support and dedication has been vital to our success. I also want to thank my fellow Directors who have unselfishly given of their time to the Company.



Finian MacCana
B.Sc(Hons), AMCT, FCOptom, M.Sc., FVCO, FAICD
Chairman
29 August 2008

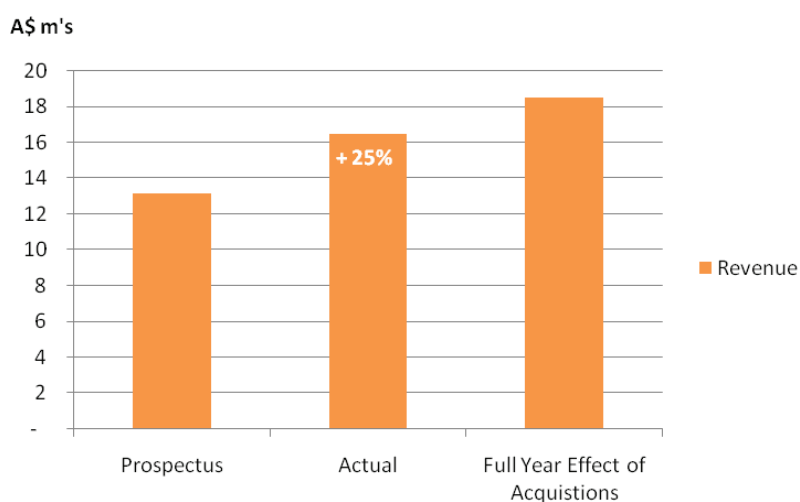
OPERATIONAL HIGHLIGHTS

Reviewing the Results

The Company commenced operations in its new form on 1 July 2007. The reconstruction of shares and subsequent capital raising and acquisition of 16 optometry practices was completed on 9 August 2007, and the Company was readmitted to the Australian Securities Exchange under a new code: EPL.

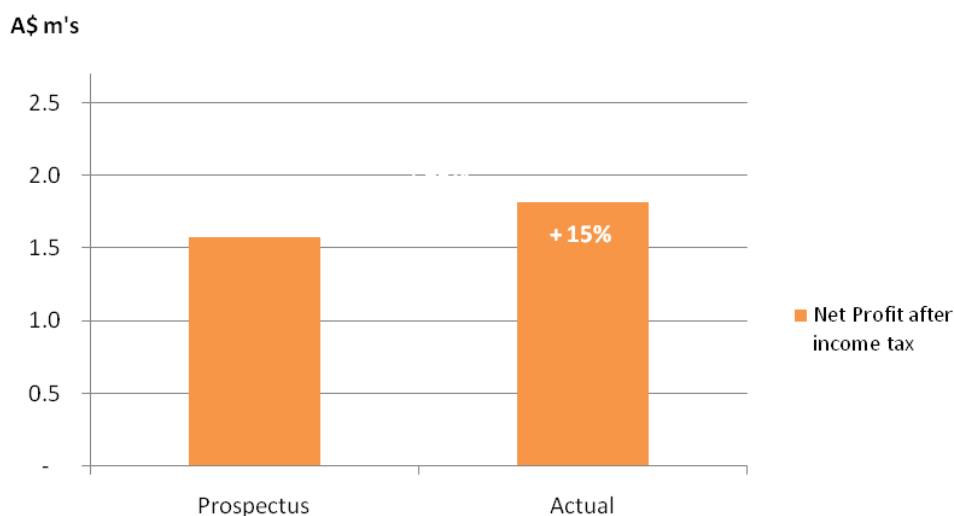
During the course of the financial year the Company acquired a further 10 optometry practices; the part year effect of these acquisitions is reflected in the growth in revenues and profit when compared to the Company's Prospectus forecasts issued in June 2007.

Reported revenues from operations totalled \$16.0m compared to the Prospectus forecast of \$13.0m. The full year effect of the revenues from acquisitions completed prior to the end of the financial year is shown in the graph below.



In addition to the acquisitions completed prior to the end of the financial year, the Company has finalised the acquisition of a further 7 practices with estimated annual revenues of \$4.9m.

Profit before income tax totalled \$2.6m representing an increase of 17% over prospectus forecasts and net profit after tax is \$1.8m, or 15% above prospectus forecasts.



Generally, our practices performed in line with expectations.

Marketing activities for acquisition of practices has continued to increase, and the level of interest within the optometry industry has likewise increased. The Directors regularly review industry conditions and adapt acquisition programmes to suit prevailing conditions. The Directors anticipate further acquisitions during the next financial year.

During the year, the Company did not utilise its financing facilities other than for the lease of the accounting and practice management interface. However, subsequent to the end of the financial year, the Company acquired 7 practices which were funded in part through available financing facilities with the group's banker.

Cash reserves of \$2,631,000 as at the close of the reporting period, and the Directors are confident cash and available financing facilities remain sufficient to fulfil the group's plans.

Strategy

The Company has now achieved representation in most mainland states of Australia.



The acquisition programme continues to intensify and the Company is now seeking further acquisitions in the remaining capital Cities of Australia as well as additional practices proximate to existing locations to take advantage of advertising and human resources synergies.

Eyecare Partners has continued its membership of Eyecare Plus, a pre-eminent brand licensing and buying group with 136 members Australia wide. Eyecare Plus Limited is a public unlisted company, of which Eyecare Partners Limited owns 23% (in a combination of voting and non-voting shares). The membership of the group provides Eyecare Partners Limited with purchasing synergies and access to branding, training and marketing materials. Thirty-one of the thirty-three practices in the group are branded Eyecare Plus. The remaining practices, in Western Australia, are branded EyeQ.

Eyecare Plus is currently undergoing a strategic rebranding and repositioning process in response to the recent entrants to the Australia optometry industry. The group's patient and consumer strategy remains focused on a high standard of eye health care, and this strategic positioning will remain the differentiating factor in Eyecare Plus's unique selling proposition.

The new branding is supported by the Eyecare Plus strategic supplier partners, and all Eyecare Plus practices will be rebranded by the end of this calendar year to the new livery.



This new branding programme will be supported by new advertising and community promotion activities, which largely fit within the existing marketing and advertising expenditure of the group as the promotional costs are shared with other Eyecare Plus members.

In combination with selected practice refits, the additional focus on the Eyecare Plus brand is expected to assist with the readiness of practices to withstand new competition and the focus on eye health care will assist in minimising the effects of a recent softening of consumer sentiment.

The Western Australian practices have a solid following in the Perth market, and remain operating under the EyeQ branding.



As Eyecare Partners and Eyecare Plus branded practices increase in numbers in Western Australia, the Directors will review the branding of the Company's practices in that state.

Looking Forward

The future for the Company remains promising, and the programme of acquisitions continues to grow. Increased size through organic growth and acquisitions remains the key growth drivers in the business, which will further assist with achievement of further buying and administrative synergies.



DIRECTORS' REPORT

The Directors present their report together with the annual financial report of the consolidated entity consisting of Eyecare Partners Limited and the entities it controlled, for the financial year ended 30 June 2008 and independent auditor's review report thereon.

Principal Activities

The company owns and operates optometry practices providing optometric health services and optical products to patients.

Results

The consolidated profit after income tax attributable to the members of Eyecare Partners Limited was \$1,816,000 (2007: loss \$160,000).

Review of Operations

The Company achieved total income of \$16.5m for the financial year, reflecting the effect of the acquisition of optometry practices during the financial year. The operational margins and costs remained within anticipated levels, with additional costs being associated with the acquisition of new optometry practices for the group. Practices were purchased in July, August, October, January and May during the year.

During the period, the Company purchased 26 optometry practices, and has successfully integrated back office processes. The details of the acquisitions are included in the notes to the financial statements. The group now has a total of 33 practices in Queensland, New South Wales, Victoria and Western Australia and is in negotiations for the purchase of practices in Western Australia, Queensland, New South Wales, Victoria, and the Australian Capital Territory.

Overall, revenues are 25% above the revenues forecast in the prospectus issued in June 2007, and the recorded Net Profit after Taxation is 16% in excess of the forecast in the prospectus.

Significant Changes in the State of Affairs

During the financial year, the Company completed a reconstruction of its capital, a capital raising, conversion of existing loans to equity, re-listing to the Australian Securities Exchange, and acquisition of 16 optometry practices. These activities, all of which were subject to the approval of shareholders at the General Meeting held on 13 July 2008, and the subsequent acquisitions substantially changed the nature of the operations of the Company from a dormant suspended corporation to active business operations with the Company operating 26 optometry practices as at the close of the reporting period. Shareholders should refer to Notes 7 and 17 to the Financial Statements for further details.

After Balance Date Events

Subsequent to the close of the reporting period, the Company has acquired a further 7 optometry practices, bringing the total acquisitions since re-listing to 17. Shareholders should refer to Note 29 for details of the acquisitions.

Likely Developments

The company will continue to pursue its operating and acquisitions strategy to create shareholder value. In the opinion of the Directors, disclosure of any further information would be likely to result in unreasonable prejudice to the consolidated entity.

Environmental Regulation

The consolidated entity's operations are not subject to any significant Commonwealth or State environmental regulations or laws.

Dividend Paid, Recommended and Declared

The details of dividends paid, declared or recommended are as follows:

Dividend paid (interim)	\$0.004 per share
Dividend declared (final)	\$0.006 per share
Record Date	15 September 2008
Payment date	30 September 2008

The total of interim dividends paid and final dividends declared is \$1,271,130. The final dividend will be franked to 100%.

Share Options

Options over unissued ordinary shares granted by Eyecare Partners Limited during or since the financial year to Directors and the highest paid executives as part of their remuneration were as follows:

Directors	Options Granted
Finian Brendan MacCana	1,300,000
Anthony Charles Larkin	200,000
Sandra Dell Andersen	1,300,000
Executives*	Options Granted
David Munday#	200,000
Nolan Stevens#	100,000

* The Company's current structure does not include 5 executives.

These executives have left the company and the options have lapsed.

Further details regarding options granted as remuneration are provided in the Remuneration Report below.

Shares under Option

Unissued ordinary shares of Eyecare Partners Limited under option at the date of this report are as follows:

Number of unissued ordinary shares under option	Issue Price of Shares	Expiry Date of Options
18,921,743	0.20	30/09/2010
26,197,215*	0.20	30/09/2010
1,500,000#	0.20	30/09/2010
1,669,750	0.22	30/09/2009

All options upon exercise will convert to fully paid ordinary shares on a one for one basis.

*Subject to vesting conditions, 13,098,608 options will vest on 30 September 2008 provided that the Group's Earnings Per Share is equal to or greater than 1.6 cents as at the end of the financial year ended 30 June 2008, and 13,098,607 options will vest on 30 September 2009 provided that the Group's Earnings Per Share is equal to or greater than 2.0 cents as at the end of the financial year ended 30 June 2009.

#Subject to vesting conditions: 1,300,000 options vested on 9 August 2008, and 200,000 vested on 21 August 2008.

No option holder has any right under the options to participate in any other shares issue of the company.

Shares Issued on Exercise of Options

The following ordinary shares of Eyecare Partners Limited were issued during or since the end of the financial year as a result of the exercise of an option:

Date	Number of ordinary shares issued	Amount paid per share
14 September 2007	3,334	\$0.20

There are no amounts unpaid on shares issued on exercise of options.

Indemnification and Insurance of Directors, Officers and Auditors

Rule 100 of the Company's Constitution requires the Company to indemnify each Director, company secretary, executive officer or employee of the Company, to the extent permitted by law, against liability incurred in or arising out of the conduct of the business of the Company or the discharge of the duties of the Director, company secretary, executive officer or employee. The Company has entered into Deeds of Indemnity with each of its current Non-executive and Executive Directors. These deeds address the matters set out in Rule 100 of the Company's Constitution.

Eyecare Partners has a policy that it will, as a general rule, support and hold harmless an employee who, while acting in good faith, incurs personal liability to others as a result of working for the consolidated entity. During the financial year, the consolidated entity has paid premiums amounting to \$17,904.25 insuring all the Directors and the officers against claims in relation to their roles as Directors or Officers and costs of defending those claims.

Proceedings on Behalf of the Consolidated Entity

No person has applied for leave of Court to bring proceedings on behalf of the consolidated entity.

Information on Directors and Company Secretary

The qualifications, experience and special responsibilities of each person who has been a Director of Eyecare Partners Limited at any time during or since the end of the financial year is provided below, together with details of the company secretary as at the year end.



Finian Brendan MacCana
B.Sc(Hons), AMCT, FCOptom, M.Sc., FVCO, FAICD
Appointment date: 14 May 2007

Finian MacCana is an optometrist and a founding shareholder of Optomeyes, a group of 11 optometry practices in Tasmania. His principal place of practice is Sandy Bay and he currently lectures part time in the Department of Anatomy and Physiology at the University of Tasmania Medical School.

Mr MacCana is a Fellow of the British College of Optometrists and the Victorian College of Optometry. He is a Fellow and Councillor of the Australian Institute of Company Directors.

Committee Membership:

Audit Committee

Special Responsibilities:

Chairman of the Board

Other Directorships:

Advanced Ocular Systems Limited : From: April 2004 to May 2007



Anthony Charles Larkin
FCPA, FAICD
Appointment date: 21 August 2007

Tony Larkin is an experienced professional company Director, whose executive career encompassed chief financial officer roles in two of Australia's top 50 corporations. His executive roles covered a broad range of industries including steel, minerals, beverages, chemicals, petrochemicals and plastics and fertilisers.

He is currently a Director and Chair of the Audit and Finance Committee at Oz Minerals Limited, Director and Chair of the Audit and Risk Committee at Incitec Pivot Limited, and Director and Chair of the Audit and Risk Committee at Corporate Express Australia Limited.

Committee Membership:

Audit Committee

Special Responsibilities:

Chairman of Audit Committee

Other Directorships:

Asmelt Limited : From June 2003 to Nov 2007

OZ Minerals Limited: From Mar 2004 to Present

Corporate Express Australia Limited: From July 2004 to Present

Incitec Pivot Limited: From June 2003 to Present



Anthony John Hanks
OD(Boston), BOptom(Hons), FAAO, FCLSA, MAICD
Appointment Date: 13 July 2007

Tony Hanks is a Doctor of Optometry, and founded a group of practices in Port Macquarie and Queensland. His career in optometry has spanned corporate and private practice roles, research and teaching roles. Tony Hanks is the founder and Chairman of Eyecare Plus Limited and the founding member of the Australian Optometric Panel.

In 2006, the Optometrists Association of Australia awarded him the Josef Lederer Award for Excellence in Optometry.

Committee Membership:

Audit Committee

Remuneration & Nomination Committee

Special Responsibilities: NIL



Raymond Fortescue
BOptom(Hons), FCLSA, MAICD
Appointment date: 13 July 2007

Ray Fortescue is an optometrist practicing full time in Ramsgate Beach Sydney. He commenced work as an employed optometrist in 1979 and opened his practice at Ramsgate Beach in 1980. He is a member of the Australian Optometric Panel and the Australian Institute of Company Directors and a non-executive Director of Eyecare Plus Limited.

Committee Membership:

Audit Committee
Clinical Practice Management Committee

Special Responsibilities: NIL



Sandra Dell Andersen
LLB, CPA, F Fin, MAICD
Appointment date: 27 July 2007

Sam Andersen is a lawyer and accountant with a history in banking and corporate finance. She held senior executive finance and general management operational roles in large financial institutions prior to commencing a corporate advisory business.

She has advised several small cap companies in relation to acquisitions and acquisitions integration, investor relations and capital raising, and has held the roles of Chief Operations Officer and Chief Financial Officer for small cap companies in Victoria and Western Australia.

Committee Membership:

Audit Committee
Clinical Practices Committee
Remuneration & Nomination Committee

Special Responsibilities:

Managing Director

Other Directorships:

Multiimedia Limited: From August 2000 to February 2001

Company Secretary
Jennine Michele McClure
Certificate in Governance Practice and Administration
Appointment date: 11 April 2008

Ms McClure joined Eyecare Partners in December 2007, and has been appointed Company Secretary and Administration Manager. She has held senior administration roles in the aged care industry.

She is responsible for acquisitions integration and management of services provided to our practices from corporate office in addition to the responsibilities of Company Secretary.

Peter O'Mara
Appointment Date: 12 August 1994

Director, Resigned 20 September 2007

David Johnson
B Ec. CA
Appointment Date: 7 June 2004

Director and Company Secretary, Resigned 13 August 2007

David Munday
BComm, MBA, CPA
Appointment Date: 8 August 2007

Company Secretary, Resigned 5 October 2007

Cheryl Pressley
Appointment Date: 4 October 2007

Company Secretary, Resigned 11 April 2008.

Directors' Meetings

The number of meetings of the Board of Directors and of each Board committee held during the financial year and the numbers of meetings attended by each Director were:

	Board of Directors		Audit Committee		Remuneration & Nomination Committee		Clinical Practice Management Committee	
	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended
Finian MacCana	9	8	2	2	-	-	-	-
Anthony Larkin	9	8	2	2	-	-	-	-
Sandra Andersen	9	9	2	2	4	4	2	2
Raymond Fortescue	9	8	2	2	-	-	2	2
Anthony Hanks	9	8	2	2	4	3	-	-
Peter O'Mara	1	1	-	-	-	-	-	-
Peter Rose	-	-	-	-	-	-	2	2
Mark Flanders	-	-	-	-	4	4	-	-
Tony Ireland	-	-	-	-	4	4	-	-
Natalie Rokic	-	-	-	-	-	-	2	2

Directors' Interests in Shares or Options

Directors' relevant interests in shares of Eyecare Partners Limited or options over shares in the company (or a related body corporate) are detailed below.

Directors' relevant interests in:	Ordinary Shares of Eyecare Partners Limited	Options over shares in Eyecare Partners Limited
Finian Brendan MacCana	1,649,716	2,133,334
Anthony Charles Larkin	NIL	200,000
Sandra Dell Andersen	2,329,647	1,616,667
Raymond John Fortescue	9,351,379	4,013,612
Anthony John Hanks	28,346,220	11,774,595

Directors' Interests in Contracts

Directors' interests in contracts are disclosed in note 26 to the financial statements.

Non-Audit Services

Non-audit services are approved by resolution of the audit committee and approved by the Board of Directors. Non-audit services provided by the auditors of the consolidated entity during the year, Pitcher Partners, are detailed below. The Directors are satisfied that the provision of the non-audit services during the year by the auditor is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

Amounts paid or payable to an auditor for non-audit services provided during the year by the auditor to by any entity that is part of the consolidated entity for:	2008 \$	2007 \$
Taxation services	3,530	5,370

Remuneration Report

Remuneration Policies

The nature and amount of remuneration of Directors and key management personnel is determined by the Board of Directors as a whole. The Board obtains professional advice where necessary to ensure that the company attracts and retains talented and motivated Directors and employees who can enhance company performance through their contributions and leadership.

For key management personnel, the company provides a remuneration package that incorporates both cash-based core remuneration and share-based incentive remuneration. The contracts for service between the company and key management personnel are on a continuing basis the terms of which are not expected to change in the immediate future. Share-based remuneration is conditional upon continuing employment as at the date of payment thereby aligning Director, key management and shareholder interests. In addition to being aligned to company performance the remuneration is in part not directly related to company performance and achievement of pre-determined targets. The Board considers a remuneration policy based on short-term returns may not be beneficial to the long-term creation of wealth by the company for shareholders.

Non-executive Directors receive fees and do not receive bonus payments. Where options have been granted they are disclosed in this report.

The Company determines the amount for remuneration, including thresholds for share-based remuneration, for Directors by resolution.

The names and positions of each person who held the position of Director at any time during the financial year is provided above. The named executives in the consolidated group who received the highest remuneration for the financial year are:

Executives	Position
Sandra Dell Andersen	Managing Director
George Salib #	Financial Controller (departed August 2008)
David Munday #	Chief Financial Officer (departed October 2007)
Nolan Stevens #	Chief Financial Officer (departed February 2008)

These executives are no longer employed by the Company.

The Company does not have five executive officers as at the date of this report.

Directors' Remuneration:

2008

	Fees/Salary	Non-monetary	Super-annuation	Retirement benefits	Equity Options	TOTAL	Performance related
<i>Finian Brendan MacCana</i>	33,639	-	3,027	-	71,240 (66%)	107,906	-
<i>Anthony Charles Larkin</i>	42,943	-	4,068	-	10,960 (19%)	57,971	-
<i>Sandra Dell Andersen</i>	179,957	-	17,622	-	71,240 (26%)	268,819	-
<i>Raymond John Fortescue</i>	166,954	-	15,026	-	-	181,980	-
<i>Anthony John Hanks</i>	127,019	-	5,457	-	-	132,476	-
<i>Peter O'Mara</i>	-	-	-	-	-	-	-
<i>David Johnson</i>	-	-	-	-	-	-	-

2007

<i>Finian Brendan MacCana</i>	-	-	-	-	-	-	-
<i>Peter O'Mara</i>	-	-	-	-	-	-	-
<i>David Johnson</i>	-	-	-	-	-	-	-
<i>Ron Morley</i>	-	-	-	-	-	-	-

Executives' Remuneration:

2008

	Fees/Salary	Non-monetary	Super-annuation	Retirement benefits	Equity Options	TOTAL	Performance related
<i>David Munday*</i>	36,236	-	3,096	-	-	39,332	-
<i>Nolan Stevens*</i>	32,744	-	2,724	-	4,490 (11%)	39,958	-
<i>George Salib*</i>	21,153	-	1,903	-	-	23,056	-

2007

<i>Nil</i>	-	-	-	-	-	-	-
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* These executives are no longer employed by the Company. Their periods of service are disclosed above.

In accordance with the remuneration policy described above, options granted as remuneration are subject to continuing service with the company at the time the options vest. The minimum service for vesting of options is 12 months. There are no performance conditions on options issued to executives and directors during the period. The percentage value of each person's remuneration that consists of options is shown in brackets. Options granted as remuneration are valued at grant date in accordance with AASB 2 Share-based Payments. Options previously granted as remuneration that have lapsed during the year are listed below. Please refer to Note 24(b) of the Notes to the Financial Statements for the details of calculation of the value of the Options.

Options granted as remuneration that have been exercised or lapsed during the financial year

Directors and Executives	1 July 2007	Value Granted	Value Exercised	Value Lapsed	30 June 2008
<i>Finian Brendan MacCana</i>	-	-	-	-	-
<i>Anthony Charles Larkin</i>	-	-	-	-	-
<i>Sandra Dell Andersen</i>	-	-	-	-	-
<i>David Munday</i>	-	10,740	-	10,740	-
<i>Nolan Stevens</i>	-	4,490	-	4,490	-

Auditor's Declaration

A copy of the auditor's independence declaration in relation to the review for the financial year is provided with this report.


Rounding of amounts to nearest thousand dollars

The amounts contained in the report and in the financial report have been rounded to the nearest thousand dollars (where rounding is applicable) under the option available to the company under ASIC Class Order 98/0100. The company is an entity to which the Class Order applies.

Management Declaration

The Directors have received and reviewed a declaration by management in relation to the preparation of the financial statements.

Signed in accordance with a resolution of the Directors:



S.D. Andersen
Managing Director

Dated this 29th day of August, 2008

AUDITOR'S INDEPENDENCE DECLARATION

To the Directors of Eyecare Partners Ltd

In relation to the independent audit for the year ended 30 June 2008, to the best of my knowledge and belief there have been:

- (i) No contraventions of the auditor independence requirements of the Corporations Act 2001.
- (ii) No contraventions of any applicable code of professional conduct.



T J BENFOLD

Partner

Date: 29 August 2008



PITCHER PARTNERS

Melbourne

CORPORATE GOVERNANCE

General

The Board of Directors is responsible for the overall management and governance of the Company.

The Company is committed to the principles underpinning best practice in corporate governance. Where appropriate to the circumstances of the Company and consistent with the interests of the Shareholders, the Company will endeavour to comply with all of the guidelines under the ASX Corporate Governance Recommendations.

A brief summary of the Company's main corporate governance policies and practices is outlined below. In addition, the following policies and procedures are available for viewing on the Company's website www.eyecarepartners.com.au

- Role of the Board
- Structure of the Board
- Responsible decision making and Code of Conduct
- Safeguarding integrity in financial reporting
- Timely and balanced disclosure
- Risk recognition and management
- Board performance
- Securities Trading policy
- Shareholder rights and communications
- Recognitions of shareholder interests
- Remuneration responsibility
- Summary of procedure for selection of External Auditor and rotation of Engagement Partner

Board of Directors

The skills, experience and expertise relevant to the position of each Director and their term of office are detailed on Page 9 in the Directors' Report. The Board currently comprises five Directors who have a variety of capabilities, skills, knowledge and experience, and particularly monitoring the integrity of the financial statements of the Company and reviewing the strategic direction of the group.

In accordance with the Company's constitution there must be a minimum of three Directors and may only be a maximum of 12 Directors. The Board comprises both executive and non-executive Directors, with the Company aiming to have a majority of independent non-executive Directors. The Board is chaired by an independent non-executive Director. The Directors believe the skill base of the current Directors is appropriate and adequate for the Eyecare Partners group at its present size and stage of development. The Board will continue to monitor the need for additional skills on the Board and make further appointments as appropriate.

The criteria for identifying and appointing suitable candidates to the Board will include the quality of the individual, experience and achievement, credibility with the Company's scope of activities, intellectual ability to contribute and the ability to undertake Board duties and responsibilities.

Role of the Board

The management and control of the business is vested in the Board. The Board's primary responsibility is to oversee the Company's business activities and management for the benefit of Shareholders.

The Board strives to create Shareholder value and ensure that Shareholders' funds are safeguarded. The Board Charter clearly sets out the Board's purpose, powers, and specific responsibilities. The key responsibilities of the Board include:

- Corporate governance of the Company including its strategic direction and financial objectives, establishing goals for management and monitoring the attainment of these goals;
- Reporting to Shareholders and the market (Australian Securities Exchange);
- Approving strategic plans, key operational and financial matters, as well as major investment and divestment proposals;
- Approving nominations of Directors to the Board and appointment of key executives;
- Evaluating and rewarding senior management and ensuring executive succession planning;
- Ensuring that Directors have a good understanding of the Company's business;
- Ensuring management maintains a sound system of internal controls to safeguard the assets of the Company;
- Monitoring the performance of the Company;
- Appointing and removing the Managing Director;
- Ratifying the appointment and, where appropriate, the removal of the Chief Financial Officer (or equivalent) and the Company Secretary;

- Receiving and ratifying systems of risk management and internal compliance and control, codes of conduct and legal compliance, safety and occupational health policies, community and environmental issues;
- Monitoring senior management's performance and implementation of strategy, and ensuring appropriate resources are available;
- Approving and monitoring the progress of major capital expenditure, capital management, and acquisitions and divestures, together with any recommendations from management associated with these activities.

Board Meetings

During the 2007/2008 financial year, the Board has met 9 times to review matters of the company's business activities and key strategies and business plans of the company. Materials for Board and Board Committee meetings are circulated to the Directors in advance.

Conflict of Interest

In order to ensure that any 'interests' of a Director in a particular matter to be considered by the Board are brought to the attention of the Board, each Director is obliged to immediately disclose to the Board any fact or circumstance about him/herself which, if known, may have an adverse impact on Eyecare Partners reputation or public profile. Each Director must keep the Board advised of any interests that conflict, or could be perceived to interfere or conflict, with the exercise of the Director's judgment.

Board, Board Committees and Individual Directors Performance

The framework used to assess the performance of Directors is based on the expectation they are performing their duties in a manner which should create and continue to build sustainable value for shareholders, and in accordance with the duties and obligations imposed upon them by Eyecare Partners Constitution and the law.

The Board and Committee performance self-evaluations are conducted annually to review performance against the Board and Committee Charters and goals set for the year. The reviews aim to identify where improvements can be made, and to assess the quality and effectiveness of information made available to the Board and its Committees.

Committees of the Board

The Board has established the following Committees:

Remuneration Committee

The Remuneration Committee comprises at least two Board Members, preferably Non-executive Directors. The Remuneration Committee Chairman is Mark Flanders. The Chairman of the Board is not a member of the Remuneration Committee. However, all Directors are permitted to attend Remuneration Committee meetings as observers. The Board delegates its responsibility in relation to remuneration of the Company's executives, including securities and benefit plans to this Committee and approves recommendations submitted by the Committee.

Audit Committee

The Audit Committee comprises all Board Members and also encompasses Risk Management. The Chairman of the Committee is Tony Larkin who is a non-executive Director with skills and experience in finance, risk management and corporate governance. The Chairman of the Board may not be the Chairman of the Audit Committee. The primary responsibility of this Committee is to monitor the integrity of the financial statements of the Company, and to review and monitor the Company's internal financial and operations controls.

Clinical Practice Management Committee

The Clinical Practice Management Committee comprises at least two Board Members, one of whom must not be an optometrist and one of whom must be a non-executive Director. The Clinical Practice Management Committee Chairman is Peter Rose. The Chairman of the Board cannot be the Chairman of the Clinical Practice Management Committee. However, all Directors are permitted to attend the Committee meetings as observers. The primary responsibility of this Committee is to monitor the strategy and integrity of the clinical operations of the Company, and to review and monitor the Company's plans for clinical leadership and safety of delivery of services.

Policies and Procedures

Continuous Disclosure Policy

The Company has adopted a continuous disclosure policy so as to comply with its continuous disclosure obligations as a company listed on the Australian Securities Exchange. Through the Company's Continuous Disclosure Policy, Eyecare Partners demonstrates its commitment to continuous disclosure. The Policy reflects relevant obligations under applicable ASX Listing Rules and legislation. The aims of this policy are to:

- Report continuous disclosure matters to the Board;
- Assess new information and co-ordinate any disclosure or releases to the Australian Securities Exchange, or any advice required in relation to that information, in a timely manner;
- Provide an audit trail of the decisions regarding disclosure to substantiate compliance with the Company's continuous disclosure obligations; and
- Ensure that employees, consultants, associated entities and advisers of the Company understand the obligations to bring material information to the attention of the Board.

Securities Trading Policy

The Company has adopted a policy that imposes certain restrictions on Directors and employees trading in the securities of the Company. The restrictions have been imposed to prevent trading in contravention of the insider trading provisions of the Corporations Act.

Risk Management Policy

The Board has developed policies and practices which provide that the material risks facing the Company are adequately identified, assessed, monitored and managed throughout the whole organisation. These include:

- Board papers containing relevant operational, commercial, strategic, financial and legal information circulated to Directors before each meeting;
- Actual results for the Company presented to the Board at each Board meeting, compared against budget and forecast, with revised forecasts if required;
- Financial authority limits set by the Board; and Insurance cover appropriate to the size and nature of the Company's operations to reduce the financial impact of any significant insurable losses.

Code of Conduct

Eyecare Partners Limited has adopted a code of conduct which sets out the expectations placed on Directors, executive officers and employees in their business dealings. The Code of Conduct requires high standards of personal integrity and honesty in all dealings, a respect for the privacy of patients and others and observance of the law. This code reinforces an already strong ethical culture for the benefit of all stakeholders.

Shareholder Communications Strategy

The Board aims to ensure that the shareholders are informed of all major developments affecting Eyecare Partners' state of affairs, notably but not solely financial and operational information needed by a normal investor to make an informed assessment of the Company's activities. Information is communicated to Shareholders through:

- Continuous disclosure in the form of public announcements on the Australian Securities Exchange
- Annual and quarterly reports to Shareholders
- Investor briefings
- The Managing Director's address delivered at the Annual General Meeting
- Notices of all meetings of Shareholders and explanatory notes of proposed resolutions; and
- Providing information on Eyecare Partners website, which contains information about Eyecare Partners Limited and its activities

Eyecare Partners Limited strives for transparency in all its business practices, and recognises the impact of quality disclosure on the trust and confidence of the shareholder.

External Auditor

The Eyecare Partners external auditor is requested to attend the Annual General Meeting and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the Auditors Report. The Chairman of the meeting is to allow a reasonable opportunity for Shareholders to ask questions of the auditor regarding the audit and Auditors' Report.

EYECARE PARTNERS LIMITED AND CONTROLLED ENTITIES

ACN: 006 505 880

**CONSOLIDATED INCOME STATEMENT
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2008**

	Note	Consolidated Entity		Parent Entity	
		2008 \$000	2007 \$000	2008 \$000	2007 \$000
Revenue					
Sales Revenue	3	15,969	-	-	-
Other Income	3	512	3	4,915	3
		<u>16,481</u>	<u>3</u>	<u>4,915</u>	<u>3</u>
Changes in inventories	4	56	-	-	-
Employee benefits	4	(6,388)	-	(1,001)	-
Payments to Suppliers		(4,919)	-	-	-
Depreciation and amortisation	4	(212)	-	(33)	-
Operating Leases	5	(1,048)	-	(38)	-
Finance costs	4	(5)	-	(3)	-
Other Expenses		(1,350)	(163)	(453)	(163)
		<u>(13,866)</u>	<u>(160)</u>	<u>(1,528)</u>	<u>(160)</u>
Profit/(loss) before income tax		2,615	(160)	3,387	(160)
Income tax expense (income tax benefit)	5	799	-	(334)	-
Profit for the year		<u>1,816</u>	<u>(160)</u>	<u>3,721</u>	<u>(160)</u>
Profit/(loss) attributable to the members of the parent		<u>1,816</u>	<u>(160)</u>	<u>3,721</u>	<u>(160)</u>
Basic earnings per share (cents per share)	22	0.016	(0.002)		
Diluted earnings per share (cents per share)	22	0.012	(0.002)		

The accompanying notes form part of these financial statements.

EYECARE PARTNERS LIMITED AND CONTROLLED ENTITIES

ACN: 006 505 880

**CONSOLIDATED BALANCE SHEET
AS AT 30 JUNE 2008**

	Note	Consolidated Entity		Parent Entity	
		2008	2007	2008	2007
		\$000	\$000	\$000	\$000
CURRENT ASSETS					
Cash & cash equivalents	19	2,631	810	1,394	510
Trade receivables	9	744	8	4	8
Inventories	10	1,265	-	-	-
Other current assets	12	261	385	27,131	685
TOTAL CURRENT ASSETS		4,901	1,203	28,529	1,203
NON-CURRENT ASSETS					
Financial assets at fair value through profit & loss	11	131	-	131	-
Deferred tax assets	5	172	-	87	-
Property, plant and equipment	13	1,692	21	187	21
Intangible assets	6, 7	21,129	-	-	-
Other non-current assets		3	-	-	-
TOTAL NON-CURRENT ASSETS		23,127	21	405	21
TOTAL ASSETS		28,028	1,224	28,934	1,224
CURRENT LIABILITIES					
Trade and other payables	14	649	620	24	620
Short-term borrowings	15	21	1,000	21	1,000
Current tax payable	5	713	-	713	-
Short-term provisions	16	261	-	16	-
TOTAL CURRENT LIABILITIES		1,644	1,620	774	1,620
NON-CURRENT LIABILITIES					
Long-term borrowings	15	61	-	61	-
Long-term provisions	16	129	-	-	-
TOTAL NON-CURRENT LIABILITIES		190	-	61	-
TOTAL LIABILITIES		1,834	1,620	835	1,620
NET ASSETS		26,194	(396)	28,099	(396)
EQUITY					
Share Capital	17	22,918	16,188	22,918	16,188
Other reserves	18(a),(c)	2,395	244	2,395	244
Retained earnings	18(b)	881	(16,828)	2,786	(16,828)
TOTAL EQUITY		26,194	(396)	28,099	(396)

The accompanying notes form part of these financial statements.

EYECARE PARTNERS LIMITED AND CONTROLLED ENTITIES

ACN: 006 505 880

**CONSOLIDATED STATEMENT OF CASHFLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2008**

	Note	Consolidated Entity		Parent Entity	
		2008 \$000	2007 \$000	2008 \$000	2007 \$000
CASH FLOW FROM OPERATING ACTIVITIES					
Receipts from customers		15,843	-	39	-
Payments to suppliers and employees		(13,589)	(172)	(960)	(172)
Interest received		194	3	154	3
Borrowing costs		(5)	-	(3)	-
Income tax paid		(59)	-	(59)	-
Net cash provided by (used in) operating activities	19(a)	2,384	(169)	(829)	(169)
CASH FLOW FROM INVESTING ACTIVITIES					
Payment for property, plant and equipment		(527)	(21)	(218)	(21)
Payment for investments		(4,267)	-	-	-
Payment for other non current assets		-	-	(131)	-
Loans Advanced		-	-	(2,169)	(300)
Net cash used in investing activities		(4,794)	(21)	(2,518)	(321)
CASH FLOW FROM FINANCING ACTIVITIES					
Proceeds from share issue		4,657	-	4,657	-
Proceeds from borrowings		82	1,000	82	1,000
Dividends paid	8	(508)	-	(508)	-
Net cash provided by financing activities		4,231	1,000	4,231	1,000
Net increase in cash and cash equivalents		1,821	810	884	510
Cash and cash equivalents at beginning of financial year		810	-	510	-
Cash and cash equivalents at end of the financial year	19(b)	<u>2,631</u>	<u>810</u>	<u>1,394</u>	<u>510</u>

The accompanying notes form part of these financial statements.

EYECARE PARTNERS LIMITED AND CONTROLLED ENTITIES

ACN: 006 505 880

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2008

	Consolidated Entity		Parent Entity	
	2008	2007	2008	2007
Note	\$000	\$000	\$000	\$000
Total Equity at the beginning of the financial year	(396)	(236)	(396)	(236)
Profit/(loss) for the financial year	<u>1,816</u>	<u>(160)</u>	<u>3,721</u>	<u>(160)</u>
Total recognised income and expense for the period	1,816	(160)	3,721	(160)
Attributable to:				
Members of the parent	<u>1,816</u>	<u>(160)</u>	<u>3,721</u>	<u>(160)</u>
Transactions with equity holders in their capacity as equity holders:				
Contributions (Net of effect of Cancellation of Contributed Equity and Reserves)	17 26,373	-	26,373	-
Transaction Costs	(1,091)	-	(1,091)	-
Dividends paid	8 <u>(508)</u>	<u>-</u>	<u>(508)</u>	<u>-</u>
Total Equity at the end of the financial year	<u>26,194</u>	<u>(396)</u>	<u>28,099</u>	<u>(396)</u>

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS**30 JUNE 2008****NOTE 1: BASIS OF PREPARATION**

This financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*. The financial report also complies with IFRS and interpretations adopted by the International Accounting Standards Board.

The financial report covers Eyecare Partners Limited as an individual parent entity and Eyecare Partners Limited and controlled entities as a consolidated entity. Eyecare Partners Limited is a company limited by shares, incorporated and domiciled in Australia.

The financial report was authorised for issue by the Directors as at the date of the Directors' report.

The following is a summary of material accounting policies adopted by the consolidated entity in the preparation and presentation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

(a) Basis of preparation of the financial report*Compliance with IFRS*

Australian Accounting Standards include Australian equivalents to International Financial Reporting Standards. Compliance with Australian equivalent International Financial Reporting Standards ensures compliance with International Financial Reporting Standards (IFRSs).

Historical Cost Convention

The financial report has been prepared under the historical cost convention, as modified by revaluations to fair value for certain classes of assets where applicable and as described in the accounting policies.

(b) Principles of Consolidation

The consolidated financial statements are those of the consolidated entity, comprising the financial statements of the parent entity and of all entities, which Eyecare Partners Limited controlled from time to time during the year and at balance date. Details of the controlled entities are contained in Note 26(a).

The financial statements of subsidiaries are prepared for the same reporting period as the parent entity, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies, which may exist.

All inter-company balances and transactions, including any unrealised profits or losses have been eliminated on consolidation.

Minority interests in the equity and results of the entities that are controlled are shown separately in the consolidated financial report.

(c) Revenue Recognition

Revenue from the sale of goods is recognised when the risks and rewards of ownership of the goods have passed to the buyer and the costs incurred or to be incurred in bringing those goods to a saleable form in respect of the transaction can be measured reliably. Risks and rewards of ownership are considered passed to the buyer at the time of delivery of the goods to the customer.

Revenue from the provision of services to customers is recognised upon delivery of the service to the customer.

Interest revenue is recognised on an accrual basis taking into account the interest rates applicable to the financial assets.

Dividend revenue is recognised when the right to receive a dividend has been established.

All revenue is stated net of the amount of goods and services tax (GST).

(d) Cash and cash equivalents

Cash and cash equivalents include cash on hand and at banks, short-term deposits with an original maturity of three months or less held at call with financial institutions, and bank overdrafts.

(e) Inventories

Inventories are measured at the lower of cost and net realisable value. Costs incurred in bringing each product to its present location and condition are accounted for as purchase cost on a first-in-first-out basis.

Inventories are tested for impairment on the basis of age and saleability, and provisions for obsolescence are raised for the value of stock in excess of 1 year old.

(f) Property, plant and equipment

Cost and valuation

At each balance date the carrying value of each asset is reviewed to ensure that it does not differ materially from the asset's fair value at reporting date. Where necessary, the asset is revalued to reflect its fair value. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the re-valued amount of the assets.

All classes of property, plant and equipment are stated at cost less depreciation and any accumulated impairment losses.

Depreciation

The depreciable amounts of all fixed assets are depreciated on a straight-line basis over their estimated useful lives commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The useful lives for each class of assets are:

	2008	2007
Plant and equipment:	3 to 10 years	3 to 10 years
Leased plant and equipment:	3 to 5 years	3 to 5 years

(g) Leases

Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and benefits incidental to ownership.

Finance Leases

Leases of fixed assets, where substantially all of the risks and benefits incidental to ownership of the asset, but not the legal ownership, are transferred to entities within the consolidated entity are classified as finance leases. Finance leases are capitalised, recording at the inception of the lease an asset and liability equal to the present value of the minimum lease payments, and disclosed as plant and equipment under lease.

Leased assets are depreciated over the shorter of the estimated useful life of the assets and the lease term. Lease payments are allocated between interest expense and reduction of the lease liability. The interest expense is calculated using the interest rate implicit in the lease and is included in finance costs in the Income Statement.

The cost of improvements to or on leasehold property is capitalised, disclosed as leasehold improvements, and amortised over the unexpired period of the lease or the estimated useful lives of the improvements, whichever is the shorter.

Operating Leases

Lease payments for operating leases, where substantially all of the risks and benefits remain with the lessor, are charged as expenses in the period in which they are incurred.

(h) Intangibles*Goodwill*

Goodwill on consolidation represents the excess of the cost of an acquisition over the fair value of the Group's share of net identifiable assets of the acquired entities at the date of acquisition.

Goodwill is not amortised but is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired. Goodwill is carried at cost less accumulated impairment losses.

(i) Impairment

Assets with an indefinite useful life are not amortised but are tested annually for impairment in accordance with AASB 136. Assets subject to annual depreciation or amortisation are reviewed for impairment whenever events or circumstances arise that indicate that the carrying amount of the asset may be impaired.

An impairment loss is recognised where the carrying amount of the asset exceeds its recoverable amount. The recoverable amount of an asset is defined as the higher of its fair value less costs to sell and value in use.

Inventory and debtors are tested for impairment and provisions are raised in respect of debtors where full recovery may not occur or inventory is aged greater than 1 year. All uncollectible debtors are written off as bad debts.

(j) Taxes

Current income tax expense or revenue is the tax payable or tax benefit as applicable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities.

A balance sheet approach is adopted under which deferred tax assets and liabilities are recognized for temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred tax asset or liability is recognised in relation to temporary differences arising from the initial recognition of an asset or a liability if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for temporary differences and unused tax losses only when it is probable that future taxable amounts will be available to utilize those temporary differences and losses.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

Tax Consolidation

The parent entity and its controlled entities have formed an income tax consolidated group under the tax consolidation legislation. The parent entity is responsible for recognising the current tax liabilities and deferred tax assets arising in respect of tax losses, for the tax consolidated group. The tax consolidated group has also entered a tax funding agreement whereby each company in the group contributes to the income tax payable in proportion to their contribution to the net profit before tax of the tax consolidated group.

(k) Employee Benefits

Liabilities arising in respect of wages and salaries, annual leave, sick leave and any other employee benefits expected to be settled within twelve months of the reporting date are measured at their nominal amounts based on remuneration rates which are expected to be paid when the liability is settled. All other employee benefit liabilities are measured at the present value of the estimated future cash outflow to be made in respect of services provided by employees up to the reporting date.

Share-based payments

The group operates an employee share option plan and an employee share scheme. The bonus element over the exercise price for the grant of shares and options is recognised as an expense in the Income Statement in the period(s) when the benefit is earned.

The total amount to be expensed over the vesting period is determined by reference to the fair value of the options at grant date. The fair value of options at grant date is determined using a Black-Scholes option pricing model, and is recognised as an employee expense over the period during which the employees become entitled to the option.

The market value of shares issued to employees for no cash consideration under the employee share scheme is recognised as an expense when the employees become entitled to the shares.

(l) Financial Instruments*Financial assets at fair value through profit or loss*

Investments in listed securities are carried at fair value through profit and loss. They are measured at their fair value at each reporting date and any increment or decrement in fair value from the prior period is recognised in the profit and loss of the current period. Fair value of listed investments is based on current bid prices.

Loans and Receivables

Loans and receivables are measured at fair value at inception and subsequently at amortised cost using the effective interest rate method.

Interest-bearing loans and borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the borrowings using the effective interest method. Borrowings are classified as current liabilities unless the consolidated entity has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Financial Liabilities

Financial liabilities include trade payables, other creditors and loans from third parties including inter-company balances and loans from or other amounts due to Director-related entities. Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

(m) Goods and Services Tax

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the taxation authorities. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of GST. The net amount of GST recoverable from, or payable to, the taxation authorities is included as a current asset or liability in the balance sheet. Cash flows are included in the statement of cash flows inclusive of GST.

(n) Business Combinations

The purchase method of accounting is used for all acquisitions regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given up, shares issued or liabilities assumed at the date of acquisition plus incidental costs directly attributable to the acquisition. Where equity instruments are issued in an acquisition, the value of the instruments is their issue price as at the acquisition date. Transaction costs arising on the issue of equity instruments are recognised directly in equity.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of acquisition. The discount rate used is the incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured at their fair value at the acquisition date.

(o) Earnings per share*(i) Basic earnings per share*

Basic earnings per share is determined by dividing net profit after income tax attributable to members of the Company, by the weighted average number of ordinary shares outstanding during the financial period.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after tax income effect of convertible notes and options. The number options has been disclosed in the Notes to the Financial Statements.

(p) Comparatives

Where necessary, comparative information has been reclassified and repositioned for consistency with current year disclosures.

(q) Rounding Amounts

The company is of a kind referred to in ASIC Class Order CO 98/0100 and in accordance with that Class Order, amounts in the financial statements have been rounded off to the nearest thousand dollars, or in certain cases, to the nearest dollar.

(r) New Accounting standards and interpretations

A number of accounting standards and interpretations have been issued at the reporting date but are not yet effective. The directors have not yet assessed the impact of these standards or interpretations.

NOTE 2: CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The group makes certain estimates and assumptions concerning the future, which, by definition will seldom represent actual results. The estimates and assumptions that have a significant inherent risk in respect of estimates based on future events, which could have a material impact on the assets and liabilities in the next financial year, are discussed below:

(a) Estimated impairment of goodwill

Goodwill is allocated to cash generating units (CGU's) according to applicable business operations. The recoverable amount of a CGU is based on value-in-use calculations. These calculations are based on projected cash flows determined by management covering a period not exceeding five years. Management's determination of cash flow projections and gross margins are based on past performance and its expectation for the future. The present value of future cash flows has been calculated using a discount rate of 12% to determine value-in-use.

EYECARE PARTNERS LIMITED AND CONTROLLED ENTITIES

ACN: 006 505 880

	Consolidated Entity		Parent Entity	
	2008	2007	2008	2007
Note	\$'000	\$'000	\$'000	\$'000
NOTE 3: REVENUE				
Revenues from continuing operations				
<i>Sales Revenue</i>				
Revenue from sale of goods	11,579	-	-	-
Revenue from services	4,390	-	-	-
	<u>15,969</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Other Income</i>				
Management fees	-	-	176	-
Dividends	-	-	4,550	-
Interest	194	3	154	3
Other Income	318	-	35	-
	<u>512</u>	<u>3</u>	<u>4,915</u>	<u>3</u>
NOTE 4: PROFIT FROM CONTINUING OPERATIONS				
<i>Employee benefits expense</i>				
Share-based payments	(144)	-	(144)	-
Other employee benefits	(6,244)	-	(858)	-
<i>Employee benefits expense</i>	<u>(6,388)</u>	<u>-</u>	<u>(1,001)</u>	<u>-</u>
<i>Depreciation of non-current assets</i>				
Plant and equipment	(189)	-	(10)	-
<i>Total depreciation of non-current assets</i>	<u>(189)</u>	<u>-</u>	<u>(10)</u>	<u>-</u>
<i>Amortisation of non-current assets</i>				
Plant and equipment under finance lease	(23)	-	(23)	-
<i>Total amortisation of non-current assets</i>	<u>(23)</u>	<u>-</u>	<u>(23)</u>	<u>-</u>
<i>Finance costs expensed</i>				
Other loans	(4)	-	(2)	-
Finance charges paid or payable under finance leases	(1)	-	(1)	-
<i>Total finance costs expensed</i>	<u>(5)</u>	<u>-</u>	<u>(3)</u>	<u>-</u>
<i>Other expenses</i>				
Movement in stock obsolescence provision	56	-	-	-
	<u>56</u>	<u>-</u>	<u>-</u>	<u>-</u>
NOTE 5: INCOME TAX				
(a) The components of tax expense:				
Current tax	772	-	-	-
Deferred tax	27	-	(334)	-
<i>Total Income tax expense (benefit)</i>	<u>799</u>	<u>-</u>	<u>(334)</u>	<u>-</u>

EYECARE PARTNERS LIMITED AND CONTROLLED ENTITIES

ACN: 006 505 880

	Consolidated Entity		Parent Entity	
	2008	2007	2008	2007
Note	\$'000	\$'000	\$'000	\$'000
NOTE 5: INCOME TAX (CONT'D)				
(b) The prima facie tax, using tax rates applicable in the country of operation, on profit differs from the income tax provided in the financial statements as follows:				
Profit before tax from continuing operations	2,615	-	3,387	-
At the statutory income tax rate of 30% (2007: 30%)	784	-	1,016	-
Share based payment	15	-	15	-
Non-assessable dividends	-	-	(1,365)	-
<i>Income tax expense (benefit)</i>	<u>799</u>	<u>-</u>	<u>(334)</u>	<u>-</u>

(c) Deferred tax relates to the following:

<i>Deferred tax assets</i>				
Employee benefits	117	-	5	-
Capital raising and acquisition transaction costs	55	-	82	-
<i>Deferred tax assets</i>	<u>172</u>	<u>-</u>	<u>87</u>	<u>-</u>

(d) Deferred income tax related to items charged or credit directly to equity

Capital raising transaction costs	102	-	102	-
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(e) Current Tax Liability

Balance at the beginning of the year	-	-	-	-
Current tax	772	-	-	-
Transfer of current tax from subsidiaries under Tax Consolidation	-	-	772	-
Instalments paid	(59)	-	(59)	-
Balance at the end of the year	<u>713</u>	<u>-</u>	<u>713</u>	<u>-</u>

NOTE 6: INTANGIBLE ASSETS

Carrying amount of assets measured at fair value if the cost method has been applied.

<i>Goodwill - at cost</i>	21,129	-	-	-
Accumulated impairment loss	-	-	-	-
<i>Net carrying amount</i>	<u>21,129</u>	<u>-</u>	<u>-</u>	<u>-</u>

Year ended 30 June 2008

<i>Opening net book amount</i>	-	-	-	-
Additions	21,129	-	-	-
Impairment charge	-	-	-	-
<i>Closing net book value</i>	<u>21,129</u>	<u>-</u>	<u>-</u>	<u>-</u>

NOTE 7: ACQUISITIONS DURING PERIOD

Profit/loss for the period has been determined after the following significant items:

	\$000's
(a) Trading profit resulting from the acquisition of 16 Optometry practices on 9th August 2007 with an effective date of 1st July 2007. (Note 7(a))	3,235
(b) Trading profit resulting from the acquisition of 2 Optometry practices on 13 th August 2007 with an effective date of 13 th August 2007. (Note 7(b))	274
(c) Trading profit resulting from the acquisition of 2 Optometry practices on 1 st November 2007 with an effective date of 1 st October 2007. (Note 7(c))	229
(d) Trading profit resulting from the acquisition of 6 Optometry practices between 16th January 2008 and 1 May 2008. (Note 7(d))	17

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NOTE 7: ACQUISITIONS DURING PERIOD (CONT'D)

The Revenue and Trading Profit as though the acquisition date for all the business combinations effected during the period had been the beginning of the period has not been disclosed as this is impracticable.

- (a) On 9 August 2007, the Company completed the acquisition of 16 optometry practices in the following transaction. The consideration paid is contained in the table below.

Practices	Total Consideration Payable	Issue of Shares	Issue of Options
16	\$17,117,261	78,591,648	26,179,215

Purchase Consideration	\$000's
Issued Shares	15,718
Options	1,399
Transaction Costs	1,171
Less Employee Entitlements Payment	<u>(170)</u>
Net Purchase Consideration (incl Costs)	<u><u>18,118</u></u>

Set out below is a pro forma summary of the values of the assets and liabilities of the 16 optometry practices acquired from the various parties as if the transaction had occurred on the Effective Date 1 July 2007.

Fair Value of Assets and Liabilities acquired	
Petty Cash	6
Receivables	153
Inventory	706
Investments	90
Plant & Equipment	1,081
Payables	(424)
Employee Entitlements	(283)
Other	85
Net Assets	<u><u>1,414</u></u>
Goodwill	16,704

The above represents the carrying amount and the fair values of assets and liabilities of the acquired businesses as at 9 August 2007 and the purchase consideration paid by the Company. The assessment of the goodwill acquired above has been aggregated due to the immaterial nature of each individual purchase.

This transaction occurred in conjunction with the following events:

- i. The consolidation of the issued capital of the Company on the basis that every 16 Shares became 1 Share such that the total number of Shares then on issue was reduced from 77,976,693 to 4,873,259;
- ii. The issue of 2,500,000 Shares at \$0.15 each (plus 2,500,000 Options) to raise \$375,000 which has been utilised in the repayment of an unsecured loan provided by a Director as approved by shareholders;
- iii. The issue of 6,666,667 fully paid Shares at \$0.15 each (plus 6,666,667 Options) to raise \$1,000,000 which has been utilised in the repayment of an unsecured loan raised to fund this transaction costs associated with re-listing the Company and acquiring the optometry practices in iv. below;
- iv. The acquisition of the 16 optometry practices by the issue to the vendors of the practices of 78,591,648 Shares at 20 cents each;
- v. The issue of 2,600,000 Options in aggregate to the Chairman, Managing Director, one Non-executive Director and other executives as a portion of their remuneration packages. The Options for the Managing Director, other executives and the non-executive Director are subject to vesting conditions and will not vest until at least 1 year after their issue;
- vi. The issue of 26,179,215 Options in aggregate to the Principal Vendors in consideration for their efforts in bringing this transaction to fulfilment. The Options have the following performance hurdles:
 - 13,098,608 Options will vest if the earnings per share (EPS) of the Company is equal to or greater than 1.6 cents per Share when measured for the financial year ended 30 June 2008
 - 13,098,607 Options will vest if the EPS of the Company is equal to or greater than 2.0 cents per Share when measured for the financial year ended 30 June 2009 and
 - If the vesting conditions are not met the Options will lapse

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NOTE 7: ACQUISITIONS DURING PERIOD (CONT'D)

- vii. The issue of 23,976,000 Shares at an issue price of \$0.20 per Share and the issue of 7,992,181 Options pursuant to a Prospectus dated 20 July 2007;
 - viii. The issue of 1,177,856 Shares at \$0.20 per Share and the issue of 466,226 Options to Andersen & York Financial Consulting Pty Ltd for services provided in the implementation of this transaction – allocated in part to the costs of the Acquisitions and in part to the cost of capital raising under the Prospectus;
 - ix. Payment of capital raising costs including underwriting, legal and accounting fees, independent accountant fees, option expenses and other prospectus related costs, in total \$1.1m (part in cash and part in shares and options);
 - x. Payment of acquisition costs including stamp duty (approximately \$0.7m) and advisory, accounting and legal fees in total approximately \$1.2m (part in cash and part in shares and options);
 - xi. Goodwill on Business Combination
 - xii. All prices for shares and options were approved by shareholders at a meeting of members on 31 July 2007.
- (b) On 13 August 2007, the Company completed the acquisition of 2 optometry practices in the following transaction. The consideration paid is contained in the table below.

Practices	Total Consideration Payable	Issue of Shares	Cash Consideration
2	\$1,498,414	3,762,853	\$745,843
	Purchase Consideration	\$000's	
	Acquisition Shares	752	
	Cash	746	
	Transaction Costs	79	
	Less Employee Entitlements Payment	<u>(12)</u>	
	Net Purchase Consideration (incl Costs)	<u>1,565</u>	

Set out below is a pro forma summary of the values of the assets and liabilities of the 2 optometry practices acquired from the various parties as if the transaction had occurred on 13 August 2007.

Fair Value of Assets and Liabilities acquired

Receivables	23
Inventory	52
Plant & Equipment	31
Payables	(62)
Employee Entitlements	(21)
Other	6
	<u>29</u>
Net Assets	<u>29</u>
Goodwill	1,536

The above represents the carrying amount and the fair value of assets and liabilities of the acquired businesses as at 13 August 2007 and the purchase consideration paid by the Company. The transaction occurred in conjunction with the payment of acquisition costs including stamp duty (approximately \$64,310) and advisory, accounting and legal fees in total approximately \$14,150, and Goodwill on Business Combination. All prices for shares were based on the market value at the date of the acquisition agreement.

- (c) On 1 November 2007, the Company completed the acquisition of a Company, EyeQ Optometrists Pty Ltd, which owned 2 optometry practices in the following transaction. The consideration paid is contained in the table below.

Practices	Total Consideration Payable	Issue of Shares	Cash Consideration
2	\$2,660,000	5,250,000	\$1,610,000
	Purchase Consideration	\$000's	
	Acquisition Shares	1,050	
	Cash	1,610	
	Transaction Costs	12	
	Net Purchase Consideration (incl Costs)	<u>2,672</u>	

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NOTE 7: ACQUISITIONS DURING PERIOD (CONT'D)

Set out below is a pro forma summary of the values of the assets and liabilities of the company which was acquired from the various parties as if the transaction had occurred on 1 October 2007.

Fair Value of Assets and Liabilities acquired	
Cash	831
Receivables	86
Inventory	208
Plant & Equipment	122
Payables	(108)
Employee Entitlements	(23)
Other	7
Net Assets	<u>1,123</u>
Goodwill	1,549

The transaction occurred in conjunction with the calculation of Goodwill on Business Combination. The above represents the carrying amount and the fair value of assets and liabilities of the acquired businesses as at 1 October 2007 and the purchase consideration paid by the Company. All prices for shares were based on the market value at the date of the acquisition agreement.

- (d) Between 16th January 2008 and 1 May 2008, the Company acquired 6 optometry practices. The consideration paid is contained in the table below.

Practices	Total Consideration Payable	Cash Consideration
6	\$1,651,000	\$1,651,000
	Purchase Consideration	\$000's
	Cash	1,651
	Transaction Costs	38
	Less Employee Entitlements	(19)
	Net Purchase Consideration (incl Costs)	<u>1,670</u>

Set out below is a pro forma summary of the values of the assets and liabilities of the company which were acquired from the various parties as if the transactions had occurred on their settlement dates.

Fair Value of Assets and Liabilities acquired	
Cash	2
Receivables	30
Inventory	195
Plant & Equipment	141
Payables	(15)
Employee Entitlements	(28)
Other	5
Net Assets	<u>330</u>
Goodwill	1,340

The transactions occurred in conjunction with the calculation of Goodwill on Business Combination. The above represents the carrying amount and the estimated fair value of assets and liabilities of the acquired businesses as at acquisition date and the purchase consideration paid by the Company. The final goodwill figure will be calculated in accordance with AASB3, after a reliable measurement of the fair value of assets is established. The assessment of the goodwill acquired above has been aggregated due to the immaterial nature of each individual purchase.

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	Note	Consolidated Entity		Parent Entity	
		2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
NOTE 8: DIVIDENDS ON ORDINARY SHARES					
(a) Dividends paid during the year					
(i) Current year interim		(508)	-	(508)	-
Franked dividends (0.04 cents per share) (2007: NIL)		-	-	-	-
(b) Dividends proposed and not recognised as a liability					
Franked dividends (0.06 cents per share) (2007: NIL)		(763)	-	(763)	-
(c) Franking credit balance					
Balance of franking account at year-end adjusted for franking credits arising from payment of provision for income tax and after deducting franking credits to be used in payment of proposed dividends:					
		276	-	276	-
NOTE 9: RECEIVABLES					
CURRENT					
Trade receivables		762	8	4	8
Provision for doubtful debts		(17)	-	-	-
		<u>744</u>	<u>8</u>	<u>4</u>	<u>8</u>
NOTE 10: INVENTORIES					
CURRENT					
Raw materials at cost		1,308	-	-	-
Provision for Stock Obsolescence		(43)	-	-	-
Total inventories		<u>1,265</u>	<u>-</u>	<u>-</u>	<u>-</u>
NOTE 11: OTHER FINANCIAL ASSETS THROUGH PROFIT AND LOSS					
NON-CURRENT					
Investment in Eyecare Plus Limited		<u>131</u>	<u>-</u>	<u>131</u>	<u>-</u>
		<u>131</u>	<u>-</u>	<u>131</u>	<u>-</u>
NOTE 12: OTHER ASSETS					
CURRENT					
Prepayments		261	339	25	3
Other		-	46	-	382
Intra-group Loans	26	<u>-</u>	<u>-</u>	<u>27,106</u>	<u>300</u>
		<u>261</u>	<u>385</u>	<u>27,131</u>	<u>685</u>

EYECARE PARTNERS LIMITED AND CONTROLLED ENTITIES

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	Note	Consolidated Entity		Parent Entity	
		2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
NOTE 13: PROPERTY PLANT AND EQUIPMENT					
(a)					
Plant & equipment					
At cost		1,891	21	116	21
Accumulated depreciation		(280)	-	(10)	-
Accumulated impairment losses		-	-	-	-
	13(b)	<u>1,611</u>	<u>21</u>	<u>106</u>	<u>21</u>
Leased plant and equipment					
Capitalised leased assets		104	-	104	-
Accumulated amortisation		(23)	-	(23)	-
	13(b)	<u>81</u>	<u>-</u>	<u>81</u>	<u>-</u>
Total plant and equipment		<u>1,692</u>	<u>21</u>	<u>187</u>	<u>21</u>
Total property, plant and equipment					
Fair value		1,692	-	187	-
Cost		<u>1,996</u>	<u>21</u>	<u>221</u>	<u>21</u>
Accumulated depreciation and amortisation		<u>(303)</u>	<u>-</u>	<u>(33)</u>	<u>-</u>
Total written down amount		<u>1,692</u>	<u>21</u>	<u>187</u>	<u>21</u>
(b) Reconciliations					
Reconciliations of the carrying amounts of property, plant and equipment at the beginning and end of the <i>Plant and equipment under lease</i>					
Carrying amount at 1 July 2007		-	-	-	-
Additions		104	-	104	-
Depreciation expense		(23)	-	(23)	-
Carrying amount at 30 June 2008		<u>81</u>	<u>-</u>	<u>81</u>	<u>-</u>
<i>Plant and equipment</i>					
Carrying amount at 1 July 2007		21	-	21	-
Additions		423	21	114	21
Disposals		(19)	-	(19)	-
Additions through acquisition of entities / operations		1,375	-	-	-
Depreciation expense		(189)	-	(10)	-
Carrying amount at 30 June 2008		<u>1,611</u>	<u>21</u>	<u>106</u>	<u>21</u>
NOTE 14: PAYABLES					
CURRENT					
Trade payables		649	245	24	245
Aggregate amounts payable to related parties		-	375	-	375
		<u>649</u>	<u>620</u>	<u>24</u>	<u>620</u>

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	Note	Consolidated Entity		Parent Entity	
		2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
NOTE 15: BORROWINGS					
CURRENT					
Related Party Loans		-	1,000	-	1,000
Lease liability	20	<u>21</u>	<u>-</u>	<u>21</u>	<u>-</u>
		<u>21</u>	<u>1,000</u>	<u>21</u>	<u>1,000</u>
NON-CURRENT					
Lease liability	20	<u>61</u>	<u>-</u>	<u>61</u>	<u>-</u>
NOTE 16: PROVISIONS					
CURRENT					
Employee benefits		<u>261</u>	<u>-</u>	<u>16</u>	<u>-</u>
		<u>261</u>	<u>-</u>	<u>16</u>	<u>-</u>
NON-CURRENT					
Employee benefits		<u>129</u>	<u>-</u>	<u>-</u>	<u>-</u>
Aggregate employee benefits liability		<u>390</u>	<u>-</u>	<u>16</u>	<u>-</u>

NOTE 17: CONTRIBUTED EQUITY

	2008 \$'000	2007 \$'000
Issued and Paid Up Capital	22,918	16,188

The figures for 30 June 2007 are prior to the consolidation of capital approved by shareholders on 13 July 2007. The consolidation of issued capital of the Company was on the basis that every 16 Shares became 1 Share, such that the total number of Shares on issue after the consolidation was completed was 4,873,259. The following movements in issued capital occurred during the year.

	Note	Number of Shares	\$000's
Balance 1 July 2007		<u>77,976,693</u>	<u>16,188</u>
Consolidation of Shares		4,873,259	-
Cancellation of Contributed Equity and Forfeited Shares Reserve	17(a)	-	(16,157)
Shares Issued pursuant to Acquisition Agreements (\$0.20 each)	17(b)	78,591,648	15,718
Shares Issued pursuant to Loan Agreement (\$0.15 each)	17(c)	9,166,670	1,375
Shares Issued in satisfaction of Professional Fees (\$0.20 each)	17(d)	1,177,856	236
Shares Issued pursuant to Prospectus (\$0.20 each)		23,976,000	4,795
Shares Issued pursuant to Acquisition Agreement (\$0.20 each)	17(e)	3,762,853	752
Shares Issued on exercise of Options (\$0.20 each)		3,334	1
Shares Issued under Employee Share Ownership Program (\$0.20 each)		153,625	31
Shares Issued pursuant to Share Sale Agreement (\$0.20 each)	17(f)	5,250,000	1,050
Shares Issued under Employee Salary Sacrifice Program (\$0.20 each)		97,750	20
		<u>127,052,995</u>	<u>24,009</u>
Transaction Costs (net of taxation)		-	(1,091)
Balance 30 June 2008		<u>127,052,995</u>	<u>22,918</u>

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NOTE 17: CONTRIBUTED EQUITY (CONT'D)

- (a) At the meeting of shareholders on 13 July 2007, the members approved the cancellation of \$16,157,400 of its contributed equity and \$243,600 of its reserves, being contributed equity and reserves of the Company that were lost or not represented by available assets.
- (b) Issued as consideration for the acquisition of 16 practices pursuant to Acquisition Agreements with various Vendors and completed on 9 August 2007.
- (c) Issued pursuant to Loan Agreements with 5 Directors and other Vendors and completed on 9 August 2007.
- (d) Issued pursuant to the Implementation Deed for the re-listing and acquisitions completed on 9 August 2007.
- (e) Issued as consideration for the acquisition of 2 practices pursuant to Acquisition Agreements with various Vendors and completed on 13 August 2007.
- (f) Issued as consideration for the purchase of shares pursuant to a Share Sale Agreement involving the acquisition of EyeQ Optometrists Pty Ltd representing 2 practices and completed on 1 November 2007.

Options

The following options to subscribe for ordinary fully paid shares were allotted during the reporting period:

Class	Expiry Date	Exercise Price	Number of Options
Listed (EPLO*)	30 September 2010	20 cents	18,925,077
Vendor Options Tranche 1	30 September 2010	20 cents	13,098,608
Vendor Options Tranche 2	30 September 2010	20 cents	13,098,607
Employee Option Scheme	30 September 2010	20 cents	1,500,000
Employee Option Scheme	30 September 2010	22 cents	100,000
Employee Option Scheme	30 September 2009	22 cents	1,569,750

The following options to subscribe for ordinary fully paid shares were outstanding at balance date:

Class	Expiry Date	Exercise Price	Number of Options
Listed (ELPO*)	30 September 2010	20 cents	18,921,743
Vendor Options Tranche 1	30 September 2010	20 cents	13,098,608
Vendor Options Tranche 2	30 September 2010	20 cents	13,098,607
Employee Option Scheme	30 September 2010	20 cents	1,500,000
Employee Option Scheme	30 September 2010	22 cents	100,000
Employee Option Scheme	30 September 2009	22 cents	1,569,750

* EPLO are Eyecare Partners Limited listed options, exercisable at \$0.20 on a one for one basis and expiring on 30 September 2010.

The balances above are after the exercise of 3,334 Listed Options during the year. None of the remaining options have been exercised up to the date of this report. These options do not entitle the holder to participate in any share issue of the Company or any other entity.

	Consolidated Entity		Parent Entity	
	2008	2007	2008	2007
Note	\$'000	\$'000	\$'000	\$'000

NOTE 18: RESERVES AND RETAINED PROFIT

Options reserve	18(a)	2,395	-	2,395	-
Retained earnings	18(b)	881	(16,828)	2,786	(16,828)
Forfeited shares reserve	18(c)	-	244	-	244

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	Consolidated Entity		Parent Entity	
	2008	2007	2008	2007
Note	\$'000	\$'000	\$'000	\$'000
NOTE 18: RESERVES AND RETAINED PROFIT (CONT'D)				
(a) Option reserve				
(i) Nature and purpose of reserve				
This reserve is used to record the value of options issued to shareholders and to employees and directors as part of their remunerations. Refer note 23 for details.				
(ii) Movements in reserve				
Balance at beginning of year	-	-	-	-
Movement during the year	2,395	-	2,395	-
Balance at end of year	<u>2,395</u>	<u>-</u>	<u>2,395</u>	<u>-</u>
(b) Retained earnings				
Balance at the beginning of year	(16,828)	(16,668)	(16,828)	(16,668)
Net profit attributable to members of Eyecare Partners Limited	1,816	(160)	3,721	(160)
Effect of Cancellation of Capital	16,401	-	16,401	-
Total available for appropriation	<u>1,389</u>	<u>(16,828)</u>	<u>3,294</u>	<u>(16,828)</u>
Dividends paid	<u>(508)</u>	<u>-</u>	<u>(508)</u>	<u>-</u>
Balance at end of year	<u>881</u>	<u>(16,828)</u>	<u>2,786</u>	<u>(16,828)</u>
(c) Forfeited Shares Reserve				
(i) Nature and purpose of reserve				
This reserve represents the amount of the partially paid shares that were forfeited and cancelled as voted on at the AGM 28 November 2006.				
(ii) Movements in reserve				
Balance at the beginning of year	244	244	244	244
Movement during the year	<u>(244)</u>	<u>-</u>	<u>(244)</u>	<u>-</u>
Balance at end of year	<u>-</u>	<u>244</u>	<u>-</u>	<u>244</u>
NOTE 19: CASH FLOW INFORMATION				
(a) Reconciliation of the net profit after tax to the net cash flows from operations:				
Net profit	1,816	(160)	3,721	(160)
Non Cash Items				
Depreciation and amortisation	212	-	33	-
Non-Cash Share based payments	144	-	144	-
Dividend not received in cash	-	-	(4,550)	-
Changes in assets and liabilities				
(Increase)/decrease in trade receivables	(439)	(10)	4	(10)
(Increase)/decrease in inventory	(104)	-	-	-
(Increase)/decrease in other assets	124	(234)	360	(234)
(Decrease)/increase in trade and other creditors	86	235	(221)	235
(Decrease)/increase in income tax	639	-	(334)	-
(Decrease)/increase in employee entitlements	<u>(94)</u>	<u>-</u>	<u>14</u>	<u>-</u>
Net cash flow from operating activities	<u>2,384</u>	<u>(169)</u>	<u>(829)</u>	<u>(169)</u>
(b) Reconciliation of cash				
Cash balance comprises:				
Cash at bank	2,631	810	1,394	510
Bank overdraft	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Closing cash balance	<u>2,631</u>	<u>810</u>	<u>1,394</u>	<u>510</u>

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	Consolidated Entity		Parent Entity	
	2008	2007	2008	2007
Note	\$'000	\$'000	\$'000	\$'000

NOTE 19: CASH FLOW INFORMATION (CONT'D)

(c) Credit stand by arrangement and loan facilities

The consolidated entity and the parent entity have a bank funding commercial bill facility available to the extent of \$6.82m (2007: NIL). As at 30 June 2008 the consolidated entity and parent entity have used NIL (2007: NIL) of the facility.

NOTE 20: COMMITMENTS AND CONTINGENCIES

Lease expenditure commitments

(a) Commercial property leases

(i) Leases of retail and office premises for the operation of businesses on commercial terms and conditions.

(ii) Minimum lease payments

Not later than one year	1,208	-	3	-
Later than one year and not later than five years	<u>5,365</u>	<u>-</u>	<u>3</u>	<u>-</u>
Aggregate lease expenditure contracted for at reporting date	<u><u>6,573</u></u>	<u><u>-</u></u>	<u><u>6</u></u>	<u><u>-</u></u>

(b) Finance leases:

(i) Leases for computer software and hardware

(ii) Future minimum lease payment and the present value of the net minimum lease payment

Not later than one year	26	-	26	-
Later than one year and not later than five years	<u>81</u>	<u>-</u>	<u>81</u>	<u>-</u>
Total minimum lease payments	<u><u>107</u></u>	<u><u>-</u></u>	<u><u>107</u></u>	<u><u>-</u></u>
Future finance charges	25		25	
Present value of minimum lease payment				
Current liability	15	21	-	21
Non current liability	15	61	-	61

NOTE 21: CONTINGENT LIABILITIES

There are no contingent liabilities. Guarantees are provided by Eyecare Partners Limited, where required, to support the retail tenancy obligations of subsidiary companies.

Some, but not all, of the acquisition agreements entered into by the Company include deferred purchase components. The future payments are based on the future performance of the businesses. The deferred purchase consideration is only available where vendors have committed to long term employment contracts. The calculation of the amount of the payments is to be based on the increased profitability of each practice group acquired. The payments are only made if the practices increase profitability from the base profitability agreed at the time of the settlement. If the increases occur, then a formula is applied to the increased profitability amount at the each of the 1st, 3rd and 5th anniversaries of the sale to calculate the deferred purchase consideration. It is not yet possible to reliably estimate either the occurrence or value of the future payments, and accordingly, no liability has been taken to the accounts of the Group. If payment is made under the agreements, the Company may make the payments either in cash or cash equivalents or in securities at the then current market value of ordinary shares of the Company. In accordance with current accounting standards, the payments for deferred purchase consideration will be treated as capital in nature.

NOTE 22: EARNINGS PER SHARE

The following reflects the income and share data used in the calculations of basic and diluted earnings per share:

Net profit	1,816	-	3,721	-
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NOTE 22: EARNINGS PER SHARE (CONT'D)

	No of Shares	No of Shares
Weighted average number of ordinary shares used in calculating basic earnings per share	112,813,806	77,976,693
Effect of dilutive securities:		
Share options	42,632,634	-
Adjusted weighted average number of ordinary shares used in calculating diluted earnings per share	155,446,440	77,976,693

NOTE 23: DIRECTORS' AND EXECUTIVES' COMPENSATIONS

(a) Details of Key Management Personnel

(i) Directors

Finian Brendan MacCana

Chairman – Non-Executive

Anthony Charles Larkin

Director – Non Executive

Sandra Dell Andersen

Director - Executive

Raymond John Fortescue

Director – Executive

Anthony John Hanks

Director - Executive

(ii) Executives

Sandra Dell Andersen

Managing Director

(b) Compensation of Key Management Personnel

Principles of remuneration for Directors and key management personnel.

The nature and amount of remuneration of Directors and key management personnel is determined by the Remuneration and Nomination Committee and approved by the Board of Directors as a whole. The Board obtains professional advice where necessary to ensure that the Company attracts and retains talented and motivated Directors and employees who can enhance Company performance through their contributions and leadership.

For key management personnel, the Company provides a remuneration package that incorporates both cash-based core remuneration and share-based incentive remuneration. The contracts for service between the Company and key management personnel are on a continuing basis the terms of which are not expected to change in the immediate future. Share-based remuneration is conditional upon continuing employment as at the date of payment thereby aligning Director, key management and shareholder interests. In addition to being aligned to Company performance the remuneration is in part not directly related to Company performance and achievement of pre-determined targets. The Board considers a remuneration policy based on short-term returns may not be beneficial to the long-term creation of wealth by the Company for shareholders.

Non-executive Directors receive fees and do not receive bonus payments. Where options have been granted they are disclosed in this report.

The Company determines the maximum amount for remuneration, including thresholds for share-based remuneration, for Directors by resolution. Further details regarding components of Directors' and executive remuneration are provided in this note to the financial statements.

(c) Employee Share Ownership Plans

The Plans are designed to provide employees generally with an ownership interest in the Company and to provide additional incentives for employees to increase profitability and returns to Shareholders. Summaries of the Plans are set out below for the information of Shareholders.

Exempt Share Plan

The Plan is designed to meet the criteria for \$1,000 per annum tax exempt share benefits available to employees under section 139BA of the Income Tax Assessment Act 1936.

Under the Plan, eligible employees will be provided with fully paid Shares for no consideration in addition to their current remuneration. The company will determine the number of Shares to be allocated in each financial year. It is anticipated that employees participating in the initial offer under this Plan will receive Shares of a value of \$1,000.

NOTE 23: DIRECTORS' AND EXECUTIVES' COMPENSATIONS (CONT'D)

The Shares will be sourced from new issues of Shares or be purchased on market at the relevant price at date of purchase. The Shares will rank equally in all respects with the existing Shares of the Company. It is intended that the Shares will be held by a trustee on behalf of each participating employee.

Eligible Employees

All full time or part time permanent employees of the Company will be eligible to participate in the offers made under the Plan. As a general rule, to be eligible to participate in offers, employees will be required to have had 12 months continuous service.

Restrictions

While employed by the Company, any Shares allocated to an employee under the Plan cannot be sold within three years of the initial allocation date.

Deferred Share Plan

The Deferred Share Plan will allow Shares to be acquired by or issued to eligible employees and senior management. This may be the result of 'salary sacrifice', 'bonus sacrifice', other payment/reward arrangements or for nil consideration. It is intended that the awards to Shares under the Deferred Share Plan will be structured in a way that permits the recipients to access the tax deferral concessions for employees afforded by the employee share scheme taxation provisions (contained in Division 13A of the *Income Tax Assessment Act 1936*). If an issue of Shares qualifies for a tax deferral, no tax is payable by the employee on the benefit received (in form of the Shares) until the cessation time (as defined in the applicable tax legislation).

It is anticipated that Shares under this Plan will be issued or allocated to employees:

- (i) subject to time-based vesting conditions; and
- (ii) on terms that specifically allow employees (and Directors, if participants) to obtain tax deferral on their Share acquisitions (if desired) under the employee share scheme taxation provisions, by including the requisite provisions imposing Share disposal restrictions (holding locks) and dealing with limited forfeiture of ownership (as required by the tax legislation).

It is intended that shares to be issued under the Plan will be new Shares or, with dilution of shareholders is not desired, Shares acquired on market acquisitions.

The Plan permits the Company to provide financial assistance to employees, with both any interest free loans to employees for the purpose of solely acquiring Shares being exempt from fringe benefits tax and any interest payable on borrowings by the Company to fund the acquisition of Shares for allocation to the employees under the Plan being deductible from the date of allocation of the shares to the respective employees.

As a general rule, the Deferred Share Plan will require employees to pre-qualify to be allocated Shares under the Plan. The conditions of issue of Shares under the Plan will also generally require that employees retain their Shares for an agreed period (prior to vesting). Failure to do so will result in forfeiture of the Shares.

Key Employee Option Plan

The purpose of this Plan is to recognise and reward executives and other senior employees selected by the Board who have contributed to, or are expected to contribute to, the success of the Company. The Plan is designed to provide an incentive for the participating executives to achieve the long term objectives of the Company and to improve the performance of the Company.

Under the Plan, eligible executives will be allocated options entitling the holder to subscribe for Shares. The options will generally be subject to vesting and exercise restrictions determined by the Board at the time of issue.

The options will be issued by the Company to a plan trustee who will allocate them to the participants nominated by the Board. The options will have an exercised price and final exercise date determined by the Board at that time. It is expected that the exercise price will be at or in excess of the prevailing price of the Shares (as traded on ASX) at the date of allocation. On exercise, the resulting Shares will rank equally in all respects with the existing Shares.

EYECARE PARTNERS LIMITED AND CONTROLLED ENTITIES

ACN: 006 505 880

NOTE 23: DIRECTORS' AND EXECUTIVES' COMPENSATIONS (CONT'D)

The Board will retain discretion to allow vested options to be exercised and any Shares acquired or cancelled for monetary consideration equivalent to their value. The Board will also retain discretion to waive the vesting conditions under certain limited circumstances.

Eligible Executives

The Board at its absolute discretion will determine eligibility to participate. Executives and employees who join the Company or one of its subsidiaries after the date of commencement of the Plan may also be eligible.

Performance Criteria

The Board at its absolute discretion will determine the applicable performance criteria to be achieved and the time period in which those criteria must be satisfied. Whilst not limiting the Board's discretion, the performance criteria would generally be focused on exceeding the key financial and other performance measures set by the Company.

It is also expected that options allocated to an executive under this Plan will not be vested in the executive until the performance criteria have been satisfactorily achieved. Subject to the overriding discretion of the Board to waive vesting conditions, if the performance criteria are not met, the entitlements shares previously allocated will be forfeited. An employee who participates in the Plan in a particular financial year cannot also participate in the Exempt Share Plan.

(i) <i>Directors' Compensation:</i>	Short-Term		Share-based payments	TOTAL	TOTAL PERFORMANCE RELATED
	Salary /fees # \$	Superannuation \$	Options \$		%
2008					
<i>Finian Brendan MacCana</i>	33,639	3,027	71,240	107,906	-
<i>Anthony Charles Larkin</i>	42,943	4,068	10,960	57,971	-
<i>Sandra Dell Andersen</i>	179,957	17,622	71,240	268,819	-
<i>Raymond John Fortescue</i>	166,954	15,026	-	181,980	-
<i>Anthony John Hanks</i>	127,019	5,457	-	132,476	-
2007	550,512	45,200	153,440	749,152	-
<i>Finian Brendan MacCana</i>	-	-	-	-	-
<i>Sandra Dell Andersen</i>	-	-	-	-	-
<i>Peter O'Mara</i>	-	-	-	-	-
<i>David Johnson</i>	-	-	-	-	-
<i>Ron Morley</i>	-	-	-	-	-
	-	-	-	-	-

Includes executive salaries and directors' fees.

(ii) <i>Executives' Remuneration:</i>	Short-Term		Share-based payments	TOTAL	TOTAL PERFORMANCE RELATED
	Salary \$	Superannuation \$	Options \$		%
2008					
<i>Nolan Stevens</i>	32,744	2,724	4,490	39,958	-
<i>David Munday</i>	36,236	3,096	-	39,332	-
<i>George Salib</i>	21,153	1,903	-	23,056	-
	90,133	7,723	-	102,346	-
2007					
<i>Nil</i>	-	-	-	-	-
	-	-	-	-	-

EYECARE PARTNERS LIMITED AND CONTROLLED ENTITIES

ACN: 006 505 880

NOTE 24: DIRECTORS' AND EXECUTIVES' EQUITY HOLDINGS

(a) Compensation Options: Granted and vested during the year (Consolidated)

	Vested Number	Granted Number	Grant Date	Value per option at grant date	Terms and conditions for each grant		
					Exercise Price \$	Expiry Date	Last Exercise Date
Directors							
<i>Finian Brendan MacCana</i>	1,300,000	-	9/08/2007	\$0.0548	\$0.20	30/09/2010	30/09/2010
<i>Anthony Charles Larkin</i>	-	200,000	21/08/2007	\$0.055	\$0.20	30/09/2010	30/09/2010
<i>Sandra Dell Andersen</i>	-	1,300,000	09/08/2008	\$0.055	-	-	-
<i>Raymond John Fortescue</i>	-	-	-	-	-	-	-
<i>Anthony John Hanks</i>	-	-	-	-	-	-	-
Executives							
<i>Nolan Stevens*</i>	-	100,000	31/10/2008	\$0.0449	\$0.22	31/10/2008	31/10/2008
<i>George Salib</i>	-	-	-	-	-	-	-
Total	1,300,000	1,600,000	-	-	-	-	-

All grants of options vest after 12 months (to the extent that vesting criteria are met) or are forfeited.

* These options have lapsed.

Options expire on the expiry date of the option. Exercise price equals or exceeds market price at date of grant.

(b) Details concerning share-based compensation of Directors and executives

The Company obtained independent valuations for options granted to Directors and Executives during the year. The independent expert advised the following assumptions were used in the binomial model employed for the valuation. The share price of the Company was assumed to be \$0.20 at the time of issue. The actual exercise price in relation to each issue was utilised in the model. The volatility applied to the share price was 43%, taking into account market comparatives and estimates by the Australian Graduate School of Management – Centre for Research in Finance Risk Measurement Service statistics. The time to maturity for each issue was used, and an exercise price multiple of 2 times was used to estimate the expected life of the options. Vesting conditions, if applicable, were included in the model, an expected dividend yield of 5% pa, and a risk free rate was assumed based on Treasury Bonds and included in the model.

The Company has used the resultant valuations for the purposes of compliance with AASB 2, Share-based Payments.

(c) Shares issued on exercise of compensation options (consolidated)

No shares were issued to Directors or Executives during the year as a component of their remuneration.

EYECARE PARTNERS LIMITED AND CONTROLLED ENTITIES

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NOTE 24: DIRECTORS' AND EXECUTIVES' EQUITY HOLDINGS (CONT'D)

(d) Number of options held by Key Management Personnel (consolidated):

	Balance 01/07/2007	Granted as remuneration	Options exercised*	Net change other *	Balance 30/06/08	Total vested 30/06/08	Total Exercisable 30/06/08	Total Unexercisable 30/06/08
Directors								
Finian Brendan MacCana	NIL	1,300,000	-	833,334	2,133,334	2,133,334	2,133,334	-
Anthony Charles Larkin	NIL	200,000	-	-	200,000	-	-	200,000
Sandra Dell Andersen	NIL	1,300,000	-	316,667	1,616,667	316,667	316,667	1,300,000
Raymond John Fortescue	NIL	-	-	4,013,612	4,013,612	910,000	910,000	3,103,612
Anthony John Hanks	NIL	-	-	11,774,595	11,774,595	666,667	666,667	11,107,928
Total	NIL	2,800,000		16,938,208	19,738,208	4,026,668	4,026,668	15,711,540
Executives								
David Munday	NIL	200,000	-	(200,000)	-	-	-	-
Nolan Stevens	NIL	100,000	-	(100,000)	-	-	-	-
George Salib	NIL	-	-	-	-	-	-	-
Total	-	300,000		(300,000)	-	-	-	-

*Note: Net change includes options forfeit due to the executives no meeting the minimum service criteria for vesting of the options, other changes relate to acquisition transactions and shares and options purchased by Key Management Personnel

(e) Number of shares held by Key Management Personnel (consolidated): No shares were granted as remuneration to Key Management Personnel during or after the reporting period.

	Balance 01/07/2007	Granted as remuneration	Options exercised	Net change other	Balance 30/06/08
Directors					
Finian Brendan MacCana	-	-	-	1,649,716	1,649,716
Anthony Charles Larkin	-	-	-	-	-
Sandra Dell Andersen	-	-	-	2,329,647	2,329,647
Raymond John Fortescue	-	-	-	9,351,379	9,351,379
Anthony John Hanks	-	-	-	28,346,220	28,346,220
Total	-	-	-	41,676,962	41,676,962
Executives					
David Munday	-	-	-	-	-
Nolan Stevens	-	-	-	-	-
George Salib	-	-	-	-	-
Total	-	-	-	-	-

EYECARE PARTNERS LIMITED AND CONTROLLED ENTITIES

ACN: 006 505 880

	Notes	Consolidated Entity		Parent Entity	
		2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
NOTE 25: AUDITOR'S REMUNERATION					
Amounts received or due and receivable by Pitcher Partners for:					
An audit or review of the financial report of the entity and any other entity in the consolidated entity		95	29	95	29
Other non-audit services					
– Taxation services		4	5	4	5
		<u>99</u>	<u>34</u>	<u>99</u>	<u>34</u>

NOTE 26: RELATED PARTY DISCLOSURES

(a) The consolidated financial statements include the financial statements of Eyecare Partners Limited and its controlled entities listed below:

	Country of Incorporation	Percentage Owned	
		2008	2007
Parent Entity:			
Eyecare Partners Limited	Australia		
Subsidiaries of Eyecare Partners Limited			
Eyecare Operations Pty Ltd ⁽¹⁾	Australia	100%	100%
EyeQ Optometrists Pty Ltd ⁽²⁾	Australia	100%	-
Eyelink Pty Ltd ⁽²⁾	Australia	100%	-
EPL Finance Pty Ltd ⁽³⁾	Australia	100%	-

⁽¹⁾ Eyecare Operations Pty Ltd was established and incorporated on 11 May 2007.

⁽²⁾ EyeQ Optometrists Pty Ltd and Eyelink Pty Ltd were purchased on 1 November 2007.

⁽³⁾ EPL Finance Pty Ltd was established and incorporated on 25 September 2007.

(b) The following information provides the total amount of transactions that were entered into with related parties for the relevant financial year:

Wholly owned group transactions:

Eyecare Partners Limited established a wholly owned subsidiary Eyecare Operations Pty Ltd on 11 May 2007. Its investment amounts to \$1 and Eyecare Partners Limited also loaned \$25,027,686 to Eyecare Operations Pty Ltd during the year ended 30 June 2008.

Eyecare Partners Limited purchased a wholly owned subsidiary EyeQ Optometrists Pty Ltd on 1 November 2007. Its investment amounts to \$2,660,000 and Eyecare Partners Limited also loaned \$993,921 to EyeQ Optometrists Pty Ltd during the year ended 30 June 2008.

Intragroup loans are provided on an interest free basis.

Transactions with Directors or Director –related entities:

During the reporting period, loans established with related parties for the purposes of funding the accounting, legal, lodgment and listing fees associated with the re-admission of the Company to the Australian Stock Exchange were repaid. The repayment was effected as a part of the re-listing process.

During the reporting period, Eyecare Operations Pty Ltd entered into leases on commercial terms and conditions for the rental of retail premises and management contracts with entities associated with Directors. The amounts paid are shown in the table below:

NOTE 26: RELATED PARTY DISCLOSURES (CONT'D)

Name	Purpose	Amount
Anthony Hanks	Supervisory Fee for 11 practices	66,382
Anthony Hanks	Rental of premises	179,451
Raymond Fortescue	Rental of premises	164,963

NOTE 27: SEGMENT INFORMATION

The consolidated entity operates only in one business segment, operation of optometry practices and only in one geographic segment, Australia.

NOTE 28: FINANCIAL RISK MANAGEMENT

The consolidated entity is exposed to a variety of financial risks comprising:

(a) Interest rate risk

The consolidated entity is exposed to interest rate volatility on deposits.

(b) Credit risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date of recognised financial assets is the carrying amount of those assets, net of any provisions for doubtful debts of those assets, as disclosed in Balance Sheet and Notes to the Financial Statements.

Credit risk for debtors is mitigated by the diverse nature and large number of individual debtors. No single debtor owes the consolidated entity a material amount.

The consolidated entity does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the consolidated entity.

Concentrations of credit risk

The consolidated entity minimises concentrations of credit risk in relation to trade receivables by undertaking transactions with a large number of customers.

(c) Liquidity risk

Liquidity risk arises from the possibility that a market for securities or derivatives may not exist in some circumstances. The consolidated entity does not hold any instruments subject to this risk.

(d) Fair values

The Board of Directors has the oversight of the identification and management of operational and financial risks.

EYECARE PARTNERS LIMITED AND CONTROLLED ENTITIES
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NOTE 28: FINANCIAL RISK MANAGEMENT (CONT'D)
(a) Interest Rate Risk

The consolidated entity's exposure to interest rate risks and the effective interest rates of financial assets and financial liabilities, both recognised and unrecognised at the balance date, are as follows:

Financial Instruments	Fixed interest rate maturing in:												Weighted average effective interest rate	
	Floating interest rate		1 year or less		Over 1 to 5 years		More than 5 years		Non-interest bearing		Total carrying amount as per Balance Sheet		2008	2007
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	%	%
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000		
<i>(i) Financial assets</i>														
Cash	2,631	810	-	-	-	-	-	-	-	-	2,631	810	7.1	4.5
Trade and other receivables	-	-	-	-	-	-	-	-	744	10	744	10	-	-
Total financial assets	2,631	810	-	-	-	-	-	-	744	10	3,375	820	-	-
<i>(ii) Financial liabilities</i>														
Trade creditors	-	-	-	-	-	-	-	-	649	53	649	53	-	-
Accruals	-	-	-	-	-	-	-	-	-	192	-	192	-	-
Finance lease liability	-	-	21	-	61	-	-	-	-	-	82	-	9.65	-
Aggregated amounts payable to Related Parties	-	-	-	-	-	-	-	-	-	375	-	375	-	-
Non-interest bearing loans	-	-	-	-	-	-	-	-	-	1,000	-	1,000	-	-
Total financial liabilities	-	-	21	-	61	-	-	-	649	1,620	731	1,620	-	-

The accompanying notes form part of these financial statements.

EYECARE PARTNERS LIMITED AND CONTROLLED ENTITIES

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NOTE 29: SUBSEQUENT EVENTS

Material events subsequent to the end of the financial that have not been recognised in the annual financial statements:

(a) On 1 and 14 July 2008, the Company completed the acquisition of seven optometry practice in the following transactions. The consideration paid is noted below.

Practices	Total Consideration Payable	Issue of Securities	Cash Consideration
7	\$4,959,000	\$1,663,000	\$3,296,000
Purchase Consideration			
		\$000's	
Acquisition Convertible Notes		1,643	
Acquisition Shares		20	
Cash		3,296	
Transaction Costs		162	
Less Entitlements		(68)	
Net Purchase Consideration (incl Costs)		<u><u>5,053</u></u>	

Set out below is a pro forma summary of the values of the assets and liabilities of the company which was acquired from the various parties as if the transactions had occurred on 1 July 2008 and 14 July 2008.

Fair Value of Assets and Liabilities acquired	
Cash	2
Receivables	63
Inventory	329
Prepayments	4
Plant & Equipment	799
Payables & Other Creditors	(299)
Entitlements	(97)
 Net Assets	 <u><u>801</u></u>
 Goodwill	 4,252

Payment of acquisition costs including stamp duty is pending (approximately \$145,000 - estimated).

The transaction occurred in conjunction with the calculation of Goodwill on Business Combination. The above is based on the fair value of assets and liabilities of the acquired businesses as at the settlement dates of the transactions. All prices for shares were based on the market value at the date of the acquisition agreement.

The above is based on the estimated fair value of assets and liabilities of the acquired businesses as at 1 and 14 July 2008 and the purchase consideration to be paid by the Company.

The acquisitions were settled on 1 and 14 July 2008, and acquisition consideration was paid by a combination of cash and convertible notes. The consideration convertible notes are unlisted, do not bear interest, were issued at an implied price of \$0.20 per note and will convert to ordinary fully paid shares in Eyecare Partners Limited on a one for one basis, on the day after the Company's next dividend payment or the day after the next annual general meeting of the Company, whichever is the earlier.

The total acquisition consideration is approximately \$4.9m (excluding transaction costs), and was satisfied through cash payments of \$3.3m and the issue of 8,212,500 convertible notes, and 100,000 shares. The issue of the notes and shares did not require shareholder approval.

The Company utilised its bank funding facilities to meet the acquisition consideration and to maintain cash reserves and undrawn facilities to fund future acquisitions.

Some, but not all, of the acquisition agreements also include deferred purchase consideration payments based on the future performance of the businesses. The deferred purchase consideration is only available where vendors have committed to long term employment contracts. The calculation of the amount of the payments is to be based on the increased profitability of each practice group acquired. The payments are only made if the practices increase profitability from the base profitability agreed at the time of the settlement. If the increases occur, then a formula is applied to the increased profitability amount at the each of the 1st, 3rd and 5th anniversaries of the sale to

NOTE 29: SUBSEQUENT EVENTS (CONT'D)

calculate the deferred purchase consideration. It is not yet possible to reliably estimate either the occurrence or value of the future payments, and accordingly, no liability has been taken to the accounts of the Group. If payment is made under the agreements, the Company may make the payments either in cash or cash equivalents or in securities at the then current market value of ordinary shares of the Company. In accordance with current accounting standards, the payments for deferred purchase consideration will be treated as capital in nature.

The transactions occurred in conjunction with the calculation of Goodwill on Business Combination. The above is based on the estimated fair value of assets and liabilities of the acquired businesses as at acquisition date and the purchase consideration paid by the Company. The final goodwill figure will be calculated in accordance with AASB3, after a reliable measurement of the fair value of assets is established. The assessment of the goodwill acquired above has been aggregated due to the immaterial nature of each individual purchase.

(b) The Company's business strategy includes the acquisition of additional optometry practices and the Company is in discussions and negotiations with prospective vendors at a variety of stages. When any of these acquisitions reaches a stage of sufficient certainty appropriate disclosures will be released to the investor market.

EYECARE PARTNERS LIMITED AND CONTROLLED ENTITIES
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DIRECTORS DECLARATION

The Directors declare that the financial statements and notes set out on pages 17 to 46 in accordance with the *Corporations Act 2001*:

- (a) Comply with Accounting Standards and the *Corporations Regulations 2001*, and other mandatory professional reporting requirements; and
- (b) Give a true and fair view of the financial position of the company and the consolidated entity as at 30 June 2008 and of their performance as represented by the results of their operations , changes in equity and their cash flows, for the year ended on that date.

In the Directors' opinion there are reasonable grounds to believe that *Eyecare Partners Limited* will be able to pay its debts as and when they become due and payable.

This declaration has been made after receiving the declarations required to be made by the chief executive officer and chief financial officer to the Directors in accordance with sections 295A of the *Corporations Act 2001* for the financial year ending 30 June 2008.

This declaration is made in accordance with a resolution of the Directors.



Sandra Dell Andersen
Director

Melbourne
Date 29 August 2008

**EYECARE PARTNERS LIMITED
ABN 47 006 505 880
AND CONTROLLED ENTITIES
INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
EYECARE PARTNERS LIMITED**

We have audited the accompanying financial report of Eyecare Partners Limited and controlled entities. The financial report comprises the Balance Sheet as at 30 June 2008, and the Income Statement, Statement of Changes in Equity and Cash Flow Statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement in the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

EYECARE PARTNERS LIMITED
ABN 47 006 505 880
AND CONTROLLED ENTITIES
INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
EYECARE PARTNERS LIMITED

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Auditor's Opinion

In our opinion,

(a) the financial report of Eyecare Partners Limited is in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2008 and of its performance for the year ended on that date; and
- (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and

(b) the consolidated financial report also complies with International Financial Reporting Standards as disclosed in Note 1.



T J BENFOLD

Partner

Date: 29 August 2008



PITCHER PARTNERS

Melbourne

SHAREHOLDER INFORMATION

Stock Exchange Listing

Eyecare Partners shares are listed on the Australian Securities Exchange (ASX) under the code EPL, and Eyecare Partners options are listed on the Australia Securities Exchange (ASX) under the code EPLO.

Substantial Shareholders as at 8 August 2008

Information included in the last notices lodged pursuant to section 617B of the Corporations Act as at 8 August 2008.

Under the provisions of the Corporation Act, a shareholder and his or her associates may be deemed to have a relevant interest in the same shares, the below figures should not be aggregated.

Shareholder giving Notice	Number of Shares	% of Issued Capital Current	% of Issued Capital Reported in notice	Date of Notice
Dr Anthony John Hanks & Mrs Vicki Joyce Hanks	28,346,219	23.25	24.1	6/08/2007
Jaianti Pty Ltd and associated entities	25,978,704	21.31	22.1	6/08/2007
Wetahall Pty Ltd	9,601,379	7.87	8.2	6/08/2007
Ludeba Pty Ltd	9,294,567	7.62	7.9	6/08/2007

Shareholders as at 8 August 2008

All shares are fully paid ordinary shares. The number of issued shares as at 8 August 2008 was 121,902,995 held by 1,358 shareholders whose voting rights are one vote for each share held.

Range	Total holders	Units	% Issued Capital
1-1,000	736	283,120	0.23
1,001-5,000	236	549,132	0.45
5,001-10,000	124	1,097,032	0.9
10,001-100,000	191	6,887,265	5.65
100,001-9,999,999,999	71	113,086,446	99.77
Rounding Total	1,358	121,902,995	100

Twenty Largest Shareholders as at 8 August 2008

Rank	Name	Units	% of issued capital
1	Dr Anthony John Hanks & Mrs Vicki Joyce Hanks	23,846,219	19.56
2	Bipalo Pty Ltd (The Bayview A/C)	12,500,000	10.25
3	Bipalo Pty Ltd (P & L Rose Family A/C)	7,364,537	6.04
4	Jaianti Pty Ltd (Rose Superannuation Fund A/C)	6,114,167	5.02
5	Wetahall Pty Ltd (Strongshield Super Fund A/C)	6,027,372	4.94
6	Ludeba Pty Ltd (Flanders Family A/C)	5,038,348	4.13
7	Utada Pty Ltd (Utada Super Fund A/C)	4,500,000	3.69
8	Ludeba Pty Ltd (Mark H Flanders S/F A/C)	4,256,219	3.49
9	Wetahall Pty Ltd (The Fortescue Family A/C)	3,574,007	2.93
10	O'Mara Management Pty Ltd (O'Mara Management A/C)	3,133,333	2.57
11	Natalie Rokic Optometrist Pty Ltd	3,031,076	2.49
12	Tobel Pty Ltd (The Tobel A/C)	2,444,889	2.01
13	Mr Peter Gregory Andersen & Mrs Sandra Dell Andersen (Andersen Family S/Fund A/C)	2,329,647	1.91
14	Many Sands Pty Ltd (Cornale A/C)	2,117,617	1.74
15	Raneleagh Park Pty Ltd (M C & L E Hansen A/C)	1,504,284	1.23
16	Mr Mark Koszek (Koszek Family A/C)	1,356,126	1.11
17	Springbank Cottage Pty Ltd (NA & FA Hansen Family A/C)	1,254,285	1.03
18	Canabolas Pty Ltd (SI & CT Hansen Family A/C)	1,254,284	1.03
19	Griffin Fund Management Pty Ltd (Noel Griffin NO 2 S/F A/C)	1,166,667	0.96
20	Andersen & York Financial Consulting Pty Ltd	1,005,000	0.82
	TOTAL	93,818,077	76.95



