

## ASX ANNOUNCEMENT 31 JULY 2008

EYECARE PARTNERS LIMITED ACN 006 505 808

The Directors of Eyecare Partners Limited are pleased to provide the following commentary which should be read in conjunction with the attached Form 4C Cash Flow report for Eyecare Partners Limited and its subsidiaries.

### Cash Flow

Revenues for the year totaled in excess of \$16m reflecting the effect of the addition of the acquisitions during the financial year. The closing cash and cash equivalents at the end of the quarter were \$2.8m. The practice businesses contributed positive operating cash flow of \$0.5m to the group for the quarter (after corporate office costs) and the primary use of cash was the acquisition of the optometry practices. The cash flow for the quarter from operations reflected the increased receipts as a result of acquisitions, and the effect of payment of year end superannuation prior to the end of the reporting period.

The cash resources are adequate to allow the group to pursue its acquisition and operational goals, and sufficient standby bank funding arrangements are in place to accommodate its acquisition plans.

### Post Period Acquisitions

The Eyecare Partners' optometry practices as at the end of the financial year numbered 26, and since the end of the year, the Company has acquired a further 7 practices bringing the total number of practices to 33.

The new practices are located at Camberwell and Burwood in Victoria, Karalee, Boonah, Mermaid Beach and Robina in Queensland and St Ives in New South Wales. The practices in aggregate are expected to add \$4.9m in annualised gross revenue to the group, bringing annualised revenues added to the group by acquisition over the past 11 months to \$11m.

The acquisitions were settled on 1 and 14 July 2008, and acquisition consideration was paid in 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 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 was approximately \$4.8m, and was satisfied through cash payments of \$3.1m and the issue of 8.2m convertible notes. The issue of the notes did not require shareholder approval. The practices will remain managed by the vendor optometrists in line with the company's management philosophy of local day to day management of practices.

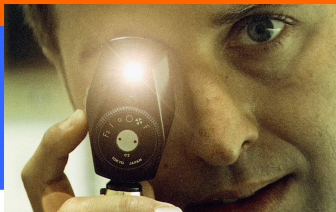
Eyecare Partners continues to identify and assess acquisition opportunities to add to the group. Current activities are focused on acquiring new metropolitan practices and add on practices proximate to existing practices where supervising management can be shared.

For further information please contact:

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# Appendix 4C

## Quarterly report for entities admitted on the basis of commitments

Introduced 31/3/2000. Amended 30/9/2001, 24/10/2005.

Name of entity

**EYECARE PARTNERS LIMITED**

ABN 47 006 505 880

Quarter ended ("current quarter")

30 June 2008

### Consolidated statement of cash flows

Cash	Current quarter \$A'000	Year to date (12 months) \$A'000
1.1 Receipts from customers	4,497	15,931
1.2 Payments for		
(a) staff costs	-2,048	-6,026
(b) advertising and marketing	-60	-201
(c) research and development		
(d) leased assets	-5	-24
(e) other working capital	-1,927	-7,128
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	47	194
1.5 Interest and other costs of finance paid	-1	-4
1.6 Income taxes paid		
1.7 Other (provide details if material)		
<b>Net operating cash flows</b>	<b>503</b>	<b>2,742</b>

**Appendix 4C**  
**Quarterly report for entities**  
**admitted on the basis of commitments**

	Current quarter \$A'000	Year to date (12 months) \$A'000
1.8 Net operating cash flows (carried forward)	503	2,742
<b>Cash flows related to investing activities</b>		
1.9 Payment for acquisition of:		
(a) businesses (item 5)	-1,246	-3,985
(b) equity investments		-4
(c) intellectual property		
(d) physical non-current assets	-262	-597
(e) other non-current assets	-26	-376
1.10 Proceeds from disposal of:		
(a) businesses (item 5)		
(b) equity investments		
(c) intellectual property		
(d) physical non-current assets		
(e) other non-current assets		
1.11 Loans to other entities		
1.12 Loans repaid by other entities		
1.13 Other (provide details if material)		
<b>Net investing cash flows</b>	-1,534	-4,962
<b>1.14 Total operating and investing cash flows</b>	-1,031	-2,220
<b>Cash flows related to financing activities</b>		
1.15 Proceeds from issues of shares, options, etc.		4,637
1.16 Proceeds from sale of forfeited shares		
1.17 Proceeds from borrowings		104
1.18 Repayment of borrowings	-7	-22
1.19 Dividends paid		-508
1.20 Other (provide details if material)		
<b>Net financing cash flows</b>	-7	4,211
<b>Net increase (decrease) in cash held</b>	-1,038	1,991
1.21 Cash at beginning of quarter/year to date	3,839	810
1.22 Exchange rate adjustments to item 1.20		
1.23 <b>Cash at end of quarter</b>	2,801	2,801

+ See chapter 19 for defined terms

24/10/2005

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**Payments to directors of the entity and associates of the directors**

**Payments to related entities of the entity and associates of the related entities**

	Current quarter \$A'000
1.24 Aggregate amount of payments to the parties included in item 1.2	102
1.25 Aggregate amount of loans to the parties included in item 1.11	-

1.26 Explanation necessary for an understanding of the transactions

Payments to related parties included Directors' Fees of \$ 47K and payments for the rental of premises of \$ 54K which are subject to lease arrangements on commercial terms and conditions.

**Non-cash financing and investing activities**

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

N/A

2.2 Details of outlays made by other entities to establish or increase their share in businesses in which the reporting entity has an interest

N/A

**Financing facilities available**

Add notes as necessary for an understanding of the position. ( See AASB 1026 paragraph 12.2).

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	81	81
3.2 Credit standby arrangements	2,000	-

The Company has established bank funding facilities since the end of the reporting period to assist with the acquisition of optometry practices. The facilities total \$6.82m and the amount used totals \$3.4m.

## Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
4.1 Cash on hand and at bank	1,407	1,794
4.2 Deposits at call		
4.3 Bank overdraft		
4.4 Other (Interest Bearing Term Deposits)	1,394	1,045
<b>Total: cash at end of quarter</b> (item 1.23)	<b>2,801</b>	<b>3,839</b>


## Acquisitions and disposals of business entities

	Acquisitions (Item 1.9(a))	Disposals (Item 1.10(a))
5.1 Name of entity	5 Optometry Practices	
5.2 Place of incorporation or registration	Melbourne, Bendigo, Adelaide	
5.3 Consideration for acquisition or disposal (\$A 000's)	(in cash) 1,334	
5.4 Total net assets (\$A 000's)	288	
5.5 Nature of business	Optometry practices	

## Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act (except to the extent that information is not required because of note 2) or other standards acceptable to ASX.
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here:



Director  
 Sandra D Andersen

Date: 31 July 2008.

**NOTES**

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
  
- 2 The definitions in, and provisions of, *AASB 1026: Statement of Cash Flows* apply to this report except for the paragraphs of the Standard set out below.
  - 6.2 - reconciliation of cash flows arising from operating activities to operating profit or loss
  - 9.2 - itemised disclosure relating to acquisitions
  - 9.4 - itemised disclosure relating to disposals
  - 12.1(a) - policy for classification of cash items
  - 12.3 - disclosure of restrictions on use of cash
  - 13.1 - comparative information
  
- 3 **Accounting Standards.** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic