

EYECARE PARTNERS LIMITED

ASX Announcement – 31 October 2007

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.

Operational Financial Performance

The practices purchased on the re-listing of the company have been operating as Eyecare Partners practices since 1 July 2007, and shareholders have received the benefits of those operations since that date. The group is pleased to note that the majority of its initial practices have recorded good sales results for the first quarter of the year, exceeding the budget expectations set out in our prospectus. Whilst it is not possible to confidently predict a continuation of this trend, particularly in an election year, the first quarter is very positive thanks to the efforts of our staff and supervising optometrists. Overall sales for the first quarter from the initial practices exceeded the prospectus forecast sales growth of 7% pa; adding another 3% to year on year growth.

The group acquired two practices in mid-August, and we are pleased to note those practices are performing in line with expectations since their acquisition.

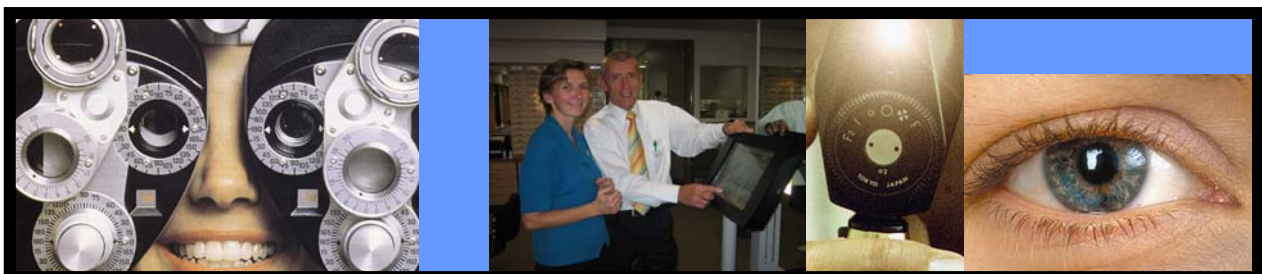
Gross profit margins are also in line with expectations and overall practice administration costs are slightly below budget, and no unforeseen costs have been encountered in the general administration of the practices.

Agreement has been reached for the purchase of two additional practices in Perth, which is expected to settle in the next week. The Directors expect that a continuation of these trends in business and acquisition activity will produce a full year result ahead of forecast, although the quantum is not yet possible to forecast and will depend on the progress of further acquisitions and economic conditions.

The four acquisitions since re-listing are expected to increase the annualised revenues of the group by approximately \$3,300,000 and the annualized ETBIDA by approximately \$800,000. Part of this benefit will be gained during this financial year.

The group's management philosophy of autonomous management of practices is a key platform for Eyecare Partners. This philosophy is premised on maintaining local autonomous control of day to day decisions at the optometry practice and aims to remove the tedious administrative tasks to enable an increased focus on clinical optometry and patient care. Eyecare Partners' corporate office is a low key service provider to the practices and the supervising optometrists in each practice retain all decisions over product selection and ordering, staff selection and management and all aspects of patient care. This management structure is showing signs of early success as a business model and is receiving positive feedback.

Eyecare Partners will continue 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.



Corporate office costs, including set up and financial system integration costs are slightly below budget for the quarter. The timing of the full electronic integration of data between corporate office and practices has been slightly delayed, however, this is not adding significantly to costs, nor adversely affecting core accounting for practices.

The delay in the outcome of the integration project has prompted a review of the corporate office structure to improve the focus on this area and increase operational efficiency. It is anticipated this will be able to be achieved without a significant increase in ongoing corporate office costs.

Cash Flow

The closing bank balance at the end of the quarter was \$5,715,000. The practices businesses contributed \$1,000,000 to the group (after corporate office costs) and the primary use of cash was acquisitions (\$745,000), and acquisition costs (\$286,000).

The cash balance is sufficient for the group to pursue its acquisition and operational goals, and since the end of the quarter the group has put in place sufficient standby bank funding arrangements to accommodate its acquisition plans. The settlement of the acquisition of the Western Australian practices and payment of the remainder of the costs associated with the acquisitions completed since re-listing is anticipated in the current quarter.

For more 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 September 2007

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (..3.. months) \$A'000
1.1 Receipts from customers	2,946	2,946
1.2 Payments for		
(a) staff costs	(871)	(871)
(b) advertising and marketing	(26)	(26)
(c) research and development		
(d) leased assets	(4)	(4)
(e) other working capital	(1,075)	(1,075)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	30	30
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid		
1.7 Other (provide details if material)		
Net operating cash flows	1,000	1,000

+ See chapter 19 for defined terms.

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Quarterly report for entities
admitted on the basis of commitments

	Current quarter \$A'000	Year to date (..3. months) \$A'000
1.8 Net operating cash flows (carried forward)	1,000	1,000
Cash flows related to investing activities		
1.9 Payment for acquisition of:		
(a) businesses (item 5)	(745)	(745)
(b) equity investments	(10)	(10)
(c) intellectual property		
(d) physical non-current assets	(76)	(76)
(e) other non-current assets	(200)	(200)
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)		
Net investing cash flows	(1,031)	(1,031)
1.14 Total operating and investing cash flows	(31)	(31)
Cash flows related to financing activities		
1.15 Proceeds from issues of shares, options, etc.	4,795	4,795
1.16 Proceeds from sale of forfeited shares		
1.17 Proceeds from borrowings		
1.18 Repayment of borrowings		
1.19 Dividends paid		
1.20 Other (provide details if material)		
Net financing cash flows	4,795	4,795
Net increase (decrease) in cash held	4,764	4,764
1.21 Cash at beginning of quarter/year to date	951	951
1.22 Exchange rate adjustments to item 1.20		
1.23 Cash at end of quarter	5,715	5,715

+ See chapter 19 for defined terms.

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	-
1.25	Aggregate amount of loans to the parties included in item 1.11	-
1.26	<p>Explanation necessary for an understanding of the transactions</p> <div style="border: 1px solid black; padding: 5px;"> <p>The Non-current Assets as a result of investing activities includes capitalised acquisition costs and government charges (see 1.9(e)).</p> </div>	

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
- The acquisition consideration for 16 optometry practices was non-cash and the company issued 78.592 million shares at an issue price of \$0.20 cents per share in satisfaction of that acquisition consideration.

The acquisition consideration for 2 optometry practices was partly non-cash and the company issued 3.763 million shares at an issue price of \$0.20 cents per share in satisfaction of the non-cash component of the acquisition consideration.
- 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	104	104
3.2	Credit standby arrangements	-	-

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Reconciliation of cash

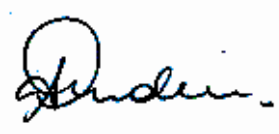
Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.		Current quarter \$A'000	Previous quarter \$A'000
4.1	Cash on hand and at bank	2,145	2,145
4.2	Deposits at call		
4.3	Bank overdraft		
4.4	Other (Interest Bearing Term Deposits)	3,570	3,570
Total: cash at end of quarter (item 1.23)		5,715	5,715

Acquisitions and disposals of business entities

	Acquisitions (Item 1.9(a))	Disposals (Item 1.10(a))
5.1 Name of entity	Various Optometry Practices	
5.2 Place of incorporation or registration	New South Wales	
5.3 Consideration for acquisition or disposal (\$A 000's)	1,487 (includes cash and share consideration)	
5.4 Total net assets (\$A 000's)	65	
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: ..  Date: .31 October 2007.
 Director

Print name: Sandra D Andersen.

+ See chapter 19 for defined terms.

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 (if any) must be complied with.

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