



EYECARE PARTNERS LIMITED AND CONTROLLED ENTITIES

**FINANCIAL INFORMATION
FOR THE YEAR ENDED 30 JUNE 2009
PROVIDED TO THE ASX UNDER LISTING RULE 4.3A**

Appendix 4E Final Report

Name of entity

EYECARE PARTNERS LIMITED

47 006 505 880

Report for the financial year ended 30 June 2009 (previous corresponding period 30 June 2008)

Results for announcement to the market

Revenues from ordinary activities	up	69.42%	to	\$27,921,529
Profit from ordinary activities after tax attributable to members	down	23.78%	to	\$1,384,166
Net profit for the period attributable to members	down	23.78%	to	\$1,384,166

Dividends	Amount per security	Franked amount per security
Interim dividend	-	-
Final dividend	-	-
Record date for determining entitlements to the dividend	N/A	
	Date of payment	Total amount of dividend
Interim dividend – year ended 30 June 2009	N/A	-
Final dividend – year ended 30 June 2009	N/A	-

Amount per security

	Amount per security	Franked amount per security
Total dividend: Current year	-	-
Previous year	1¢	1¢

Net tangible assets per security

	Current period	Previous corresponding period
Net tangible asset backing per ordinary security	(\$0.01)	\$0.04

Commentary on results for the period

The commentary on the results for the period is contained in the attached annual report in the directors' report and operational highlights.

Audit of the financial report

✓ The financial report has been audited

The audit has been completed.

✓ The financial report is not subject to audit dispute or qualification.





**EYECARE PARTNERS LIMITED
ABN: 47 006 505 880
AND CONTROLLED ENTITIES**

**ANNUAL REPORT
FOR THE YEAR ENDED
30 JUNE 2009**

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 Tracey Hutchinson

Registered Office

232 Bay Street
Brighton VIC 3186

Telephone: (03) 9530 8188
Facsimile: (03) 9530 8199

Principal Business Address (Head Office)

232 Bay Street
Brighton VIC 3186

Telephone: (03) 9530 8188
Facsimile: (03) 9530 8199
Website: www.eyecarepartners.com.au

Auditor

Pitcher Partners
Level 19
15 William Street
Melbourne VIC 3000

Share Registry

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

General enquiries: 1300 368 825
Overseas holders: +61 3 9415 4617
Website: www.computershare.com
Email: web.queries@computershare.com.au

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 2
151 Rathdowne Street
Carlton VIC 3053

Rockwell Bates
Level 4 189 Flinders Lane
Melbourne Vic 3000

**EYECARE PARTNERS LIMITED AND CONTROLLED ENTITIES
ANNUAL REPORT FOR THE FINANCIAL YEAR ENDED
30 JUNE 2009**

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EYECARE PARTNERS LIMITED AND CONTROLLED ENTITIES

CHAIRMAN'S LETTER TO SHAREHOLDERS

Dear Fellow Shareholders,

The test of good business is not how it performs in economic boom times, but how it responds to the challenges that it faces in times of economic downturn. The global financial crisis affected not only the financial performance of many businesses, but also their very survival.

It is with pleasure that I can report that our company grew in strength during this time of turmoil. The economic environment in our business sector was particularly affected by the aggressive expansion plans of our major competitors. Indeed, the role and regulation of optometry is changing. We now have national registration, therapeutic prescribing rights including access to Pharmaceutical Benefits Scheme, and the ongoing consolidation of the Health Funds.

The management of the company used this time to consolidate our business and has wisely invested in providing good infrastructure to support future expansion. We have also invested heavily in new clinical equipment so as to better serve the needs of our clients.

The Company has continued to grow both organically and through acquisition, although at a slower rate. Whilst the board considers it prudent to have a more conservative approach during these challenging times, it is constantly assessing opportunities for future investment especially those that reflect our core values of providing excellent clinical care. The annual report speaks for itself. It shows growth in turnover of 69.42%. Our reduced Net Profit after Tax of \$1.384m is partially a result of the investments in the business and emphasises the need for us to constantly endeavour to make our business more efficient and productive.

I would like to take this opportunity to thank all our staff, our optometrists, dispensers, receptionists and those in corporate office who have strived so diligently to ensure the success of Eyecare Partners Limited. In particular, I want to acknowledge the tremendous efforts of Sam Andersen, our Managing Director, who continues to work tirelessly on our business.



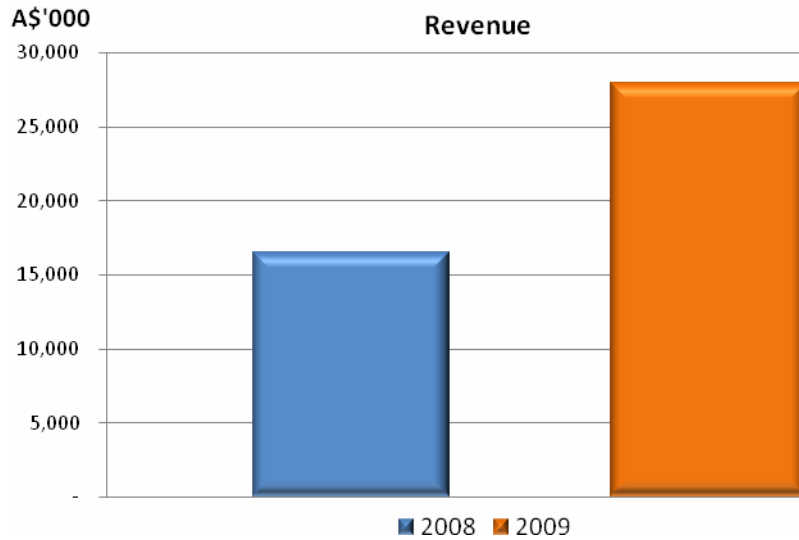
Finian MacCana
B.Sc(Hons), AMCT, FCOptom, M.Sc., FVCO, FAICD
Chairman
28 August 2009

OPERATIONAL HIGHLIGHTS

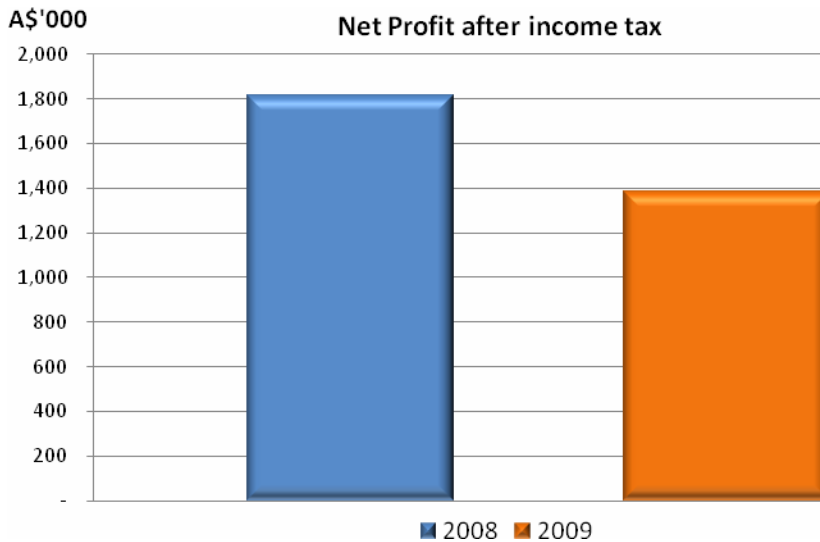
Reviewing the Results

During the course of the financial year the Company acquired a further 15 optometry practices; the part year effect of these acquisitions is reflected in the growth in revenues when compared to the Company's prior period results at June 2008.

Revenues from operations totalled \$27.9m compared to the prior year revenues of \$16.5m.



Profit before income tax totalled \$2.0m compared to the prior year of \$2.6m and net profit after tax was \$1.4m compared to the prior year of \$1.8m



The operating environment in this financial year has been typified by the Global Financial Crisis and increasing competition from new and existing franchisors and competitors in the retail optometry market. Overall, organic sales growth from practices when measured on a like for like basis has increased 4.5% for the year and the balance of sales growth is attributed to the full year effect of acquisitions completed in the 2008 financial year (FY 2008) and new acquisitions in the 2009 financial year, which records sales from the date of acquisition only.

The full year effect of acquisitions completed in the financial year ended June 2008 and new acquisitions in this financial year added \$1.3m to Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA). This was offset by reduced contributions from the like for like practices of \$0.6m versus the prior year, increased corporate costs of \$0.6m (to accommodate increased servicing requirements of acquisitions), increased depreciation (reflecting the increased investment in capital equipment through acquisition and investment in upgrading and replacing equipment) and increased interest costs (the result of increased bank funding for acquisitions). Thus a significant component of the reduced profitability is attributable to investment for future growth. The balance of the difference in Net Profit after Taxation when compared to the prior year is a reduction in income tax expense of \$0.2m.

During the year, the Company utilised its financing facilities for the funding of acquisitions. Total available facilities are \$10.5m with \$6.8m utilised as at the reporting date of 30 June 2009. Cash reserves of \$1.359m as at the close of the reporting period.

Strategy

The Company now has representation in all mainland states of Australia.

STATE	PRACTICE LOCATION	
Victoria	Ballarat	Glenferrie
	Bendigo	Moonee Ponds
	Burwood	Oakleigh
	Camberwell	
New South Wales	Young	Wauchope
	Cootamundra	Port Macquarie x 3
	Nowra	Toukley
	Ulladulla	Umina Beach
	Kiama	Kincumber
	Ramsgate Beach	St Ives
	Bathurst	Lithgow
	Sydney Central Business District	
Queensland	Boonah	Robina
	Mermaid Beach	Keperra
	Springwood	Aspley
	Karalee	Spring Hill
	Gympie	Mackay
	Proserpine	Airlie Beach
	Hervey Bay	
South Australia	Newton Village	
Western Australia	Subiaco	Whitford City
	Karrinyup	

The Company's strategy has two fundamental features. The first is to provide a high standard of clinical eye health care as the basis for differentiating our selling proposition, as well as being the core of our business ethic. The second is the pursuit of growth in earnings performance through both organic and acquisition growth paths.

Organic growth is being driven by, in part, relieving practice management of the substantial business administration burdens and centralising these tasks in the corporate office. The benefits are that this reduces the Company's overall business management cost, releases capacity within the practice to focus on patient care, and creates the opportunity for practice managers to develop a larger business platform. Increasing the size of the business will also allow cost efficiencies to be realised as we are able to muster stronger buying power.

The acquisition programme continues to progress and further acquisitions in capital cities are being assessed as well as additional practices which are proximate to our existing locations so as to take advantage of cost synergies, particularly in advertising and people costs.

In combination, these strategies, when fully executed, will provide a stream of opportunities for increasing the value delivered to shareholders.

Looking Forward

The Company will continue to pursue the creation of increasing shareholder value through execution of the strategies discussed in the foregoing.

To this end the Company has recently initiated a review of its organisational and management structures, its operating policies and its management practices. The objectives of the review are to identify and develop innovative opportunities for enhanced effectiveness and efficiencies in order to hasten growth in profitability and to increase employee satisfaction. An external consultant has been engaged to assist in this endeavour and the outcomes will be implemented speedily to increase shareholder returns as early as possible.

At this stage it is premature to anticipate the results of this work.

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 2009 and independent auditor's 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 \$1,384,000 (2008: profit \$1,816,000).

Review of Operations

The Company achieved total revenue of \$27.9m for the financial year compared to \$16.5m from the prior year, reflecting the effect of organic growth and the acquisition of optometry practices during the financial year. The operational margins remained within anticipated levels, with additional costs being associated with the acquisition of new optometry practices for the group and increased employment and premises costs.

In July, October, January, February and June the Company purchased a total of 15 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 41 practices across Australia.

Significant Changes in the State of Affairs

During the year there were no significant changes to the operations of Eyecare Partners or its associated entities.

After Balance Date Events

There have been no further events or matters subsequent to the close of the reporting period.

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

A dividend of \$763,000 has been paid during the year (2008: \$508,000).

Share Options

There were no options over unissued ordinary shares granted by Eyecare Partners Limited during or since the end of the financial year to Directors and the highest paid executives as part of their remuneration.

Further details regarding options granted as remuneration are provided in the Remuneration Report page 10.

DIRECTORS' REPORT continued

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
13 098 607*	0.20	30/09/2010
1,500,000	0.20	30/09/2010
1,669,750	0.22	30/09/2009
1,281,000	0.20	30/11/2011

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

*Subject to vesting conditions, 13,098,607 options would have vested on 30 September 2009 provided that the Group's Earnings Per Share was equal to or greater than 2.0 cents as at the end of the financial year ended 30 June 2009. These options will not vest and will be cancelled on the vesting date.

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

No 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.

Indemnification and Insurance of Directors and Officers

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 \$18,098 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.



Board Members left to right: FinianMacCana, Raymond Fortescue, Sandra Andersen, Anthony Larkin, Anthony Hanks

DIRECTORS' REPORT continued

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. Mr MacCana was a non-executive director until May 2009, when he began to provide optometric services to the Group.

He 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, Remuneration & Nomination 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 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.

Mr Larkin is an independent director.

Committee Membership: Audit Committee, Remuneration & Nomination Committee

Special Responsibilities: Chairman of Audit Committee

Other Directorships: Ausmelt Limited : From June 2003 to Nov 2007
OZ Minerals Limited: From Mar 2004 to April 2009
Corporate Express Australia Limited: From July 2004 to present
Incitec Pivot Limited: From June 2003 to present
Oakton Limited: From September 2008 to present

Anthony John Hanks, OD(Boston), BOptom(Hons), FAAO, FCLSA

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

Other Directorships: Eyecare Plus Ltd

DIRECTORS' REPORT continued

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, Remuneration & Nomination Committee

Other Directorships: Eyecare Plus Ltd

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.

Special Responsibilities: Managing Director

Other Directorships: Rural Finance Corporation Limited

Company Secretary

Tracey Hutchinson, B.Bus (Acctg), MBA

Appointment date: 19 November 2008

Tracey Hutchinson joined Eyecare Partners in October 2008 as Chief Financial Officer. She has since been appointed Company Secretary.

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	7	7	3	3	-	-	-	-
Anthony Larkin	7	7	3	3	-	-	-	-
Sandra Andersen	7	7	3	3	1	1	-	-
Raymond Fortescue	7	7	3	3	-	-	-	-
Anthony Hanks	7	6	3	3	1	-	-	-
Peter Rose	-	-	-	-	-	-	-	-
Mark Flanders	-	-	-	-	1	1	-	-
Tony Ireland	-	-	-	-	1	1	-	-
Natalie Rokic	-	-	-	-	-	-	-	-

During the year there were no Clinical Practice Management Committee meetings held.

DIRECTORS' REPORT continued

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	2,278,136	2,133,334
Anthony Charles Larkin	NIL	200,000
Sandra Dell Andersen	3,908,478	1,300,000
Raymond John Fortescue	9,601,379	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 the audit committee. 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 any entity that is part of the consolidated entity for:	2009 \$	2008 \$
Taxation services	16,046	3,530

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 fixed remuneration and share-based or cash incentive remuneration which is aligned to the company and personal performance. 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. The Board considers a remuneration policy based solely 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 Board determines the amount for remuneration, subject to the limit for fees approved by shareholders.

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
Raymond John Fortescue	Director
Anthony John Hanks	Director
Tracey Elizabeth Hutchinson	Chief Financial Officer and Company Secretary
Mark Overton	General Manager Practice Operations

DIRECTORS' REPORT continued
Directors' Compensation

	Short-Term		Share-based payments	TOTAL	Total performance related
2009	Salary /fees \$	Superannuation \$	Options \$		%
<i>Finian Brendan MacCana#</i>	56,898	3,440	-	60,338	-
<i>Anthony Charles Larkin</i>	55,046	4,954	-	60,000	-
<i>Sandra Dell Andersen</i>	272,011	18,181	-	290,192	24%
<i>Raymond John Fortescue</i>	195,271	17,574	-	212,845	-
<i>Anthony John Hanks</i>	136,659	1,789	-	138,448	-
	715,885	45,938	-	761,823	
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	-
	550,512	45,200	153,440	749,152	

includes executive salaries and directors' fees.

The performance related component was a bonus of \$70,000 paid to Sandra Dell Andersen.

Executives' Remuneration

	Short-Term		Share-based payments	TOTAL	Total performance related
2009	Salary \$	Superannuation \$	Options \$		%
<i>Mark Overton</i>	105,857	9,527	-	115,384	-
<i>Tracey Hutchinson</i>	109,615	9,865	-	119,480	-
	215,472	19,392	-	234,864	-
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	4,490	102,346	-

These executives are no longer employed by the Company.

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. The percentage value of each person's remuneration that consists of options is shown in the table above. 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 in Note 25. Please refer to Note 25(b) of the Notes to the Financial Statements for the details of calculation of the value of the Options.

No Options granted as remuneration have been exercised or lapsed during the financial year.

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.

DIRECTORS' REPORT continued

Management Declaration

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

Signed in accordance with a resolution of the Directors:

A handwritten signature in black ink, appearing to read 'S.D. Andersen', is written over a light grey rectangular background.

S.D. Andersen
Managing Director

Dated this 28 day of August, 2009

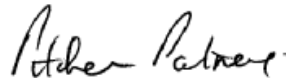
AUDITOR'S INDEPENDENCE DECLARATION
To the Directors of Eyecare Partners Limited.

In relation to the independent audit for the year ended 30 June 2009, 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
28 August 2009



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
- Recognition 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 8 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 twelve 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 executive Director. For the majority of the year the company was chaired by a non-executive director, until May 2009 when there was a change in status. The company is cognisant of the ASX principles regarding board independence, however due to the size of the company it is not yet practical to have an independent chairman of the board. 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 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 performance and ensuring executive succession planning;
- Ensuring that Directors have an understanding of the Company's business;
- Ensuring management maintains a sound system of internal controls to safeguard the assets of the Company;

CORPORATE GOVERNANCE continued

- Monitoring the performance of the Company;
- Appointing and removing the Managing Director;
- Determines Directors fees;
- 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, OH&S 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.

With the agreement of majority of Directors, Directors may avail of independent legal advice at the expense of the Company.

Board Meetings

During the 2008/2009 financial year, the Board met seven 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.

Performance Evaluation

The performance of the Board as a whole and each of its committees are reviewed against the requirements of their respective charters.

The performance evaluation of the Board as a whole is conducted annually, the most recent being in July 2008. The review process comprised:

- a self-evaluation survey completed by individual directors;
- a questionnaire/feedback from senior executives in relation to their dealings and interface with the Board;
- individual discussions between the Board chair and all directors and senior executives, using the summarised results of the completed surveys; and
- a confidential report to the Board of the collated results of the process for discussion/consideration.

Performance of the Board was assessed against a range of qualitative and quantitative criteria, covering the following focus areas:

Board as a whole

1. Strategy and planning
2. Board structure and role
3. Meeting process
4. Performance monitoring
5. Board and director responsibilities

During the performance assessment, opportunities for continuing education for Directors are identified and offered to Directors.

Managing Director & other senior executives

The Board of Directors reviews the performance of the Managing Director and reviews the process for reviewing the performance of senior executives. The Managing Director's performance is judged against the approved strategic plan and the corporate and personal key performance indicators established for the Managing Director on an annual basis. The last review of performance of the Managing Director was conducted in October 2008, and the review of the performance of the Managing Director is conducted annually.

The Managing Director assesses the performance of senior executives by reference to corporate, divisional and personal key performance indicators established for the respective senior executives and approved by the Board of Directors on an annual basis.

CORPORATE GOVERNANCE continued

Committees of the Board

The Board has established the following Committees:

As at 24th February, 2009 the board resolved to dissolve the Remuneration and Clinical Practice Management Committees and reconstituted the Remuneration Committee as all members of the Board.

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.

Remuneration and Nomination Committee

The Remuneration and Nomination Committee comprises all board members and also encompasses nomination responsibilities. The Chairman of the Board is the Chairman of the Remuneration and Nomination Committee. The primary responsibility of the committee is to monitor and approve remuneration of the Company's executives, including securities and benefit plans, remuneration strategies and policies for the broader workforce of the company and nominations and selection of board members.

Policies and Procedures

Continuous Disclosure Policy

The Company has 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 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 practices have local policies in place and the Board is developing group wide 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;
- The Board has scheduled a comprehensive report on Risk Management for the Company in the first half of the 2010 financial year.

Code of Conduct

Eyecare Partners Limited has 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.

CORPORATE GOVERNANCE continued

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 2009**

	Note	Consolidated Entity		Parent Entity	
		2009 \$000	2008 \$000	2009 \$000	2008 \$000
Revenue					
Sales revenue	3	27,342	15,969	-	-
Other income	3	580	512	125	4,915
		27,922	16,481	125	4,915
Employee benefits	4	(11,869)	(6,388)	(1,423)	(1,001)
Cost of goods sold		(8,891)	(4,863)	-	-
Depreciation and amortisation	4	(563)	(212)	(47)	(33)
Operating leases		(1,831)	(1,048)	(66)	(38)
Finance costs	4	(449)	(5)	(15)	(3)
Other expenses		(2,359)	(1,350)	(569)	(453)
		(25,962)	(13,866)	(2,120)	(1,528)
Profit/(loss) before income tax		1,960	2,615	(1,995)	3,387
Income tax expense (income tax benefit)	5	576	799	(593)	(334)
Profit/(loss) for the year		1,384	1,816	(1,402)	3,721
Profit/(loss) attributable to the members of the parent		1,384	1,816	(1,402)	3,721
Basic earnings per share (cents per share)	23	0.010	0.016		
Diluted earnings per share (cents per share)	23	0.008	0.012		

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 2009

	Note	Consolidated Entity		Parent Entity	
		2009 \$000	2008 \$000	2009 \$000	2008 \$000
CURRENT ASSETS					
Cash and cash equivalents	20	1,359	2,631	290	1,394
Trade receivables	9	942	744	3	4
Inventories	10	2,191	1,265	-	-
Other current assets	12	231	261	28,022	27,131
TOTAL CURRENT ASSETS		4,723	4,901	28,315	28,529
NON-CURRENT ASSETS					
Financial assets	11	506	131	239	131
Deferred tax assets	5	295	172	88	87
Property, plant and equipment	13	3,792	1,692	202	187
Intangible assets	6, 7	30,064	21,129	-	-
Other non-current assets		-	3	-	-
TOTAL NON-CURRENT ASSETS		34,657	23,127	529	405
TOTAL ASSETS		39,380	28,028	28,844	28,934
CURRENT LIABILITIES					
Trade and other payables	14	1,920	649	164	24
Short-term borrowings	15	1,754	21	20	21
Current tax payable	5	630	713	630	713
Short-term provisions	16	757	261	64	16
TOTAL CURRENT LIABILITIES		5,061	1,644	878	774
NON-CURRENT LIABILITIES					
Long-term borrowings	15	5,245	61	50	61
Long-term provisions	16	93	129	1	-
TOTAL NON-CURRENT LIABILITIES		5,338	190	51	61
TOTAL LIABILITIES		10,399	1,834	929	835
NET ASSETS		28,981	26,194	27,915	28,099
EQUITY					
Share capital	17	24,778	22,918	24,778	22,918
Other reserves	18(a),(b),(c)	2,701	2,395	2,516	2,395
Retained earnings	19(a)	1,502	881	621	2,786
TOTAL EQUITY		28,981	26,194	27,915	28,099

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 2009

	Note	Consolidated Entity		Parent Entity	
		2009 \$000	2008 \$000	2009 \$000	2008 \$000
Total Equity at the beginning of the financial year		26,194	(396)	28,099	(396)
Cash flow hedges, net of tax	18(c)	185	-	-	-
Employee share options	18(a)	121	-	121	-
Net income recognised directly in equity		306	-	121	-
Profit/(loss) for the financial year		1,384	1,816	(1,402)	3,721
Total recognised income and expense for the period		1,690	1,816	(1,281)	3,721
Attributable to:					
Members of the parent		1,690	1,816	(1,281)	3,721
		1,690	1,816	(1,281)	3,721
Transactions with equity holders in their capacity as equity holders:					
Contributions (Net of effect of Cancellation of Contributed Equity and Reserves)	17	1,863	26,373	1,863	26,373
Transaction Costs		(3)	(1,091)	(3)	(1,091)
Dividends paid	8	(763)	(508)	(763)	(508)
Total Equity at the end of the financial year		28,981	26,194	27,915	28,099

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 2009

	Note	Consolidated Entity		Parent Entity	
		2009 \$000	2008 \$000	2009 \$000	2008 \$000
CASH FLOW FROM OPERATING ACTIVITIES					
Receipts from customers		27,775	15,843	7	39
Payments to suppliers and employees		(24,169)	(13,589)	(507)	(960)
Dividends received	3	56	-	56	-
Interest received	3	79	194	63	154
Borrowing costs	3	(449)	(5)	(15)	(3)
Income tax paid	5(e)	(752)	(59)	(752)	(59)
Net cash provided by (used in) operating activities	20(a)	2,540	2,384	(1,148)	(829)
CASH FLOW FROM INVESTING ACTIVITIES					
Payment for property, plant and equipment		(1,332)	(527)	(62)	(218)
Payment for investments		(8,535)	(4,267)	(108)	-
Payment for other non current assets		-	-	-	(131)
Loans Advanced		-	-	-	(2,169)
Net cash used in investing activities		(9,867)	(4,794)	(170)	(2,518)
CASH FLOW FROM FINANCING ACTIVITIES					
Proceeds from share issue		-	4,657	-	4,657
Proceeds from borrowings		8,023	82	977	82
Repayment of borrowings		(1,205)	-	-	-
Dividends paid	8	(763)	(508)	(763)	(508)
Net cash provided by financing activities		6,055	4,231	214	4,231
Net increase/(decrease) in cash and cash equivalents		(1,272)	1,821	(1,104)	884
Cash and cash equivalents at beginning of financial year		2,631	810	1,394	510
Cash and cash equivalents at end of the financial year	20(b)	1,359	2,631	290	1,394

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS**30 JUNE 2009****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 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.

(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 27(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.

NOTE 1: BASIS OF PREPARATION continued**(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.

(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.

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:

	2009	2008
Plant and equipment:	<i>3 to 10 years</i>	<i>3 to 10 years</i>
Leased plant and equipment:	<i>3 to 5 years</i>	<i>3 to 5 years</i>

(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.

NOTE 1: BASIS OF PREPARATION continued**(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 instruments at cost***

Instruments in unlisted securities where no significant influence exists are carried at cost.

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.

NOTE 1: BASIS OF PREPARATION continued*Hedge Accounting*

Certain derivatives are designed as hedging instruments and are further classified as either fair value hedges or cash flow hedges.

At the inception of each hedging transaction the company documents the relationship between the hedging instruments and hedged items, its risk management objective and its strategy for undertaking the hedge transaction. The company also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair value or cash flows of hedged items.

Cash Flow Hedge

To qualify as a cash flow hedge the underlying transaction generating the cash flows must be highly probable. Changes in fair value that are designated and qualified as cash flow hedges are recognised in equity in the cash flow hedging reserve. The gain or loss is released to profit or loss in the same period when the forecast transactions occur, thereby mitigating any exchange fluctuations that would have transpired in the absence of the hedge.

(m) Goods and Services Tax

Revenue and expenses 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 of 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.

NOTE 1: BASIS OF PREPARATION continued

(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 and approved by the board covering a period not exceeding five years.

Management's determination of cash flow projections is prepared on a practice by practice basis with revenue and gross margin growth rates varying from practice to practice. Cash flow projections for each practice are largely based on historical performance, available billing hours, local demographics, known operating expense variables and projected growth rates.

The present value of future cash flows has been calculated using a discount rate of 13.3% to determine value-in-use.

EYECARE PARTNERS LIMITED AND CONTROLLED ENTITIES

ACN: 006 505 880

	Note	Consolidated Entity		Parent Entity	
		2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
NOTE 3: REVENUE					
Revenues from continuing operations					
<i>Sales Revenue</i>					
Revenue from sale of goods		22,502	11,579	-	-
Revenue from services		4,840	4,390	-	-
		<u>27,342</u>	<u>15,969</u>	<u>-</u>	<u>-</u>
<i>Other Income</i>					
Management fees		-	-	6	176
Dividends		56	-	56	4,550
Interest		79	194	63	154
Other Income		445	318	-	35
		<u>580</u>	<u>512</u>	<u>125</u>	<u>4,915</u>
NOTE 4: PROFIT FROM CONTINUING OPERATIONS					
<i>Employee benefits expense</i>					
Share-based payments		(84)	(144)	(84)	(144)
Other employee benefits		(11,785)	(6,244)	(1,339)	(857)
<i>Employee benefits expense</i>		<u>(11,869)</u>	<u>(6,388)</u>	<u>(1,423)</u>	<u>(1,001)</u>
<i>Depreciation of non-current assets</i>					
Plant and equipment		(543)	(189)	(27)	(10)
<i>Total depreciation of non-current assets</i>		<u>(543)</u>	<u>(189)</u>	<u>(27)</u>	<u>(10)</u>
<i>Amortisation of non-current assets</i>					
Plant and equipment under finance lease		(20)	(23)	(20)	(23)
<i>Total amortisation of non-current assets</i>		<u>(20)</u>	<u>(23)</u>	<u>(20)</u>	<u>(23)</u>
<i>Finance costs expensed</i>					
Other loans		(401)	(4)	(1)	(2)
Finance charges paid or payable under finance leases		(48)	(1)	(14)	(1)
<i>Total finance costs expensed</i>		<u>(449)</u>	<u>(5)</u>	<u>(15)</u>	<u>(3)</u>
NOTE 5: INCOME TAX					
(a) The components of tax expense:					
Current tax		705	772	(592)	-
Deferred tax		(129)	27	(1)	(334)
<i>Total income tax expense (benefit)</i>		<u>576</u>	<u>799</u>	<u>(593)</u>	<u>(334)</u>
(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		1,960	2,615	(1,995)	3,387
<i>Total profit before income tax</i>		<u>1,960</u>	<u>2,615</u>	<u>(1,995)</u>	<u>3,387</u>
At the statutory income tax rate of 30% (2008: 30%)		588	784	(599)	1,016
Share based payment		6	15	6	15
Other allowable items		(18)	-	-	-
Non-assessable dividends		-	-	-	(1,365)
<i>Income tax expense (benefit)</i>		<u>576</u>	<u>799</u>	<u>(593)</u>	<u>(334)</u>

EYECARE PARTNERS LIMITED AND CONTROLLED ENTITIES

ACN: 006 505 880

	Note	Consolidated Entity		Parent Entity	
		2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
NOTE 5: INCOME TAX continued					
(c) Deferred tax relates to the following:					
<i>Deferred tax liabilities</i>					
Capitalised costs		(54)	-	-	-
Interest rate Swap		(80)	-	-	-
<i>Deferred tax liabilities</i>		<u>(134)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Deferred tax assets</i>					
Employee benefits		255	117	20	5
Impairment - Debtors		7	-	-	-
Write down - Inventory		39	-	-	-
Accruals		67	55	7	82
Capital raising costs		61	-	61	-
<i>Deferred tax assets</i>		<u>429</u>	<u>172</u>	<u>88</u>	<u>87</u>
<i>(Net) Deferred tax assets/liabilities</i>		<u>295</u>	<u>172</u>	<u>88</u>	<u>87</u>
(d) Deferred income tax related to items charged or credited directly to equity					
Interest Rate Swap		(80)	-	-	-
Capital raising transaction costs		-	102	-	102
		<u>(80)</u>	<u>102</u>	<u>-</u>	<u>102</u>
(e) Current Tax Liability					
Balance at the beginning of the year		713	-	713	-
Current tax		705	772	(592)	-
Over / Under provision from prior year		(36)	-	(36)	772
Transfer of current tax from subsidiaries under Tax Consolidation		-	-	1,297	-
Instalments paid		(752)	(59)	(752)	(59)
Balance at the end of the year		<u>630</u>	<u>713</u>	<u>630</u>	<u>713</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>	30,064	21,129	-	-
<i>Net carrying amount</i>	<u>30,064</u>	<u>21,129</u>	<u>-</u>	<u>-</u>
Year ended 30 June 2008				
<i>Opening net book amount</i>	21,129	-	-	-
Additions	8,935	21,129	-	-
<i>Closing net book value</i>	<u>30,064</u>	<u>21,129</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 7 Optometry practices between 1 and 14 July 2008. (Note 7(a))	609
(b)	Trading profit resulting from the acquisition of 5 Optometry practices on 13 October 2008 with an effective date of 1 October 2008. (Note 7(b))	386
(c)	Trading profit/(loss) resulting from the acquisition of 1 Optometry practice on 19 January 2009 with an effective date of 1 January 2009. (Note 7(c))	(13)
(d)	Trading profit resulting from the acquisition of 1 Optometry practice on 1 February 2009 with an effective date of 1 February 2009. (Note 7(d))	41
(e)	Trading profit resulting from the acquisition of 1 Optometry practice on 1 June 2009. (Note 7(e))	15

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) Between 1 and 14 July 2008, the Company completed the acquisition of 7 optometry practices in the following transaction. The consideration paid is contained in the table below.

Practices	Total Consideration Payable	Issue of Shares	Cash Consideration
7	\$4,997,000	8,312,500	\$3,334,000
	Purchase Consideration		\$000's
	Issued Shares	1,663	
	Cash	3,287	
	Transaction Costs	115	
	Less Entitlements Payment	(68)	
	Net Purchase Consideration	<u>4,997</u>	

Set out below is a pro forma summary of the values of the assets and liabilities of the 7 optometry practices acquired from the various parties as if the transaction had occurred on the effective date 1 July 2008 and 14 July 2008.

Fair Value of Assets and Liabilities acquired

Cash	1
Receivables	61
Inventory	300
Prepayments	4
Deferred Tax Asset	29
Plant & Equipment	675
Payables	(299)
Entitlements	(97)
Net Assets	<u>674</u>
Goodwill	4,323

The above is based on the fair values of assets and liabilities of the acquired businesses as at 1 July 2008 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.

The transaction occurred in conjunction with the payment of acquisition costs including stamp duty and advisory, accounting and legal fees and goodwill on business combination. All prices for shares were based on the market value at the date of the acquisition agreement.

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NOTE 7: ACQUISITIONS DURING PERIOD continued

(b) On 13 October 2008, the Company completed the acquisition of 5 optometry practices in the following transaction with an effective date of 1 October 2008. The consideration paid is contained in the table below.

Practices	Total Consideration Payable	Issue of Shares	Cash Consideration
5	\$3,655,000	501,000	\$3,455,000
		\$000's	
	Purchase Consideration		
	Issued Shares	100	
	Cash	3,356	
	Retention Amount	100	
	Transaction Costs	158	
	Less Entitlements Payment	<u>(59)</u>	
	Net Purchase Consideration	<u>3,655</u>	
	Fair Value of Assets and Liabilities acquired		
	Cash	1	
	Receivables	61	
	Inventory	201	
	Plant & Equipment	373	
	Deferred Tax Asset	25	
	Payables	(18)	
	Entitlements	<u>(84)</u>	
	Net Assets	<u>559</u>	
	Goodwill	3,096	

The above is based on the fair values of assets and liabilities of the acquired businesses as at 1 October 2008 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.

The transaction occurred in conjunction with the payment of acquisition costs including stamp duty and advisory, accounting and legal fees and goodwill on business combination. All prices for shares were based on the market value at the date of the acquisition agreement.

(c) On 19 January 2009, the company completed the acquisition of a company, Focus Optics Pty Ltd, which owned one optometry practice which took effect from 1 January 2009.

Practices	Total Consideration Payable	Issue of Shares	Cash Consideration
1	\$443,000	125,000	\$418,000
		\$000's	
	Purchase Consideration		
	Issued Shares	25	
	Cash	539	
	Transaction Costs	21	
	Less Lease Payment	(102)	
	Less Entitlements Payment	<u>(40)</u>	
	Net Purchase Consideration	<u>443</u>	

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NOTE 7: ACQUISITIONS DURING PERIOD continued

Fair Value of Assets and Liabilities acquired

Cash	64
Receivables	54
Inventory	62
Plant & Equipment	116
Payables	(213)
Entitlements	(57)
	<hr/>
Net Assets	<u>26</u>
Goodwill	417

The above is based on the fair values of assets and liabilities of the acquired businesses as at 1st January 2009 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.

The transaction occurred in conjunction with the payment of acquisition costs including stamp duty and advisory, accounting and legal fees and goodwill on business combination. All prices for shares were based on the market value at the date of the acquisition agreement.

(d) On 1 February 2009, the company completed the acquisition of one optometry practice. The consideration paid for the transaction is noted below.

<u>Practices</u>	<u>Total Consideration Payable</u>	<u>Issue of Shares</u>	<u>Cash Consideration</u>
1	\$652,000	315,000	\$589,000

Purchase Consideration	\$000's
Issued Shares	63
Cash	567
Transaction Costs	29
Less Entitlements Payment	(7)
Net Purchase Consideration	<u>652</u>

Fair Value of Assets and Liabilities acquired

Receivables	10
Inventory	27
Plant & Equipment	97
Deferred tax asset	3
Payables	(12)
Entitlements	(10)
	<hr/>
Net Assets	<u>115</u>
Goodwill	537

The above is based on the fair values of assets and liabilities of the acquired business as at 1 February 2009 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.

The transaction occurred in conjunction with the payment of acquisition costs including stamp duty and advisory, accounting and legal fees and goodwill on business combination. All prices for shares were based on the market value at the date of the acquisition agreement.

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NOTE 7: ACQUISITIONS DURING PERIOD continued

(e) On 1 June 2009, the company completed the acquisition of one optometry practice. The consideration paid for the transaction is noted below.

Practices	Total Consideration Payable	Issue of Shares	Cash Consideration
1	\$744,000	0	\$697,000
Purchase Consideration			
		\$000's	
Cash		697	
Retention Amount		40	
Net Purchase Consideration		<u><u>737</u></u>	
Fair Value of Assets and Liabilities acquired			
Inventory		165	
Plant & Equipment		70	
Net Assets		<u><u>235</u></u>	
Goodwill		502	

The above is based on the fair values of assets and liabilities of the acquired businesses as at 1 June 2009 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.

The transaction occurred in conjunction with the payment of acquisition costs including stamp duty and advisory, accounting and legal fees and goodwill on business combination. All prices for shares were based on the market value at the date of the acquisition agreement.

(f) Other costs were incurred during the year in relation to prior acquisitions totalling \$60,000.

	Note	Consolidated Entity		Parent Entity	
		2009	2008	2009	2008
		\$'000	\$'000	\$'000	\$'000
NOTE 8: DIVIDENDS ON ORDINARY SHARES					
(a) Dividends paid during the year					
(i) Current year interim		-	(508)	-	(508)
Franked dividends (2008: 0.04 cents per share)		-	-	-	-
(ii) Previous year final		(763)	-	(763)	-
Franked dividends (NIL)		-	-	-	-
(b) Dividends proposed and not recognised as a liability					
Franked dividends (2008: 0.06 cents per share)		-	-	-	-
(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:		792	276	792	276
Impact on the franking account of dividends recommended by the directors since the year end but not recognised as a liability at year end		-	(327)	-	(327)

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	Note	Consolidated Entity		Parent Entity	
		2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
NOTE 9: RECEIVABLES					
CURRENT					
Trade receivables		966	761	3	4
Provision for doubtful debts		(24)	(17)	-	-
		<u>942</u>	<u>744</u>	<u>3</u>	<u>4</u>
NOTE 10: INVENTORIES					
CURRENT					
Raw materials at cost		2,321	1,308	-	-
Provision for stock obsolescence		(130)	(43)	-	-
Total inventories		<u>2,191</u>	<u>1,265</u>	<u>-</u>	<u>-</u>
NOTE 11: OTHER FINANCIAL ASSETS					
NON-CURRENT					
Interest Rate Swap at fair value (hedge asset)		267	-	-	-
Investment in Eyecare Plus Limited at cost		239	131	239	131
		<u>506</u>	<u>131</u>	<u>239</u>	<u>131</u>
NOTE 12: OTHER ASSETS					
CURRENT					
Prepayments		231	261	23	25
Intra-group Loans receivables	27	-	-	27,999	27,106
		<u>231</u>	<u>261</u>	<u>28,022</u>	<u>27,131</u>
NOTE 13: PROPERTY PLANT AND EQUIPMENT					
(a)					
Plant & equipment					
At cost		4,554	1,891	178	116
Accumulated depreciation		(823)	(280)	(37)	(10)
	13(b)	<u>3,731</u>	<u>1,611</u>	<u>141</u>	<u>106</u>
Leased plant and equipment					
Capitalised leased assets		104	104	104	104
Accumulated amortisation		(43)	(23)	(43)	(23)
	13(b)	<u>61</u>	<u>81</u>	<u>61</u>	<u>81</u>
Total plant and equipment		<u>3,792</u>	<u>1,692</u>	<u>202</u>	<u>187</u>

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	Note	Consolidated Entity		Parent Entity	
		2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
NOTE 13: PROPERTY PLANT AND EQUIPMENT continued					
(b) Reconciliations					
Reconciliations of the carrying amounts of property, plant and equipment at the beginning and end of the current financial year.					
<i>Plant and equipment under lease</i>					
Carrying amount at 1 July 2008		81	-	81	-
Additions		-	104	-	104
Depreciation expense		(20)	(23)	(20)	(23)
Carrying amount at 30 June 2009		<u>61</u>	<u>81</u>	<u>61</u>	<u>81</u>
<i>Plant and equipment</i>					
Carrying amount at 1 July 2008		1,611	21	106	21
Additions		1,332	423	62	114
Disposals		-	(19)	-	(19)
		1,331	1,375	-	-
Additions through acquisition of entities / operations					
Depreciation expense		(543)	(189)	(27)	(10)
Carrying amount at 30 June 2009		<u>3,731</u>	<u>1,611</u>	<u>141</u>	<u>106</u>
NOTE 14: PAYABLES					
CURRENT					
Trade payables		<u>1,920</u>	<u>649</u>	<u>164</u>	<u>24</u>
		<u>1,920</u>	<u>649</u>	<u>164</u>	<u>24</u>
NOTE 15: BORROWINGS					
CURRENT					
Bill Facility		1,698	-	-	-
Lease liability	21	<u>56</u>	<u>21</u>	<u>20</u>	<u>21</u>
		<u>1,754</u>	<u>21</u>	<u>20</u>	<u>21</u>
NON-CURRENT					
Bill Facility		5,063	-	-	-
Lease liability	21	<u>182</u>	<u>61</u>	<u>50</u>	<u>61</u>
		<u>5,245</u>	<u>61</u>	<u>50</u>	<u>61</u>
A fixed and floating charge is in place over all assets in the group.					
Guarantees and indemnity are also provided by all entities for finance facilities amounting to \$11.7m.					
NOTE 16: PROVISIONS					
CURRENT					
Employee benefits		<u>757</u>	<u>261</u>	<u>64</u>	<u>16</u>
		<u>757</u>	<u>261</u>	<u>64</u>	<u>16</u>
NON-CURRENT					
Employee benefits		<u>93</u>	<u>129</u>	<u>1</u>	<u>-</u>
Aggregate employee benefits liability		<u>850</u>	<u>390</u>	<u>65</u>	<u>16</u>

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NOTE 17: CONTRIBUTED EQUITY

		2009	2008
		\$'000	\$'000
Issued and Paid Up Capital		24,778	22,918
	Note	Number of	\$000's
		Shares	
Balance 1 July 2008		127,052,995	22,918
Shares Issued pursuant to Acquisition Agreements (\$0.20 each)	17(a)	8,312,500	1,663
Shares Issued pursuant to Acquisition Agreement (\$0.20 each)	17(b)	501,000	100
Shares Issued pursuant to Acquisition Agreement (\$0.20 each)	17(c)	125,000	25
Shares Issued pursuant to Acquisition Agreement (\$0.20 each)	17(d)	315,000	63
Shares Issued under Employee Share Ownership Program (\$0.20 each)	17(e)	69,060	12
Balance 30 June 2009		136,375,555	24,781
Transaction costs (net of taxation)			(3)
Balance 30 June 2009			<u>24,778</u>

- (a) Issued as consideration for the acquisition of 7 practices pursuant to Acquisition Agreements with various Vendors and completed on 1 July 2008.
- (b) Issued as consideration for the acquisition of 1 practice pursuant to Acquisition Agreements with various Vendors and completed on 1 October 2008.
- (c) Issued as consideration for the acquisition of 1 practice pursuant to Acquisition Agreements with various Vendors and completed on 1 January 2009.
- (d) Issued as consideration for the acquisition of 1 practice pursuant to Acquisition Agreements with various Vendors and completed on 1 February 2009.
- (e) Issued under Employee Share Ownership Program on 31 December 2009.

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
Employee Option Scheme	30 November 2011	20 cents	1,281,000

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
Employee Option Scheme	30 November 2011	20 cents	1,281,000

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

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.

Capital Management

When managing capital, managements objective is to ensure the company continues as a going concern as well as to maintain optimal returns to shareholders.

During 2009, management paid dividends of \$763,000 (2008: \$508,000).

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	Note	Consolidated Entity		Parent Entity	
		2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
NOTE 18: RESERVES					
Options reserve	18(a)	2,516	2,395	2,516	2,395
Forfeited shares reserve	18(b)	-	-	-	-
Cash Flow Hedge Reserve	18(c)	185	-	-	-
		<u>2,701</u>	<u>2,395</u>	<u>2,516</u>	<u>2,395</u>

(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		2,395	-	2,395	-
Movement during the year		121	2,395	121	2,395
Balance at end of year		<u>2,516</u>	<u>2,395</u>	<u>2,516</u>	<u>2,395</u>

(b) Forfeited Shares Reserve

(i) Nature and purpose of reserve

This reserve is 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
Movement during the year		-	(244)	-	(244)
Balance at end of year		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

(c) Cash Flow Hedge Reserve

(i) Nature and purpose of reserve

This reserve is used to record the cash flow hedge amounts from an interest rate swap

(ii) Movements in reserve

Balance at the beginning of year		-	-	-	-
Movement during the year (net of tax)		185	-	-	-
Balance at end of year		<u>185</u>	<u>-</u>	<u>-</u>	<u>-</u>

NOTE 19: RETAINED EARNINGS

Retained earnings	19(a)	1,502	881	621	2,786
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(a) Retained earnings

Balance at the beginning of year		881	(16,828)	2,786	(16,828)
Net profit attributable to members of Eyecare Partners Limited		1,384	1,816	(1,402)	3,721
Effect of Cancellation of Capital		-	16,401	-	16,401
Total available for appropriation		<u>2,265</u>	<u>1,389</u>	<u>1,384</u>	<u>3,294</u>
Dividends paid	8	<u>(763)</u>	<u>(508)</u>	<u>(763)</u>	<u>(508)</u>
Balance at end of year		<u>1,502</u>	<u>881</u>	<u>621</u>	<u>2,786</u>

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	Note	Consolidated Entity		Parent Entity	
		2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
NOTE 20: CASH FLOW INFORMATION					
(a) Reconciliation of the net profit after tax to the net cash flows from operations:					
Net profit		1,384	1,816	(1,402)	3,721
<i>Non Cash Items</i>					
Depreciation and amortisation		563	212	47	33
Non-Cash Share based payments		84	144	84	144
Employee Provisions		48	-	14	-
Dividend not received in cash		-	-	-	(4,550)
Changes in tax balances processed directly in equity		(80)	-	-	-
<i>Changes in assets and liabilities</i>					
(Increase)/decrease in trade receivables		(12)	(439)	1	4
(Increase)/decrease in inventory		(171)	(104)	-	-
(Increase) decrease in deferred tax assets		(66)	-	(1)	-
(Increase)/decrease in other assets		34	124	3	360
(Decrease)/increase in trade and other creditors		627	86	140	(221)
(Decrease)/increase in income tax		(83)	639	(83)	(334)
(Decrease)/increase in employee entitlements		212	(94)	49	14
Net cash flow from operating activities		<u>2,540</u>	<u>2,384</u>	<u>(1,148)</u>	<u>(829)</u>
(b) Reconciliation of cash					
Cash balance comprises:					
Cash at bank		<u>1,359</u>	<u>2,631</u>	<u>290</u>	<u>1,394</u>
Closing cash balance		<u>1,359</u>	<u>2,631</u>	<u>290</u>	<u>1,394</u>
(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 \$10.5m (2008: \$6.82m). As at 30 June 2009 the consolidated entity has used \$6.76m (2008: Nil) of the facility.					
NOTE 21: 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		1,839	1,208	78	3
Later than one year and not later than five years		<u>4,866</u>	<u>5,365</u>	<u>162</u>	<u>3</u>
Aggregate lease expenditure contracted for at reporting date		<u>6,705</u>	<u>6,573</u>	<u>240</u>	<u>6</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		77	26	26	26
Later than one year and not later than five years		<u>209</u>	<u>81</u>	<u>55</u>	<u>81</u>
Total minimum lease payments		<u>286</u>	<u>107</u>	<u>81</u>	<u>107</u>
Future finance charges		48	25	11	25
Present value of minimum lease payment					
Current liability	15	56	21	20	21
Non current liability	15	182	61	50	61

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NOTE 22: 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 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 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 accounting standards, the payments for deferred purchase consideration will be treated as capital in nature.

Note	Consolidated Entity	
	2009	2008
	\$'000	\$'000

NOTE 23: EARNINGS PER SHARE

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

Net profit	1,384	1,816
Earnings used in calculating basic and diluted earnings per share	<u>1,384</u>	<u>1,816</u>

	Consolidated Entity	
	2009	2008
	No of Shares	No of Shares
Weighted average number of ordinary shares used in calculating basic earnings per share	133,156,840	112,813,806
Effect of dilutive securities:		
Share options	<u>49,573,042</u>	<u>42,632,634</u>
Adjusted weighted average number of ordinary shares used in calculating diluted earnings per share	<u>182,729,882</u>	<u>155,446,440</u>

NOTE 24: 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
Tracey Hutchinson	Chief Financial Officer
Mark Overton	General Manager Practice Operations

The position of Chairman changed from Non-Executive to Executive in May 2009, due to the provision of optometric services by the Chairman.

(b) Compensation of Directors and 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 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 fixed 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 Executive Directors, key management and shareholder interests. In addition to being aligned to Company performance the remuneration is 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 may be provided with fully paid Shares for no consideration in addition to their current remuneration. The company determines the number of Shares to be allocated in each financial year. It is anticipated that employees participating in the offer under this Plan will receive Shares of a value of \$1,000.

The Shares are sourced from new issues of Shares or be purchased at market price. The Shares rank equally in all respects with the existing Shares of the Company. It is intended that the Shares are be held by a trustee on behalf of each participating employee for ten years or until the employee leaves the employment of the company.

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.

Eligible Employees - All full time and 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.

Deferred Share Plan

The Deferred Share Plan allows Shares to be acquired by or issued to eligible employees and senior management. All full time and 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. This may be the result of 'salary sacrifice', 'bonus sacrifice', other payment/reward arrangements or for nil consideration. The awards of Shares under the Deferred Share Plan are 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).

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).

NOTE 24: DIRECTORS' AND EXECUTIVES' COMPENSATIONS continued

The shares issued under the Plan are new Shares or, shares acquired on market. The Plan permits the Company to provide financial assistance to employees, with both any interest free loans to employees for the sole purpose of 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 exercise 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.

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 or employee until the performance criteria have been 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.

NOTE 25: DIRECTORS' AND EXECUTIVES' EQUITY HOLDINGS**(a) Compensation Options: Granted and vested during the year (Consolidated)**

There were no Options granted to Directors or Executives during the year.

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

The Company obtains independent valuations for options granted to Directors and Executives. 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

ACN: 006 505 880

NOTE 25: DIRECTORS' AND EXECUTIVES' EQUITY HOLDINGS continued

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

2007/2008	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								
<i>Finian Brendan MacCana</i>	NIL	1,300,000	-	833,334	2,133,334	2,133,334	2,133,334	-
<i>Anthony Charles Larkin</i>	NIL	200,000	-	-	200,000	-	-	200,000
<i>Sandra Dell Andersen</i>	NIL	1,300,000	-	316,667	1,616,667	316,667	316,667	1,300,000
<i>Raymond John Fortescue</i>	NIL	-	-	4,013,612	4,013,612	910,000	910,000	3,103,612
<i>Anthony John Hanks</i>	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								
<i>David Munday</i>	NIL	200,000	-	(200,000)	-	-	-	-
<i>Nolan Stevens</i>		100,000	-	(100,000)	-	-	-	-
<i>George Salib</i>	NIL	-	-	-	-	-	-	-
Total	-	300,000	-	(300,000)	-	-	-	-

**Note: Net change includes options forfeited due to the executives not 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*

2008/2009	Balance 01 /07/2008	Granted as remuneration	Options exercised*	Net change other*	Balance 30/06/09	Total vested 30/06/09	Total Exercisable 30/06/09	Total Unexercisable 30/06/09
Directors								
<i>Finian Brendan MacCana</i>	2,133,334	-	-	-	2,133,334	2,133,334	2,133,334	-
<i>Anthony Charles Larkin</i>	200,000	-	-	-	200,000	200,000	200,000	-
<i>Sandra Dell Andersen</i>	1,616,667	-	-	(316,667)	1,300,000	1,300,000	1,300,000	-
<i>Raymond John Fortescue</i>	4,013,612	-	-	-	4,013,612	2,506,807	2,506,807	1,506,806
<i>Anthony John Hanks</i>	11,774,595	-	-	-	11,774,595	6,220,631	6,220,631	5,553,964
Total	19,738,208	-	-	(316,667)	19,421,541	12,360,772	12,360,772	7,060,770
Executives								
<i>Tracey Hutchinson</i>	-	-	-	-	-	-	-	-
<i>Mark Overton</i>	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-

EYECARE PARTNERS LIMITED AND CONTROLLED ENTITIES

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(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.

2007/2008	Balance 01 /07/2007	Granted as remuneration	Options exercised	Net change other	Balance 30/06/08
Directors					
Finian Brendan MacCana	NIL	-	-	1,649,716	1,649,716
Anthony Charles Larkin	NIL	-	-	-	-
Sandra Dell Andersen	NIL	-	-	2,329,647	2,329,647
Raymond John Fortescue	NIL	-	-	9,351,379	9,351,379
Anthony John Hanks	NIL	-	-	28,346,220	28,346,220
Total	NIL	-	-	41,676,962	41,676,962
Executives					
David Munday	NIL	-	-	-	-
Nolan Stevens	NIL	-	-	-	-
George Salib	NIL	-	-	-	-
Total	NIL	-	-	-	-

2008/2009	Balance 01 /07/2008	Granted as remuneration	Options exercised	Net change other	Balance 30/06/09
Directors					
Finian Brendan MacCana	1,649,716	-	-	628,420	2,278,136
Anthony Charles Larkin	-	-	-	-	-
Sandra Dell Andersen	2,329,647	-	-	1,578,831	3,908,478
Raymond John Fortescue	9,351,379	-	-	-	9,351,379
Anthony John Hanks	28,346,220	-	-	-	28,346,220
Total	41,676,962	-	-	2,207,251	43,884,213
Executives					
Tracey Hutchinson	-	-	-	-	-
Mark Overton	-	-	-	-	-
Total	-	-	-	-	-

EYECARE PARTNERS LIMITED AND CONTROLLED ENTITIES

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	Notes	Consolidated Entity		Parent Entity	
		2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
NOTE 26: 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	76	95	76	95	
Other non-audit services					
– Taxation services	16	4	16	4	
	92	99	92	99	

NOTE 27: 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	
		2009	2008
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%	100%
Eyelink Pty Ltd ⁽²⁾	Australia	100%	100%
EPL Finance Pty Ltd ⁽³⁾	Australia	100%	100%
Focus Optics Pty Ltd ⁽⁴⁾	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.

⁽⁴⁾ Focus Optics Pty Ltd was acquired on 20 January 2009.

(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 has a wholly owned subsidiary, Eyecare Operations Pty Ltd. Its investment amounts to \$1 and Eyecare Partners Limited has also loaned \$34,225,877 to Eyecare Operations Pty Ltd.

The group has a wholly owned subsidiary, EyeQ Optometrists Pty Ltd. Its investment amounts to \$2,660,000 and intercompany loans of \$100,107 have been made to EyeQ Optometrists Pty Ltd.

Eyecare Partners Limited has a wholly owned subsidiary, EPL Finance Pty Ltd. EPL Finance Pty Ltd has loaned \$6,353,157 to Eyecare Partners Limited

The group purchased a wholly owned subsidiary Focus Optics Pty Ltd on 20 January 2009. Its investment amounts to \$427,220 and intercompany loans of \$106,508 have been made to Focus Optics Pty Ltd.

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 Securities Exchange were repaid. The repayment was effected as a part of the re-listing process.

EYECARE PARTNERS LIMITED AND CONTROLLED ENTITIES

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NOTE 27: RELATED PARTY DISCLOSURES continued

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:

Name	Purpose	Amount
Anthony Hanks	Supervisory Fee for 11 practices	116,781
Anthony Hanks	Rental of premises	164,678
Anthony Hanks	Provision of temporary staff & other operating expenses	224,922
Raymond Fortescue	Rental of premises	156,376
Finian MacCana	Provision of Optometry services	18,672

NOTE 28: SEGMENT INFORMATION

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

NOTE 29: FINANCIAL RISK MANAGEMENT

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

(a) 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.

As at 30 June 2009, the aging of trade receivables is as follows:

	Consolidated Entity 2009 \$'000	Consolidated Entity 2008 \$'000	Parent Entity 2009 \$'000	Parent Entity 2008 \$'000
1 to 30 days	800	663	3	4
31 to 60 days	76	47	-	-
61 to 90 days	34	26	-	-
91 plus days	54	24	-	-
Past Due and considered impaired	(22)	(16)	-	-
Total	942	744	3	4

Trade receivables are non-interest bearing and are generally on 30 to 60 day terms. A provision for impairment loss is recognised when there is objective evidence that an individual trade receivable is impaired. A provision against impairment for the amount of \$22,000 has been raised against the balance of trade receivables for 2009.

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.

EYECARE PARTNERS LIMITED AND CONTROLLED ENTITIES

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NOTE 29: FINANCIAL RISK MANAGEMENT continued

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.

(b) Liquidity risk

Liquidity risk arises from the risk that the group may encounter difficulties raising funds to meet commitments associated with financial instruments.

Cash flow budgets are prepared and reviewed on a regular basis by management to ensure sufficient cash flows are maintained to meet financial commitments.

Consolidated Entity

Year Ended 30 June 2009		< 6 Months \$'000	6-12 Months \$'000	1-5 Years \$'000	>5 Years \$'000	Total \$'000
<i>Financial Assets</i>						
Cash and cash Equivalents	19	1,359	-	-	-	1,359
Trade Receivables	9	942	-	-	-	942
Total Anticipated Inflows		2,301	-	-	-	2,301
<i>Financial Liabilities</i>						
Trade and other payables	14	1,920	-	-	-	1,920
Borrowings	15	-	1,754	5,245	-	6,999
Finance lease liability		-	56	182	-	238
Total Anticipated Outflows		1,920	1,810	5,427	-	9,157

Parent Entity

Year Ended 30 June 2009		< 6 Months \$'000	6-12 Months \$'000	1-5 Years \$'000	>5 Years \$'000	Total \$'000
<i>Financial Assets</i>						
Cash and cash Equivalents	19	290	-	-	-	290
Trade Receivables	9	3	-	-	-	3
Total Anticipated Inflows		293	-	-	-	293
<i>Financial Liabilities</i>						
Trade and other payables	14	164	-	-	-	164
Borrowings	15	-	20	50	-	70
Total Anticipated Outflows		164	20	50	-	234

Consolidated Entity

Year Ended 30 June 2008		< 6 Months \$'000	6-12 Months \$'000	1-5 Years \$'000	>5 Years \$'000	Total \$'000
<i>Financial Assets</i>						
Cash and cash Equivalents	19	2,631	-	-	-	2,631
Trade Receivables	9	744	-	-	-	744
Total Anticipated Inflows		3,375	-	-	-	3,375
<i>Financial Liabilities</i>						
Trade and other payables	14	649	-	-	-	649
Borrowings	15	-	21	61	-	82
Total Anticipated Outflows		649	21	61	-	731

EYECARE PARTNERS LIMITED AND CONTROLLED ENTITIES

ACN: 006 505 880

NOTE 29: FINANCIAL RISK MANAGEMENT continued

Parent Entity

Year Ended 30 June 2008		< 6 Months \$'000	6-12 Months \$'000	1-5 Years \$'000	>5 Years \$'000	Total \$'000
<i>Financial Assets</i>						
Cash and cash Equivalents	19	1,394	-	-	-	1,394
Trade Receivables	9	4	-	-	-	4
Total Anticipated Inflows		1,398	-	-	-	1,398
<i>Financial Liabilities</i>						
Trade and other payables	14	24	-	-	-	24
Borrowings	15	-	21	61	-	82
Total Anticipated Outflows		24	21	61	-	106

(c) Fair values

The fair value of financial assets and liabilities approximate their carrying amounts as disclosed in the Balance Sheet and Notes to the financial statements.

EYECARE PARTNERS LIMITED AND CONTROLLED ENTITIES

ACN: 006 505 880

NOTE 29: FINANCIAL RISK MANAGEMENT continued

(d) Interest Rate Risk

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

The consolidated entity is also exposed to interest rate volatility on debt. To minimise this exposure a fixed interest payer interest rate swap has been entered into to provide a hedge against any interest rate volatility.

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:													
	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		Weighted average effective interest rate	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000	2008 \$'000	2007 \$'000	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000	2009 %	2008 %
<i>(i) Financial assets</i>														
Cash	1,359	2,631	-	-	-	-	-	-	-	-	1,359	2,631	5.8	7.1
Trade and other receivables	-	-	-	-	-	-	-	-	942	744	942	744	-	-
Total financial assets	1,359	2,631	-	-	-	-	-	-	942	744	2,301	3,375	-	-
<i>(ii) Financial liabilities</i>														
Trade creditors	-	-	-	-	-	-	-	-	1,920	649	1,920	649	-	-
Finance lease liability	-	-	56	21	182	61	-	-	-	-	238	82	9.65	9.65
Interest bearing loans	-	-	1,698	-	5,063	-	-	-	-	-	6,761	-	4.59	-
Non-interest bearing loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total financial liabilities	-	-	1,754	21	5,245	61	-	-	1,920	649	8,919	731	-	-

NOTE 29: FINANCIAL RISK MANAGEMENT continued**(d) Interest Rate Risk continued**

Sensitivity Analysis on Interest Rate Swap

For a one percent movement in exchange rates the following profit and loss effect would be:

	+ 1% movement	-1% movement
Principle Value \$5,000,000	\$500 gain	\$99,500 loss

NOTE 30: SUBSEQUENT EVENTS

As at the date of reporting there were no material events subsequent to the end of the financial that require disclosure and recognition in the annual financial statements.

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 2009.

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



Sandra Dell Andersen
Director

Melbourne
Date 28 August 2009

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 2009, 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 and 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 of 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.

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 2009 and of their 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.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 10 to 11 of the directors' report for the year ended 30 June 2009. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion the Remuneration Report of Eyecare Partners Limited and controlled entities for the year ended 30 June 2009, complies with section 300A of the *Corporations Act 2001*.



T J BENFOLD
Partner
28 August 2009



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 25 August 2009

Information included in the last notices lodged pursuant to section 617B of the Corporations Act as at 25 August 2009.

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	20.83	24.1	6/08/2007
Jaianti Pty Ltd and associated entities	25,978,704	19.09	22.1	6/08/2007
Wetahall Pty Ltd	9,601,379	7.06	8.2	6/08/2007
Ludeba Pty Ltd	9,294,567	6.83	7.9	6/08/2007

Shareholders as at 25 August 2009

All shares are fully paid ordinary shares. The number of issued shares as at 25 August 2009 was 136,060,555 held by 548 shareholders whose voting rights are one vote for each share held.

Range	Total holders	Units	% Issued Capital
1-1,000	60	27,860	0.02
1,001-5,000	86	300,496	0.22
5,001-10,000	125	1,114,450	0.82
10,001-100,000	196	6,885,856	5.06
100,001-9,999,999,999	81	127,731,893	93.88
Rounding Total	548	136,060,555	100.00

Twenty Largest Shareholders as at 25 August 2009

Rank	Name	Units	% of Issued Capital
1.	DR ANTHONY JOHN HANKS + MRS VICKI JOYCE HANKS	14,506,443	10.66
2.	BIPALO PTY LTD <THE BAYVIEW A/C>	12,500,000	9.19
3.	DR ANTHONY JOHN HANKS + MRS VICKI JOYCE HANKS	9,339,776	6.86
4.	BIPALO PTY LTD <P & L ROSE FAMILY A/C>	7,364,537	5.41
5.	WETAHALL PTY LTD <STRONGSHIELD SUPER FUND A/C>	6,398,772	4.70
6.	JAIANTI PTY LTD <ROSE SUPERANNUATION FUND A/C>	6,114,167	4.49
7.	LUDEBA PTY LTD <FLANDERS FAMILY A/C>	4,764,831	3.50
8.	LUDEBA PTY LTD <MARK H FLANDERS S/F A/C>	4,529,736	3.33
9.	UTADA PTY LTD <UTADA SUPER FUND A/C>	4,500,000	3.31
10.	MR PETER GREGORY ANDERSEN + MRS SANDRA DELL ANDERSEN <ANDERSEN FAMILY S/FUND A/C>	3,710,991	2.73
11.	WETAHALL PTY LTD <THE FORTESCUE FAMILY A/C>	3,202,607	2.35
12.	NATALIE ROKIC OPTOMETRIST PTY LTD	3,031,076	2.23
13.	MR ADRIAN ROSSITER	2,625,000	1.93
14.	MS CLARE ROSSITER	2,625,000	1.93
15.	TOBEL PTY LTD <THE TOBEL A/C>	2,444,889	1.80
16.	O'MARA MANAGEMENT PTY LTD <O'MARA MANAGEMENT A/C>	2,333,333	1.71
17.	MR ALLAN GEOFFREY JOHN CAMERON	2,250,000	1.65
18.	MS AMANDA MACKNIGHT	2,250,000	1.65
19.	MANY SANDS PTY LTD <CORNALE A/C>	2,117,617	1.56
20.	DR DAMIEN PATRICK SMITH + MRS HELEN ELIZABETH SMITH <DAMHEL SUPER FUND A/C>	1,937,500	1.42
Totals: Top 20 Holders of ISSUED CAPITAL		98,546,275	72.43
Total Remaining Holders Balance		37,514,280	27.57