FORM 10KSB

Annual and transition reports of small business issuers [Section 13 or 15(d), not S-B Item 405]

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SURGILIGHT INC

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SIC: **3845** Electromedical & electrotherapeutic apparatus

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SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-KSB

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACTS OF 1934
For the fiscal year ended: December 31, 2004
Commission File Number: 0-24897

SurgiLight, Inc.
(Exact name of Registrant as specified in its charter)

Florida	35-1990562
(State or other Jurisdiction of Incorporation or Organization)	(IRS Employer Number)

12001 Science Drive, Suite 140
Orlando, FL 32826
(Address of Principal Executive Offices)

(407) 482-4555
(Registrant's Telephone Number, including Area Code)

Securities registered pursuant to Section 12(b) of the Act:
Common Stock, $0.0001 Par Value
Common Stock Purchase Rights
(Title of Class)

Over The Counter Bulletin Board (OTCBB)e
(Name of Exchange on Which Registered)

Securities registered pursuant to Section 12(g) of the Act:
None.

Indicate by check mark whether the registrant: (1)has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.
Yes X No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form10-K.

The aggregate market value of the voting Common Stock held by non-affiliates of the registrant as of April 25, 2005 was approximately $3,264,717 based on the $0.06 per share closing price of the Common Stock on the Over The Counter Bulletin Board

composite transactions tape. The number of shares of Common Stock outstanding as of April 25, 2005 was approximately 54,411,958.

Forward Looking Statements

In addition to historical information, this Annual Report contains forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended, and Section 27A of the Securities Act of 1933, as amended. When used in this Annual Report, the words "believe," "may," "will," "should," "expect," "anticipate," "plan", "continue," "estimate," "project" or "intend" and similar expressions identify forward-looking statements regarding events, conditions and financial trends in connection with our future plan of operations, business strategy, operating results and financial position. Current shareholders and prospective investors are cautioned that any forward-looking statements are not guarantees of future performance. Such forward-looking statements by their nature involve substantial risks and uncertainties, certain of which are beyond our control, and actual results for future periods could differ materially from those discussed in this Annual Report, depending on a variety of important factors that include, but are not limited to, those discussed in the section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations - Factors that May Affect Further Results and Market Price of Our Stock" and elsewhere in this Report. Readers are cautioned not to place undue reliance on these forward-looking statements, which reflect management's opinions only as of the date hereof. We undertake no obligation to revise or publicly release the results of any revision to these forward-looking statements.

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PART I
Item 1. Description of Business

General

SurgiLight, Inc. ("the Company" or "SurgiLight") sells ophthalmic lasers and related products and services based on its own and licensed intellectual property, primarily for use in refractive and presbyopia procedures.

We were originally incorporated on July 31, 1996, under the name MAS Acquisition III Corporation. SurgiLight, a Florida corporation ("SurgiLight Florida") was originally incorporated in May 1998. In September 1998, we acquired the assets of Plantation at Plantation, Florida from LCA Vision, Inc. In November of 1998, SurgiLight, Inc., a Delaware corporation ("SurgiLight Delaware"), was formed to acquire the technologies and laser centers associated with lasers for applications in ophthalmology, dermatology, industrial and military markets. In February 1999, we acquired all shares, technologies, assets and business of Photon Data, Inc. ("PDI"), a Florida corporation since 1993, in exchange for 16,280,000 shares of the Company's common shares.

On April 8, 1999, we merged with SurgiLight Delaware. We were the surviving corporation in the merger and, in connection with the merger, changed our name to SurgiLight, Inc. The merger was effected as a reverse merger whereby each share of common stock of SurgiLight Delaware that was outstanding as of the merger was converted into a share of common stock of the new SurgiLight, Inc. (f/k/a MAS Acquisition III Corp.). We issued a total of approximately 2.2 million shares to the existing shareholders of MAS Acquisition III under the merger.

On March 31, 1999, SurgiLight Florida merged into MAS Acquisition III Corporation and, subsequently, we acquired all of the outstanding shares of AMLSI (formerly known as Advanced Marketing Technology, Inc.), a Florida

corporation, by issuing shares of our common stock, which were to be delivered, based on selected performance criteria. Mr. Paul Miano, the president of AMLSI, was appointed as Vice President of Cosmetic Laser Centers and a Member of our Board of Directors. In April 1999, a portion of these shares were delivered to the shareholders of AMLSI and the remainder was escrowed by the Company to be held in escrow until AMLSI met its performance criteria. In January 2000, Mr. Miano and his group bought back 55% of AMLSI in exchange for shares of our common stock. We then canceled these shares. Subsequently, we reacquired the remaining 55% interest in AMLSI.

Mr. Miano has filed litigation against us alleging a breach of contract for our alleged failure to pay up to $1 million of working capital (see Item 3 - Legal Proceedings). This dispute could affect our ability to control AMLSI if found to have merit as Mr. Miano claims, as a result of the dispute, that he owns 55% of AMLSI. We, based on advice of legal counsel, believe that AMLSI is a wholly owned subsidiary and, accordingly have consolidated the accounts of AMLSI in our financial statements. There can be no guarantee we will prevail on the dispute.

At December 31, 2002 Mr. Miano ceased any business operations of AMLSI and transferred the existing assets to a newly formed entity without our consent or knowledge. To the best of our knowledge, the remaining asset of AMLSI at that date is as follows: Cash - escrowed account, $264,477. We are not aware of any liabilities for which we are responsible. In January 2004, we filed suit seeking recovery of the value of the assets transferred plus additional statutory damages. In February 2004, Miano revised his claims and added certain officers and directors of SurgiLight to the litigation.

Our common stock started to trade on OTCBB on November 1, 1999, and was split two for one on January 27, 2000. Accordingly, all share and per share information has been adjusted retroactively for the effect of this split.

In October 2000, we acquired the inventory, intellectual properties and the technology of the ophthalmic laser division of Premier Laser Systems ("Premier") for the purchase price of $3,745,000, which was satisfied entirely by cash payments. The main component of this inventory acquisition and technology (including 14 granted patents and 13 pending patents) is an infrared erbium laser, which is now the product supporting the core business of SurgiLight's lasers in presbyopia clinical trials. On December 26, 2001, we became the successor to Premier under a bankruptcy court decision. At that date, we acquired several additional technologies including two diode based lasers and approximately $3 million in additional inventory of the infrared erbium laser for $1.7 million, consisting of $350,000 in cash and $1,350,000 in registered stock.

In November 2001, the Company approved a reincorporation from a Delaware corporation into a Florida corporation through a merger with our wholly owned Florida subsidiary. The merger was completed on February 11, 2002, and we are now a Florida corporation.

The Board of Directors has determined that we should focus on presbyopia as our core business product; therefore in March 2002 we signed a binding letter of intent to sell the remote international laser center's assets and liabilities in China, Vietnam and Egypt. The purchaser, Orlando-based Tao Enterprises, agreed to pay $332,000 for the assets, with up to an additional $50,000 to be based on clinic revenues. The Company's founder, former CEO and significant shareholder J.T. Lin serves as beneficial owner of Tao Enterprises. At this date, Tao Enterprises has defaulted on its installment payments beginning with

the payment due February 15, 2003 for $83,000. Accordingly, we have previously written off the entire $158,000 remaining balance as uncollectible and have referred the delinquency to an outside agency for collection.

Our corporate address is: SurgiLight, Inc. 12001 Science Drive, Suite 140, Orlando, Florida 32826. Our phone number is (407) 482-4555, and our facsimile number is (407) 482-0505. Our e-mail address is: surgilight19@aol.com, and our Web site is located at www.surgilight.com.

Industrial Background

Lasers have been used in various medical and industrial applications over the past twenty years. Lasers with wavelengths ranging from ultraviolet to infrared have found applications in surgery, ophthalmology and dermatology due to their significant clinical efficacy and the potential growth of the market.

Refractive Lasers and Laser Centers

Vision correction is one of the largest medical markets in the US, where approximately 136 million people use eyeglasses or contact lenses. Within this group, approximately 60 million people are myopic (nearsighted) and 30 million are hyperopic (farsighted). Another 45 million are presbyopic, meaning the loss of ability to focus properly. Industry sources estimate that Americans spend approximately $13 billion on eyeglasses, contact lenses and other vision correction products and services each year. It has been estimated that the international market is approximately 3 to 5 times larger than the U.S. market with at least 500 million people using eyeglasses or contact lenses outside the U.S.

At the present time, we believe most ophthalmologists charge $1,000 to $1,500 per eye to perform the LASIK procedures. In addition, since there is frequently no insurance or Medicare coverage for this procedure, patients pay cash and there are no administrative costs of dealing with complex paperwork.

Our Business

Our target market is refractive surgery, particularly reversal of presbyopia, one of the last frontiers of ophthalmology. Presbyopia is a natural aging phenomenon where an aging person loses the ability to focus properly in the near vision field for reading. In February 2004, The Wall Street Journal reported that 110 million Americans over the age of 40 suffer from presbyopia. In July 2001, Ophthalmology Management estimated that the market for presbyopia could be 2-3 times larger than that for LASIK.

We believe our new method of laser presbyopia reversal (LAPR) using a laser for surgical correction is less complicated, more stable, and may provide less regression than the mechanical, non-laser methods. Similar to the economics of LASIK, we envision that the treatment of presbyopia will be subject to a royalty or per procedure fee policy, which should allow us to earn long-term recurring income. Initially we expect that the significant portion of our revenues will be from the sale of the laser systems, and a smaller portion from the sales of associated fiber optic disposable surgical tools. Over a period of time, it is possible that those sales percentages will change.

As previously mentioned, in October 2000, we acquired the ophthalmic laser product line from Premier Laser Systems, Inc. out of bankruptcy. This acquisition included an Er:YAG laser that is already FDA-cleared for ophthalmic procedures and CE marked for international sales. We renamed this product

"OptiVision" and immediately began formal animal and clinical studies for the treatment of presbyopia. For the first time, we began to sell the OptiVision for laser presbyopia reversal for clinical trials and other ophthalmic applications including but not limited to incision, excision, and vaporization of eye tissue and tissue surrounding the eye and the orbit of the eye and anterior capsulotomies, and certain other ophthalmic applications obtained from Premier.

LAPR investigators have presented numerous clinical papers over the last few years concluding that:
1. "LAPR is a simple method for reversal of Presbyopia."
2. "LAPR using the Erbium YAG laser to perform scleral ablations appears to be a successful procedure to achieve scleral expansion which appears to allow for an improvement in accommodative power without significant regression."
3. "LAPR appears to be safe and achieve acceptable results to the patients with minimal regression over two years. Longer follow-up is needed."
4. "International clinical data for more than 1500 eyes demonstrates 82% of patients J3 or better at last follow-up. US study shows 93% of patients reading part of 20/30 line at six months."
5. "United States clinical study closely matches that of international data."
6. "A significant increase in amplitude of accommodation resulting from i) the increased movement of the ciliary bodies (shown by ultrasound) due to increased circumference of the sclera (shown by rabbit study) and ii) a shortening of the axial length (shown by a-scan)."
7. "LAPR demonstrates real promise for treatment of presbyopia in the future."
8. "Implementation and compliance to an accommodative exercise program as part of the post operative protocol for LAPR surgery appears to at least show some influence and positive effect on overall accommodative power."
9. "Laser Presbyopia Reversal shows tremendous potential for the treatment of Presbyopia. Improvement in near uncorrected visual acuity and amplitude of accommodation are statistically significant."
10. "The clinical results have truly been remarkable."

The most recent papers that were presented in the US were at the American Society of Cataract and Refractive Surgeons (ASCRS) in Washington DC in April 2005. These included papers on the mechanism of LAPR and US Clinical results and Italian clinical experience as well as two courses on Presbyopia. One particular paper presented in April analyzed data collected from ten clinical sites worldwide following surgery on more than 300 eyes with a follow-up of up to 24 months. 82% of the patients improved to J3 or better (able to read a newspaper without glasses) while average accommodation increased by 1.9 diopters. There was also no statistically significant regression at two years. Patients were first treated with the OptiVision for LAPR in fall 2000.

The mid-infrared (IR) wavelength of the systems we acquired from Premier presents many advantages over the UV lasers and other existing systems in the market. The unique features of these IR systems include: (i) compact design for ease of use and convenience in a clinical setting; (ii) operation at high repetition rates (for fast procedures) and at a short pulse width (for reduced thermal effects); (iii) wavelength matching to the tissue (water) absorption peak for precise tissue ablation and accurate vision correction; and finally, (iv) wavelength elimination of the potential risk of mutanagenic side effects which may be a concern in UV lasers.

As part of the acquisition from Premier Laser Systems, the Company acquired 14

patents and an additional 13 pending patents covering the infrared technology, certain applications in cataracts, glaucoma and other refractive surgeries. The Company also has 3 granted patents and 7 patents pending in the U.S. for presbyopia reversal. The Company has also submitted 7 international patents which are pending.

SurgiLight has hired Knobbe, Martens, Olson, and Bear to review and revise these patents to broaden and tighten our patent coverage. While this review is in process, it is impossible to completely judge the strength of our patent position, but we believe that we will have a strong patent position for the treatment of presbyopia.

In addition, our founder, J.T. Lin, Ph.D. has continued to file patent applications for Presbyopia that are assigned by agreement to the Company. However, he refuses to sign required prosecution documents, claims ownership of certain of these patents and consequently, in some cases, these patents are being abandoned. The Company, due to this breach and other contractual obligations between the parties, has refused to make royalty payments to Dr. Lin. The balance of such royalty payments owed is approximately $31,000, for which Dr. Lin is also claiming a breach. The Company may have to pursue legal remedies to require Dr. Lin to fulfill his obligations under our contracts.

Laser Centers

In the past, our revenues have been primarily generated from our Plantation and AMLSI laser centers, and our International Laser Eye Centers ("LEC"). In March 2002, we entered into a binding letter of intent to sell the International LEC's to Tao Enterprises. Our competitors in this market included individual ophthalmic refractive centers and public companies like TLC Laser Centers and LCA Vision.

Effective October 1, 2002, the Company entered into a formal plan to dispose of both Plantation and AMLSI. The AMLSI operations were discontinued at December 31, 2002 and all of its assets were written off except for the escrowed cash account. On June 12, 2003, the Company entered into an agreement to sell certain of the Plantation assets for a total consideration of $133,820 that was comprised of the assumption of two equipment leases of $59,293 and $9,527 and a cash payment of $65,000. The related assets had a net book value of $219,624 at that date. Accordingly, the Plantation subsidiary has been disposed as of June 12, 2003.

Technology, Patents and Licensing Rights

We intend to protect our proprietary technology, licensing rights, trademark and patents pending covering various phases of the products in ophthalmology, and dermatology applications. We have a policy of not knowingly infringing any valid patent. However, because patent applications are maintained in secrecy in the United States until such patents are issued, and are maintained in secrecy for a period of time outside the United States, we can conduct only limited searches to determine whether our technology infringes any patent or patent applications. Any claims for patent infringement could be time-consuming, result in costly litigation, divert technical and management personnel, or require us to develop non-infringing technology or to enter into royalty or licensing agreements. We cannot be assured that we will not be subject to one or more claims for patent infringement, that we would prevail in any such action or that our patents will afford protection against competitors with similar technology. In the event our systems are judged to infringe a patent in a particular market, we and our customers could be enjoined from

making, selling and using such system or be required to obtain a royalty-bearing license, if available, on acceptable terms.

The resolution of intellectual property disputes is often fact intensive and, therefore, inherently uncertain. If any claims or actions are asserted against us, we may seek to obtain a license under a third party intellectual property rights. We cannot be assured, however, that under such circumstances, a license would be available on reasonable terms, or at all. Alternatively, in the event a license is not offered or available, we might be required to redesign those aspects of our systems held to infringe so as to avoid infringement. The failure to obtain a license to a third party intellectual property right on commercially reasonable terms could have a material adverse effect on our business and results of operations.

On March 18, 2003 we announced that we have granted an exclusive three-year license for our EX-308 Excimer laser technology to RA Medical Systems, Inc., a privately held developer, manufacturer and marketer of equipment for the treatment of various medical conditions. The agreement represents a new revenue source from a technology we elected not to pursue to continue to focus the corporate efforts on such key ophthalmic applications as presbyopia. The agreement also provides for royalty payments to be made to us over an extended time period and such royalties amounted to $4,020 during 2004.

On February 24, 2005, we announced that we have granted a license to our Presbyopia and related patents to Biolase, Inc. to allow Biolase to develop and clinically test their own product prior to bringing it to market. Currently, Biolase has paid $1,800,000 of the $2,000,000 license fee. A royalty is also owed after 5 years. The territories of our exclusive distributors were protected under this license for the life of their Distribution Agreement.

Sales and Marketing

Sales are made as part of the clinical trial process and expand once a country has cleared the product through its Ministry of Health. The Company distributes through its international distribution network, which continues to expand. If there is no distributor in a country, the Company can sell directly.

Sales contacts are made primarily through attendance at a few trade shows throughout the year. These include the American Academy of Ophthalmology (AAO), the American Society of Cataract and Refractive Surgery (ASCRS), and the European Society of Cataract and Refractive Surgery (ESCRS). We also plan to attend some more regional meetings such as in Latin America and Australia.

Prior to the American Academy of Ophthalmology, in November 2001, SurgiLight revised its image. This was accomplished by creating new visuals for the booth and creating six pieces of literature. These included a scientific paper summarizing our animal and clinical trial progress to date, product and procedure literature, three white papers from doctors describing their clinical procedure and results, and corporate information. Procedural and marketing videos were also produced. These efforts made AAO our most successful meeting yet with heavy booth attendance and more than 90 people requesting to become clinical trial sites.

In 2002, we completed this process by acquiring and refurbishing a 20x30' booth to adequately demonstrate our product at larger meetings. In 2003, LAPR was covered by numerous television documentaries and was featured in the Video Journal of Cataract and Refractive Surgery. The Company continued to update

our videos with film from our U.S. sites. The Company's investigators continue to present numerous papers at conventions worldwide. During 2003, the Company completed material for a course, including a CD that can be taken home by the physician. We will continue to give hands-on demonstrations at evening meetings at the conferences.

In early 2005, after review by a medical panel, we were granted a CE mark for the LAPR procedure. This will enable the Company to expand our sales throughout Europe and to many other countries that recognize the CE mark. Therefore, we plan to expand our own course programs in 2005 to include these additional regions. These courses will include lectures, surgical demonstrations, patient examinations and hands-on training. These courses should incur minimal cost to the Company, but should generate leads for sales, clinical sites, as well as training our clinical doctors.

Due to our acquisition of inventory from Premier Laser Systems and the limited number of lasers we plan to sell during clinical trials, we do not plan to manufacture new product for at least two years. Our revenues during this clinical trial phase will be generated primarily by laser sales, per procedure royalty fees, and international distributor agreements. Other sources of revenue are the sale of laser accessories and laser service contracts.

The Distributor agreements are exclusive arrangements usually entered into for an initial term of three years with automatic renewal for an additional three-year term. Pursuant to the terms of these agreements, the distributors are to act as independent contractors, finance their own expenses and are prevented from binding us in any way. The agreements subject the distributors to express confidentiality obligations. If the distributor fails to meet the minimum commitments, we may terminate the agreement.

Research and Product Development

While we are currently focusing our efforts on clinical trials for presbyopia, we continue to expend some limited efforts on other research and development projects including OptiVision for other ophthalmic applications. We will continue development efforts for product improvement in system design, software and hardware aspects of new and existing systems as well as in the clinical aspects for the uses of these products.

Competition

We are not aware of any established competition in the market for laser presbyopia correction or reversal, however for the treatment of presbyopia, optometrists and ophthalmologists can prescribe accommodative exercises and glasses for their patients. The surgical techniques for the treatment of presbyopia can be divided into three categories: monovision using existing refractive lasers and RF devices, implantation of accommodative lenses, which are undergoing clinical trials, and scleral incisions (white portion of the eye) with or without the implantation of a scleral spacer. Scleral incisions have been performed with a diamond knife for the treatment of presbyopia and were initially suggested by Dr. Spencer Thornton, who coordinated a multi-center clinical trial using his technique. Other companies, including Visx and Refractec, are trying to market monovision as a cure for presbyopia. With monovision, one eye is treated for distance and one eye is treated for near. Many patients cannot adapt to monovision as they lose their depth perception.

The competition in the presbyopia market will be intense. Once one technique is developed, every major company in the refractive market will want to

participate.

Government Regulation

Our products are subject to significant government regulation in the United States and other countries. In order to clinically test, produce and market our products for human diagnostic and therapeutic use, we must comply with mandatory procedures and safety standards established by the FDA and comparable state and foreign regulatory agencies.

Typically, such standards require products to be approved by the government agency as safe and effective for their intended use before being marketed for human applications. The clearance process is expensive and time consuming, and we cannot provide any assurance that any agency will grant us clearance to sell our products for routine clinical applications or that the time for the clearance process will not be prolonged.

There are two principal methods by which FDA-regulated products may be marketed in the United States. One method is a FDA pre-market notification filing under Section 510(k) of the Food, Drug and Cosmetics Act. Applicants under the 510(k) procedure must demonstrate that the device for which clearance is sought is substantially equivalent to devices on the market prior to May 1976. The review period for a 510(k) application is 90 days from the date of filing the application. Applications filed pursuant to 510(k) are often subject to questions and requests for clarification that often extend the review period beyond 90 days. Marketing of the product must be deferred until written clearance is received from the FDA. In some instances, an Investigational Device Exemption (IDE) is required for clinical trials for a 510(k) notification.

The alternate method, when Section 510(k) is not available, is to obtain a Pre-Market Approval ("PMA") from the FDA. Under the PMA procedure, the applicant must obtain an IDE before beginning the substantial clinical testing required in determining the safety, efficacy and potential hazards of the products. The preparation of a PMA is significantly more complex and time consuming than the 510(k) application. The review period under a PMA is 180 days from the date of filing. The FDA often responds with requests for additional information or clinical reports that can extend the review period substantially beyond 180 days.

The FDA also imposes various requirements on manufacturers and sellers of products under its jurisdiction, such as labeling, manufacturing practices, record keeping and reporting requirements. The FDA may require post-market testing and surveillance programs to monitor a product's effects. All of our products will require filing of an IDE, a 510(k) application or PMA. We cannot provide any assurance that the appropriate approvals from the FDA will be granted for our products, the process to obtain such approvals will not be excessively expensive or lengthy or we will have sufficient funds to pursue such approvals. The failure to receive requisite approvals for our products or processes, when and if developed, or significant delays in obtaining such approvals will prevent us from commercializing our products as anticipated and will have a material, adverse effect on our business.

In order to manufacture laser systems or repair laser systems, the Company will need to become registered as a manufacturer with the FDA and abide by Good Manufacturing Practices ("GMP"). These regulations impose certain procedural and documentation requirements with respect to the Company's manufacturing, research and development and quality assurance activities. The Company's

facilities will be subject to inspections by the FDA and other regulatory agencies, and if any material noncompliance with GMP guidelines is noted, the marketing of all laser products may be adversely affected. During January 2004, the Company was involved in an inspection and received a "Form 483" notice and Warning Letter resulting in its inability to ship products to certain countries throughout the world. The main dispute is whether the Company is a manufacturer of the lasers produced by Premier and whether the Company needs to create a new design file in addition to the file for the Presbyopia procedure and the files from Premier. The Company and its clinical investigators were involved in numerous inspections in 2003 and January 2004, which resulted in additional Form 483s and Warning Letters, some of which have been resolved. The main issues in the Warning Letters were (i) the depth of the incision, which was defined in the protocol as approximately 80% and which the FDA interpreted as < 80%, (ii) the timing of the informed consent and (iii) the classification of complications vs. adverse events. For the first two issues, the FDA has now agreed with the Company and this is documented in the revised protocol. The FDA and the Company have also agreed on a definition of complications, adverse events and serious adverse events.

We also are subject to regulation under the Radiation Control for Health and Safety Act administered by the FDA which requires laser manufacturers: (i) to file new product and annual reports; (ii) to maintain quality control, product testing and sales records; (iii) to incorporate specific design and operating features in lasers sold to end-users; and (iv) to certify and label each laser sold to an end-user as belonging to one of four classes based on the level of radiation from the laser that is accessible to users. Various warning labels must be affixed and specific protective devices installed, depending on the class of the product. The Center for Devices and Radiological Health is empowered to seek fines and other remedies for violations of the regulatory requirements.

Foreign sales of the Company's medical laser systems are subject, in each case, to clearance by the FDA for export to the recipient country or notification to the FDA based on approval of the applicable foreign ministry or health offices. Regulatory requirements vary by country. We believe our OptiVision meets all electrical requirements for worldwide distribution.

The regulatory status for our products follows:

Application	Product	Regulatory Status	Manufacturer
Incision/excision Around eye	OptiVision	510k cleared	Premier(1)
Anterior capsulotomy	OptiVision	510k cleared	Premier(1)
Presbyopia	OptiVision	In clinical trials	Premier(1)

(1) Per an acquisition from Premier Laser Systems (see description in "Description of Business").

Our objectives are focused toward domination of the presbyopia reversal market.

In August 2002, the Canadian Ministry of Health ("MOH") authorized five investigational testing sites for our OptiVision Laser treatment for the

treatment of presbyopia involving 240 patients. In October 2002, we announced positive results in the initial group of patients treated at the first two of the five authorized sites. The Ministry of Health has now authorized up to fifteen clinical sites, has expanded the study to treat patients with prior LASIK or PRK and has authorized treatment of eyes bilaterally.

In December 2002, the FDA granted conditional approval for us to initiate clinical trials at two of our eight American sites. The approval was expanded in April 2003. The trials were cleared under an Investigational Device Exemption (IDE) after presenting data to the FDA demonstrating measurable clinical successes over as long as two years at sites overseas and most recently in Canada, where that government's FDA equivalent has also sanctioned trials. Overall, trials outside the U.S. have indicated almost no regression after OptiVision surgery, with more than 80 percent of patients reading without glasses post-operatively. These trials are currently on hold awaiting two additional responses from the Company and IRB approvals from each of the six proposed new sites. Upon receipt and review of these documents, the FDA plans an expansion of 80 patients and 8 sites.

During January 2005, we received added CE approval for treatment of presbyopia. Known as the CE 77964, 93/42/EEC, Annex IV, Section 4 Approval of the European Economic Community (EEC), this approval involves not only testing of the laser, but also a review of clinical data by outside medical experts through the auspices of the British Standards Institute (BSI). The BSI clinical review states, in part, "The submission shows that reading vision has improved in the majority of their patients up to two years post-surgery and that they have not had any significant long-term complications."

This approval will allow the Company to begin aggressively marketing the OptiVision for LAPR throughout Europe, the Pacific Rim and around the world since many countries outside the U.S. recognize the CE standard.
Our clinical study in Mexico should be complete shortly, allowing us to file for approval in Mexico. Most other countries, with the exception of Japan and Mexico, have given us approval or can get approval with the CE mark.

We plan on continuing to pursue complete FDA clearance for our presbyopia product by conducting well controlled and documented clinical trials worldwide. During this timeframe, we plan to continue developing our international distribution force and sell the presbyopia system internationally in those large countries where our lasers have already obtained regulatory clearance. We will continue to evaluate acquisitions in the refractive niche, which may speed the growth of our revenues.

Costs and Effects of Compliance with Environmental Laws

We comply with all applicable federal, state, and local environmental laws and regulations, none of which we believe have a material effect on our operations and business.

Reports to Security Holders

We file annual and quarterly reports with the Securities and Exchange Commission (SEC). In addition, we file additional reports for matters such as material developments or changes within the Company, changes in beneficial ownership of officers and director, or significant shareholders. These filings are a matter of public record and any person may read and copy any materials filed with the SEC at the SEC's public reference room at 560 Fifth Street,

N.W., Washington, D.C. 20549. The public may obtain information on the operation of the public reference room by calling the SEC at 1-800-SEC-0330. The SEC maintains an Internet site that contains reports, proxy and other information statements, and other information regarding issuers that file electronically at http://www.sec.gov. Our internet website can be found at www.surgilight.com.

Employees

We have four (4) full-time employees, all of which are located in Florida. We also hire, from time-to-time, part-time employees for system assembly tasks and consultants on a contract basis for regulatory clinical trials, accounting and system maintenance. None of our employees is represented by a labor union. We believe we have a good working relationship with our employees.

Backlog

As of December 31, 2004 we had no significant backlog of orders.

Recent Developments

On June 30, 2000, we entered into a Convertible Debenture Purchase Agreement with GEM Global Yield Fund Limited ("GEM") for the issuance of a convertible debenture in the principal amount of three million dollars ($3,000,000) (the "GEM Debenture"). The GEM Debenture accrued interest at the rate of three percent per annum and the original maturity date was November 8, 2003. As partial consideration for this financing, we also issued to GEM warrants to purchase up to 92,172 shares of our common stock at an exercise price of $7.50 per share, and warrants to purchase up to 200,000 shares of our common stock at an exercise price of $.01 per share (the GEM Warrants). On February 12, 2002 we filed a registration statement on Form SB-2 with respect to the shares of our common Stock underlying the GEM Debenture and GEM Warrants. That registration statement is currently pending SEC effectiveness.

During January 2003, GEM had notified the Company of its intent to convert all of the debenture's remaining balance to stock effective January 2003. Subsequently GEM and the Company agreed for GEM to convert the remaining $2 million debenture to common stock at a price of $0.093. GEM initially converted shares equal to nineteen and nine-tenths percent (19.9%) of the total issued and outstanding shares of the Company's common stock on April 11, 2003 (the "Effective Date") and was also granted possession of the shares that were originally escrowed as part of the debenture agreement. GEM will only be authorized to vote 19.9% of the Company's authorized and outstanding shares except under certain conditions and has been awarded one seat on the Company's Board of Directors. GEM will also set aside 2.1 million shares, which represent 10% of the total conversion shares, to be used for a management and employee stock option plan. GEM filed suit in June 2004 asserting breach of the April 11, 2003 agreement. At December 31, 2004, the debenture has been partially converted leaving a note payable liability balance of $1,088,154. That note payable is convertible into shares of common stock when sufficient shares become authorized and available.

On February 13, 2002, we entered into a convertible debenture purchase agreement with Knobbe, Marten, Olsen & Bear, L.L.P. for the purchase of a convertible debenture in the principal amount of six hundred and ten thousand dollars ($610,000); GAM Laser, Inc. for the purchase of a convertible debenture in the principal amount of seventy five thousand dollars ($75,000); and McClane Tessitore for the purchase of a convertible debenture in the principal amount

of seventy four thousand five hundred dollars ($74,500). McClane Tessitore subsequently assigned the debenture to Jackson Clements Dawson, L.L.P.

During July 2004, the Company issued to Knobbe, Marten, Olsen & Bear, L.L.P. stock with a then current value of $378,000 and to Jackson Clements Dawson, L.L.P. stock with a then current value of $74,500. At December 31, 2004, the GAM debenture had a principal balance of $40,306 and the Company has not yet issued stock to satisfy that obligation.

On February 14, 2002 we filed a registration statement on Form SB-2 with respect to the shares of our common stock underlying these debentures. That registration statement is currently pending SEC effectiveness.

In March 2002, the Company entered into a binding letter of intent to sell the assets and associated liabilities of its 20-excimer laser systems including a royalty income stream from the International Laser Eye Centers (LEC). The LEC's are located in China, Egypt and Vietnam. The purchaser, Orlando-based Tao Enterprises, agreed to pay $332,000 for the assets, with up to an additional $50,000 to be based on clinic revenues. The Company's founder, former CEO and significant shareholder J.T. Lin serves as beneficial owner of Tao Enterprises. At this date, Tao Enterprises, has defaulted on the its installment payments beginning with the payment due February 15, 2003 for $83,000. At December 31, 2002, the Company wrote-off the entire $158,000 remaining balance as uncollectible and have referred the delinquency to an outside agency for collection.

In March 2002, Dr. Lin resigned as a director and signed a three-year irrevocable voting trust agreement wherein he will vote 19 percent of Company shares, with outside directors voting his remaining shares. Dr. Lin also signed a three-year employment contract in which he was to continue as Director of Business and Technology Development, responsible for R&D, as well as expanding the international distributor network. That employment contract lowered the royalty rate on net revenues of presbyopia products, and services resulting from patents invented by Dr. Lin from 15% to 2.5%. Effective July 31, 2002, Dr. Lin was terminated as Director of Business and Technology Development. The Company currently owes approximately $31,000 in royalties to Dr. Lin, which payments have been withheld due to failure of Dr. Lin to execute certain documents required for the prosecution of the Company's patents as well as certain other obligations between the parties.

On December 13, 2002, a federal grand jury in the United States District Court found Dr. Lin guilty on charges of securities fraud and money laundering and sentenced him to a prison term of five years and ten months and assessed damages in the amount on $1,475,000 (see Item 3. Legal Proceedings). Subsequently, the SEC notified SurgiLight that Dr. Lin's conviction would cover all of the shareholder losses except $106,354. This amount would need to be obtained from the other defendants including SurgiLight. During 2003, while SurgiLight was in discussions with the SEC on the terms of a settlement and seeking relief from these damages, it had recorded this amount as potential monies owed. During December 2004, SurgiLight entered into a settlement agreement with the SEC forgiving that liability in full and thus has removed the $106,354 obligation from its financial statements at December 31, 2004.

On May 31, 2003 the SEC presented the Company with an Asset Forfeiture Notice requiring the transfer of all known assets of Dr. Lin, including all stock certificates, to the United States Government. Per the existing Voting Trust Agreement, these shares will continue to be voted by the outside directors of SurgiLight.

Item 2. Properties

Facilities

We lease our headquarters space of approximately 4,200 square feet at 12001 Science Drive, Suite 140, Orlando, FL, 32826. It is a five-year lease starting January 2000, with a monthly rental fee of approximately $7,200. We also have leased approximately 1,300 square feet of public storage, air-conditioned space for the OptiVision inventory with a monthly rental fee of approximately $2,300.

Item 3. Legal Proceedings

Paul Miano - Advanced Medical Laser Services, Inc. ("AMLSI") and Paul Miano ("Miano") filed a lawsuit against us on September 26, 2001, in Broward County, later moved to Orange County, alleging breach of contract for our alleged failure to finance up to $1,000,000 of working capital. Our counsel and we believe that this lawsuit is without merit and immaterial, and we are vigorously defending against this claim. In January 2004, we filed a legal action against Miano resulting from his actions to cease AMLSI operations and transfer our corporate assets to another organization on December 31, 2002 without our prior knowledge and consent. In February 2004, Miano revised his claims and added certain officers and directors of SurgiLight to the litigation.

SEC Investigation - On April 11, 2002, we were named as a party defendant in a civil lawsuit filed in United States District Court for the Middle District of Florida by the United States Securities and Exchange Commission against Dr. J.T. Lin and Jeanette Lin, his wife, and Mr. Aaron Tsai, an unrelated party. The suit alleges that Dr. Lin and Mr. Tsai committed various acts of securities fraud in 1999 and early 2000, and seeks damages and injunctive relief against them. The suit also seeks an injunction against us. We have cooperated fully with the SEC in the course of the investigation into the facts surrounding this matter and have taken the position that these acts were taken by Dr. Lin and his wife in their personal capacities and not as agents of the Company or within the scope of their employment with the Company. We intend to defend vigorously any attempt to secure an injunction against the Company. Dr. Lin, the founder and former employee, has agreed to indemnify the Company against any liabilities resulting from these actions. On December 13, 2002, a federal grand jury in the United States District Court found Dr. Lin guilty on charges of securities fraud and money laundering and sentenced him to a prison term of five years and ten months and assessed damages amounting to $1,475,000. On January 7, 2004 the SEC notified SurgiLight that Dr. Lin's conviction would cover all of the shareholder losses except $106,354. This amount would need to be obtained from the other defendant's including SurgiLight. During 2003, while SurgiLight was in discussions with the SEC on the terms of a settlement and seeking relief from these damages, it had recorded this amount as potential monies owed. During December 2004, SurgiLight entered into a settlement agreement with the SEC forgiving that liability in full and thus has removed the $106,354 obligation from its financial statements at December 31, 2004.

On May 31, 2003 the SEC presented the Company with an Asset Forfeiture Notice requiring the transfer of all known assets of Dr. Lin, including all stock certificates, to the United States Government. Per the existing Voting Trust Agreement, these shares will continue to be voted by the outside directors of SurgiLight.

Merrill Lynch Business Financial Services - On December 4, 2002, Merrill Lynch

Business Financial Services, Inc. ("Merrill Lynch") filed a lawsuit in the Circuit Court for the Ninth Judicial Circuit in and for Orange County, Florida, naming us, the Company, as debtor, AMLSI and J.T. Lin as guarantors, and other parties, in connection with a $500,000 Line of Credit and Loan and Security Agreement issued by Merrill Lynch to the Company, which is secured by all the Company's assets. Merrill Lynch has alleged that we are in breach of the Loan and Security Agreement and has requested the repayment of the principal balance under the Line of Credit along with certain other remedies, including foreclosure of certain collateral and appointment of a receiver over such collateral.

On July 2, 2003, Merrill Lynch secured a judgment as a result of the default on the $500,000 line-of-credit. Payments have subsequently been made to Merrill Lynch resulting in a balance due of $141,548 (which includes accrued interest of $27,811) at December 31, 2004. During February 2005, Merrill Lynch agreed to settle the obligation for a lump sum payment of $100,000. Accordingly, SurgiLight has adjusted the liability to $100,000 at December 31, 2004.

On April 21, 2005, the Company received a personal injury complaint from Raul Arevalo, claiming damages in excess of $50,000 for injuries caused to his eyes in May 1997 by an excimer laser allegedly manufactured and sold by J.T. Lin and Photon Data, a predecessor to SurgiLight. The Company and its counsel have not yet had time to evaluate this claim.

Item 4. Submission of Matters to a Vote of Security Holders

In June 2002, the shareholders approved the nomination and reelection of Louis P. Valente and Joseph Allen as members of the Board of Directors.

The Company's attempts to call another shareholder meeting or to register certain shares of stock have been postponed due to an SEC request that the notes to the financials for the fiscal year ended 2000 be revised. The current CEO and CFO cannot attest to the accuracy of these financials since they were not associated with the Company at that time. After filing of these current financials, the SEC proposed that the Company revise the 2000 financial notes with no attestation from current management. The SEC will then review this document.

PART II

Item 5. Market for the Issuer's Common Stock and Related Security Holders Matters

The following chart sets forth the high and low closing price for the Common Stock as quoted on OTCBB during the indicated periods. All prices have been adjusted for 2 for 1 forward split effective On January 27, 2000.

Period	High	Low
1999		
4th Quarter	$11.00	$2.25
2000		
1st Quarter	25.50	10.50
2nd Quarter	10.37	5.75
3rd Quarter	10.62	5.75
4th Quarter	10.12	1.94

2001		
1st Quarter	4.00	0.94
2nd Quarter	2.22	0.93
3rd Quarter	1.62	0.20
4th Quarter	0.55	0.22
2002		
1st Quarter	0.38	0.24
2nd Quarter	0.22	0.17
3rd Quarter	0.22	0.13
4th Quarter	0.55	0.10
2003		
1st Quarter	0.48	0.20
2nd Quarter	0.30	0.17
3rd Quarter	0.23	0.08
4th Quarter	0.15	0.05
2004		
1st Quarter	0.13	0.06
2nd Quarter	0.23	0.07
3rd Quarter	0.08	0.02
4th Quarter	0.06	0.02

Our common stock started to trade on OTCBB on November 1, 1999, and was split two for one on January 27, 2000. These quotations represent prices between dealers and do not include retail mark up, mark down, or commission and may not necessarily represent actual transactions. As of December 31, 2004, approximately 54,411,958 shares of our common stock, 2,916,616 stock options and 3,472,222 warrants were outstanding (most of which are significantly out of the money), and, as far as we can determine, were held of record by approximately 1,800 persons, including significant amounts of stock held in street name.

We have not paid any cash dividends since our inception and do not anticipate paying cash dividends in the foreseeable future.

Item 6. Management's Discussion and Analysis of Financial Conditions and Results of Operations

In our Management's Discussion and Analysis of the Financial Condition and Results of Operations we review our past performance and, where appropriate, state our expectations about the future activities in forward -looking statements. Our future results may differ from our expectations.

Overall Operational Summary: The Company began actively promoting the sale of the OptiVision laser in late September of 2001 and the newly appointed Board of Directors and management team focused its efforts on the core business of presbyopia reversal rather than generating royalty revenue from the sale of LASIK agreements. The Company decided to sell its LASIK product line to Tao Enterprises in February 2002, which was one of the main sources of revenue prior to the year 2002. In addition, the Company decided to dispose of its Plantation Laser Center, AMLSI (another main source of revenue) and holdings in EMX to focus on presbyopia. The Company believes that the sales of OptiVision for presbyopia reversal will continue to increase.

Revenues - Our revenues from equipment sales increased 47% to $1,705,000 for

the year ended December 31, 2004 (2004 Year) from $1,157,240 for the year ended December 31, 2003 (2003 Year). For the 2004 Year, international sales increased as compared to the 2003 Year, particularly in the Asian region as compared to the Pacific Rim in 2003. However, U.S. sales for the same period remained flat as the Company did not initiate a new clinical trial.

Revenues from non-equipment sales increased substantially to $501,722 for the 2004 Year from $24,950 for the 2003 Year due to the following:
Refund of a previously unrecorded SEC deposit amounting to $116,337;
Write off of distributor deposits due to termination of $285,333; and
Vendor settlements of past due liabilities amounting to approximately $113,000.

Cost of Revenues - Our cost of revenues increased 86% to $313,221 for the 2004 Year as compared to $168,251 for the 2003 Year which is in direct relation to the overall increase in the total number of units sold.

Advertising and Selling Expenses - Our advertising and selling expenses decreased 93% to $5,458 for the 2004 Year as compared to $81,831 for the 2003 Year. The decrease is primarily a result of attending no trade shows and spending significantly less on related materials, as well as minimal expenditures on direct selling activities due to restrictive cash flow. However, upon receipt of CE approval, it is anticipated that these expenses will begin to increase as the Company attends additional tradeshows, and revises its literature to reflect results from the increased clinical activity, and expands its marketing, sales and distribution efforts throughout Europe.

Professional Fees - Our professional fees increased 91% to $666,532 for the 2004 Year as compared to $349,119 for the 2003 Year. This increase is primarily attributed to legal services performed in assisting the Company to meet the regulatory requirements necessary to expand its clinical trials.

Salaries & Benefits - Our salaries and benefits expense decreased 23% to $383,832 for the 2004 Year as compared to $499,390 for the 2003 Year. The decrease is attributable to reductions in the technical position classification, insurance benefits, and consulting fees for outside services.

Research and Development - Our research and development expense increased 12% to $267,746 for the 2004 Year as compared to $238,250 for the 2003 Year. The increase is directly attributable to the increased use of outside consultants in assisting the Company to meet the regulatory requirements necessary to expand its clinical trials.

Depreciation and Amortization - Our depreciation and amortization expense decreased 90% to $13,908 for the 2004 Year as compared to $136,807 for the 2003 Year. The decrease is a result of the Company writing off its laboratory equipment and amortizing in full its loan fees at December 31, 2003.

Administrative and Other Expenses - Our administrative and other expenses increased 3% to $485,582 for the 2004 Year as compared to $473,701 for the 2003 Year. Expenses in this category stayed relatively flat as the Company continued its use of outside consultants to assist in the FDA clinical trials expansions process while funding no other new programs.

Total Operational Expenses - Total operational expenses increased 42% to $2,953,595 for the 2004 Year as compared to $2,076,455 for the 2003 Year. This is primarily attributable to the significant increases in bad debt losses and legal fees.

Loss From Continuing Operations - Our loss from continuing operations decreased to $1,051,240 or $(0.021) per share for the 2004 Year as compared to a net loss of $1,249,223 or $(0.030) per share during the 2003 Year.

Liquidity and Capital Resources

As of December 31, 2004, we had a cash balance of $2,815 and a working capital deficit of $(2,361,810) as compared to a cash balance of $31,420 and a working capital deficit of $(2,634,804) at December 31, 2003. The Company had a positive $65,612 in cash flow from operating activities during 2004 and paid down $130,074 of its credit line.

The Company's future capital requirements will depend on many factors, the scope and results of pre-clinical studies and pre-clinical trials, the cost and timing of regulatory approvals, research and development activities, establishment of manufacturing capacity, and the establishment of the marketing and sales organizations and other relationships, acquisitions or divestitures, which may either involve cash infusions or require additional cash. There is no guarantee that without additional revenue or financing, the Company will be able to meet its future working capital needs. In addition, without the required regulatory approvals, the value of the Company's inventory could become impaired.

The Company has severe liquidity problems which compromises its ability to pay principal and interest on debt and other current operating expenses in a timely manner. The Company is seeking additional sources of financing, which may include short-term debt, long-term debt or equity. There is no assurance that the Company will be successful in raising additional capital. During February 2005, the Company generated $1,800,000 in funds from the $2 million license agreement completed with Biolase. The Company is also negotiating with many of its vendors to settle those liabilities with lower payments.

The Company is continuing to seek additional funding with a number of lenders. However, there is no guarantee that any financing will be received. The Company's ability to meet its working capital needs will be dependent on the ability to sign additional distribution and licensing arrangements, achieve a positive cash flow from operations, achieve and sustain profitable operations, and obtain additional debt and/or equity capital.

RISK FACTORS

Lack Of Liquidity

Our ability to meet our working capital needs will be dependent on the ability to sign additional distribution and licensing arrangements, achieve a positive cash flow from operations, achieve sustainable profitable operations, and acquire additional capital. While we have produced several quarters of positive cash flow, the cash generated has been used to repay portions of our substantial indebtedness (see Substantial Indebtedness) leaving few funds available to expand our clinical trials or sales and marketing efforts.

If we are unable to obtain additional funds from other financings we may have to significantly curtail the scope of our operations and alter our business model. We are seeking additional sources of financing, which may include short-term debt, long-term debt or equity. However there is no assurance that we will be successful in raising additional capital. If additional financing is not available when required or is not available on acceptable terms, then we

may be unable to continue our operations at current levels or at all.

Failure to raise additional financing or achieve and maintain profitable operations may result in the inability to successfully promote our brand name, develop or enhance the medical eye laser technology or other services, take advantage of business opportunities or respond to competitive pressures, any of which could have a material adverse effect on our financial condition and results of operations or existence as a going concern.

Substantial Indebtedness

We have a substantial amount of indebtedness. As of December 31, 2004 the total indebtedness was $4,505,568 (including accounts payable and accrued expenses of $2,525,659, convertible debentures of $77,204, and short-term notes payable comprised of the remaining balance on the Premier acquisition of $175,000, line-of-credit of $100,000, $70,200 in loans from shareholders, $349,351 in payments for legal services, customers deposits of $120,000 and the $1,088,154 remaining from the GEM convertible debenture conversion). The GEM note payable will be satisfied with an equity issuance when the Board of Directors authorizes additional common stock.

As a result of the level of debt and the terms of the debt instruments, our vulnerability to adverse general economic conditions is heightened. It is possible that we will be required to dedicate a substantial portion of both short-term and long-term cash flow from operations to repayment of debt, limiting the availability of cash for other purposes. We will continue to be limited by financial and other restrictive covenants in the ability to borrow additional funds, consummate bulk asset sales, enter into transactions with affiliates or conduct mergers and acquisitions; affecting our flexibility in planning for, or reacting to, changes in the business and industry.

Our ability to pay principal and interest on the indebtedness and to satisfy the other debt obligations will depend upon the future operating performance, which will be affected by prevailing economic conditions and financial, business and other factors, some of which are beyond our control, as well as the availability to obtain additional sources of capital. If we are unable to service the indebtedness, we will be forced to take actions such as reducing or delaying capital expenditures, selling assets, restructuring or refinancing our indebtedness, or seeking additional equity capital. There is no assurance that we can affect any of these remedies on satisfactory terms, or at all.

Dilution

The issuance of shares upon conversion of the Debentures, including 21,500,000 intended for GEM, will cause significant dilution to our stockholders and may have an adverse impact on the market price of our common stock.

The resale by GEM or Knobbe, Marten, Olsen & Bear, L.L.P, (the "Investors") of the common stock acquired from conversion of the Debentures will increase the number of our publicly traded shares, which could depress the market price of our Company's common stock. However, the Investors are limited as to the amount of shares it may sell to not more than ten percent (10%) of our common stock's previous days trading volume or 7.5% of the average trading volume for the prior fifteen trading days. The conversion rate at which shares of our common stock may be issuable to the Investors upon a conversion of the Debentures will be an amount equal to the average of the closing bid prices for the 10-day period immediately preceding a conversion date by the Investors. If the Investors choose to purchase our common stock at a time when the stock

price is low, our existing common stockholders will experience substantial dilution. The issuance of shares to the Investors may therefore dilute the equity interest of existing stockholders and could have an adverse effect on the market price of the common stock.

The perceived risk of dilution may cause our stockholders to sell their shares, which would contribute to a downward movement in the price of our common stock. Moreover, the perceived risk of dilution and the resulting downward pressure on our stock price could encourage any investor to engage in short sales of the our common stock. By increasing the number of shares offered for sale, material amounts of short selling could further contribute to progressive price declines in our common stock.

The issuance of further shares upon conversion of the indebtedness represented by the Debentures will dilute our common stock and may lower the price of our common stock. Potential dilution could also originate from stock options offered to members of the Board of Directors, employees, other convertible debentures, or warrants issued to the existing Investors.

Currently, there are approximately 2,916,616 stock options and 3,472,222 warrants outstanding with respect to our common stock. Furthermore, we may issue additional options for up to an additional 1.8 million shares of common stock pursuant to the 2002 Stock Option Plan, and we can also issue additional warrants and grant additional stock options to our employees, officers, directors and consultants, all of which may further dilute our net tangible book value per share.

Our Common Stock Has Experienced In The Past, And Is Expected To Experience In The Future, Significant Price And Volume Volatility, Which Substantially Increases The Risk Of Loss To Persons Owning the Common Stock

Because of the limited trading market for our common stock, and because of the possible price volatility, investors may not be able to sell our shares of common stock when they desire to do so. Through the twelve months ended December 31, 2004, our stock price ranged from a high of $0.23 to a low of $0.02 per share. The inability to sell shares in a rapidly declining market may substantially increase the risk of loss because of such illiquidity and because the price for our common stock may suffer greater declines because of its price volatility.

We Have Not Sustained Profitable Operations Over An Extended Period To Date

Investors might not receive a return on their investment. There is no assurance that a shareholder will realize a return on his investment or that he will not lose his entire investment. We have not achieved profitable operations over an extended period of time. We cannot be certain that we will be able to regain or sustain profitability or positive operating cash flow.

Patent Infringement Allegations May Impair Our Ability To Manufacture And Market Its Products

There are a number of U.S. and foreign patents covering methods and the apparatus for performing corneal surgery that we do not own or have the right to use. We do not believe that we are infringing any of these patents although we have received letters from Presby Corp. and Photo Medix informing us of potential infringement. If we were found to infringe a patent in a particular market, both our customers and we may be enjoined from making, using and selling that product in the market and be liable for damages for any past

infringement of such rights. In order to continue using such rights, we would be required to obtain a license, which may require us to make royalty, per procedure or other fee payments. We cannot be certain if we or our customers will be successful in securing licenses, or that if we obtain licenses, such licenses will be on acceptable terms. Alternatively, we might be required to redesign the infringing aspects of these products. Any redesign efforts that we undertake could be expensive and might require regulatory review. Furthermore, the redesign efforts could delay the reintroduction of these products into certain markets, or may be so significant as to be impractical. If redesign effort were to prove impractical, we could be prevented from manufacturing and selling the infringing products, which would have a material adverse effect on our business, financial condition and results of operations.

If We Are Unable To Protect Our Patents And Proprietary Technology We May Not Be Able To Compete Effectively

Our success will depend in part on our ability to obtain patent protection for products and processes, to preserve our trade secrets and to operate without infringing the proprietary rights of third parties. While we hold a number of U.S. and foreign patents and have other patent applications pending in the United States and foreign countries, we cannot be assured that any additional patents will be issued, that the scope of any patent protection will exclude competitors or that any of our patents will be held valid if subsequently challenged. Further, other companies may independently develop similar products, duplicate our products or design products that circumvent our patents. We are aware of certain patents which, along with other patents that may exist or be granted in the future, could restrict our right to market some of our technologies without a license, including, among others, patents relating to the Company's lens emulsification product, presbyopia product and ophthalmic probes for the Er:YAG laser. We also rely upon unpatented trade secrets, and we cannot assure investors that others will not independently develop or otherwise acquire substantially equivalent trade secrets.

Our founder, J.T. Lin, Ph.D., has continued to file patent applications for Presbyopia that are assigned by agreement to the Company. However, he refuses to sign required prosecution documents, claims ownership of certain of these patents and consequently, in some cases, these patents are being abandoned. These abandonments can negatively impact the strength of the Company's patent position unless the Company can get said patents reinstated once the required documents have been executed by Dr. Lin.

Our Business Is Subject To Governmental Regulation Which Imposes Significant Costs And If Not Complied With Could Lead To The Assessment Of Penalties; Certain Regulatory Decisions May Restrict Or Delay Our Ability To Manufacture And Market Our Products

Our products are regulated as medical devices by the FDA. As such, these devices require either Section 510(k) premarket clearance or approval of a premarket approval application by the FDA prior to commercialization. Satisfaction of regulatory requirements is expensive and may take several years to complete. We cannot assure investors that further clinical trials of our medical products or of any future products will be successfully completed or, if they are completed, that any requisite FDA or foreign governmental approvals will be obtained. FDA or other governmental approvals of products we may develop in the future may require substantial filing fees which could limit the number of applications we seek and may entail limitations on the indicated uses for which our products may be marketed. In addition, approved or cleared products may be subject to additional testing and surveillance programs

required by the FDA and other regulatory agencies, and product approvals and clearances could be withdrawn for failure to comply with regulatory standards or by the occurrence of unforeseen problems following initial marketing. Also, we have made modifications to some of the Company's existing products which we do not believe require the submission of a new 510(k) notification to the FDA. However, we cannot assure the FDA would agree with our determination. If the FDA did not agree with our determination, they could require us to cease marketing one or more of the modified devices until the devices have been cleared. We are also required to adhere to a wide variety of other regulations governing the operation of our business. Noncompliance with state, local, federal or foreign requirements can result in serious penalties that could harm our business.

Our ophthalmic laser, OptiVision, is approved by the FDA to be marketed for certain ophthalmic applications. The presbyopia indication is currently being tested in clinical trials outside the United States, and the Company has applied for an Investigational Device Exemption to test it in the United States, which has been approved on a conditional and limited basis. We have a significant inventory of ophthalmic laser systems, which were acquired from Premier Laser Systems, Inc. In order to manufacture laser systems or repair laser systems, we will need to become registered as a manufacturer with the FDA and abide by Good Manufacturing Practices (GMP). These regulations impose certain procedural and documentation requirements with respect to our manufacturing, research and development and quality assurance activities. Our facilities will be subject to inspections by the FDA and other regulatory agencies, and if any material noncompliance with GMP guidelines is noted, the marketing of all laser products may be adversely affected. During January 2004, the Company was involved in an inspection and received a "Form 483" notice and Warning Letter resulting in its inability to ship products to certain countries throughout the world. The Company and its clinical investigators were involved in numerous inspections in 2003 and January 2004, which resulted in additional Form 483s and Warning Letters, some of which have since been resolved.

A Successful Product Liability Claim Asserted Against Us Due To A Defect In One Of Our Products In Excess Of Our Insurance Coverage Would Harm Our Business

The sale of our medical products involves the inherent risk of product liability claims. We currently have product liability insurance coverage in the amount of $1 million per occurrence and $2 million in the aggregate, subject to various coverage exclusions. We do not know whether claims against us arising with respect to our products will be successfully defended or that our insurance will be sufficient to cover liabilities arising from these claims. A successful claim against us in excess of our insurance coverage could have a materially adverse effect on our business.

SEC Investigation

On April 11, 2002, we were named as a party defendant in a civil lawsuit filed in United States District Court for the Middle District of Florida by the United States Securities and Exchange Commission against Dr. J.T. Lin and Jeanette Lin, his wife, and Mr. Aaron Tsai, an unrelated party. The suit alleges that Dr. Lin and Mr. Tsai committed various acts of securities fraud in 1999 and early 2000, and seeks damages and injunctive relief against them. The suit also seeks an injunction against us. We have cooperated fully with the SEC in the course of the investigation into the facts surrounding this matter and have taken the position that these acts were taken by Dr. Lin and his wife in their personal capacities and not as agents of the Company or within the

scope of their employment with the Company. We intend to defend vigorously any attempt to secure an injunction against the Company. Dr. Lin, the founder and former employee, has agreed to indemnify the Company against any liabilities resulting from these actions. On December 13, 2002, a federal grand jury in the United States District Court found Dr. Lin guilty on charges of securities fraud and money laundering and sentenced him to a prison term of five years and ten months and assessed damages amounting to $1,475,000. On January 7, 2004 the SEC notified SurgiLight that Dr. Lin's conviction would cover all of the shareholder losses except $106,354. This amount would need to be obtained from the other defendant's including SurgiLight. Subsequently, the SEC notified SurgiLight that Dr. Lin's conviction would cover all of the shareholder losses except $106,354. This amount would need to be obtained from the other defendant's including SurgiLight. During 2003, while SurgiLight was in discussions with the SEC on the terms of a settlement and seeking relief from these damages, it had recorded this amount as potential monies owed. During December 2004, SurgiLight entered into a settlement agreement with the SEC forgiving that liability in full and thus has removed the $106,354 obligation from its financial statements at December 31, 2004.

On May 31, 2003 the SEC presented the Company with an Asset Forfeiture Notice requiring the transfer of all known assets of Dr. Lin, including all stock certificates, to the United States Government. Per the existing Voting Trust Agreement, these shares will continue to be voted by the outside directors of SurgiLight.

We Face Competition In Certain Markets

Medical laser centers, including the vision correction and the dermatology segments, are subject to intense, increasing competition, which could reduce our short-term cash flow. Our ophthalmic laser is cleared for certain applications and in clinical trials for other applications. Currently, the only FDA-approved technique to correct presbyopia is monovision, wherein the patient has one eye corrected for near vision and one eye for far vision. Multifocal implantable lenses and other surgical techniques are currently undergoing clinical trials. There is no assurance that any of these techniques or products will receive FDA approval. Once approval is obtained, we cannot be certain that we will be able to compete successfully against current and future competitors. Many of our competitors have existing products and distribution systems in the marketplace and are substantially larger, better financed, and better known.

If We Cannot Adapt To Technological Advances, Our Products May Become Technologically Obsolete And Our Product Sales Could Significantly Decline

The markets in which our medical products compete are subject to rapid technological change as well as the potential development of alternative surgical techniques or new pharmaceutical products. These changes could render our products uncompetitive or obsolete. We will be required to invest in research and development to attempt to maintain and enhance our existing products and develop new products. We do not know if our research and development efforts will result in the introduction of new products or product improvements.

However, at the present time, our inventory consists primarily of the lasers and other equipment purchased from Premier. It is our belief that both the book value transferred and the current market value of the inventory has not undergone obsolescence as the inventory continues to meet the criteria established to perform the surgical routines that comprise our business focus

and market. However, we only have enough inventory on hand to sustain operations for an estimated two to three years. After such time, we will need to reevaluate the existing technology and may need to alter its operations to remain competitive in the industry.

Effect Of Corporate Measures

Certain anti-takeover measures may have an adverse effect on our stock price and may also discourage takeovers that might be beneficial to stockholders. Certain provisions of our Articles of Incorporation, bylaws and Florida law could delay or frustrate the removal of incumbent directors, discourage potential acquisition proposals and delay, defer or prevent a change in control of SurgiLight, even if such events could be beneficial, in the short-term, to the interests of our stockholders.

Our Company Is Subject To Certain Risks Associated With Its International Sales

We expect sales to international accounts will continue to represent a significant percentage of our total sales unless and until our systems are cleared for commercial distribution in the U.S., or with respect to those products that do not require regulatory approval, otherwise enter the U.S. market. Our business, financial condition and international results of operations may be adversely affected by present economic instability in certain Asian and South American countries, future economic instability in other countries in which we have sold or may sell, increases in duty rates, difficulties in obtaining export licenses, ability to maintain or increase prices, and competition. Additionally, international sales may be limited or disrupted by the imposition of government controls, export license requirements, political instability, trade restrictions, changes in tariffs, difficulties in staffing and coordinating communications among and managing international operations. Because most of our sales have been denominated in U.S. dollars, we do not have significant exposure to typical foreign currency fluctuation risks. However, due to our Company's significant export sales, we are subject to currency exchange rate fluctuations in the U.S. dollar, which could increase the effective price in local currencies of our products. This could in turn result in reduced sales, longer payment cycles and greater difficulty in collecting receivables.

The Loss Of Key Personnel Could Adversely Affect Our Business

Our ability to maintain our competitive position depends in part upon the continued contributions of our executive officers and other key employees and consultants. A loss of one or more such officers, consultants or key employees could have an adverse effect on our business. We do not carry key man insurance on any officer or key employee. As we continue the clinical development of our lasers and other products and prepare for regulatory approvals and other commercialization activities, we will need to continue to implement and expand our operational, financial and management resources and controls. While to date we have not experienced problems recruiting or retaining the personnel necessary to implement such plans, we cannot be certain that problems won't arise in the future. If we fail to attract and retain qualified individuals for necessary positions, and if we are unable to effectively manage growth in our domestic and international operations, these could have an adverse effect on our business, financial condition and results of operations.

We Do Not Expect To Pay Any Dividends

To date, we have paid no cash dividends or made any stockholder distributions. The payment of dividends on our common stock is within the discretion of the Board of Directors and will depend upon our earnings, capital requirements, financial condition, and other relevant factors. For the foreseeable future, however, it is not anticipated that we will pay any dividends. Currently, we plan to retain any earnings we receive for the continued development of our business operations.

NASDAQ Listing

Our common stock is quoted on the NASDAQ Over-The-Counter Bulletin Board (OTCBB). We currently are not listed on the NASDAQ National Market system. We cannot assure investors that it will ever meet the criteria for listing the common stock on such market system, which would provide a stronger trading market. Lack of listing on the NASDAQ National Market may make it more difficult for us to raise funds through the sale of our common stock or securities convertible into our common stock.

Forward-Looking Statements

The Private Securities Litigation Reform Act of 1995 provides a 'safe harbor' for forward-looking statements. This report (as well as information included in oral statement or other written statements made or to be made by the Company) contains statements that are forward-looking, such as statements related to anticipated future revenues of the Company, market size, status of competition, success of current product offerings, FDA regulations, ongoing clinical trials, patent position, expectation in litigation, and success of future debt or equity offerings.

These statements involve known and unknown risks, uncertainties and other factors that may cause the Company's actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance, or achievements expressed or implied by such forward-looking statements. Such factors include, among other things, those listed under Risk Factors and elsewhere in this prospectus and the documents incorporated by reference. In some cases, forward-looking statements can be identified by terminology such as may, will, should, could, expects, plans, intends, anticipates, believes, estimates, predicts, potential or continue or the negative of such terms and other comparable terminology. Although the Company believes that the expectations reflected in the forward-looking statements are reasonable based on currently available information, the Company cannot guarantee future results, levels of activity, performance or achievements. Moreover, neither the Company nor anyone else assumes responsibility for the accuracy and completeness of such statements. The Company is under no duty to update any of the forward-looking statements after the date of this document.

These statements may also contain forward-looking statements regarding, but not limited to, financial information, closing timeframes, terms and commitments of debt and equity financing, revenue projections, patents, patent rights, market size, market trends, marketing, clinical trials, 510(k) approval, future events and performance of the Company which involves risks and uncertainties that could materially affect actual results. Investors should refer to documents that the Company files with the SEC for a description of certain factors that could cause actual results to vary from current expectations and the forward-looking statements contained in this document.

Item 7. Financial Statements

Consolidated Combined Financial Statements

SURGILIGHT, INC.

December 31, 2004 and 2003

Table of Contents

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors and Stockholders
SurgiLight, Inc.
Orlando, Florida

We have audited the accompanying balance sheet of SurgiLight, Inc. as of December 31, 2004 and the related statements of operations, cash flows and stockholders' equity for the year then ended. These financial statements are the responsibility of SurgiLight Inc.'s management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards as established by the Auditing Standards Board and in accordance with the auditing standards of the Public Company Accounting Oversight Board (United States of America). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. SurgiLight, Inc. is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of SurgiLight Inc.'s internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of SurgiLight, Inc as of December 31, 2004 and the results of its operations and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the

United States of America.

The accompanying financial statements have been prepared assuming that SurgiLight, Inc. will continue as a going concern. As discussed in Note 1 to the financial statements, SurgiLight, Inc. has suffered losses from operations and has a net capital deficiency that raises substantial doubt about its ability to continue as a going concern. Management plans in regard to these matters are described in Note 1. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

/s/ Richard L. Brown & Company, P.A.

April 26, 2005
Tampa, Florida
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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors
SurgiLight, Inc.
Orlando, Florida

We have audited the accompanying consolidated balance sheet of SurgiLight, Inc. and subsidiaries as of December 31, 2003, and the related consolidated statements of operations, changes in stockholders equity, and cash flows for the year then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States of America). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of SurgiLight, Inc. and subsidiaries as of December 31, 2003, and the results of their operations and their cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The accompanying financial statements have been prepared assuming the Company will continue as a going concern. As discussed in Note 1 to the financial statements, the Company has incurred losses from operations, negative cash flows from operating activities and has a working capital deficit. These matters, among other things, raise substantial doubt about the Company's ability to continue as a going concern. Management's plans related to these matters are also discussed in Note 1. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

/s/ MOORE STEPHENS LOVELACE, P.A.

MOORE STEPHENS LOVELACE, P.A.
CERTIFIED PUBLIC ACCOUNTANTS

Orlando, Florida
February 13, 2004

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SURGILIGHT, INC.
CONSOLIDATED BALANCE SHEETS
December 31, 2004 and 2003

<s>	<c> 2004	<c> 2003
ASSETS		
Current assets:		
Cash	$ 2,815	$ 31,420
Accounts receivable, less allowances for doubtful accounts of $0 and $161,995	158,846	132,459
Inventories (note 6)	360,000	360,000
Prepaid data collection fees	152,500	24,000
Other current assets	206,768	79,244
Total current assets	880,929	627,123
Property and equipment, net of accumulated depreciation of $20,809 and $16,897 (note 7)	16,482	20,394
Other assets:		
Inventories (note 6)	4,124,008	4,424,364
Intangible assets, net of accumulated amortization of $355,845 and $345,849 (note 5)	110,035	217,531
Prepaid data collection fees	217,000	442,500
Total assets	$5,348,454	$5,731,912
LIABILITIES & STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued expenses	$1,546,892	$1,144,904
Accounts payable and accrued expenses-related party (note 18)	978,768	495,718
Customer deposits	120,000	755,333
Short-term debt (note 8)	519,875	451,074
Convertible debentures (note 8)	77,204	414,898
Total current liabilities	3,242,739	3,261,927
Long-term debt, less current maturities (note 8)	174,676	-
Debt to be converted into equity (note 4)	1,088,154	1,088,154

Commitments and Contingencies		
Stockholders' equity:		
Common stock, $0.0001 par value; 60,000,000 shares authorized; 54,411,958 and 45,126,847 issued; 54,326,823 and 45,080,712 outstanding	5,441	4,513
Preferred stock, $0.0001 par value; 5,000,000 shares authorized; 47,000 issued and outstanding	6	6
Additional paid in capital	11,742,108	10,955,742
Treasury stock, 46,135 shares (at cost)	(202,095)	(202,095)
Accumulated deficit	(10,702,575)	(9,376,335)
Total stockholders' equity	842,885	1,381,831
Total liabilities and stockholders' equity	$5,348,454	$5,731,912

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See notes to consolidated financial statements.

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SURGILIGHT, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
Years Ended December 31, 2004 and 2003

<s>	<c> 2004	<c> 2003
Revenue:		
Sales of equipment	$ 1,705,000	$ 1,157,240
Other	501,722	24,950
Total Revenue	2,206,722	1,182,190
Cost of Sales	313,221	168,251
Gross profit	1,893,501	1,013,939
Operating expenses:		
Salaries and benefits	383,832	499,390
Advertising and selling	5,458	81,831
Administrative and other	485,582	473,701
Provision for bad debt	933,493	161,193
Professional fees	666,532	349,119
Research and development (note 13)	267,746	238,250
Interest expense	197,044	136,164
Depreciation	3,912	19,346
Amortization	9,996	117,461
Total operating expenses	2,953,595	2,076,455
Loss from operations	(1,060,094)	(1,062,516)
Other income/(expenses) (note 15):		
Disgorgement income (expense)	106,354	(106,354)
Loss on write-down of intangible,		

equipment, patent	(97,500)	(80,353)
Loss before income taxes	(1,051,240)	(1,249,223)
Provision for income tax (note 9)	-	-
Loss from continuing operations	(1,051,240)	(1,249,223)
Discontinued operations (note 14):		
Income (loss) from operations of Plantation (including loss on disposal of $85,803)	-	(102,145)
Net income (loss) from discontinued operations	-	(102,145)
Net Loss	$(1,051,240)	$(1,351,368)
Basic and diluted loss per share:		
Loss from continuing operations	$(0.021)	$(0.030)
Discontinued operations	-	(0.003)
Net loss per share - Basic and diluted	$(0.021)	$(0.033)
Weighted average shares used in calculating net loss per share - Basic and diluted	49,281,928	40,843,869

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See notes to consolidated financial statements.

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SURGILIGHT, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
Years ended December 31, 2004 and 2003

<s>	<c> 2004	<c> 2003
Cash flows from operating activities:		
Net loss	$(1,051,240)	$(1,351,368)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation	3,912	19,346
Amortization	9,996	117,461
Provision for bad debts	933,493	161,193
Impairment loss on loan fees	97,500	-
Loss on disposal of intangible, equipment & patents	-	80,353
Loss on disposal of Plantation assets	-	85,803
Stock issued for services	60,794	-
(Increase) decrease in assets and liabilities, net of business acquisitions and dispositions		
Receivables	(959,879)	(267,126)
Inventories	300,356	157,385
Prepaid data collection fees	97,000	(32,000)

Other current assets	(127,524)	(46,266)
Intangible assets	-	(27,500)
Accounts payable	885,037	616,907
Customer deposits	(635,333)	20,000
Discontinued operations	-	283,180
Net cash (used in) operating activities	(385,888)	(182,632)
Cash flows from investing activities:		
Purchases of equipment	-	(519)
Net cash (used in) investing activities	-	(519)
Cash flows from financing activities:		
Bank overdraft	-	(3,678)
Issuance of short-term debt	349,351	-
Repayment of debt	(130,074)	(273,472)
Loans from shareholders	24,200	6,000
Proceeds from private placement	-	500,000
Repayment of debentures	(337,694)	(14,279)
Common stock issued for debenture conversion	451,500	-
Net cash provided by financing activities	357,283	214,571
Net (decrease) increase in cash	(28,605)	31,420
Cash, beginning of year	31,420	-
Cash, end of year	$ 2,815	$ 31,420
Cash paid during the year for interest	$ -	$ 32,266

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See notes to consolidated financial statements.
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SURGILIGHT, INC.
Consolidated Statements of Stockholders' Equity
Years ended December 31, 2004 and 2003

<s>	<c>	<c>	<c>	<c>	<c>
	Common Stock Shares	Common Stock Amount	Preferred Stock Shares	Preferred Stock Amount	Additional Paid-In Capital
Balances at December 31, 2002	30,847,005	$3,085	47,000	$6	$9,545,323
Private Placement Issue	1,736,110	174	-	-	499,826
Conversion of deposit	754,148	75	-	-	(75)
Stock issued related to Premier Laser Systems purchase	5,347,594	535	-	-	(535)
Replacement shares issued	641,774	64	-	-	(64)
GEM debenture conversion	5,800,216	580	-	-	911,267

Net Loss	-	-	-	-	-
Balances at December 31, 2003	45,126,847	4,513	47,000	6	10,955,742
Stock issued for services	816,500	82	-	-	54,908
Debenture conversion	8,361,111	836	-	-	450,664
GEM payment	107,500	10	-	-	5,794
Net Loss	-	-	-	-	-
Balances at December 31, 2004	54,411,958	$5,441	47,000	$6	$11,467,108

	Treasury Stock	Accumulated Deficit	Total Stockholders' Equity
Balances at December 31, 2002	$(202,095)	$(8,024,967)	$1,321,352
Private Placement Issue	-	-	500,000
Conversion of deposit	-	-	-
Stock issued related to Premier Laser Systems purchase	-	-	-
Replacement shares issued	-	-	-
GEM debenture conversion	-	-	911,847
Net Loss	-	(1,351,368)	(1,351,368)
Balances at December 31, 2003	(202,095)	(9,376,335)	1,381,831
Stock issued for services	-	-	54,990
Debenture conversion	-	-	451,500
GEM payment	-	-	5,804
Net Loss	-	(1,051,240)	(1,051,240)
Balances at December 31, 2004	$(202,095)	$(10,427,575)	$ 842,885

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See notes to consolidated financial statements.
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SURGILIGHT, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2004 and 2003

Note 1. The Company and Summary of Significant Accounting Policies

(a) Organization

SurgiLight, Inc. ("the Company" or "SurgiLight") sells ophthalmic lasers and related products and services based on its own and licensed intellectual property, primarily for use in refractive and presbyopia procedures.

SurgiLight's wholly owned subsidiaries, which comprised an operating segment of the Company, (Plantation Laser Eye Center, "Plantation" and American Medical Laser Services, Inc., "AMLSI") provided medical laser services in the state of

Florida.

Effective October 1, 2002, the Company entered into a formal plan to dispose of both Plantation and AMLSI, therefore they have been reported as Discontinued Operations in the accompanying financial statements. The AMLSI operations were discontinued at December 31, 2002 and all of its assets were written off except for the escrowed cash account. On June 12, 2003, the Company entered into an agreement to sell certain of the Plantation assets for a total consideration of $133,820 that was comprised of the assumption of two equipment leases of $59,293 and $9,527 and a cash payment of $65,000 which was received in full in October 2003. The related assets had a net book value of $219,624 at that date. Accordingly, the Plantation subsidiary has been disposed as of June 12, 2003 and the resulting loss on disposal of $85,803 has been included in the discontinued operations activity in this report.

Going Concern Risk and Management Plan

Liquidity and Capital Resources - As of December 31, 2004, we had a cash balance of $2,815 and a working capital deficit of $(2,361,810) as compared to a cash balance of $31,420 and a working capital deficit of $(2,634,804) at December 31, 2003. The Company had a negative $385,888 in cash flow from operating activities during 2004 and paid down $130,074 of its credit line.

The Company's future capital requirements will depend on many factors, the scope and results of pre-clinical studies and pre-clinical trials, the cost and timing of regulatory approvals, research and development activities, establishment of manufacturing capacity, and the establishment of the marketing and sales organizations and other relationships, acquisitions or divestitures, which may either involve cash infusions or require additional cash. There is no guarantee that without additional revenue or financing, the Company will be able to meet its future working capital needs. In addition, without the required regulatory approvals, the value of the Company's inventory could become impaired.

The Company has severe liquidity problems which compromises its ability to pay principal and interest on debt and other current operating expenses in a timely manner. The Company is seeking additional sources of financing, which may include short-term debt, long-term debt or equity. There is no assurance that the Company will be successful in raising additional capital. During February 2005, the Company generated $1,800,000 in funds from the $2 million license agreement completed with Biolase. The Company is also negotiating with many of its vendors to settle those liabilities with lower payments.

The Company is continuing to seek additional funding with a number of lenders. However, there is no guarantee that any financing will be received. The Company's ability to meet its working capital needs will be dependent on the ability to sign additional distribution and licensing arrangements, achieve a positive cash flow from operations, achieve and sustain profitable operations, and obtain additional debt and/or equity capital.

Substantial Indebtedness - We have a substantial amount of indebtedness. As of December 31, 2004 the total indebtedness was $4,505,569 (including accounts payable and accrued expenses of $2,525,660, convertible debentures of $77,204, and short-term notes payable comprised of the remaining balance on the Premier acquisition of $175,000, line-of-credit of $100,000, $70,200 in loans from shareholders, $349,351 in payments for legal services, customers deposits of $120,000 and the $1,088,154 remaining from the GEM convertible debenture conversion). The GEM note payable will be satisfied with an equity issuance

when the Board of Directors authorizes additional common stock.

As a result of the level of debt and the terms of the debt instruments, our vulnerability to adverse general economic conditions is heightened. It is possible that we will be required to dedicate a substantial portion of both short-term and long-term cash flow from operations to repayment of debt, limiting the availability of cash for other purposes. We will continue to be limited by financial and other restrictive covenants in the ability to borrow additional funds, consummate bulk asset sales, enter into transactions with affiliates or conduct mergers and acquisitions; affecting our flexibility in planning for, or reacting to, changes in the business and industry.

Our ability to pay principal and interest on the indebtedness and to satisfy the other debt obligations will depend upon the future operating performance, which will be affected by prevailing economic conditions and financial, business and other factors, some of which are beyond our control, as well as the availability to obtain additional sources of capital. If we are unable to service the indebtedness, we will be forced to take actions such as reducing or delaying capital expenditures, selling assets, restructuring or refinancing our indebtedness, or seeking additional equity capital. There is no assurance that we can affect any of these remedies on satisfactory terms, or at all.

(b) Principle of Consolidation

The consolidated financial statements include the accounts of the Company and its subsidiaries, Plantation and AMLSI; however, Plantation and AMLSI have been classified as discontinued operations. All significant intercompany balances and transactions have been eliminated in consolidation.

(c) Use of Estimates

We follow generally accepted accounting principles ("GAAP") for the U.S. in preparing our financial statements. As part of this work, we must make many estimates and judgments about future events. These affect the value of the assets and liabilities, contingent assets and liabilities, and revenues and expenses that we report in our financial statements. Examples include estimates of the amount of our accounts receivable that we will not be able to collect, the potential for inventory obsolescence, the expenses we will incur to provide service under warranty obligations, the ongoing value of investments, and whether and how much to accrue for legal contingencies. We believe these estimates and judgments are reasonable and we make them in accordance with our accounting policies based on information available at the time. However, actual results could differ from our estimates and this could require us to record adjustments to expenses or revenues that could be material to our financial position and results of operations in future periods.

(d) Fair Value of Financial Instruments

We follow Statement of Financial Accounting Standards No. 107, "Disclosures About Fair Value Of Financial Instruments" ("SFAS 107") and related pronouncements in accounting for and disclosing the value of financial instruments. The values we show for our financial assets and liabilities as of December 31, 2004 and 2003 (including cash and cash equivalents, accounts receivable, accounts payable, debt and accrued liabilities) approximate the fair market value of these assets and liabilities due to their short maturity.

(e) Accounts Receivable, Allowances for Doubtful Accounts

We estimate the amount of receivables that we will not be able to collect from

customers and provide reserves accordingly. To develop this estimate we review all receivables and identify those accounts with problems. For these problem accounts, we estimate individual, specific reserves based on our analysis of the payment history, operations and finances of each account. For all other accounts, we review historical bad debts trends, general and industry specific economic trends, customer concentrations, and current payment patterns to estimate the reserve necessary to provide for changes in the allowance for doubtful accounts.

Changes in the allowance for doubtful accounts for the years ended December 31, are as follows:

	2004	2003	
Balance at beginning of year	$ 161,995	$ 106,051	
Provision for credit losses	425,000	161,193	
Less: Charge offs	(586,995)	(105,249)	
Allowance for doubtful accounts - end of year	$	0	$ 161,995

(f) Income Taxes

The Company recognizes deferred tax liabilities and assets for the expected future tax consequences of events that have been included in the consolidated financial statements or tax returns. Deferred tax liabilities and assets are determined based on the differences between the financial statement and tax bases of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse.

(g) Inventory

Inventory, which consists primarily of laser systems parts and components purchased, is stated at the lower of cost or market. Cost is determined using the specific identification method. The Company has sold its presbyopia laser systems for prices in excess of carrying amounts and anticipates continuing to do so. It is the Company's belief that both the book value transferred and the current market value of the inventory has not undergone obsolescence as the inventory continues to meet the criteria established to perform the surgical routines that comprise its business focus and market. The financial statements do not purport to show the realizable value of the inventory or any of the Company's assets on a liquidation basis or their availability to satisfy liabilities.

The Company reports inventory as both short-term and long-term assets. The short-term component represents what is budgeted to be used during the next twelve-month sales cycle. At December 31, 2004 the short-term and long-term components were $360,000 and $4,124,008, respectively.

(h) Property and Equipment

Property and equipment are stated at cost. Property and equipment are depreciated using the straight-line method over the estimated lives (three to seven years) of the assets. Such depreciation is separately stated on the consolidated statements of operations.

(i) Intangible Assets

Intangible assets consist of patents, application fees, and deferred loan

costs. Patents consist of the cost of acquiring certain technologies and are amortized over 15 years. Deferred loan costs are amortized over the term of the loan using the effective interest method. Application fees are amortized over the life cycle of the specific application process, typically three years.

(j) Research and Development

Research and development costs are charged to operations as incurred. The cost of certain equipment used in research and development activities, which have alternative uses, is capitalized as equipment and depreciated using the straight-line method over the estimated lives (five to seven years) of the assets.

The Company enters into agreements with certain doctors to exchange a portion of a product's sales price for services related to the completion of certain portions of clinical studies necessary for obtaining product approval from the U.S. Food and Drug Administration. Typically, the amounts consist of a portion of the product sales price which is equal to the cost of the services to be rendered by the doctor. Pursuant to the agreements, in the event the doctor is unable to complete the agreed upon clinical study, the doctor is required to remit a cash payment for the entire amount. The amounts are capitalized as prepaid research and development expense and are amortized upon completion of certain milestones of the clinical study. These studies are generally completed within one year. Amortization of these research and development expenses totaled $24,000 and $43,250 at December 31, 2004 and 2003, respectively.

(k) Product Warranty Costs

Estimated future warranty obligations related to the Company's products, typically for a period of one year, are provided by charges to operations in the period in which the related revenue is recognized.

(l) Extended Service Contracts

The Company sells product service contracts covering periods beyond the initial warranty period. Revenues from the sale of such contracts are deferred and amortized on a straight-line basis over the term of the contracts. Service contract costs are charged to operations as incurred.

(m) Revenue Recognition

The Company recognizes revenue from the sale of its products and services in accordance with SEC Staff Accounting Bulletin No. 101, Revenue Recognition in Financial Statements ("SAB 101"). Under this standard, revenue is generally recognized when the following four criteria are met:

1. Persuasive evidence of an arrangement exists;
2. Delivery has occurred or services have been rendered;
3. Our selling price is fixed or determinable; and
4. Collectibility is reasonably assured.

Any payments received from the customer prior to these events occurring are classified as customer deposits in the accompanying balance sheet.

(n) Earnings (Loss) per Share

Basic earnings or loss per common share are computed using the weighted average number of common shares and contingently issuable shares (to the extent that

all necessary contingencies have been satisfied), if dilutive. Diluted loss per common share is computed using the weighted average number of common shares, contingently issuable shares, and common share equivalents outstanding during each period. Common share equivalents include options, warrants to purchase common stock, and convertible debentures and are included in the computation using the treasury stock method if they would have a dilutive effect. Diluted losses per share for the years ended December 31, 2004 and 2003 are the same as basic loss per share.

(o) Impairment of Long-Lived Assets and Long-Lived Assets to be disposed of

Long-lived assets and certain identifiable intangibles are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to the future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell.

(p) Stock Option Plans

The Company adopted SFAS No. 123, "Accounting for Stock-Based Compensation", which permits entities to recognize as expense over the vesting period the fair value of all stock-based awards on the date of grant. Alternatively, SFAS No. 123 allows entities to continue to apply the provisions of APB Opinion No. 25 and provide pro forma net income and pro forma earnings per share disclosures for employee stock option grants as if the fair-valued based method defined in SFAS No. 123 had been applied. The Company has elected to continue to apply the provisions of APB Opinion No. 25 and provide the pro forma disclosure pursuant to the provisions of SFAS No. 123, as shown below:

		2004	2003
Net Loss	As reported	$ (1,051,240)	$(1,626,368)
	Pro forma	$ (1,234,411)	$(1,819,258)
Loss per share	Basic and Diluted		
	As reported	$ (0.021)	$ (0.040)
	Pro forma	$ (0.025)	$ (0.045)

The fair value of these options was estimated at the date of grant using a Black-Scholes option pricing model with the following weighted-average assumptions:

	2004	2003
Risk-free rate	3%	3%
Expected option life (in years)	10	10
Expected stock price volatility	147%	147%
Dividend yield	0%	0%
Weighted average grant date value	$0.20	$0.27

(q) Operating Segments

The Company adopted the provisions of SFAS No. 131, "Disclosures about Segments of an Enterprise and Related Information", on December 31, 1998 that requires companies to report financial and descriptive information about its reportable

operating segments. Operating segments are components of an enterprise for which separate financial information is available that is evaluated regularly by the chief operating decision maker in assessing performance. This statement also requires that public companies report certain information about their products and services, the geographic areas in which they operate and their major customers. At December 31, 2004, the Company reported no ongoing operating segment activity.

(r) Treasury Stock

In 2001, the Board of Directors authorized the repurchase on the open market, at management's direction, of up to 100,000 shares of the Company's stock during any one year. The Company subsequently repurchased 46,135 shares of common stock which are recorded as "Treasury Stock" and resulted in a reduction of "Stockholders' Equity."

(s) Advertising

Advertising costs are expensed as incurred and amounted to $5,458 and $81,831 for the years ended December 31, 2004 and 2003, respectively.

(t) Reclassifications

Certain reclassifications have been made to the 2003 financial statements to conform with the 2004 presentation.

(u) Cash and Cash Equivalents

The Company considers all highly liquid investments with original maturities of three months or less to be cash equivalents.

(v) Concentrations

For the year ended 2004, sales to one international distributor amounted to $1,300,000 or $76% of the total recorded sales of equipment of $1,705,000.

(w) Recent Accounting Pronouncements

In November 2004, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standard No. 151, "Inventory Costs, an Amendment of ARB No. 43, Chapter 4 ("SFAS 151"). This standard amends ARB No. 43 to clarify the accounting for certain inventory costs. We will be required to implement the new pronouncement during 2006. We do not expect the adoption of this standard to have a material impact on our financial statements.
In December, 2004, the FASB issued SFAS No. 123 (revised), "Share-Based Payment" ("SFAS 123(R)"). This standard requires expensing of stock options and other share-based payments and supercedes the FASB's earlier rule (the original SFAS 123) that had allowed companies to choose between expensing stock options or showing pro forma disclosure only. We currently show the pro forma disclosures in Note 1(p) to these financial statements. We will be required to implement the new pronouncement and begin recording share-based expense at the beginning of the third quarter of fiscal 2005. Although we have not yet determined whether the adoption of the SFAS 123(R) will result in amounts that are similar to the current pro forma disclosures under SFAS 123, we are evaluating the requirements under SFAS 123(R) and expect the adoption to not have a significant adverse impact on our consolidated operating results.

In December 2004, the FASB issued FASB Staff Position No. SFAS 109-1

"Application of FASB Statement No. 109, Accounting for Income Taxes, to the Deduction on Qualified Production Activities Provided by the American Jobs Creation Act of 2004" ("SFAS 109-1"). This Act introduces a special 9% tax deduction on qualified production activities. SFAS 109-1 clarifies that this tax deduction should be accounted for as a special tax deduction in accordance with SFAS 109. We do not expect the adoption of these new tax provisions to have a material impact on our financial position, results of operations or cash flows.

In December 2004, the FASB issued FASB Staff Position No. SFAS 109-2 "Accounting and Disclosure Guidance for the Foreign Earnings Repatriation Provision within the American Jobs Creation Act of 2004" ("SFAS 109-2"). This Act introduces a limited time 85% dividends received deduction on the repatriation of certain foreign earnings to a U.S. taxpayer (repatriation provision), provided certain criteria are met. SFAS 109-2 provides accounting and disclosure guidance for the repatriation provision. Although SFAS 109-2 is effective immediately, we do not have any amounts of unremitted foreign earnings and do not expect the adoption of these new tax provisions any impact on our financial position, results of operations or cash flows.

In March 2004, the FASB issued EITF Issue No. 03-1 ("EITF 03-1"), "The Meaning of Other-Than-Temporary Impairment and Its Application to Certain Investments" which provided new guidance for assessing impairment losses on investments. Additionally, EITF 03-1 includes new disclosure requirements for investments that are deemed to be temporarily impaired. In September 2004, the FASB delayed the accounting provisions of EITF 03-1; however the disclosure requirements remain effective for annual periods ending after June 15, 2004. We will evaluate the impact of EITF 03-1 once final guidance is issued.

Note 2. Acquisitions and Dispositions

Premier Laser Systems

In October 2000, the Company acquired the inventory and technology of Premier Laser Systems (see note 18). The inventory consisted of work in process and finished goods laser systems. The purchase price, including legal fees of $20,000, was $3,745,000 and was allocated as follows: $3,400,000 to inventory, $345,000 to intangible assets consisting of technology, patents and FDA approval costs. The purchase price has been completely paid off.

In December 2001, the Company agreed to acquire additional inventory for $1,700,000 payable in $350,000 of cash and $1,350,000 of the Company's common stock. Of the original $350,000 liability due to be paid in cash, there are two separate remaining payments of $87,500 that are included in the accompanying financial statements under short-term debt with an amount totaling $175,000. Of the original $1,350,000 liability due to be paid in common stock, two separate issuances totaling $350,000 were made during 2002. The remaining $1,000,000 of common stock was issued to Premier during January 2003.

AMLSI

In March 1999, the Company acquired 100% of the stock of Advanced Medical Laser Services, Inc. (AMLSI) in exchange for 2,360,000 shares of the Company's common stock.

Effective January 1, 2000, SurgiLight sold a 55% interest in the net assets of AMLSI in exchange for 1,260,000 shares of the Company's common stock. The

shares were subsequently cancelled. In the third quarter of 2000, the Company entered into an agreement to reacquire the remaining 55% interest in AMLSI in exchange for 26,000 shares of common stock. At the date of purchase, the fair value of the stock issued in connection with this transaction amounted to $200,000.

The AMLSI operations were discontinued at December 31, 2002 and all of its assets were written off except for the escrowed cash account. On July 2, 2003, Merrill Lynch secured a judgment as a result of the default on the $500,000 line-of-credit. Subsequent to that, the Company had released its rights to Merrill Lynch of the $264,477 of escrowed cash.

EMX

In March 1999, the Company acquired 100% of the stock of EMX, Inc. in exchange for 230,000 shares of the Company's common stock. The acquisition was accounted for using the purchase method. On January 1, 2000, the Company sold 85% of its wholly owned interest in EMX in exchange for 120,000 shares of the Company's common stock. The acquired shares were subsequently cancelled. On August 29, 2002 the Company and EMX entered into an agreement whereby the Company would exchange its remaining 150,000 shares of EMX stock in exchange for the 91,300 shares of Company stock held by EMX. As a result of the stock exchange, neither the Company nor EMX would hold any further financial or administrative interest in the other entity. During the year ended December 31, 2002, the Company recorded a gain on the exchange of $10,852. In addition, EMX agreed to pay the Company an amount equal to fifteen percent (15%) of its net profit for each of the 2003 and 2004 calendar years. To date, EMX has reported no net profits.

Plantation Laser Center

On June 12, 2003, the Company entered into an agreement to sell certain of the Plantation assets for a total consideration of $133,820 that was comprised of the assumption of two equipment leases of $59,293 and $9,527 and a cash payment of $65,000. The related assets had a net book value of $219,624 at that date. Accordingly, the resulting loss on disposal of $85,803 has been included in the discontinued operations activity in this report.

Note 3. Prepaid Data Collection Fees

At December 31, 2004, the Company reclassified $217,000 of prepaid data collection fees from short-term asset categorization to long-term categorization. Accordingly, $442,500 of assets at December 31, 2003 were similarly reclassified.

Note 4. Common Stock

During 2004, the Company issued shares of common stock in exchange for legal services valued at $506,490 and interest expense valued at $5,804. The value for the legal fees was determined based on the value of the services performed.

Issuable Shares - At December 31, 2004 and 2003 the Company is obligated to issue 11,697,652 common shares to satisfy the balance of the GEM note payable.

At December 31, 2004 the Company is obligated under the Convertible Debenture issued to GAM Laser to issue sufficient shares necessary to redeem the balance

of $40,306.

At December 31, 2004 the Company is obligated under the Convertible Debenture issued to KMOB to issue sufficient shares necessary to redeem the balance of $36,898. The Company is also obligated under the debenture to issue shares necessary to fully redeem the remaining balance of $195,102.

Premier Laser Systems: On January 21, 2003, the Company issued 5,347,594 common shares to Premier Laser Systems in satisfaction of its purchase obligation.

Replacement Shares: On January 21, 2003, the Company issued 641,774 common shares to two existing shareholders in satisfaction of its obligation to replace shares previously surrendered.

Note 5. Intangible Assets

The components of intangible assets at December 31, 2004 and 2003 are summarized as follows:

	2004	2003
Patents	$ 150,000	$ 150,000
Application & Loan Costs	315,880	413,380
Gross intangible assets	465,880	563,380
Less: Accumulated Amortization	(355,845)	(345,849)
Net intangible assets	$ 110,035	$ 217,531

At December 31, 2004 and 2003, the Company evaluated the carrying value of its goodwill components and other intangibles to determine if an impairment had occurred that warranted an adjustment to the carrying value of those intangibles. As a result of those evaluations, prepaid loan costs were determined to be impaired as of December 31, 2004 and were therefore written off in an amount of $97,500 related to continuing operations.

The estimated aggregate amortization expense for each of the five succeeding years is as follows:

Year	Amortization
2005	$ 9,996
2006	9,996
2007	9,996
2008	9,996
2009	9,996

Note 6. Inventories

The components of inventories at December 31, 2004 and 2003 are summarized as follows:

	2004	2003
Raw Materials	$ 1,650,704	$ 1,677,379
Work in progress	299,175	272,499
Finished Goods	2,534,129	2,834,485
Total Inventory	$ 4,484,008	$ 4,784,364

	==========	==========

At December 31, 2004 and 2003, management has reclassified $4,124,008 and $4,424,364, respectively, of the Company's inventory to long-term assets in the accompanying balance sheet to reflect inventory to be consumed beyond the current operating cycle.

Note 7. Property and Equipment

Property and equipment used in continuing operations at December 31, are as follows:

	2004	2003
Furniture & Equipment	$ 32,291	$ 32,291
Laboratory equipment	5,000	5,000
Total Property and Equipment	37,291	37,291
Less: Accumulated Depreciation	(20,809)	(16,897)
Net Property & Equipment	$ 16,482	$ 20,394

Depreciation expense amounts to $3,912 and $19,346 for the years ended December 31, 2004 and 2003, respectively.

Note 8. Notes Payable and Convertible Debentures

Notes payable consist of the following at December 31, 2004 and 2003:

	2004	2003
Note payable to financial institution. Interest payable monthly at a variable rate of 30-day commercial paper plus 3.15%. Due on August 31, 2002. Collateralized by all assets. In default and currently in litigation. The liability was settled for $100,000 on Feb. 2, 2005.	$100,000	$230,074
Notes payable to legal firm for past services. Terms are 25% due in April 2005, 25% in Oct. 2005, 25% in April 2006, and the final payment including interest is due Oct. 2006. Interest is prime + 2 %.	158,829	-
Notes payable to legal firm for past services. Terms are 25% due in April 2005, 25% in Oct. 2005, 25% in April 2006, and the final payment including interest is due Oct. 2006. Interest is prime + 2 %.	190,522	-
Note payable to Premier Laser Systems, past due in two remaining installments of $87,500	175,000	175,000
Notes payable to director / shareholder, including interest at 6%. Collateralized by intangible assets.	31,000	26,000

Notes payable to director / shareholder, including interest at 6%. Collateralized by intangible assets. Additional monies owed this director / shareholder are also collateralized by intangible assets.	29,200	20,000
Notes payable to director / shareholder	10,000	-
Total Notes Payable	694,551	451,074
Less: Current Maturities	519,875	451,074
Long-Term Debt	$174,676	$ -

Aggregate maturities of long-term debt are as follows:

2006	$174,676

GEM Convertible Debenture - During January 2003, Global Emerging Markets ("GEM") had notified the Company of its intent to convert all of the debenture's remaining balance to stock effective January 2003. Subsequently GEM and the Company agreed for GEM to convert the remaining $2 million debenture to common stock at a price of $0.093.

On June 17, 2003, the Company issued to GEM 5,800,216 shares that when combined with the transfer of the previously escrowed 4,002,132 shares that collateralized the original debenture, GEM was issued possession of 9,802,348 of the 21,500,000 shares resulting from the conversion. The remaining shares of 11,697,652 are to be issued upon authorization to increase the Company's total authorized common stock to 100 million from 60 million shares and thus are currently recorded as debt to be converted to equity with a balance of $1,088,154. The note payable is currently in a default status accruing interest at 8% per annum due to the inability of the Company to produce an effective registration statement.

Convertible debentures consist of the following at December 31:

	2004	2003
Debentures convertible at the average closing $ 40,306 bid price for the ten trading days prior to conversion. The debenture is uncollateralized and matured December 31, 2002.	$ 40,306	$ -
Debentures convertible at the average closing bid price for the ten trading days prior to conversion and bearing interest of approximately $3,300 This debenture is uncollateralized and matured December 31, 2002.	$ 36,898*	$ -
Total convertible debentures	$ 77,204	$414,898

*This amount does not include the remaining balance to maturity of $195,102.

Note 9. Income Taxes

The Company has incurred losses since its inception. Due to the uncertainty of

the realization of the tax loss carryforward, the Company has established a 100% valuation allowance against the carryforward benefit.

The Company has net operating loss carryforwards totaling approximately $10 million, which expire through the year 2024.

The difference between the Company's effective income tax rate and the federal statutory rate is due primarily to an increase in the valuation allowance.

Note 10. Stockholders' Equity

Authorized Shares - In conjunction with the Company's reincorporation in the State of Florida, which became effective the first quarter of 2002, the Company increased authorized common stock shares from 30 million to 60 million.

Preferred Shares - The Company has 47,000 shares outstanding of Series A convertible preferred stock that were issued in a 2001 private placement. Each share contains a warrant to purchase an additional one-quarter share of common stock. As part of the private placement memorandum, any shares not converted at November 30, 2003 are to be automatically converted into shares of common stock at the current market value. The Company is currently converting those remaining shares.

Private Placement - On January 24, 2003, the Company consummated a previously announced private placement agreement with a group of four accredited investors, including ophthalmic-knowledgeable doctors. The offering was for $500,000 and included the purchase of 1,736,111 of the Company's common shares. Under the agreement, investors purchased for approximately $.29 each a unit consisting of one share of the Company's restricted common stock and a warrant with an exercise price of $0.42 per share. An additional 1,736,111 warrants with an exercise price of $0.65 per share are currently due because of the Company's failure to have the underlying shares registered within the agreed upon timeframe. The warrants are exercisable for five years from date of issuance.

GEM Convertible Debenture - During January 2003, GEM had notified the Company of its intent to convert all of the debenture's remaining balance to stock effective January 2003. Subsequently GEM and the Company agreed for GEM to convert the remaining $2 million debenture to common stock at a price of $0.093. GEM initially converted shares equal to nineteen and nine-tenths percent (19.9%) of the total issued and outstanding shares of the Company's common stock on April 11, 2003 (the "Effective Date") and was also granted possession of the shares that were originally escrowed as part of the debenture agreement. GEM will only be authorized to vote 19.9% of the Company's authorized and outstanding shares except under certain conditions and has been awarded one seat on the Company's Board of Directors. GEM will also set aside 2.1 million shares, which represent 10% of the total conversion shares, to be used for a management and employee stock option plan. At December 31, 2004, the debenture has been partially converted leaving a note payable liability balance of $1,088,154. That note payable is convertible into shares of common stock when sufficient shares become authorized and available. The Company has been notified by GEM's legal counsel to cure the issuance of the remaining shares.

Stock options - The Company operates two open stock option plans: the 1999 Stock Option Plan ("1999 Plan") and the 2001 Stock Option Plan ("2001 Plan"). The total number of shares of stock that may be issued under the 1999 Plan is 150,000 and three million under the 2001 Plan. In addition, the Company grants

to CEO Colette Cozean, as part of her regulatory consultant compensation, 3,500 options per month, which are outside the scope of either of the option plans.

Under both plans, the option exercise price shall be not less than one hundred percent (100%) of the fair market value ("FMV") of the stock on the grant date. Under the 1999 Plan, FMV is defined as the average closing price of the stock for the five business days immediately preceding such date. Under the 2001 Plan, FMV is defined as the closing price of the stock on the grant date.

Under the 1999 Plan, each member of the Board of Directors shall receive an option for 10,000 shares upon initial appointment to the Board and at each annual meeting thereafter in consideration for the director's service on the Board for the coming year. All such options fully vest on the date of grant and have a term of five years.

Under the 2001 Plan, each member of the Board of Directors shall receive an option for 50,000 shares upon initial appointment to the Board and at each annual meeting thereafter in consideration for the director's service on the Board for the coming year. All such options have a term of five years, with 20,000 options vesting immediately upon the date of grant and the remainder vesting in increments of 10,000 each on the anniversary of the grant date for each of the three years following the grant date.

In May 2002, the Company issued stock options to employees and members of the Board of Directors (elected by shareholders) to acquire up to 1,200,000 shares of the Company's common stock. The options vest over a three-year period and are exercisable at approximately .27 cents per share.

The Company's records show 2,916,616 stock options and 3,472,222 warrants outstanding at December 31, 2004. The following table summarizes the aggregate stock option activity for the years ended December 31, 2004 and 2003:

	Shares Under Option/ Warrant	Weighted Average Exercise Price
Outstanding at December 31, 2002	2,765,172	$0.62
Granted 2003	3,764,222	$0.51
Cancellations 2003	884,172	$0.98
Outstanding at December 31, 2003	5,645,222	$0.54
Granted 2004	1,021,616	$0.10
Cancellations 2004	278,000	$1.45
Outstanding at December 31, 2004	6,388,838	$0.20
Shares exercisable at December 31, 2004	5,894,839	$0.38

The range of exercise prices for options and warrants at December 31, 2004 was $0.01 to $1.08. The following tables summarize information about options and

warrants outstanding at December 31, 2004:

Outstanding Options / Warrants			
Range Of Exercise Prices	Number of Shares	Weighted Average Remaining Conmtractual Life (in years)	Weighted Average Exercise Price
$.01-$1.08	6,388,838	5.5	.20

Exercisable Options / Warrants		
Range Of Exercise Prices	Number of Shares	Weighted Average Exercise Price
$.01-$1.08	5,894,839	.20

Note 11. Segment Information

The following presents the Company's segment information for the years ended December 31, 2004 and 2003.

	2004 SurgiLight	2004 Centers	2003 SurgiLight	2003 Centers
Revenues	$2,206,722	$ -	$1,182,190	$ 134,100
Cost of goods sold	313,221	-	168,251	64,506
Salaries & benefits	383,832	-	499,390	31,556
Advertising & selling	5,458	-	81,831	1,456
Administrative & other	1,419,075	-	634,894	46,315
Professional fees	666,532	-	349,119	-
Research & development	267,746	-	238,250	-
Depreciation & amort.	13,908	-	136,807	-
Net interest (income)	197,044	-	136,164	6,609
Other (Income) or Loss	(8,854)	-	186,707	85,803
Net Income (Loss)	$(1,051,240)	$ -	$(1,249,223)	$ (102,145)

The amounts presented as Centers represents the discontinued operations of both Plantation and AMLSI.

Note 12. Lease Obligations

The Company leases office space under operating lease arrangements. Future minimum payments under the non-cancelable operating lease as of December 31, 2004, is approximated as follows:

2005	$86,400

Rent expense for continuing operations during the years ended December 31, 2004 and 2003 was $156,534 and $115,283, respectively.

Note 13. Research and Development

For the years ended December 31, 2004 and 2003, the Company incurred

$267,746 and $238,250, respectively, for research and development costs that were primarily focused on developing presbyopia as the Company's core business operation. Activities were focused on seeking U.S. FDA approval to begin performing clinical trials and selling the Company's technology in international markets.

Note 14. Discontinued Operations

During October 2002, the Company adopted a formal plan to dispose of its subsidiaries, AMLSI and Plantation Laser Center. Therefore, the positions and activity generated by each of the entities has been separately classified in the accompanying financial statements as discontinued operations.

As previously mentioned, Miano ceased the operations of AMLSI on December 31, 2002 and transferred the existing assets to another company resulting in a loss to the Company of $504,995. In January 2004, we filed suit seeking recovery of the value of the assets transferred plus additional statutory damages (see Item 3. Legal Proceedings and Note 17).

On June 12, 2003, the Company entered into an agreement to sell certain of the Plantation assets for a total consideration of $133,820 that was comprised of the assumption of two equipment leases of $59,293 and $9,527 and a cash payment of $65,000. The related assets had a net book value of $219,624 at that date. Accordingly, the Plantation subsidiary has been disposed as of June 12, 2003 and the resulting loss on disposal of $85,803 has been included in the discontinued operations activity in this report.

Note 15. Non-Operation Items

SEC Disgorgement - On January 7, 2004 the SEC notified SurgiLight that a disgorgement amount of $106,354 is also due which represents additional monies owed by Dr. Lin on the $1,475,000 damages. During February 2004, SurgiLight began negotiations with the SEC claiming the inability to financially satisfy that obligation. During December 2004, SurgiLight entered into a settlement agreement with the SEC forgiving that liability in full and thus has removed the $106,354 obligation from its financial statements at December 31, 2004.

RA Medical Systems, Inc. - On March 18, 2003, the Company announced that it had granted an exclusive three-year license for the Company's EX-308 Excimer laser technology to RA Medical Systems, Inc., a privately held developer, manufacturer and marketer of equipment for the treatment of various dermatological conditions. The agreement represents a new revenue source from a technology the Company elected not to pursue to continue to focus the corporate efforts on such key ophthalmic applications as presbyopia. The agreement also provides for royalty payments to be made to us over an extended time period and such payments amounted to $4,020 for 2004.

Note 16. Commitments and Contingencies

Presby Corporation - On December 5, 2001, the Company entered into a settlement agreement with Presby Corporation and RAS Holding Corporation regarding Presby's patent infringement lawsuit. The parties have agreed to an entry of a decree that acknowledges the validity and enforceability of Presby's patent for the treatment of Presbyopia. The Company also agreed to make a one-time payment to Presby. In the opinion of management, the settlement will not have a significant adverse effect on future operations of the Company. On January 31, 2002 the one-time payment was made in accordance with the settlement agreement.

SEC Investigation - On April 11, 2002, we were named as a party defendant in a civil lawsuit filed in United States District Court for the Middle District of Florida by the United States Securities and Exchange Commission against Dr. J.T. Lin and Jeanette Lin, his wife, and Mr. Aaron Tsai, an unrelated party. The suit alleges that Dr. Lin and Mr. Tsai committed various acts of securities fraud in 1999 and early 2000, and seeks damages and injunctive relief against them. The suit also seeks an injunction against us. We have cooperated fully with the SEC in the course of the investigation into the facts surrounding this matter and have taken the position that these acts were taken by Dr. Lin and his wife in their personal capacities and not as agents of the Company or within the scope of their employment with the Company. We intend to defend vigorously any attempt to secure an injunction against the Company. Dr. Lin, the founder, former employee and significant shareholder, has agreed to indemnify the Company against any liabilities resulting from these actions. On December 13, 2002, a federal grand jury in the United States District Court found Dr. Lin guilty on charges of securities fraud and money laundering and sentenced him to a prison term of five years and ten months and assessed damages amounting to $1,475,000. Subsequently, the SEC notified SurgiLight that Dr. Lin's conviction would cover all of the shareholder losses except $106,354. This amount would need to be obtained from the other defendant's including SurgiLight. During 2003, while SurgiLight was in discussions with the SEC on the terms of a settlement and seeking relief from these damages, it had recorded this amount as potential monies owed. During December 2004, SurgiLight entered into a settlement agreement with the SEC forgiving that liability in full and thus has removed the $106,354 obligation from its financial statements at December 31, 2004.

On May 31, 2003 the SEC presented the Company with an Asset Forfeiture Notice requiring the transfer of all known assets of Dr. Lin, including all stock certificates, to the United States Government. Per the existing Voting Trust Agreement, these shares will continue to be voted by the outside directors of SurgiLight.

Product Liability - The sale of our medical products involves the inherent risk of product liability claims. We currently have product liability insurance coverage in the amount of $1 million per occurrence and $2 million in the aggregate, subject to various coverage exclusions. We do not know whether claims against us arising with respect to our products will be successfully defended or that our insurance will be sufficient to cover liabilities arising from these claims. A successful claim against us in excess of our insurance coverage could have a materially adverse effect on our business.

Note 17. Legal Proceedings

Paul Miano - Advanced Medical Laser Services, Inc. ("AMLSI") and Paul Miano ("Miano") filed a lawsuit against us on September 26, 2001, in Broward County, later moved to Orange County, alleging breach of contract for our alleged failure to finance up to $1,000,000 of working capital. Our counsel and we believe that this lawsuit is without merit and immaterial, and we are vigorously defending against this claim. On December 31, 2002 Miano ceased AMLSI operations and transferred the Company's corporate assets to another organization without our prior knowledge and consent. In January 2004, we filed suit seeking recovery of the value of the assets transferred plus additional statutory damages. In February 2004, Miano revised his claims and added certain officers and directors of SurgiLight to the litigation. Based on the advice of legal counsel, we believe that this lawsuit is without merit and immaterial, and we are vigorously defending against this claim, therefore no

provision for loss has been made in these financial statements that may result from this uncertainty.

SEC Investigation - On April 11, 2002, we were named as a party defendant in a civil lawsuit filed in United States District Court for the Middle District of Florida by the United States Securities and Exchange Commission against Dr. J.T. Lin and Jeanette Lin, his wife, and Mr. Aaron Tsai, an unrelated party. The suit alleges that Dr. Lin and Mr. Tsai committed various acts of securities fraud in 1999 and early 2000, and seeks damages and injunctive relief against them. The suit also seeks an injunction against us. We have cooperated fully with the SEC in the course of the investigation into the facts surrounding this matter and have taken the position that these acts were taken by Dr. Lin and his wife in their personal capacities and not as agents of the Company or within the scope of their employment with the Company. We intend to defend vigorously any attempt to secure an injunction against the Company. Dr. Lin, the founder, former employee and significant shareholder, has agreed to indemnify the Company against any liabilities resulting from these actions. On December 13, 2002, a federal grand jury in the United States District Court found Dr. Lin guilty on charges of securities fraud and money laundering and sentenced him to a prison term of five years and ten months and assessed damages amounting to $1,475,000. Subsequently, the SEC notified SurgiLight that Dr. Lin's conviction would cover all of the shareholder losses except $106,354. This amount would need to be obtained from the other defendant's including SurgiLight. During 2003, while SurgiLight was in discussions with the SEC on the terms of a settlement and seeking relief from these damages, it had recorded this amount as potential monies owed. During December 2004, SurgiLight entered into a settlement agreement with the SEC forgiving that liability in full and thus has removed the $106,354 obligation from its financial statements at December 31, 2004.

On May 31, 2003 the SEC presented the Company with an Asset Forfeiture Notice requiring the transfer of all known assets of Dr. Lin, including all stock certificates, to the United States Government. Per the existing Voting Trust Agreement, these shares will continue to be voted by the outside directors of SurgiLight.

Merrill Lynch Business Financial Services - On December 4, 2002, Merrill Lynch Business Financial Services, Inc. ("Merrill Lynch") filed a lawsuit in the Circuit Court for the Ninth Judicial Circuit in and for Orange County, Florida, naming us, the Company, as debtor, AMLSI and J.T. Lin as guarantors, and other parties, in connection with a $500,000 Line of Credit and Loan and Security Agreement issued by Merrill Lynch to the Company, which is secured by all Company assets. Merrill Lynch has alleged that we are in breach of the Loan and Security Agreement and has requested the repayment of the principal balance under the Line of Credit along with certain other remedies, including foreclosure of certain collateral and appointment of a receiver over such collateral.

On July 2, 2003, Merrill Lynch secured a judgment as a result of the default on the $500,000 line-of-credit. Subsequent to that, the Company has released its rights to Merrill Lynch of the $264,477 of escrowed cash that has been subject of the ongoing dispute between the Company and AMLSI. Payments have subsequently been made to Merrill Lynch resulting in a balance due of $141,548 (which includes accrued interest of $27,811) at December 31, 2004. During February 2005, Merrill Lynch agreed to settle the obligation for a lump sum payment of $100,000. Accordingly, SurgiLight has adjusted the liability to $100,000 at December 31, 2004.

Other Litigation - From time to time, the Company is party to other litigation. The Company and its counsel believe this litigation is not material. In January 2004, one vendor secured a judgment for $91,000 against the Company for payment of temporary accounting services. That vendor has agreed to settle the judgment at a lesser amount

On April 21, 2005, the Company received a personal injury complaint from Raul Arevalo, claiming damages in excess of $50,000 for injuries caused to his eyes in May 1997 by an excimer laser allegedly manufactured and sold by J.T. Lin and Photon Data, a predecessor to SurgiLight. The Company and its counsel have not yet had time to evaluate this claim.

Note 18. Certain Relations and Related Transactions

Premier Laser Systems - The Company's balance as of December 31, 2004 and 2003, to Premier Laser Systems, Inc. is $175,000 payable in cash remaining from the purchase of Premier's ophthalmic laser product line in December 2001. Colette Cozean, Ph.D. a Director and Chairwoman of the Board, founded Premier and served in many capacities for that company from 1991 to 1999. Premier currently owes Dr. Cozean approximately $120,000 for severance, life insurance, expenses and salary. Premier also owes Dr. Cozean up to $13,125 as a commission from the second acquisition of assets by SurgiLight.

In November 2000, the Company entered into a consulting agreement with Dr. Cozean. Currently, the Company agreed to pay her as CEO and a regulatory consultant at a rate of $13,500 per month and issue her options each month for 3,500 shares at a 10% discount off of fair market value in exchange for her services.

Officers and Shareholders - The Company's balance as of December 31, 2004 to CEO Colette Cozean is $725,234 (which includes accrued interest of $68,064) and is recorded in accounts payable. The Company's balance as of December 31, 2004 to CFO Stuart Michelson is $86,283 (which includes accrued interest of $2,783) and is also recorded in accounts payable. The balances at December 31, 2003 for the CEO and CFO were $446,218 and $49,500 respectively. The Company's balance as of December 31, 2004 to President/COO Timothy Shea is $167,251 (which includes accrued expenses of $23,107 and accrued salary of $144,144).

During October 2002, CEO Colette Cozean and CFO Stuart Michelson each loaned the Company $20,000 which was used to fund a portion of the closing costs on the Company's current debt refinancing. In April 2003, Michelson loaned the Company an additional $6,000. During 2004, Cozean and Michelson loaned additional funds to the Company in the amounts of $9,200 and $5,000, respectively. UCC forms were filed to secure these loans with the Company's intangible assets as well as other unpaid fees due these Directors. Also during 2004, Louis P. Valente, a director/shareholder lent the Company $10,000 to fund a portion of legal services. See Note 8 for additional disclosure.

Royalties - For the years ended December 31, 2004 and 2003, royalties were accrued for the benefit of J.T. Lin, a former employee and director of the Company, in the amounts of $16,966 and $13,319, respectively, and are included in Salaries and benefits in the accompanying Consolidated Statements of Operations. Dr. Lin receives a royalty of 2.5% of the net revenues generated over the life of the patents.

Sale of Excimer Laser Systems - In February 2002, the Company signed an agreement with TAO Enterprises, an entity owned by Dr. J. T. Lin, who was also an employee and director of the Company, to sell to TAO all of the assets and

business of the Company's international laser surgery centers and corresponding Excimer laser technologies. This sale included the assumption by TAO of the obligations under the FDA consent decree, as those obligations relate solely to Excimer and UV laser technologies for corneal shaping and not the Company's current technology focus on Infrared lasers to treat Presbyopia. TAO agreed to pay $332,000 for the assets, with an additional $50,000 to be based on clinical fees. At December 31, 2002, the Company has written off as uncollectible the $158,000 remaining on the agreement.

Except as described above, there are currently no proposed transactions between the Company, its officers, directors, shareholders, and affiliates. Conflicts of interest could arise in the negotiation of the terms of any transaction between the Company and its shareholders, officers, directors, or affiliates. We have no plans or arrangements, including the hiring of an independent third party, for the resolution of disputes with such persons, if they arise. No assurance can be given that conflicts of interest will not cause us to lose potential opportunities, profits, or management attention. Our Board of Directors has adopted a policy regarding transactions between the Company and any officer, director, or affiliate, including loan transactions, requiring that all such transactions be approved by a majority of the independent and disinterested members of the Board of Directors and that all such transactions be for a bona fide business purpose and be entered into on terms at least as favorable to the Company as could be obtained from unaffiliated independent third parties.

Note 19. Other Current Assets

At December 31, 2004, included in Other Current Assets, was Employee Advances of approximately $126,000. Included as part of accounts payable and accrued expenses, the Company has recorded approximately $497,000 of accrued payroll costs. The Company has the right to offset the employee advances against the accrued payroll costs.

Note 20. Subsequent Events

Biolase Licensing Agreement - On February 23, 2005, the Company granted a license to the Presbyopia and related patents to Biolase, Inc. to allow Biolase to develop and clinically test their own product prior to bringing it to market. Currently, Biolase has paid $1,800,000 of the $2,000,000 license fee. A royalty is also owed after 5 years. The territories of the exclusive distributors were protected under this license for the life of their Distribution Agreement.

European CE approval - During January 2005, the Company received added CE approval for treatment of presbyopia. Known as the CE 77964, 93/42/EEC, Annex IV, Section 4 Approval of the European Economic Community (EEC), this approval involves not only testing of the laser, but also a review of clinical data by outside medical experts through the auspices of the British Standards Institute (BSI). This approval will allow the Company to begin aggressively marketing the OptiVision for LAPR throughout Europe, the Pacific Rim and around the world since many countries outside the U.S. recognize the CE standard.

Item 8. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

Effective June 10, 2004, Moore Stephens Lovelace, P.A resigned (who performed the auditing for the Company in 2002 and 2003) and we engaged as our new principal accountant Richard L. Brown & Company, P.A. to audit our financial

statements effective December 31, 2004.

The decision to change accountants was recommended and approved by our Board of Directors. At June 10, 2004 there were no disagreements with our former accountants on any matter of accounting principle or practices, financial statement disclosure, or auditing scope or procedure.

In connenction with our financial statements for the year ended December 31, 2003, a disagreement exists between the former and current independent accountants pertaining to the valuation and recording of certain warrants issued by the Company in a private placement transaction during the year ended December 31, 2003. The effects on the financial statements as recommended by the current independent account would treat these warrants as additional compensation thereby increasing expenses and resulting net loss for the year ended December 31, 2003 by $275,000, which results in an increase in accumulated deficit and additional paid-in capital of $275,000 at December 31, 2003. The estimated fair value of these warrants was calculated using the Black-Scholes pricing model. The recording of this transaction would not change total stockholders' equity.

Item 8A. Controls and Procedures

The Company's President, Chief Executive Officer, and Chief Financial Officer evaluated the Company's disclosure controls and procedures within 90 days of the filing date of this annual report. Based upon this evaluation, they concluded that the Company's disclosure controls and procedures are effective in ensuring that material information required to be disclosed is included in the reports that it files with the Securities and Exchange Commission.

There were no significant changes in the Company's internal controls or, to the knowledge of the management of the Company, in other factors that could significantly affect internal controls subsequent to the evaluation date.

PART III

Item 10. Directors, Executive Officers, Promoters, and Control Persons; Compliance with Section 16(a) of the Exchange Act

The table below sets forth the names of our executive officers and directors and information concerning them:

Name	Age	Position
Timothy J. Shea	47	President, Chief Operating Officer,Secretary
Ming-yi Hwang, Ph.D.	48	Director of R&D
Colette Cozean, Ph.D. 4,7	47	Chairwoman, CEO, Director
Robert J. Freiberg, Ph.D. 3,6	66	Director
Stuart E. Michelson, Ph.D. 4,6	52	CFO, Treasurer, Director
Louis P. Valente, C.P.A. 2,3,5	73	Vice-Chairman, Director

Ronald Higgins 2,4,5	63	Director
Edward Tobin 3, 7	48	Director

2. Audit Committee 3. Compensation Committee 4. Special Committee
5. Staggered Term Ends 2005 6. Staggered Term Ends 2006
7. Staggered Term Ends 2004

Currently, all directors of the Company are elected on an annual basis for staggered three-year terms.

Executive Officers and Employee Directors

Timothy J. Shea. Mr. Shea serves as President since June 2002 and Senior Vice President and Chief Operating Officer (COO) since January 2000. Prior to joining us, he served as a member of the Board of Directors and President of the Medical and Research & Development Divisions for Laser Analytics, Inc. in 1999. From 1995 to 1998, he served as Corporate Director of Business Development for Schwartz Electro-Optics, Inc. (SEO). Prior to 1997, Mr. Shea was the Senior Director of the Solid State Laser Division at SEO and was responsible for product design and development, all FDA submissions, implementation of Good Manufacturing Practices, all division operations, sales and marketing activities, clinical support and authored the first Standard Operating Procedure manual. Mr. Shea has traveled worldwide teaching and lecturing on the use of lasers in medicine, laser physics, and conducting research. He has also published 15 papers. Mr. Shea has approximately 20 years experience in medical devices, primarily in the medical laser field.

Ming-yi Hwang, Ph.D. Dr. Hwang has served as the Director of Research and Development for the Company since May 1998. He obtained his Ph.D. in Electrical Engineering from the UCF in 1992. He has more than 15 years experience in laser systems (hardware and software). From 1992 to 1995, he served as Director, R&D, of LaserSight, Inc. and from 1995 to 1998; he served as Research Director for Photon Data, Inc. He was one of the key people involved in the development of the Mini-Excimer, Compak-300, LaserScan-2000 for LaserSight.

Non-Employee Directors

Colette Cozean, Ph.D. Dr. Cozean was appointed as a Director and Chairwoman of the Board in July 2001 and appointed to the position of CEO in June 2002. Dr. Cozean is currently the General Manager of EnOVision, an ophthalmic incubator company, a position she has held since 1999. She also serves as a managing director of three private laser companies and as a business and regulatory consultant involved in structuring small, entrepreneurial companies with proprietary and unique technologies. She was a founder of Premier Laser Systems, Inc. and served in many capacities for that company, including Chairwoman of the Board of Directors, CEO, President, Chief Technical Officer and Director of Research from its founding (1991-1999). Premier filed for bankruptcy under Chapter 11 of the federal bankruptcy code three months following the termination of her relationship with the company in 1999. Prior to this, Dr. Cozean held various research and management positions for divisions of Pfizer, Baxter Healthcare Corporation and American Hospital Supply Company. Dr. Cozean holds numerous patents, has published many articles and book chapters, is an internationally acclaimed speaker, has received more than 100 regulatory approvals and has served as a member of the National Institutes of Health grant review committee. She has served on many boards, both private

and public, including non-profit organizations, Orange County Business Register, Irvine Valley College and medical and laser related companies. She has won many awards including Orange County Entrepreneur of the Year, Westergaard Medical Publishing's Executive of the Year, Westmont College's Alumni of the Year and 1997 Popular Science Best of What's New Science and Technology for developing the first laser to cut teeth without pain. She holds a Ph.D. in biomedical engineering and an M.S. in electrical engineering from Ohio State University, a B.S. in biomedical engineering from the University of Southern California and a B.A. in physical sciences from Westmont College, as well as having taken many post-graduate courses in medical school and business school.

Stuart E. Michelson, Ph.D. Dr. Michelson was appointed as a Director in July 2001 and appointed to the CFO position in June 2002. Dr. Michelson currently is the Roland and Sarah George Professor of Finance at Stetson University (2001 to the present). He was on the faculty of University of Central Florida (UCF) from 1997-2001, and was on the faculty of Eastern Illinois University from 1991 to 1997. He obtained his Ph.D. in Finance from the University of Kansas in 1991 and an M.B.A. from the University of Missouri in 1978. He is the President, Academy of Financial Services. He is the President, Academy of Business Education. He has been a member of the Editorial Board of Journal of Current Research in Global Business, Journal of Business and Economic Perspectives, and Journal of Business Education and the Reviewer for Financial Practice and Education, Financial Services Review, The Quarterly Review of Economics and Finance, Managerial and Decision Economics, Journal of Financial Counseling & Planning, and Journal of Financial Education and Reviewer for International Board of Standards and Practices for Certified Financial Planners. He was also on the Charleston Recreation Foundation Board Committee from 1996 to 1997, Charleston School Board Technology Steering Committee from 1995 to 1997, and Chair of the Technology Advisory Committee at UCF from 1997 to the present. He has served as a Consulting Engineer for Burns & McDonnell and Design Engineer for Bendix Corporation (Allied Signal). Dr. Michelson had published over 30 journal research articles.

Robert J. Freiberg, Ph.D. Dr. Freiberg was appointed as a Director in July 2001. Dr. Freiberg has held numerous senior management positions in engineering, business development, R & D, marketing, program management, quality assurance, and manufacturing operations. Since 2000, he serves as the Vice President of Engineering of Leap Frog, Inc., a high tech educational products provider for schools and adults in the Silicon Valley. Between 1997 and 2000 he has served as a Senior Vice President of Engineering and Program Management and Vice President of Engineering of Industrial Electronic Engineer Inc. for General Scanning, Inc. Dr. Freiberg has served as the General Manager of optics and applied technologies divisions of United Technology, Business Manager of high power optics at TRW, Program Manager at Baxter Healthcare, Inc., and Director of Engineering and Manufacturing Operation at Pfizer Laser Systems, a division of Pfizer, Inc. In addition to his positions in the commercial business world, he has also participated on the board of a large non-profit organization for fifteen years. Dr. Freiberg earned his M.S. (1963) and Ph.D. in Physics (1966) from the University of Illinois and has generated to date 28 patents and authored 60 technical publications and presentations in the areas of laser surgical devices, servo-controlled optical systems, endoscopic optical diagnostics, laser resonator configurations and fiber optic delivery systems. Dr. Freiberg is a member of the American Society for Laser Medicine and Surgery, the Optical Society of America, the Institute for Electrical & Electronic Engineers, and a fellow in the International Society of Optical Engineering. He is also listed in Who's Who in Science and Engineering and Who's Who of Business Leaders.

Louis P. (Dan) Valente. Mr. Valente was appointed as a Director in July 2001 and is Chairman of the compensation committee. Mr. Valente has been the Chief Executive Officer and Chairman of Palamar Medical Technologies, Inc. (Nasdaq: PMTI) since 1997. Currently, Mr. Valente serves as a director of MKS Instruments, Inc., a publicly held company, and several private companies. From 1968 to 1995, Mr. Valente held numerous positions at Perkin Elmer, Inc. (formerly EG&G, Inc.), a diversified technology company which provides optoelectronic, mechanical and electromechanical components and instruments to manufacturers and end-user customers in varied markets that include aerospace, automotive, transportation, chemical, petrochemical, environmental, industrial, medical, photography, security and other global arenas. In 1968, he began his career at EG&G, Inc. as an Assistant Controller and held executive positions, including Corporate Treasurer, before becoming Senior Vice President of EG&G, Inc., presiding over and negotiating acquisitions, mergers and investments. Mr. Valente is a Certified Public Accountant and a graduate of Bentley College.

Edward Tobin. Mr. Tobin is a Director of Global Emerging Markets North America, Inc., where he has managed venture capital investing since 1996. Prior to joining GEM, Mr. Tobin was Managing Director of Lincklaen Partners, a private venture capital group. Previously, he had been a portfolio manager with Neuberger and Berman and prior to that Vice President of Nordberg Capital, Inc., an institutional brokerage in New York City. Mr. Tobin received his MBA from the Wharton School, as well as a Master of Science in Engineering and a Bachelor of Science in Economics (cum laude) from the University of Pennsylvania.

Ron Higgins. Ronald E. Higgins, 62, served as Founder, Managing Director and Financial Manager of Woodworkers Club from its inception in 1996 until his retirement in 2002. Currently, he consults for Proclosure, LLC, which is developing a laser tissue-melding product. Prior management positions include Vice President, Operations of Premier Laser Systems from 1987 - 1996 with responsibility for all functions except R&D, sales and finance and regulatory affairs and quality assurance positions for Pfizer, Bentley and CardioPulmonics. His responsibilities included preparing and presenting marketing and scientific presentations for introduction of new technologies. He has experience in ophthalmology, cardiovascular surgery, dialysis and dentistry. He received a bachelor of science in zoology from the University of Utah in 1964 and completed postgraduate courses in physiology and biochemistry.

Former officer/director

J. T. Lin, Ph.D. Dr. Lin is the founder of the Company and served as Chairman of the Board, President and Chief Executive Officer from 1998 through July 2001, when he resigned from the positions of president and chairman due to personal reasons. In March 2002, Dr. Lin also resigned as a Director for personal reasons. From 1994 through 1999, Dr. Lin was the founder, president, CEO and chairman of Photon Data, Inc, (PDI), which was acquired by SurgiLight, Inc. in March 1999. Dr. Lin was placed on administrative leave of absence in April 2002 and subsequently terminated by the Company effective July 31, 2002.

On September 3, 1998, Dr. J.T. Lin, the former CEO and President of the Company consented to the entry of a final judgment of permanent injunction against him and agreed to disgorge approximately $58,016 representing allegedly wrongful gains from sales of unregistered stock in LaserSight, Inc., together with prejudgment interest, and to pay to the Securities and Exchange Commission a civil penalty of $100,000. The final judgment enjoins Dr. Lin from future violations of Sections 5(a), 5(c), and 17(a) of the Securities Act of 1933, and

Section 10(b), 13(a), 13(b)(2)(B), 13(b)(5), 13(d), and 19(a) of the Securities Exchange Act of 1934, and Rules 10b-15, 12b-20, 13a-1, 13a-13, 13b2-1, 13b2-2, 13d-2, and 16a-3 promulgated thereunder.

On November 16, 1998, Photon Data, Inc. (PDI) consented to the entry of a Consent Decree of Condemnation and Permanent Injunction filed in the United States District Court, Middle District of Florida, Orlando Division regarding devices subject to the jurisdiction of the FDA. Dr. Lin was President and a director of PDI at the time the consent decree was entered. As part of the consent decree, PDI and each director and officer of PDI was permanently restrained from introducing or delivering for introduction into interstate commerce, manufacturing, selling, or distributing in the United States any device subject to the federal Food, Drug and Cosmetic Act (FD & C Act) unless (i) there is in effect a premarket approval, (ii) a premarket notification submission has been filed and there is a finding by the FDA of substantial equivalence, or (iii) an investigational device exemption is in effect for the device. The consent decree also restrains any officer or director of PDI from manufacturing, selling or distributing in the United States any device subject to the FD & C Act that is adulterated or misbranded under the Act. PDI is a predecessor entity to the Company, but, at the time the Company acquired PDI, Dr. Lin agreed to indemnify the Company against any liability that could arise out of this consent decree with the FDA.

The Company has signed an agreement with TAO Enterprises, an entity owned by Dr. Lin, to sell to TAO all of the assets and business of the Company's international laser surgery centers and corresponding Excimer laser technologies. This sale includes the assumption by TAO of the obligations under the FDA consent decree, as those obligations relate solely to Excimer and UV laser technologies for corneal shaping and not the Company's current technology focus on Infrared lasers to treat Presbyopia.

On April 11, 2002, we were named as a party defendant in a civil lawsuit filed in United States District Court for the Middle District of Florida by the United States Securities and Exchange Commission against Dr. J.T. Lin and Jeanette Lin, his wife, and Mr. Aaron Tsai, an unrelated party. The suit alleges that Dr. Lin and Mr. Tsai committed various acts of securities fraud in 1999 and early 2000, and seeks damages and injunctive relief against them. The suit also seeks an injunction against us. We have cooperated fully with the SEC in the course of the investigation into the facts surrounding this matter and have taken the position that these acts were taken by Dr. Lin and his wife in their personal capacities and not as agents of the Company or within the scope of their employment with the Company. We intend to defend vigorously any attempt to secure an injunction against the Company. Dr. Lin, the founder and former employee, has agreed to indemnify the Company against any liabilities resulting from these actions. On December 13, 2002, a federal grand jury in the United States District Court found Dr. Lin guilty on charges of securities fraud and money laundering and sentenced him to a prison term of five years and ten months and assessed damages amounting to $1,475,000. Subsequently, the SEC notified SurgiLight that Dr. Lin's conviction would cover all of the shareholder losses except $106,354. This amount would need to be obtained from the other defendant's including SurgiLight. During 2003, while SurgiLight was in discussions with the SEC on the terms of a settlement and seeking relief from these damages, it had recorded this amount as potential monies owed. During December 2004, SurgiLight entered into a settlement agreement with the SEC forgiving that liability in full and thus has removed the $106,354 obligation from its financial statements at December 31, 2004.

On May 31, 2003 the SEC presented the Company with an Asset Forfeiture Notice

requiring the transfer of all known assets of Dr. Lin, including all stock certificates, to the United States Government. Per the existing Voting Trust Agreement, these shares will continue to be voted by the outside directors of SurgiLight.

There are no family relationships among our directors or officers. Except as discussed above, none of the officers or directors has filed for bankruptcy or been convicted of crimes.

Item 10. Executive Compensation

The following table sets forth a summary of cash and non-cash compensation awarded or paid to, or earned by, executive officers with respect to services rendered in such capacity during 2004 and 2003. No other employee officers earned in excess of $100,000 during 2004 or 2003.

Name and Principal Position	Year	Salary	Bonus
Timothy J. Shea, President and Chief Operating Officer	2004	$135,000	Undecided
Timothy J. Shea, President and Chief Operating Officer	2003	$132,500	Undecided

Director Compensation

We reimburse our directors for their reasonable expenses associated with attending meetings of the Board of Directors and a fixed cash compensation of $1,000 or $500 for each meeting or committee meeting attended by the director in person or telephonically, respectively. In addition, the Company has adopted a stock option plan that provides for the grants of incentive stock options under the Internal Revenue Code as well as options that don't qualify as incentive options. At each annual meeting of the Board commencing in July 2001, each director will be granted a stock option under the plan to purchase 50,000 shares of common stock, with 20,000 option shares vesting immediately upon grant, and the remaining 30,000 option shares vesting in increments of 10,000 shares each on the first, second and third anniversaries of the date of grant. The option exercise price will be equal to the fair market price at the time options are granted. The Board or a Stock Option Committee appointed by the Board will approve all options. In July 2000, each of the Directors was granted an option for 4,000 shares at an exercise price of $5.75 per share. In April 2001, each director was granted an option for 6,000 shares at and exercise price of $1.50 per share. In June 2002, upon assuming her duties as CEO, Dr. Cozean received 400,000 options, one half of which vested at that date. In June 2002, upon assuming his duties as CFO, Dr. Michelson received 200,000 options, one half of which vested at that date. In June 2002, upon assuming his duties as President, Timothy Shea received 450,000 options, one half of which vested at that date. In addition, Dr. Cozean is compensated for her services as CEO and regulatory consultant to us at a monthly rate of $13,500 plus 3,500 options at a 10% discount off of fair market value. Dr. Michelson is compensated for his services as CFO at a monthly rate of $2,500.

Employment Agreements and Bonus Compensation

Effective May 31, 2001, we entered into an agreement with Dr. Lin for his services as the President and Chief Executive Officer and Chairman of the

Board. On July 23, 2001, Dr. Lin resigned as President and Chief Executive Officer and accepted a position as Director of Business and New Technology Development. On March 14, 2002, we signed a three-year employment agreement with Dr. Lin under which he will continue as Director of Business and New Technology, responsible for R&D, as well as expanding the international distributor network. Dr. Lin was subsequently terminated from that position on July 31, 2002. Dr. Lin shall be entitled to a Royalty of 2.5% of the net revenues for the life of the patents.

The compensation committee has reviewed the compensation and performance of the officers of the Company as compared to industry standards, and revised the compensation packages as appropriate for the year ending December 31,2004.

Item 11. Security Ownership of Certain Beneficial Owners and Management

The following table sets forth information known to the company with respect to beneficial ownership of our common stock as of December 31, 2004. The table lists: (i) each stockholder known by us to be the beneficial owner of more than five percent (5%) of our common stock, (ii) each director, (iii) each executive officer, and (iv) all of our directors and executive officer(s) as a group. Except as noted, each of the persons named in the table has sole voting and investment power with respect to common stock beneficially owned by such person.

Name and Address of Beneficial Owner	Vested Shares	Total Shares	Percentage
GEM Global Yield Fund, Ltd. (1) Hunkins Waterfront Plaza P.O. Box 556, Main Street Nevis, West Indies	9,802,348	9,802,348	19.9%
Voting Trust Committee of SurgiLight (2) 12001 Science Drive, Suite 140 Orlando, Florida 32826	3,642,238	3,642,238	8.2%
Edward Tobin (6) 12001 Science Drive, Suite 140 Orlando, Florida 32826	-	-	*
Colette Cozean, Ph.D.(3,6) 12001 Science Drive, Suite 140 Orlando, Florida 32826	777,000	827,000	1.7%
Robert J. Freiberg, Ph.D.(6) 12001 Science Drive, Suite 140 Orlando, Florida 32826	90,000	150,000	*
Ming-yi Hwang 12001 Science Drive, Suite 140 Orlando, Florida 32826	16,000	16,000	*
J.T. Lin 4532 Carriage Trail (4) Oviedo, Florida 32765	8,409,762	8,409,762	18.9%
Stuart E. Michelson, Ph.D. (6)(7) 12001 Science Drive, Suite 140 Orlando, Florida 32826	295,000	355,000	*

Timothy J. Shea (5) 12001 Science Drive, Suite 140 Orlando, Florida 32826	821,000	1,496,000	1.1%
Louis P. (Dan) Valente (6) 12001 Science Drive, Suite 140 Orlando, Florida 32826	90,000	150,000	*
Ronald Higgins (6) 12001 Science Drive, Suite 140 Orlando, Florida 32826	-	-	*
Knobbe, Martens, Olson & Bear LLP 2040 Main Street, 14th Floor Irvine, CA 92614	7,000,000	7,000,000	11.6%
Premier Laser Systems, Inc. 1 Argonaut Suite 201 Alsio Viejo, CA 92656	5,347,954	5,347,954	8.9%
Jackson, Clements & Dawson LLP 5728 Major Blvd., Suite 600 Orlando, FL 32819	1,361,111	1,361,111	*

(1) Includes shares of common stock issued during 2003 and released shares of the escrowed account that secured the original $3 million convertible debenture.

(2) A voting trust committee (Trustee) comprised of all of the current outside directors of the Company other than those who are paid consultants of the Company, has the sole power and discretion to act as, and to exercise the voting rights and powers of the Company's common stock held by shares subject to the trust agreement. The majority vote of such committee determines the vote of the shares subject to the trust. The number of shares subject to the trust is adjusted from time to time so that Dr. Lin and his affiliates have voting control of 19% of the then total outstanding shares of common stock of the Company. The Trustee has no power to sell or otherwise dispose of any of the shares subject to the trust except upon notice of sale by a beneficiary, and its authority is limited to the power to vote the shares subject to the trust. The term of the agreement is three years. In addition, the Voting Trust is authorized to vote the Dr. Lin shares seized by the U.S. government.

(3) Includes options to purchase 665,000 shares at exercise prices between $0.07 and $1.08 per share. SurgiLight has executed a consulting agreement with Dr. Cozean that provides for an option to purchase 3,500 common shares each month with a 10% discount from each respective months ending closing price. Dr. Cozean also received during June 2002, 400,000 options for her service as CEO.

(4) Includes (a) 1,064,000 shares owned by Dr. J.T. Lin, a 10% shareholder and a former director of the Company, and (b) 4,000,000 shares owned by Lin Family Partners, Ltd. All of such shares are subject to a Voting Trust Agreement dated June 6, 2001 between Dr. Lin and affiliated shareholders and a Voting Trust Committee of SurgiLight, with respect to the voting of the shares. Dr. Lin retains the sole investment or dispositive authority with respect to 1,064,000 of the shares, and shares dispositive authority with respect to 4,000,000

shares beneficially owned by Lin Family Partners, Ltd. The shares controlled by Dr. Lin have been seized by the U.S. government.

(5) Includes 26,000 shares of restricted common stock and 4,000 shares of stock options exercisable in three years.

(6) Includes annual allocations of options to purchase 50,000 shares of common stock, with 20,000 option shares vesting immediately upon grant, and the remaining 30,000 options vesting in increments of 10,000 shares each on the first, second and third anniversaries of the date of grant for each board member depending on their term of service.

(7) Dr. Michelson also received during June 2002, 200,000 options for his service as CFO.

Item 12. Certain Relations and Related Transactions

Premier Laser Systems - The Company's balance as of December 31, 2004, to Premier Laser Systems, Inc. is $175,000 payable in cash remaining from the $1.7 million purchase of Premier's ophthalmic laser product line in December 2001. Colette Cozean, Ph.D. a Director and Chairwoman of the Board, founded Premier and served in many capacities for that company from 1991 to 1999. Premier currently owes Dr. Cozean approximately $120,000 for severance, life insurance, expenses and salary. Premier also owes Dr. Cozean up to 13,125 as a commission from the second acquisition of assets by SurgiLight.

In November 2000, the Company entered into a consulting agreement with Dr. Cozean. Currently, the Company agreed to pay her as CEO and a regulatory consultant at a rate of $13,500 per month and issue her options each month for 3,500 shares at a 10% discount off of fair market value in exchange for her services.

Sale of Excimer Laser Systems - In February 2002, the Company signed an agreement with TAO Enterprises, an entity owned by Dr. J. T. Lin, who was also an employee and director of the Company, to sell to TAO all of the assets and business of the Company's international laser surgery centers and corresponding Excimer laser technologies. This sale included the assumption by TAO of the obligations under the FDA consent decree, as those obligations relate solely to Excimer and UV laser technologies for corneal shaping and not the Company's current technology focus on Infrared lasers to treat Presbyopia.). TAO agreed to pay $332,000 for the assets, with an additional $50,000 to be based on clinical fees. At December 31, 2002, the Company has written off as uncollectible the $158,000 remaining on the agreement.

Directors' Loans made to the Company - During October 2002, CEO Colette Cozean and CFO Stuart Michelson each loaned the Company $20,000 which was used to fund a portion of the closing costs on the Company's current debt refinancing. In April 2003, CFO Michelson loaned an additional $6,000 to the Company. During 2004, Cozean and Michelson loaned additional funds to the Company in the amounts of $9,200 and $5,000, respectively. UCC forms were filed to secure these loans with the Company's intangible assets as well as other unpaid fees due these Directors. Also during 2004, Louis P. Valente, a director/shareholder lent the Company $10,000 to fund a portion of legal services.

Except as described above, there are currently no proposed transactions between the Company, its officers, directors, shareholders, and affiliates. Conflicts of interest could arise in the negotiation of the terms of any transaction

between the Company and its shareholders, officers, directors, or affiliates. We have no plans or arrangements, including the hiring of an independent third party, for the resolution of disputes with such persons, if they arise. The Company and its shareholders could be adversely affected should such individuals choose to place their own interests before those of the Company. No assurance can be given that conflicts of interest will not cause us to lose potential opportunities, profits, or management attention. Our Board of Directors has adopted a policy regarding transactions between the Company and any officer, director, or affiliate, including loan transactions, requiring that all such transactions be approved by a majority of the independent and disinterested members of the Board of Directors and that all such transactions be for a bona fide business purpose and be entered into on terms at least as favorable to the Company as could be obtained from unaffiliated independent third parties.

Item 13. Exhibits and Reports on Form 8-K

a) Exhibits

Exhibit No.	Description
3.1 (1)	Articles of Incorporation
3.2 (1)	Bylaws of SurgiLight, as amended to date.
4.1 (2)	Specimen of Common Stock certificate. Specimen of Series A Preferred Stock Certificate
4.2 (3)	Convertible Debenture Purchase Agreement by and among GEM Global Yield Fund Limited and SurgiLight, Inc., dated as of June 30, 2000.
4.3 (3)	3% Convertible Debenture Due November 8, 2003.
4.4 (3)	Warrant to Purchase Common Stock of SurgiLight, Inc.
4.5 (3)	Registration Rights Agreement between SurgiLight, Inc. and GEM Global Yield Fund Limited, dated as of June 30, 2000.
4.6 (3)	Debenture and Warrant Shares Escrow Agreement by and among SurgiLight, Inc., Kaplan Gottbetter & Levenson, LLP and GEM Global Yield Fund Limited, dated as of June 30, 2000.
4.7 (3)	Warrant to Purchase Common Stock of SurgiLight, Inc.
4.8 (3)	Agreement between SurgiLight, Inc. and Chai Chuan Chen, dated October 12, 2000.
4.9 (3)	Agreement between SurgiLight, Inc. and Hsueh-Yueh Chang, dated October 12, 2000.
9 (4)	Amended and Restated Voting Trust Agreement dated March 14, 2002 between Voting Trust Committee of SurgiLight, Inc., and Lin Family Partners, Ltd., Yuan Lin, Trustee of the Y-C Irrevocable Living Trust, J.T. Lin, and Yuchin Lin.
10.1 (3)	Purchase and Sale Agreement by and between SurgiLight, Inc. and Premier Laser Systems, Inc., dated October 17, 2000.
10.2 (3)	Consulting Agreement between SurgiLight, Inc. and Colette Cozean, dated November 1, 2000.
10.3 (4)	Letter of Intent, dated March 14, 2002.
10.4	Registrant's Form Distribution Agreement
10.5	Contract Manufacturing Agreement by and between SurgiLight, Inc. and A & A Medical, Inc., dated as of January 3, 2001.
17 (4)	J.T. Lin's letter of resignation, dated March 13, 2002.
21	Subsidiaries of the Registrant
22	Merrill Lynch Agreement
23	GEM Revised Agreement
24	Stuart Michelson Agreement
25	Colette Cozean Agreement
26	R.A. Medical Agreement

27 Private Placement Agreement
28 EMX Agreement
29 Plantation Laser Center Asset Sale Agreement
31 Section 302 Certifications
32 Certifications Pursuant to 18 U.S.C. Section 1350, as adopted by Section 906 of the Sarbanes-Oxley Act of 2002.
33 Biolase agreement
34 Merrill Settlement Agreement

(1) Incorporated by reference to exhibits of SurgiLight's Registration Statement on Form 10-SB as filed with the Securities and Exchange Commission (the "SEC") on September 16, 1998.

(2) Incorporated by reference to Exhibit 4.1 to Form 10-KSB filed with the SEC on February 12, 1999.

(3) Incorporated by reference to exhibits of SurgiLight's Registration Statement on Form SB-2 as filed with the SEC on February 12, 2002.

(4) Incorporated by reference to exhibits of SurgiLight's Form 8-K as filed with the SEC on March 21, 2002.

b) Reports on Form 8-K
We filed no reports on Form 8-K during the last quarter of the period covered by this report.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities and Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Dated: April 25, 2005 SurgiLight, Inc.
a Florida corporation

By :/s/Timothy J. Shea

Timothy J. Shea
President and COO

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Issuer and in the capacities and on the dates indicated.

By: /s/ Colette Cozean Date: April 25, 2005

Colette Cozean
Chief Executive Officer

By: /s/ Stuart Michelson Date: April 25, 2005

Stuart Michelson
Chief Financial Officer

By: /s/ Edward Tobin Date: April 25, 2005
Edward Tobin
Director

By: /s/ Ronald Higgins Date: April 25, 2005
Ronald Higgins
Director

By: /s/ Louis P. (Dan) Valente Date: April 25, 2005
Louis P. (Dan) Valente, C.P.A.
Director

By: /s/ Robert J. Freiberg Date: April 25, 2005
Robert J. Freiberg, Ph. D.
Director

Exhibit List

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42 EMX Agreement
43 Plantation Laser Center Asset Sale Agreement
31 Section 302 Certifications
32 Certifications Pursuant to 18 U.S.C. Section 1350, as adopted by Section 906 of the Sarbanes-Oxley Act of 2002.

Exhibit 31.a
CERTIFICATION PURSUANT TO RULE 13a 14(a)/15D-14(a)
and SECTION 302 OF THE SARBANES-OXLEY ACT

I, Colette Cozean, certify that:

1. I have reviewed this annual report on Form 10-KSB for SurgiLight, Inc.;

2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report; and

3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this annual report.

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and have:
a) Designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;

b) Evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this annual report (the "Evaluation Date"); and

c) Presented in this annual report our conclusions about the effectiveness of the disclosure controls and procedures based on

our evaluation as of the Evaluation Date;

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
a) All significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officers and I have indicated in this annual report whether there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Colette Cozean, Ph.D.
CEO
Dated: April 25, 2005

Exhibit 31.b

CERTIFICATION PURSUANT TO RULE 13a 14(a)/15D-14(a)
and SECTION 302 OF THE SARBANES-OXLEY ACT

I, Stuart Michelson, certify that:

1. I have reviewed this annual report on Form 10-KSB for SurgiLight, Inc.;

2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report; and

3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this annual report.

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and have:
a) Designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;

b) Evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this annual report (the "Evaluation Date"); and

c) Presented in this annual report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
a) All significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officers and I have indicated in this annual report whether there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Stuart Michelson, Ph.D.
CFO
Dated: April 25, 2005

Certification of Principal Executive Officer and
Principal Financial Officer Pursuant to
18 U.S.C. 1350

In connection with the Form 10-KSB (the "Report") of SurgiLight, Inc. (the "Company") for the period ending December 31, 2003, I, Colette Cozean, CEO of the Company, certify that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Colette Cozean, Ph.D.
CEO
Dated: April 25, 2005

Certification of Principal Executive Officer and
Principal Financial Officer Pursuant to
18 U.S.C. 1350

In connection with the Form 10-KSB (the "Report") of SurgiLight, Inc. (the "Company") for the period ending September 30, 2002, I, Stuart Michelson, CFO of the Company, certify that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Stuart Michelson, Ph.D.
CFO
Dated: April 25, 2005