

ELLEX MEDICAL LASERS LTD

CHAIRMAN'S ADDRESS TO THE ANNUAL GENERAL MEETING 2004

Introduction

I do not intend to present a detailed Chairman's address as our Managing Director Victor Previn will be giving a detailed presentation of the company's performance and outlook later in the meeting.

Suffice to say that during the financial year ending 30th June 2004 Ellex commenced its 3 to 5 year strategy plan to enable it to become a world leader in ophthalmic laser equipment.

The company's profitability for the year was, as predicted, affected by continuing research and development costs. The underlying business, although affected also by extraneous matters such as competitors pricing, a strong U.S. dollar and delays in bringing some new products to market, remains sound.

We are a technology based company. As I stated in our Annual Report, we believe that share markets in Australia do not have the same confidence in our growth strategies as we do. Too much emphasis is placed upon short term results. In our view, long term investment strategies by technology companies such as Ellex should be better recognised by investors.

As mentioned, our timetable for the development of some new products is behind where we wanted to be. The current financial year will see only marginally better results, as further R&D is expensed. However, our current thinking is that the year ending 30th June 2005 will begin to reap the benefits of our technology investment. Victor Previn will add more detail to our future plans in his presentation.