Our vision is to be the leading brand of lasers used by ophthalmologists to fight blindness.
Private company, manufacturing business of ophthalmic lasers since 1990

Listed on ASX in July 2001, raised $24M

Revenue of $19.9M, 11% net profit

Exclusive to cataract segment, 60% of business OEM

First step from a profitable, privately held OEM manufacturer to leading brand of ophthalmic lasers
Core Strengths

- Strong knowledge base in laser technology
- Unique integrated product platform
- Strong OEM relationship with two leading ophthalmic brands
- Low cost manufacturing
Reliance on two OEM customers

Risk of relying on other brand reputations

Limited growth potential with focus on one market segment

Market opportunity with competitors in turmoil
High Growth Strategy

FY03 implemented high growth strategy

Develop product line before transitioning to a sales and marketing driven company

Aggressively pursued higher quality distributors

California research and development facility established to fast track our capacity in the retina technology area
High Growth Strategy

Percentage of revenue allocated to R&D

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<table>
<thead>
<tr>
<th></th>
<th>1st Half FY03</th>
<th>2nd Half FY03</th>
<th>1st Half FY04</th>
<th>2nd Half FY04</th>
<th>1st Half FY05</th>
<th>2nd Half FY05</th>
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<tr>
<td>Percentage</td>
<td>10%</td>
<td>5%</td>
<td>15%</td>
<td>25%</td>
<td>20%</td>
<td>15%</td>
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Strategic Overview

Ellex Medical Lasers Limited
Over $2M invested to start direct subsidiary in Japan
Objectives of High Growth Strategy

Broaden product line to expand total available market

Build strong brand reputation to position for growth in total ophthalmic device market

Develop strong distribution channel for future growth
Objectives of High Growth Strategy

Expand total available market from USD$40M to USD$205M

Future

2005

2003

US$M 0 50 100 150 200

Cataract  Retina - Green  SLT  Retina - Multiwavelength

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Direct presence in Japan and US, 60% of global market

- 35% U.S.
- 25% Japan
- 40% ROW

$205 million
Achievements to Date

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Product line across three key segments

**ctaract** photodisruption
- The Super Q
  - Photodisruptor for the private clinic
- The Ultra Q
  - Photodisruptor for the hospital

**retina** photocoagulation
- The Solitaire
  - Green photocoagulator for the retinal specialist
- The Integre
  - Green photocoagulator for the general ophthalmologist

**glaucoma** Selective Laser Trabeculoplasty
- The Tango
  - Combination SLT and Photodisruptor system
- The Solo
  - SLT laser system
Achievements to Date

Direct subsidiaries in US and Japan, comprehensive network of over 40 distributors covering all material markets

Retina product development knowledge gained, R&D consolidated in Adelaide

Establishment of advanced research function to develop future growth opportunities
Geographic Mix

2003
- U.S.: 23%
- Laserex: 31%
- OEM: 45%
- Japan: 1%

2005
- U.S.: 20%
- Laserex: 34%
- OEM: 36%
- Japan: 9%
Product line positioned to grow Ellex share
Appointment of new CEO - Peter Falzon

VP of Business Development, Cutera, Inc, a US$75M aesthetic laser company, 2003 to 2005

Senior management positions at Coherent Medical (now Lumenis) a US$450M, a medical laser company, 1991 to 2002

Key accomplishments:

- Transitioned Coherent Japan laser business from distributor to direct sales, US$2M to $28M in six years

- Recast Coherent’s worldwide ophthalmic laser business plan, US$33M to $75M in four years

- Expanded Cutera’s international business, US$4M to $14M in two years

Ellex Medical Advisory Board from 2001, Non-executive Director from 2002
New management of company
Board of Directors

Victor Previn
Chairman

Peter Falzon
CEO, Director

Alex Sundich
Non-executive
Director

Kevin McGuinness
Company Secretary
Executive Management Team

Peter Falzon, Bob Potter, Kevin McGuinness, Athy Kalatzis, Malcolm Plunkett
Develop brand and create awareness

Create brand that represents market leadership

Leverage unique position

Create image that is unique and indicates forward movement

Communicate brand globally
Strengthen global distribution

Organization of distribution into four distinct regions, each managed by a regional Sales VP:

Yukitaka Isoda, Japan
Bill Swaim, Americas
Christine Warren, Greater Europe
Simon Luscombe, Asia
Strengthen global distribution

- Transition U.S. sales force from independent to dedicated
- Continue to grow dedicated sales force in Japan
- Strengthen network of distributors
- Strengthen service and technical support in each region
R&D focused on completing product line

Focus on the large retina segment:

Introduce multi wavelength technology

Leverage Solitaire platform to maximize market penetration

Greater sales opportunities with complete product line
Advanced research

- Develop capability
  - Key to establish leadership position

Operations

- Inventory management
- Add production capacity
- Improved processes and efficiencies
Leverage platform to become market leader for lasers in ophthalmology
Financial Overview
Grew revenue 9.6%

Net profit before tax and goodwill amortization breakeven in line with guidance

Completed development of the Solitaire photocagulator, commenced pilot production and secured first sales

Grew revenues in Japan to $2.5M with sales momentum picking up strongly at the end of the year
Peter Falzon joined as Chief Executive Officer

Continued to grow our brand and presence in the glaucoma segment with sales of SLT products growing from $6.4M in FY04 to $10.2M in FY05

Appointed VP of Sales in Europe and grew revenue over 30% year on year
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Financial Overview

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<th>Year</th>
<th>Margins</th>
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<tr>
<td>2004</td>
<td>38%</td>
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<td>2005</td>
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</table>
Working capital debt of $3.0M (excludes building loan)

Cash usage negative $3.7M for year

- Investment in Japan including demo inventory
- New product launch costs including inventory
- High R&D investment
2006 Outlook

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Targeting revenue growth of 15%

Targeting own brand revenue of greater than 70%

Transition to IFRS to have positive impact on NPBT of approximately $2M

Release of one new retina segment product

Targeting increase of inventory turns from 1.3 to 1.8
Key factors likely to affect performance:

- Performance of OEM partners
- Rising Australian dollar
- Penetration of Glaucoma market
- Market acceptance of newer Retina products
- Market acceptance of our brand in Japan
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Established five-year global plan

Achieved significant increase in branded sales

New sales management team in place

Positioned for market leadership
Our vision is to be the leading brand of lasers used by ophthalmologists to fight blindness.