Citigroup Micro-Cap Conference
Sydney
April 4, 2006
Vision

Our vision is to be the leading brand of lasers used by ophthalmologists to fight blindness.
Our Market

Surgical lasers to treat cataract, glaucoma and retinal conditions

Primary tools for ophthalmologists to provide today’s standard of care

Age related diseases, on the rise due to age demographics and lifestyle changes
Our Market Today

50,000 laser eye surgery sites worldwide with 1.3 lasers ea.

65,000 units with an average 8 year useful life

8,000 units per year with an average selling price of 26K USD.

205M USD Annual TAM growing 5% per year
Public Company History

- Acquired public shell to list on ASX in May 2001
- Raised AU$24 million based on strong outlook
  - 10% net profit in 2000
  - 33% increase in revenue, 1998 to 2000
  - Positive outlook for OEM partner businesses

- And then…. our largest OEM customer, Coherent Medical, the global market leader, was acquired…. lost focus …. and started loosing market traction
New Strategy Adopted in 2003

- Spend more on R&D to expand the product line
  - Mirror leader’s range, with newer technology
  - 2 to 3 year timeline

- Invest in direct Japanese business
  - 2 year timeline to get traction

- Forego paying dividends

- Wind down reliance on OEM business
Change or perish
Expanded Product Line Potential

- Subset of US$ 2 Billion Ophthalmic Device Market

![Bar Chart]

- **Today**:
  - Cataract: 0 US$M
  - Retina - Green: 50 US$M
  - SLT: 100 US$M
  - Retina - Multiwavelength: 50 US$M

- **2005**:
  - Cataract: 50 US$M
  - Retina - Green: 150 US$M
  - SLT: 50 US$M
  - Retina - Multiwavelength: 50 US$M

- **2003**:
  - Cataract: 100 US$M
  - Retina - Green: 50 US$M
  - SLT: 0 US$M
  - Retina - Multiwavelength: 0 US$M
New Product Investment

**cataract** photodisruption

- Super Q
- Ultra Q

**retina** photocoagulation

- Solitaire
- Integre
- Integre Duo

**glaucoma** Selective Laser Trabeculoplasty

- Tango
- Solo
Japan Investment

Over $2M invested to start direct subsidiary in Japan
Revenue by Region 2003 – 2005
Japan and Ellex Brand Investments Change Mix

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

2005:
- Japan: 9%
- U.S.: 20%
- ROW: 34%
- OEM: 36%
Ophthalmic Laser Market Shares
Based on Dec 05 financials from each company
*Nidek is private so Nidek share is estimated

- **Ellex**: 12%
- **Lumenis**: 24%
- **Zeiss**: 19%
- **Iridex**: 13%
- **Nidek**: 9%
- **Other**: 23%
Competitors reported growth

- Ellex branded laser sales grew 73%
- Lumenis reported flat ophthalmic sales
- Zeiss reported 45% growth and cited IOL and diagnostic products
- Iridex posted 11% growth evenly split between ophthalmology and dermatology
- Nidek is private. We don’t see any sign of growth in their share.
Marketing Ellex Products Direct

- Major re-branding launch March 2006
- Positions Ellex as the premium ophthalmic laser company, the only laser company dedicated to ophthalmology
- Highlights Ellex’s 20 years of history in this business
- Consolidates all international entities and products under the Ellex name
- Signals evolution to global “Customer Direct” business
New Product Appearance
New Premium Image

To learn more about ELLEX Lasers, visit us at ASCRS – Booth 2526, Call 800.824.7444, or visit our website at www.ellex.com
New Trade Show Appearance
New Website
New Product Brochures

INTRODUCING INTEGRE DUO.
THE FIRST SOLID-STATE PHOTOCOAGULATOR TO DELIVER TRUE RED AND GREEN WAVELENGTHS.
Half Year Highlights

- Revenue up 26% to $17.1 million
- Own branded revenue up 73%
- Own brand product sales now 78% of revenue
- Margins improved from 43% in FY05 to 45% in first half FY06
- NPAT up 177% to $1.0 million

Note: All amounts have been extracted from financial statements prepared on basis of A-IFRS. Reconciliation of Earnings Before Tax from AGAAP to AIRFS is included in the attachment to this presentation.
## Summary P&L

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<thead>
<tr>
<th></th>
<th>Dec 05</th>
<th>Dec 04</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td>$M</td>
<td>17.1</td>
<td>13.6</td>
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<td><strong>Gross Margins</strong></td>
<td>$M</td>
<td>7.7</td>
<td>5.8</td>
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<tr>
<td></td>
<td>%</td>
<td>(45%)</td>
<td>(43%)</td>
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<tr>
<td><strong>EBITDA</strong></td>
<td>$M</td>
<td>1.7</td>
<td>0.8</td>
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<tr>
<td></td>
<td>%</td>
<td>(10%)</td>
<td>6%</td>
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<tr>
<td><strong>NPBT</strong></td>
<td>$M</td>
<td>1.1</td>
<td>0.3</td>
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<tr>
<td></td>
<td>%</td>
<td>6%</td>
<td>2%</td>
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<tr>
<td><strong>NPAT</strong></td>
<td>$M</td>
<td>1.0</td>
<td>0.4</td>
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<tr>
<td></td>
<td>%</td>
<td>6%</td>
<td>3%</td>
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Revenue Growth by Region
First Half FY06 (compared to First Half FY05)

- US 52%
- JAPAN 156%
- ROW 64%
- OEM -37%
- JAPAN -50%
- ROW 0%
Balance Sheet

- Inventory turn improved from 1.3 to 1.8
  - Inventory reduced by $0.8 million
- Average debtor days 63 compared to 55 at June, reflecting impact of Japan
- Sale of building for $4.43 million – proceeds to be applied to extinguish debt
- Post sale of building Ellex to retain $7.0 million bank facilities
Outlook FY06

- Upgrading 2006 revenue growth from 15% to 20% - 25% range
  - Will see reduction of Lumenis OEM from $1.8M to $1.0M as a result of decision to end supply agmt.
- Continue to implement structural improvements to achieve improved margin and profitability
- Drive further improvement in inventory management
- Establish “new therapy” advanced research programs in collaboration with university partners with budgeted funding for blue sky projects
Outlook FY07

- Maintain momentum in growth of revenue and profitability
- Establish sales and marketing “storefront” in San Francisco Bay Area
- Begin migration to direct USA sales and service
- Become profitable in Japan
- Begin to evaluate future growth investments to leverage brand and move into $2B ophthalmic device market in out-years
## Attachment

**AGAAP to A-IFRS Reconciliation**

<table>
<thead>
<tr>
<th>Description</th>
<th>Dec 05 $’000</th>
<th>Dec 04 $’000</th>
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<tbody>
<tr>
<td>AGAAP Earnings Before Tax &amp; Goodwill Amortisation</td>
<td>585</td>
<td>(27)</td>
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<tr>
<td>Capitalisation of R&amp;D Costs</td>
<td>626</td>
<td>1,365</td>
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<tr>
<td>Amortisation of Capitalised R&amp;D Costs</td>
<td>(147)</td>
<td>(16)</td>
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<tr>
<td>R&amp;D Grants taken to income under AGAAP – (Deferred)/Recognised under A-IFRS to match related Capitalisation/Amortisation of R&amp;D</td>
<td>68</td>
<td>(983)</td>
</tr>
<tr>
<td>Expensing of Employee Options</td>
<td>(13)</td>
<td>-</td>
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<td></td>
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<tr>
<td>A-IFRS Earnings Before Tax</td>
<td>1,115</td>
<td>339</td>
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