



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



INTRODUCING ELLEX.
ONE POWERFUL VISION.



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



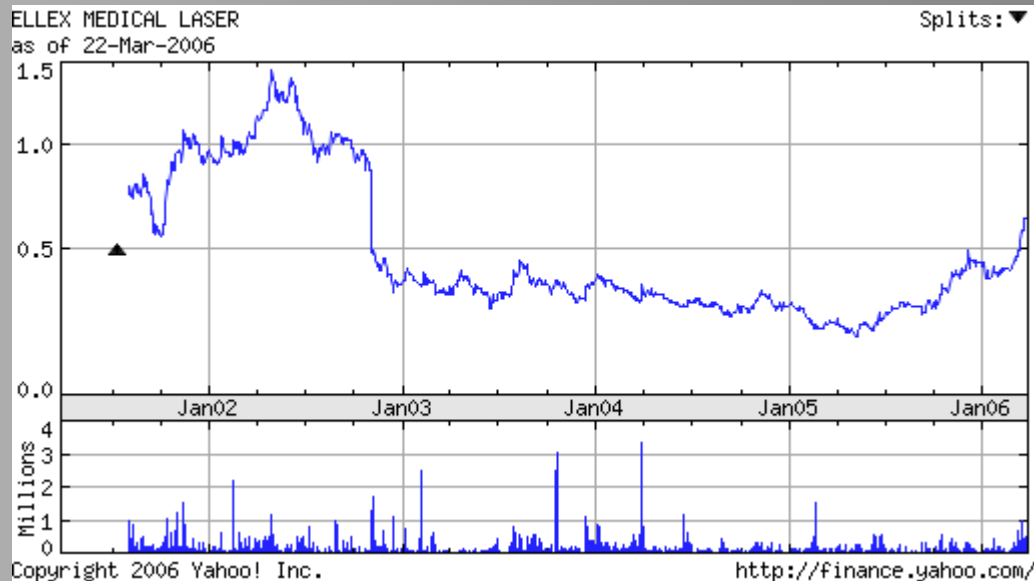
Public Company History

- 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 losing market traction

New Strategy Adopted in 2003

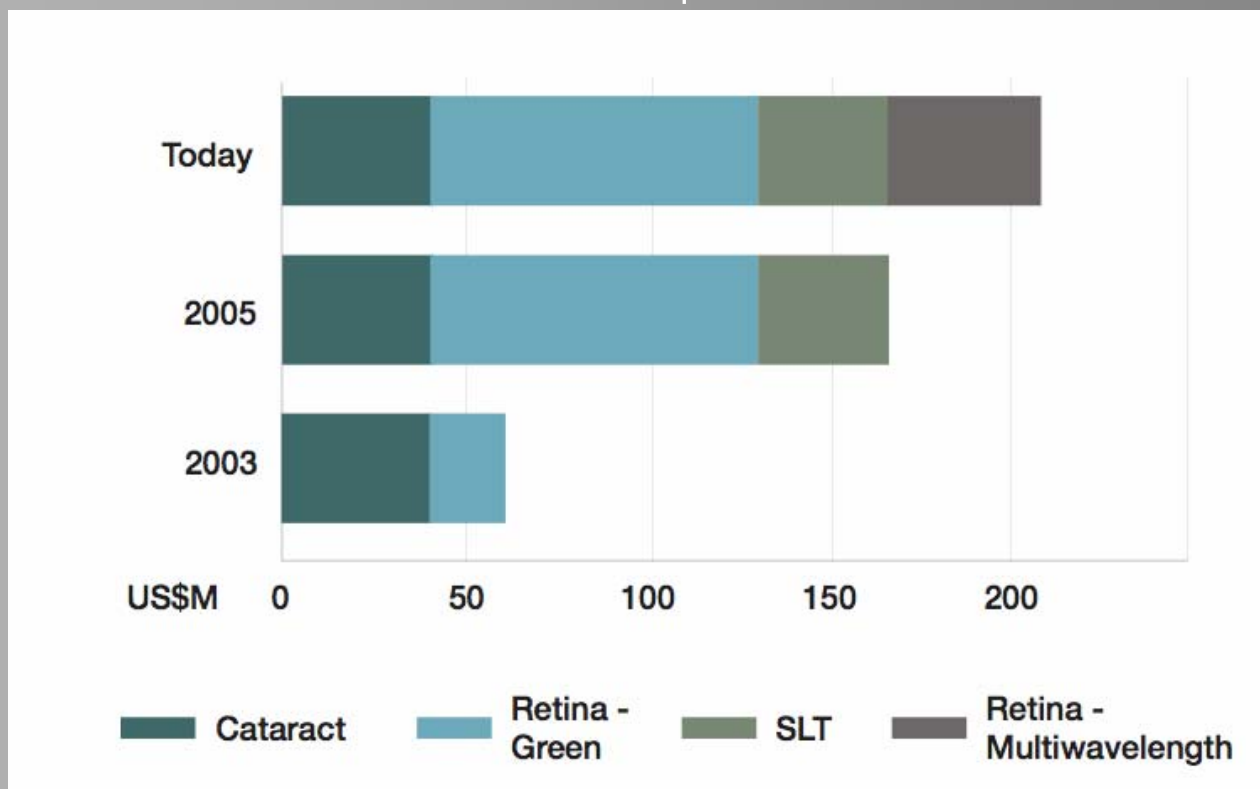
- Spend more on R&D to expand the product line
 - Mirror leader's range, with newer technology
 - 2 to 3 year timeline
- Invest in direct Japanese business
 - 2 year timeline to get traction
- Forego paying dividends
- Wind down reliance on OEM business

Change or perish



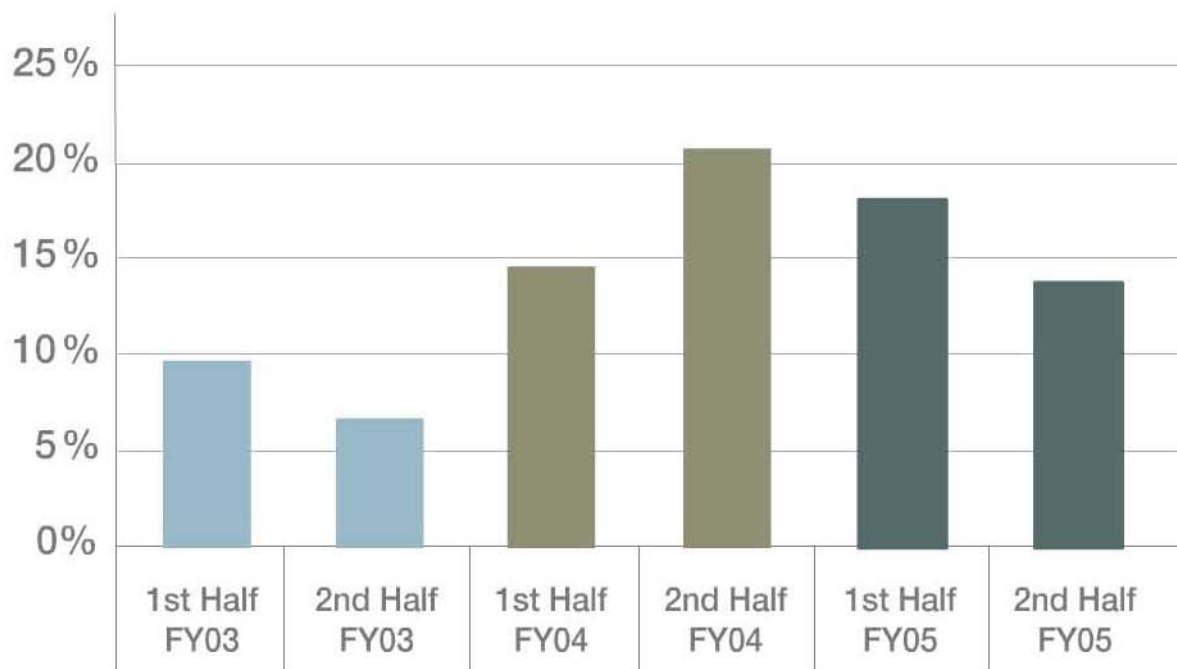
Expanded Product Line Potential

- Subset of US\$ 2 Billion Ophthalmic Device Market



Product Strategy

Percentage of revenue allocated to R&D



New Product Investment

cataract photodisruption



Super Q



Ultra Q

retina photocoagulation



Solitaire



Integre



Integre Duo

glaucoma Selective Laser Trabeculoplasty



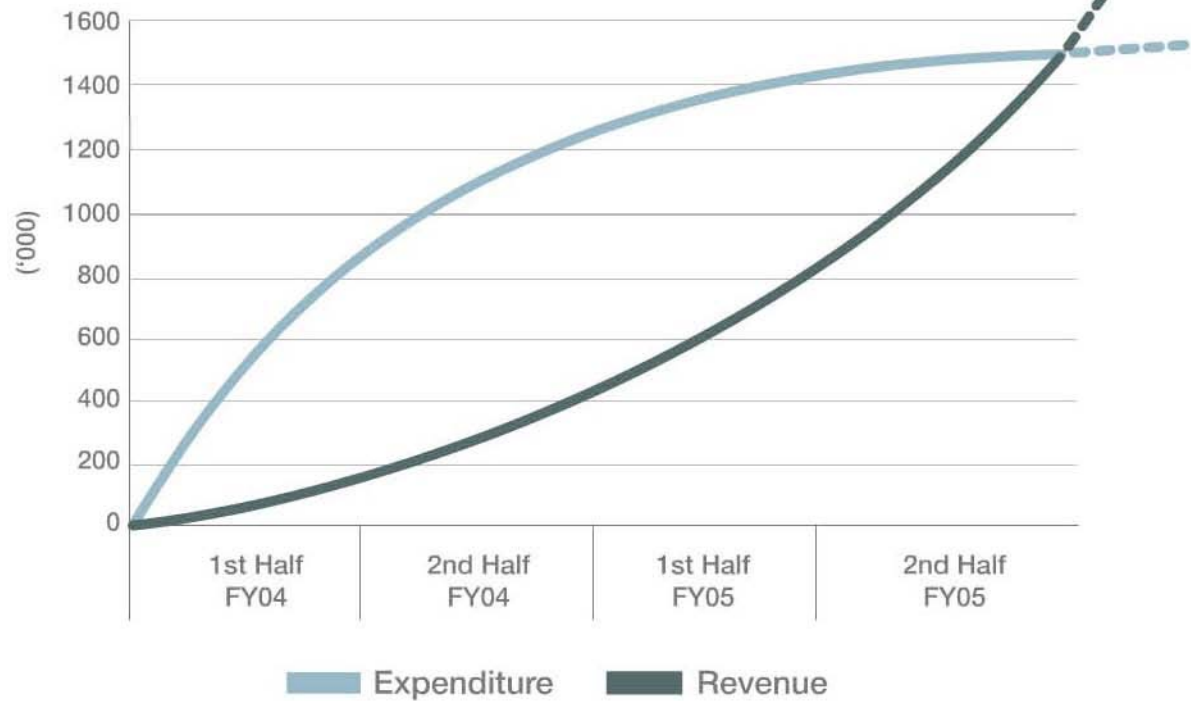
Tango



Solo

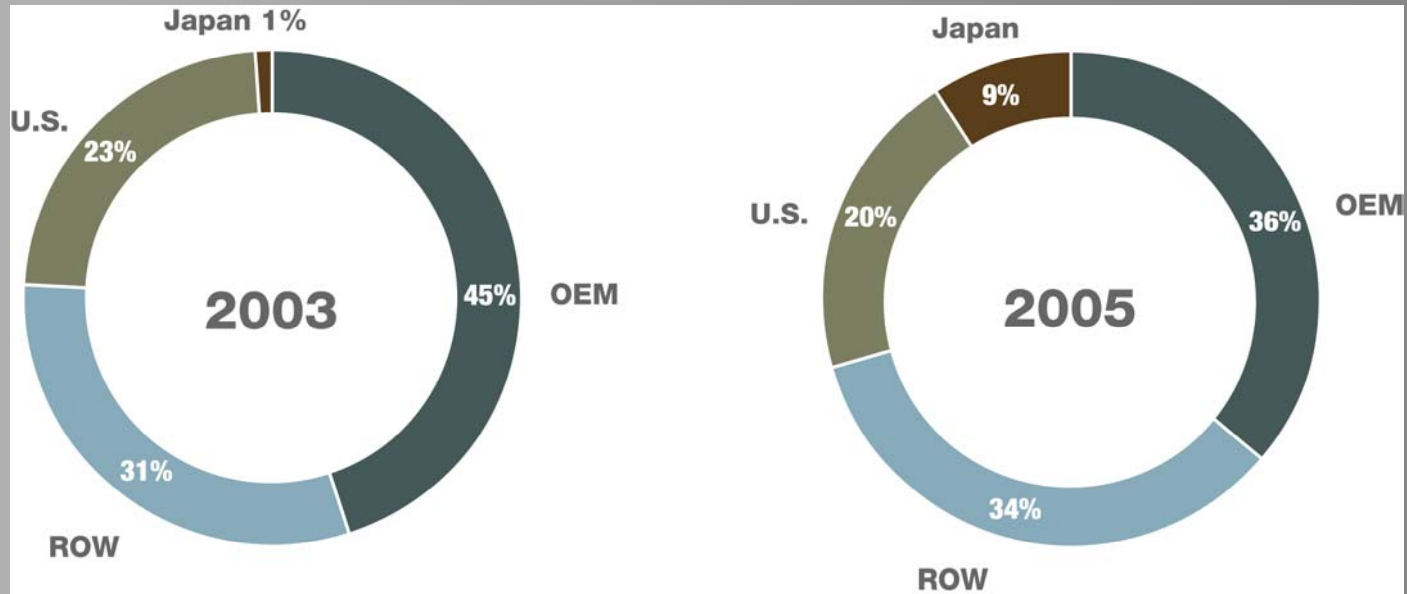
Japan Investment

Over \$2M invested to start direct subsidiary in Japan



Revenue by Region 2003 – 2005

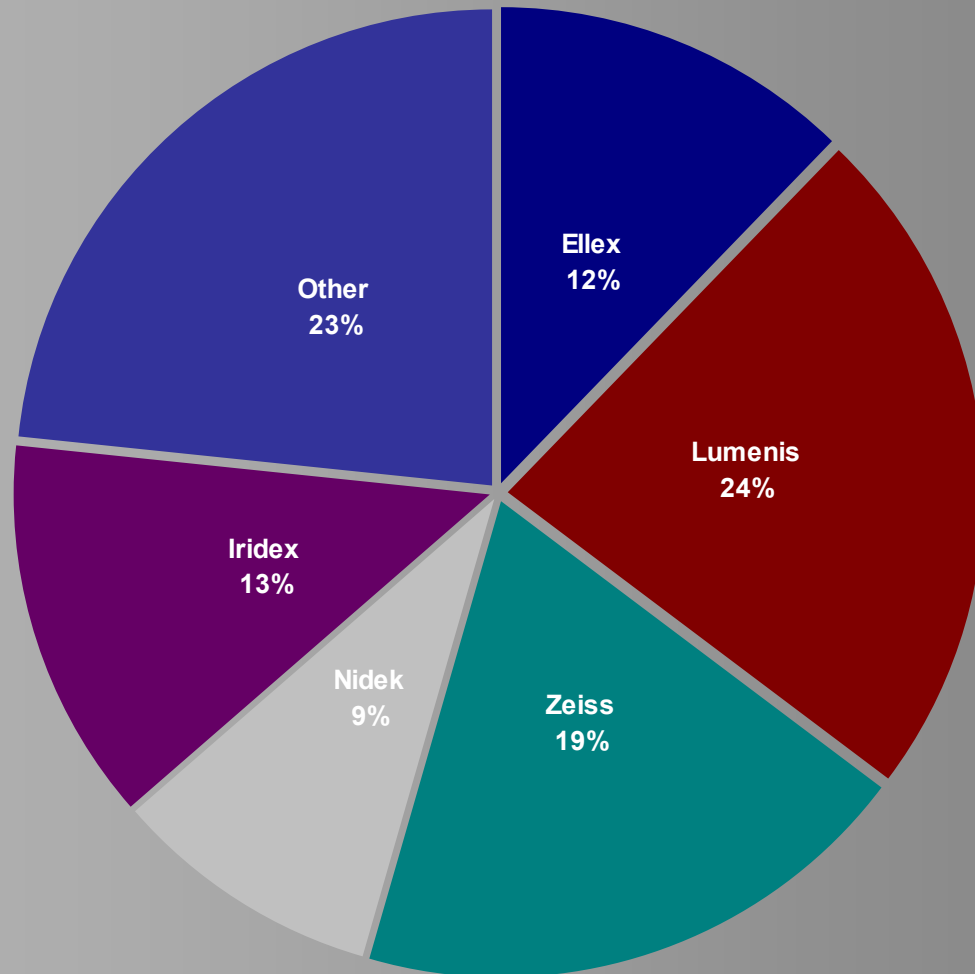
Japan and Ellex Brand Investments Change Mix



Ophthalmic Laser Market Shares

Based on Dec 05 financials from each company

*Nidek is private so Nidek share is estimated



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

C A T A R A C T

R E T I N A

G L A U C O M A

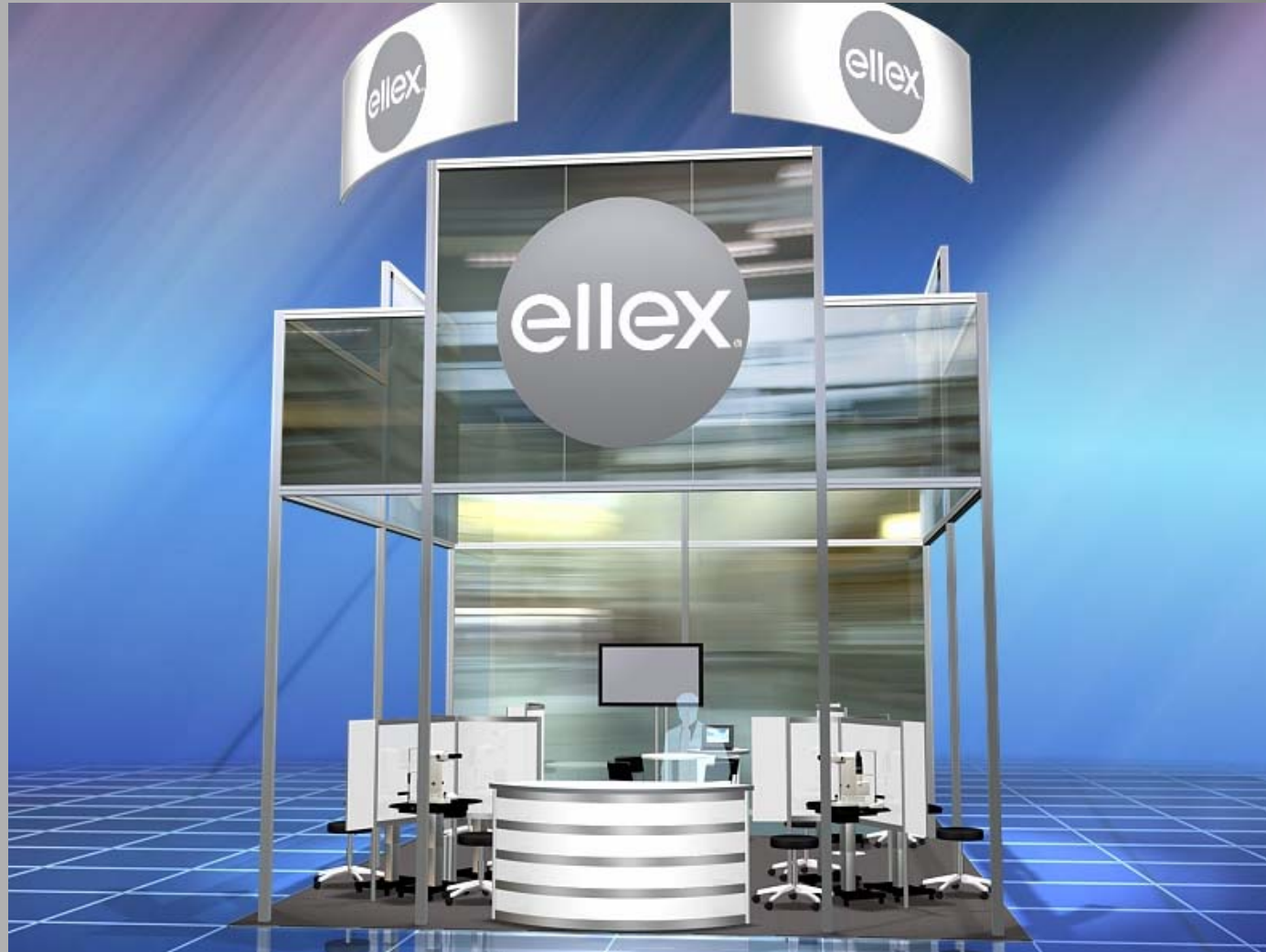
TO LEARN MORE ABOUT ELLEX LASERS,
VISIT US AT ASCRS – BOOTH 2526, CALL
800.824.7444, OR VISIT OUR WEBSITE AT

WWW.ELLEX.COM

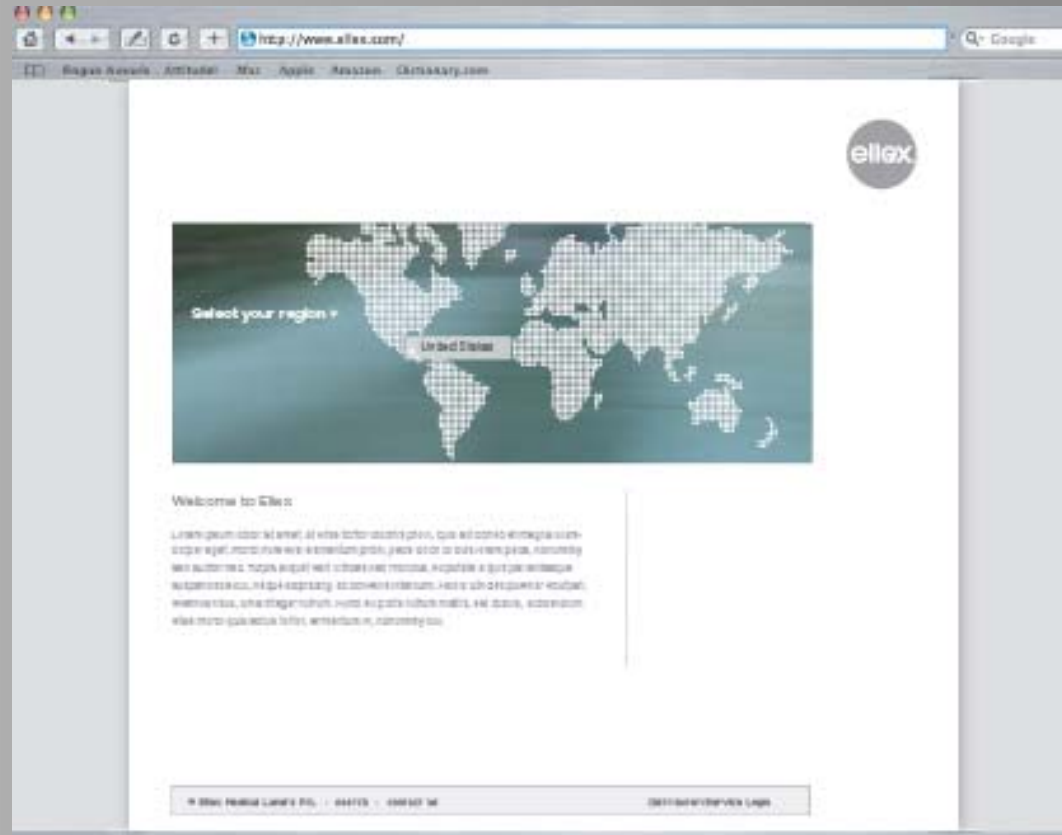
The logo consists of the word "ellex" in a lowercase, sans-serif font, enclosed within a dark circular background. The background of the entire slide features a blurred image of a surgical microscope with the "ellex" logo visible on its side.

ellex.

New Trade Show Appearance



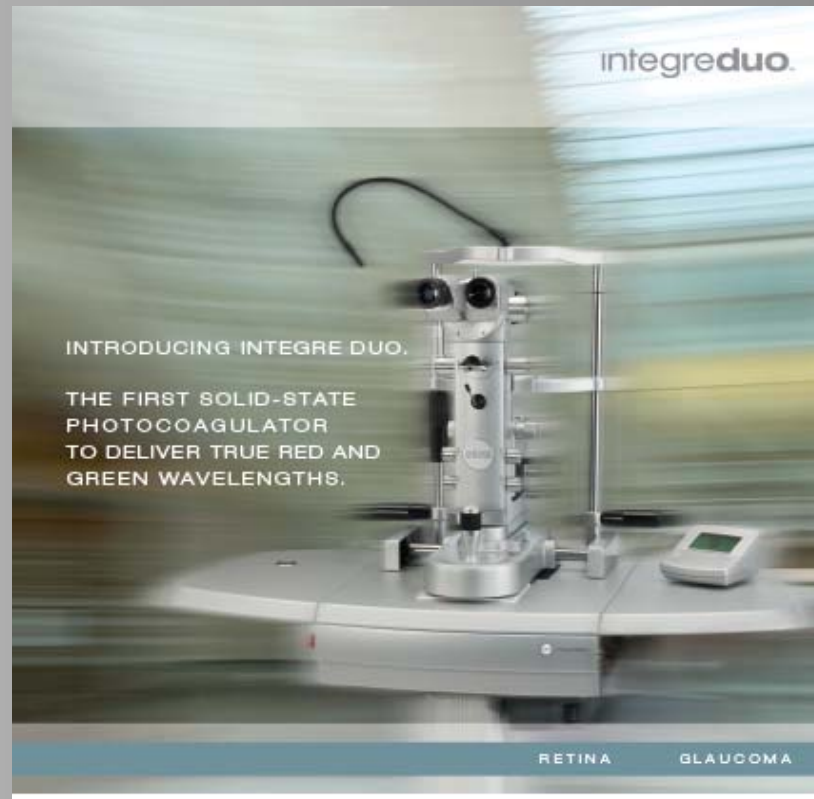
New Website



New Advertising Image



New Product Brochures



Half Year Highlights

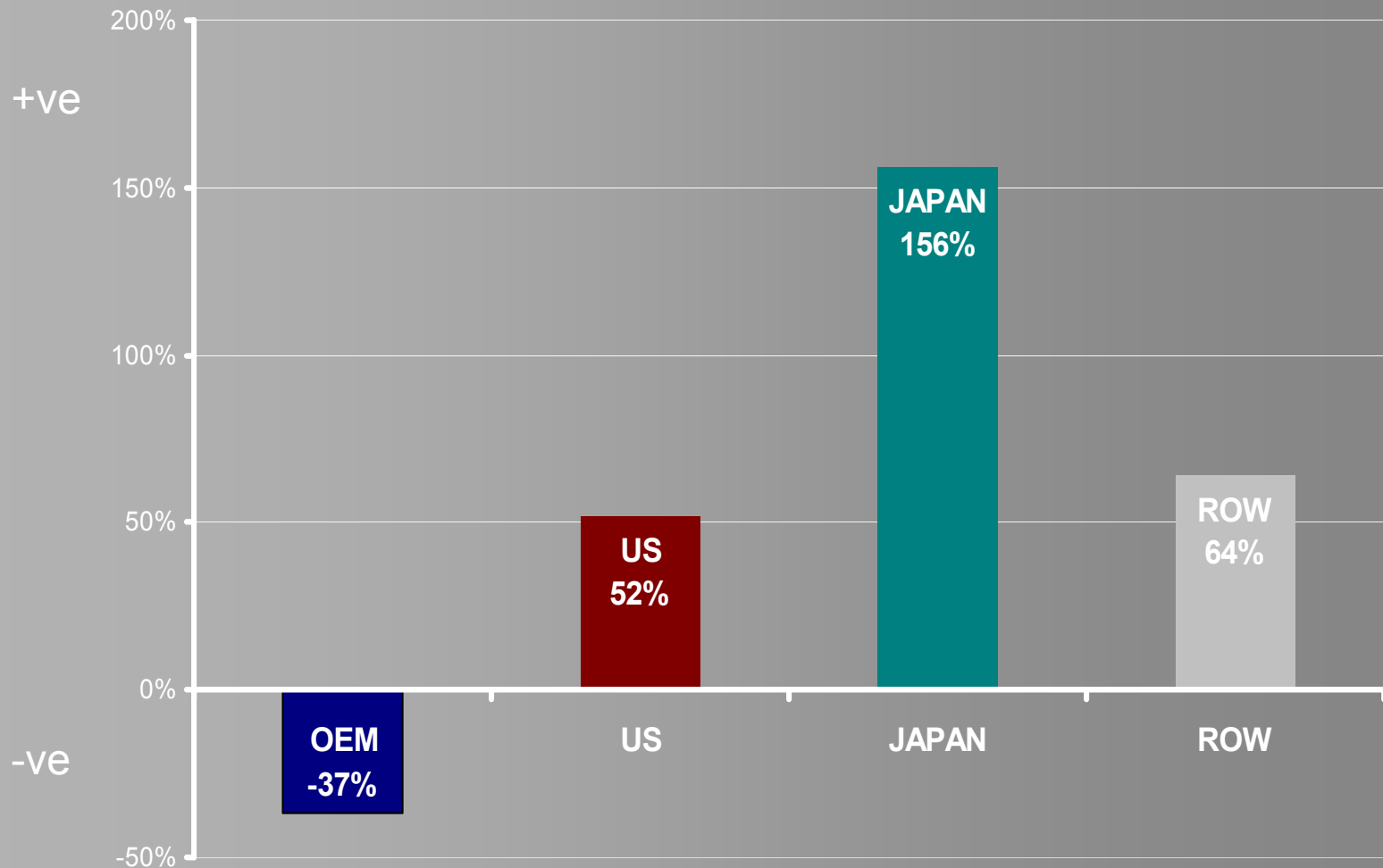
- Revenue up 26% to \$17.1 million
- Own branded revenue up 73%
- Own brand product sales now 78% of revenue
- Margins improved from 43% in FY05 to 45% in first half FY06
- NPAT up 177% to \$1.0 million

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

		Dec 05	Dec 04	Change
Revenue	\$M	17.1	13.6	26%
Gross Margins	\$M	7.7	5.8	33%
	%	(45%)	(43%)	
EBITDA	\$M	1.7	0.8	112%
	%	(10%)	6%	
NPBT	\$M	1.1	0.3	229%
	%	6%	2%	
NPAT	\$M	1.0	0.4	174%
	%	6%	3%	

Revenue Growth by Region First Half FY06 (compared to First Half FY05)



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

	Dec 05 \$'000	Dec 04 \$'000
AGAAP Earnings Before Tax & Goodwill Amortisation	585	(27)
Capitalisation of R&D Costs	626	1,365
Amortisation of Capitalised R&D Costs	(147)	(16)
R&D Grants taken to income under AGAAP – (Deferred)/Recognised under A-IFRS to match related Capitalisation/Amortisation of R&D	68	(983)
Expensing of Employee Options	(13)	-
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A-IFRS Earnings Before Tax	1,115	339