



A horizontal decorative element consisting of a light blue and white streak with a motion blur effect, positioned above the main title area.

FY2006 Results
August 2006

Growth

Ellex is fast becoming the leading brand of lasers used by ophthalmologists to fight blindness



ellex.

Our Available Market Today

A\$260 million in lasers for eye surgery

Surgical lasers to treat
cataract, glaucoma and
retinal conditions

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

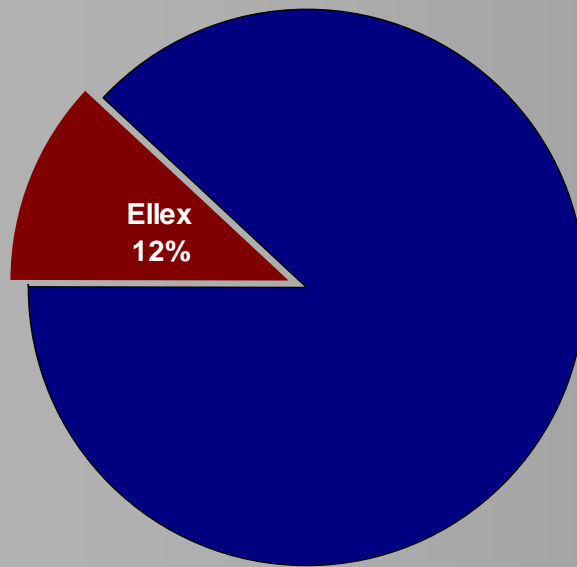
Age related diseases, on the
rise due to age demographics
and lifestyle changes



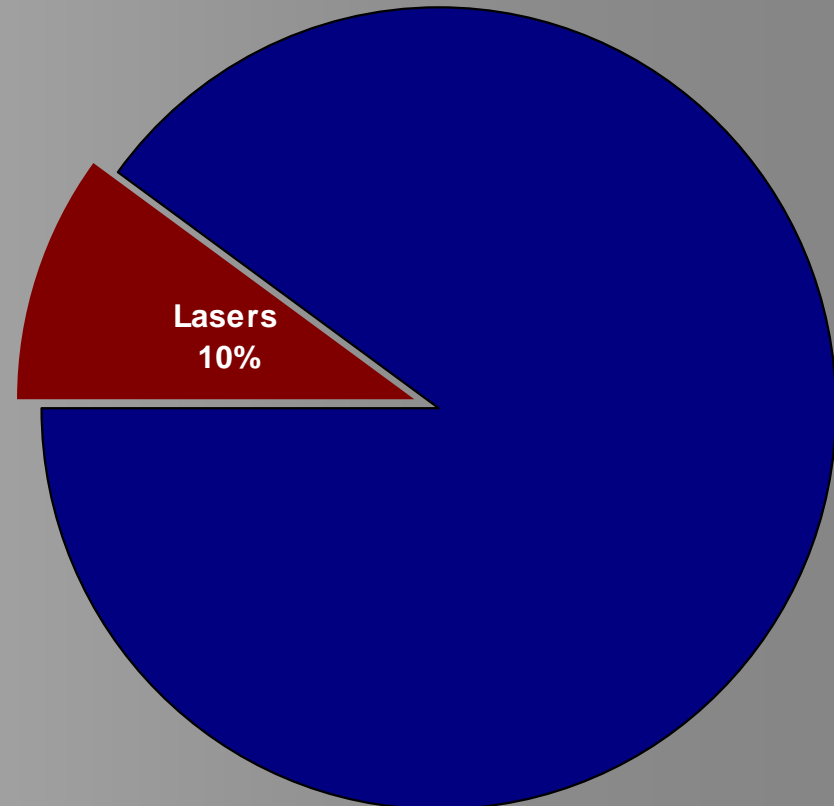
ellex.

“We see market leadership in ophthalmic lasers as a platform for further growth in the A\$2.6 billion ophthalmic device market”

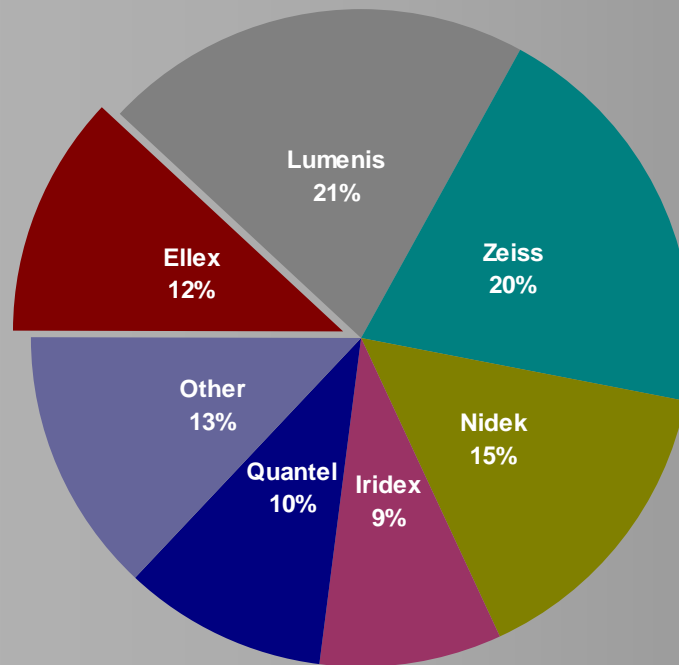
A\$260 million
Ophthalmic Laser Market



A\$2.6 billion
Ophthalmic Device Market



Ellex is gaining share against competitors due to our strong new brand, new product line, and improved channel to market



Ellex is unique

- Ophthalmic laser focus
- Newest product line
- Most integrated designs

Competition focused elsewhere

- Lumenis on aesthetic
- Zeiss on refractive
- Nidek on refractive
- Quantel on non-medical
- Iridex on disposables

ellex

FY06 Turning Point

Strategic Initiatives

- Introduced the new “Ellex” brand
- Further expanded the Ellex product line
- Strengthened our own channel to market

Strong Financial Results

- 28% Growth in Revenue to \$34.6 M
- 221% growth in NPAT from operations to \$2.0M
- NPAT of \$3.7M including sale of building
- Ellex brand revenue up 61%, now 80% of mix

The Ellex logo consists of the word "ellex" in a lowercase, sans-serif font, enclosed within a dark circular background. The logo is positioned in the bottom left corner of the slide.

ellex.

FY06 growth was broad-based with share gains in all key markets

Japan (+157%)

Profitable in 2H

Now 19% of total

Americas (+31%)

US direct sales start

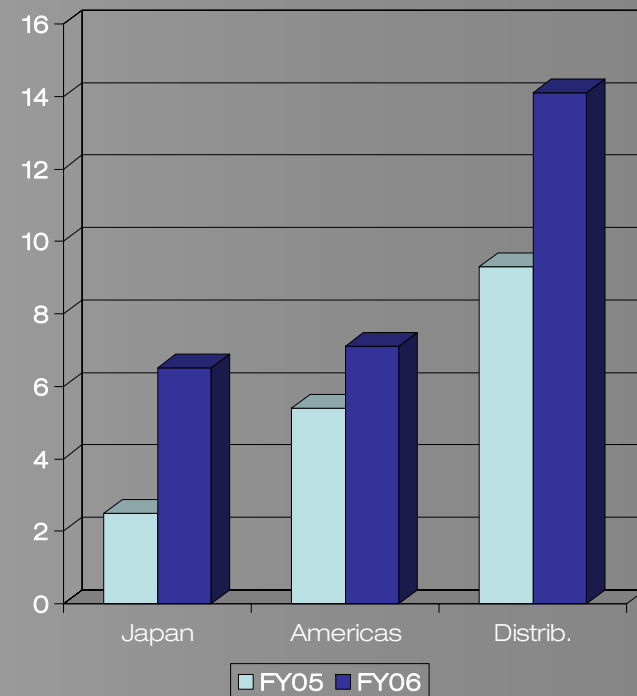
Entered Mexico

Distributors (+ 52%)

New Asia sales VP

Europe resources added

Ellex Revenue in millions AUD



FY06 growth also based on new products

- 66% of Ellex sales from new products released in past 3 years
- 5 of 7 products in the line have been released in the past 3 years

Robust R&D activity continues, funded at 10% of revenue.

cataract photodisruption



Super Q



Ultra Q

retina photocoagulation



Solitaire



Integre



Integre Duo

glaucoma SLT photoregeneration



Tango



Solo

Growth in capacity through efficiencies

Invested in manufacturing

Recent appointment of Dr. Herbert Pummer as VP of Operations

Positive impact on gross margins as volumes continue to increase



Ellex to Acquire Coherent Lasers (Australia) Pty. Ltd.

- Direct sales in Australia and New Zealand
 - Ellex positioned to be leader in our home mkt
 - Sales of Ellex and 3rd party ophthalmic products
- Will bring factory in direct contact with users
- Brings to Ellex Coherent's market knowledge and customer relationships built over 20 years
- Cash outlay not material to Ellex
 - 3 year growth based earn-out for Coherent team

Financial Highlights

- NPAT from ongoing Operations up 221% to \$2.0 million
- NPAT \$3.7 million including sale of building
- Revenue from Ordinary Operations up 28% to \$34.5 million
- Ellex brand revenue up 61% on prior year
- Own brand revenue 80% of total revenue
- Inventory turn improved from 1.3 to 1.7

Key Objectives & Performance

Objective

Performance

- | | |
|--|--|
| 1. Achieve 15% growth in revenue over prior year. | Revenue growth of 28% achieved. |
| 2. Return to profitability. | A strong return to profit with NPAT of \$2.0 million representing 6% of revenue. |
| 3. Improve quality of revenue with Ellex branded sales exceeding 70% of total revenue. | Ellex branded sales grew 61% on PCP and represented 80% of total revenue. |
| 4. Improve Group Inventory turn from 1.3 for FY05 to 1.8 for FY06. | Inventory turn of 1.7 |
| 5. Continue to grow Japan and achieve breakeven in FY06. | Revenue of \$6.5 million – PCP \$2.5 million. Business now profitable. |
| 6. Improve margins through transition to Ellex branded sales and higher margin product offering. | Improved margins from 43% in FY05 to 44% in FY06. |

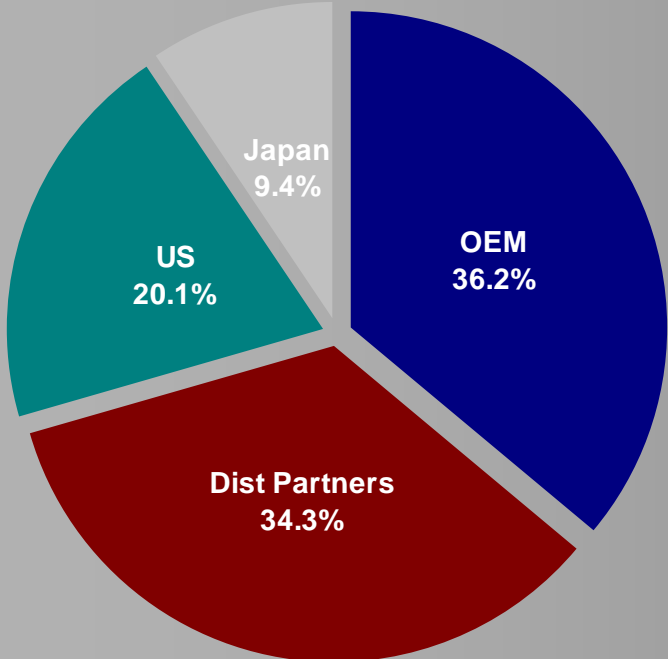
Summary P&L

Excludes sale of the building

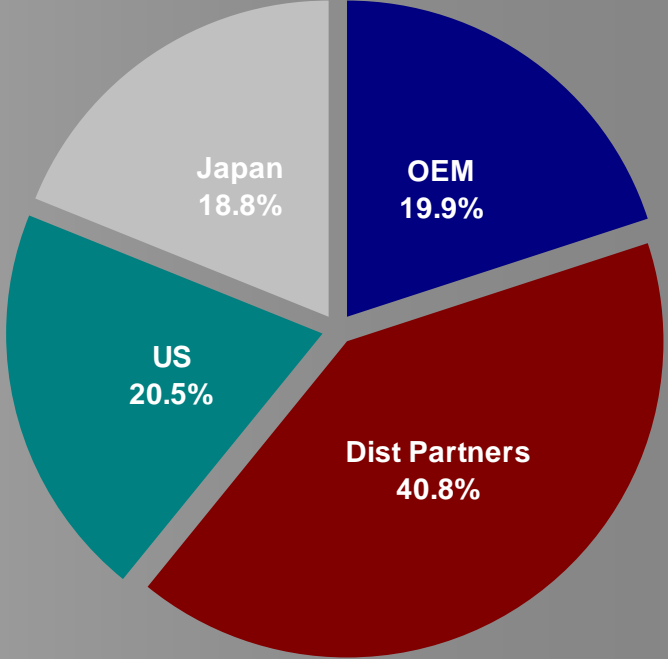
		FY06	FY05	Change
Revenue	\$M	34.6	27.0	+28%
Gross Margins	\$M	15.1	11.6	+30%
	%	44%	43%	
EBITDA	\$M	3.3	1.9	+74%
	%	10%	6%	
NPBT	\$M	2.2	0.8	+175%
	%	6%	2%	
NPAT	\$M	2.0	0.6	+221%
	%	6%	3%	

Revenue Contribution by Region

FY05



FY06



Balance Sheet

- Inventory turn improved from 1.3 to 1.7
- Debtor days 69 compared to 55 at June reflecting impact of higher direct sales
- Proceeds from sale of Adelaide building used to reduce debt and strengthen balance sheet
- Cash position improved (Debt to equity ratio improved from 15.9% to 6.4%)
- Strength of the business has improved ability to generate cash

Outlook FY07

- Continued growth in revenue, 15% target
 - Offset of \$5M less OEM revenue factored in
 - OEM revenue expected to stabilize at FY07 level
- Continued focus on improving profitability
- Operational priorities:
 - Continue to grow direct and distributor sales presence
 - Focus on training and technical service to differentiate
 - Improve manufacturing capacity through efficiencies

Longer term strategy

- Continue to grow core business to become the leading ophthalmic laser company
- Market leadership in ophthalmic lasers is a platform for further growth in the A\$2.6 billion ophthalmic device market
- Ellex advanced research and business development resources are working now to identify opportunities to leverage the Ellex brand and channel to market beyond lasers