

FY08 Full Year Results

August 2008

Our sole focus is ophthalmology. Our technology is extraordinary.



Introduction

- ◆ Ellex has driven strong 15%+ pa growth for three years
- ◆ Growth has been result of
 - Investment in branding and distribution
 - Development of new products
 - Strategic acquisitions
- ◆ This has established Ellex as a world leader in the ophthalmic laser and ultrasound market
- ◆ Challenging economic and competitive environment in FY08



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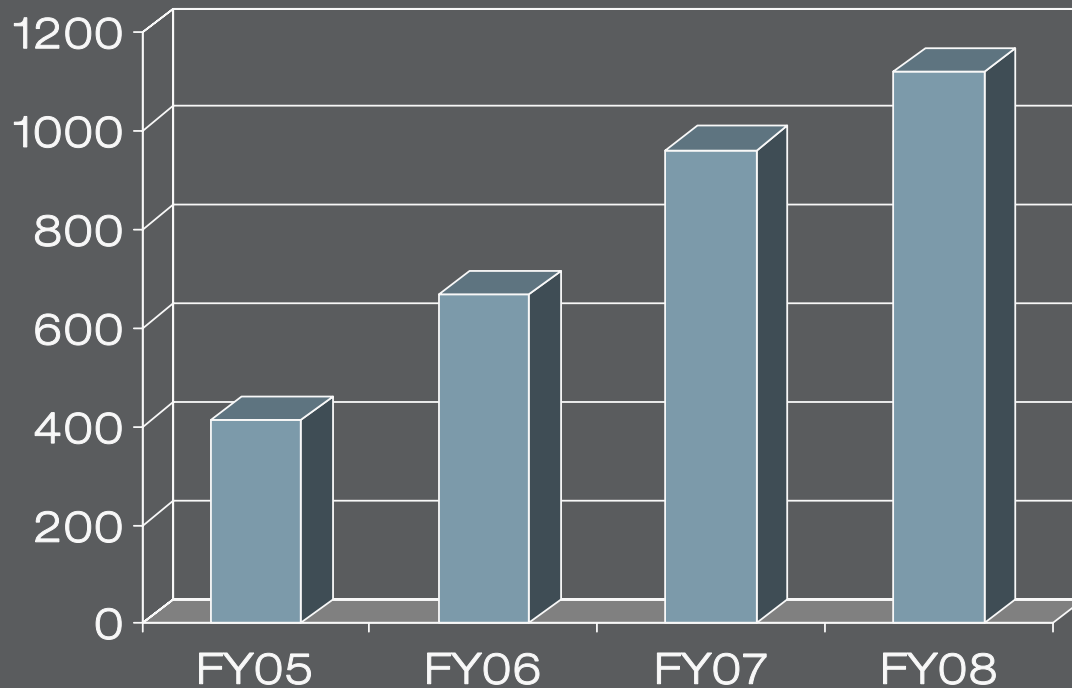
Highlights – FY08

- ◆ Revenue growth +13%
- ◆ Gross profit growth +16%
- ◆ Gross profit margin +1% to 45%
- ◆ EBITDA down 15% to \$3.9 million (\$4.4 mill excluding one-off items)
- ◆ NPBT down 34% to \$1.9 million (\$2.4 mill excluding one-of items)
- ◆ Reported NPAT \$4.8m
 - Includes recognition of tax benefit

FY08 in Review

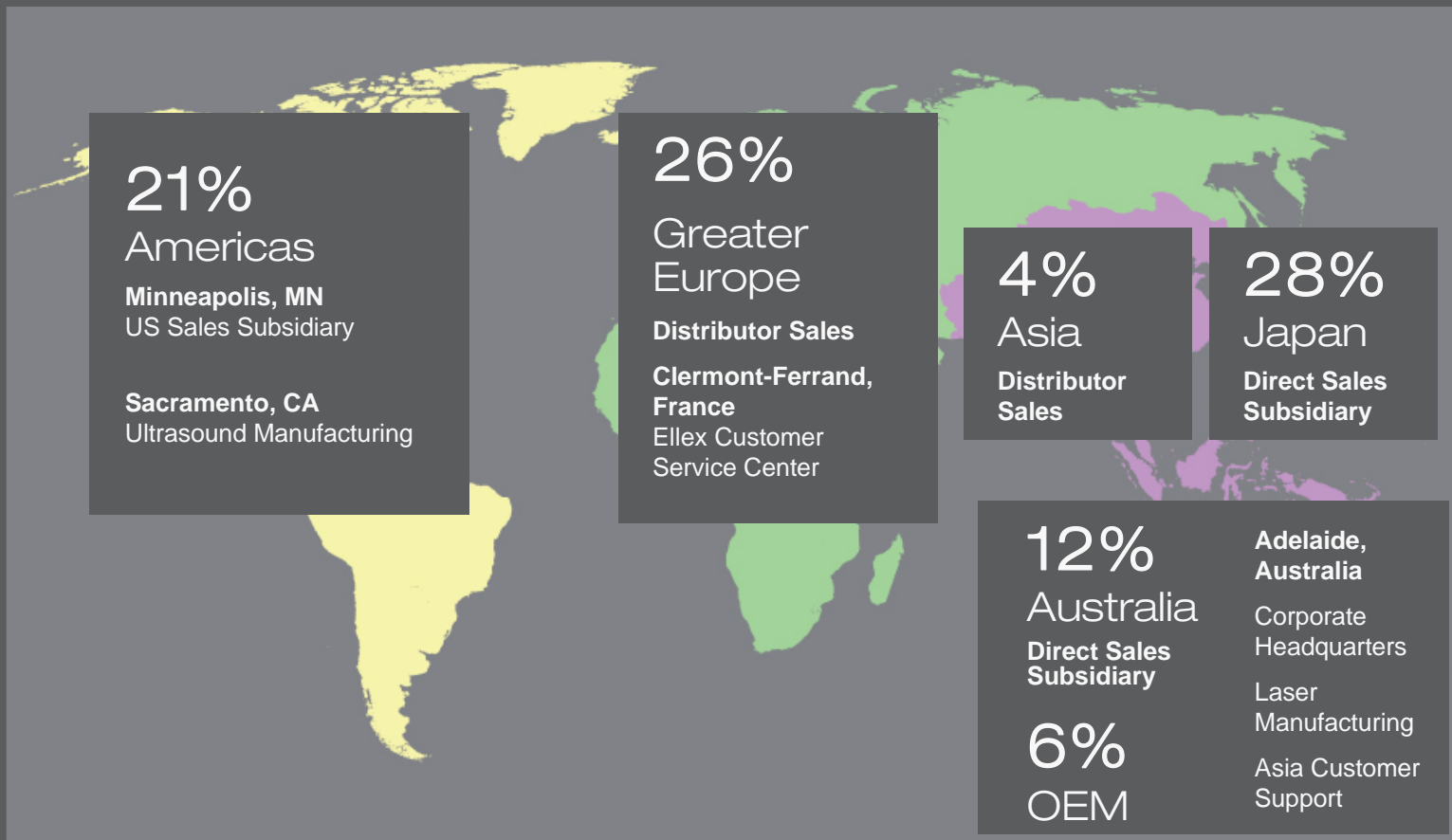
- ◆ Strong Revenue Growth particularly in Japan, Europe and Australia
- ◆ Despite strengthening AUD and strong competitive environment margins have been maintained
- ◆ Investment in US Sales channel will drive growth gong forward
 - Timing of investment in FY08 affecting short term results
- ◆ Trading environment in a number of key markets have changed markedly over the past year
 - Economic environment challenging
 - Credit crunch affected short term buying decisions
 - Competitive environment challenging with aggressive activity from competitors

Growth of Ellex Brand Sales (Units)



Ellex branded unit sales continue to grow strongly at 16% over prior year

The Ellex Sources of Revenue



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US Sales

- ◆ Ellex is committed to distribution through combination of direct and indirect sales network
- ◆ US infrastructure remains in place, includes President Ellex Inc (USA) and VP of Sales (USA).
 - 6 Direct Sales reps now in place with 5 recruited in second 6 months of FY08
 - 10 Independent Sales reps
- ◆ Positive signs of sales traction
- ◆ Focus on ensuring they are supported and effective

Continue to build for future

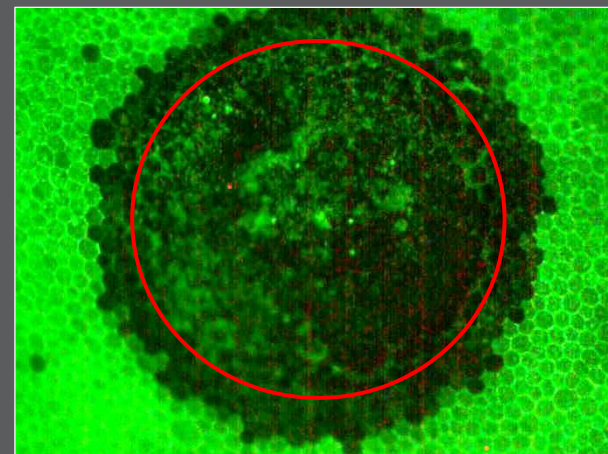
- ◆ Continue to develop distribution including US sales channel
- ◆ New product development
 - One major release scheduled for FY09
- ◆ Ellex 2RT is a high potential product for Ellex in the medium to long-term (3-5 years)

Ellex 2RT - Retinal Regeneration Therapy

- ◆ Aim is to treat early AMD and other retinal diseases early in the disease cycle before severe vision loss occurs
- ◆ Pilot trial conducted in London on patients with Diabetic Macular Edema (DME)
 - 3 month data released in 2007 showing stabilization or improvement in visual function in 80% of the patients
 - 6 month data to be released shortly

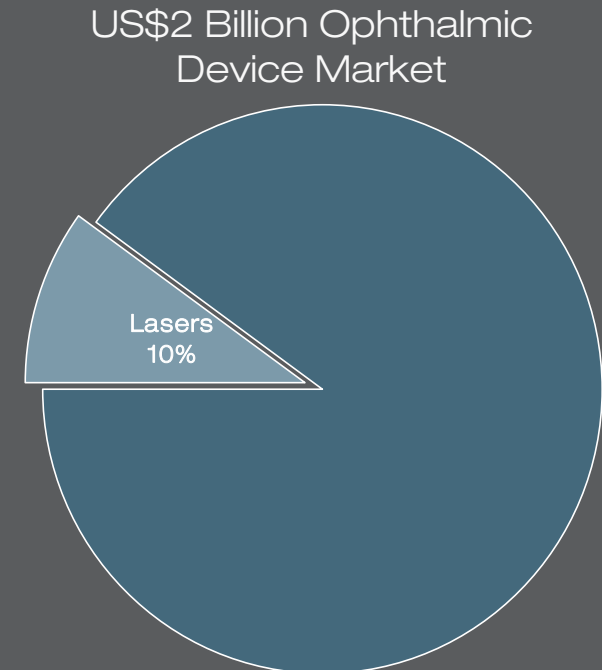
Ellex 2RT cont'd

- ◆ Clinical trial in Australia has commenced – initial results expected late 2008
- ◆ Additional trials aimed at early AMD in advanced planning stage
- ◆ First phase of engineering development progressing
- ◆ Decision on commercialisation to follow pilot trials



Long-term strategy remains unchanged

- ◆ Leverage position in laser and ultrasound market
- ◆ Expand into larger ophthalmic device market
- ◆ Strong share price critical to further investment in growth
- ◆ Strategy for Japan and Europe remains unchanged



Financial Summary

- ◆ Revenue from Ordinary Operations up 13% to \$50.3 million
- ◆ Gross profit growth of 16% to \$22.6 million and 45% margin
- ◆ EBITDA down to \$3.9 million
- ◆ NPBT down 16% to \$2.4 million (excluding one-off items)
- ◆ Reported NPAT up 11% to \$4.8 million including tax benefits
- ◆ Tax benefit resulting from value of IP for tax purposes of \$3.8 million

Summary P&L (excluding one-off items)

| | | FY08 | FY07 | |
|---------------|-----|------|------|------|
| Revenue | \$M | 50.3 | 44.4 | +13% |
| Gross Margins | \$M | 22.6 | 19.5 | +16% |
| | % | 45% | 44% | |
| EBITDA | \$M | 4.4 | 4.6 | -4% |
| | % | 9% | 10% | |
| NPBT | \$M | 2.4 | 2.8 | -16% |
| | % | 5% | 6% | |
| NPAT | \$M | 1.5 | 2.5 | -42% |
| | % | 3% | 6% | |

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Improving Profitability

- ◆ Balance growth initiatives with stronger emphasis on profitability and cashflow in short-term
- ◆ Focus on gaining traction in US following initial steps taken in FY08
- ◆ Refine operating cost structure to address short-term market challenges
- ◆ Program to reduce product cost and ensure products remain competitive and margins are protected
- ◆ More efficient investment in working capital
 - Management of finished good inventory

Outlook and Focus FY09

- ◆ Restore profitability to acceptable level through:
 - Measured approach to business growth
 - Refinement of cost structures
 - Focus on ensuring profitable growth in US
- ◆ Initiatives to improve balance sheet and cash flow focusing on receivables and inventory
- ◆ One new major product release in FY09
- ◆ Expand clinical trials to support Ellex 2RT potential