FY08 Full Year Results
August 2008
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
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 going 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

FY08 Results

21%
Americas
Minneapolis, MN
US Sales Subsidiary
Sacramento, CA
Ultrasound Manufacturing

26%
Greater Europe
Distributor Sales
Clermont-Ferrand, France
Ellex Customer Service Center

4%
Asia
Distributor Sales

28%
Japan
Direct Sales Subsidiary

12%
Australia
Direct Sales Subsidiary

6%
OEM

Our sole focus is ophthalmology. Our technology is extraordinary.
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)

<table>
<thead>
<tr>
<th></th>
<th>FY08</th>
<th>FY07</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td>$M</td>
<td>50.3</td>
<td>44.4</td>
</tr>
<tr>
<td><strong>Gross Margins</strong></td>
<td>$M</td>
<td>22.6</td>
<td>19.5</td>
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<tr>
<td></td>
<td>%</td>
<td>45%</td>
<td>44%</td>
</tr>
<tr>
<td><strong>EBITDA</strong></td>
<td>$M</td>
<td>4.4</td>
<td>4.6</td>
</tr>
<tr>
<td></td>
<td>%</td>
<td>9%</td>
<td>10%</td>
</tr>
<tr>
<td><strong>NPBT</strong></td>
<td>$M</td>
<td>2.4</td>
<td>2.8</td>
</tr>
<tr>
<td></td>
<td>%</td>
<td>5%</td>
<td>6%</td>
</tr>
<tr>
<td><strong>NPAT</strong></td>
<td>$M</td>
<td>1.5</td>
<td>2.5</td>
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<tr>
<td></td>
<td>%</td>
<td>3%</td>
<td>6%</td>
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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