Annual General Meeting

28 November 2008
Report for last financial year

- 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

- Despite the top line growth we have not succeeded in growing our bottom line
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)
Growth of Ellex Brand Sales (Units)

Ellex branded unit sales continue to grow strongly at 16% over prior year.
The Ellex Sources of Revenue

- **24%** Americas
  - Minneapolis, MN
  - US Sales Subsidiary
  - Sacramento, CA
  - Ultrasound Manufacturing

- **26%** Greater Europe
  - Distributor Sales
  - Clermont-Ferrand, France
  - Ellex Customer Service Center
  - Ellex Germany
  - Direct laser sales

- **28%** Japan
  - Direct Sales Subsidiary

- **4%** Asia
  - Distributor Sales
  - Adelaide, Australia
  - Corporate Headquarters
  - Laser Manufacturing
  - Asia Customer Support

- **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, off set by recent downturn
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 (30 eyes)
  - 6 month data recently released and 2RT appears to be 2X better than any other treatment
Ellex 2RT cont’d

- Clinical trial in Australia has commenced – initial results expected late 2008

- Additional trials in multiple global sites aimed at early AMD in advanced planning stage
### Summary P&L (excluding one-off items)

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<thead>
<tr>
<th></th>
<th>FY 08</th>
<th>FY 07</th>
<th>Change</th>
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<tr>
<td>Revenue</td>
<td>$M</td>
<td>50.3</td>
<td>44.4</td>
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<tr>
<td>Gross Margins</td>
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<td>%</td>
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<tr>
<td>EBITDA</td>
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<tr>
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<tr>
<td>%</td>
<td>%</td>
<td>3%</td>
<td>6%</td>
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Outlook for next year

- Year to date, sales are tracking close to budget but profit is down
- The economic environment has changed materially since the start of the Financial Year
- Recent industry meetings (AAO, Atlanta and RANZCO, Melbourne) has given us a perspective on next year
Outlook for next year cont’d

- Our customers are now beginning to defer purchases
- Revenues in allied discretionary markets such as refractive surgery, which are faster to react, are down by 45%
- We do not expect such large drops in disease management but there will be a severe impact
Outlook for next year cont’d

- Major industry players are cutting costs by 30%
- We are planning a similar cost reduction strategy
- Reduced sales will put severe pressure on our overheads and cash flows
- The Board is currently assessing capital requirements and will provide an update in the near future