Annual General Meeting
November 2009
Introduction

- Ellex has delivered a strong full year trading result, despite global financial downturn
- Excluding one-off items of $26.3m, profit before tax from ordinary activities up 30% to $3.1m
- Record revenue of $58.3m, increase of 16% over last year
- Significant restructure of organisation to improve stability of business model
## One-off items

<table>
<thead>
<tr>
<th>Item</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Goodwill write-off</td>
<td>$22.4m</td>
</tr>
<tr>
<td>Impairment of intangibles</td>
<td>$0.7m</td>
</tr>
<tr>
<td>Redundancy costs</td>
<td>$0.5m</td>
</tr>
<tr>
<td>Realised Mark-to-market loss</td>
<td>$2.0m</td>
</tr>
<tr>
<td>Unrealised Mark-to-market loss</td>
<td>$0.7m</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$26.3m</strong></td>
</tr>
</tbody>
</table>
Key Financials – FY09

- Revenue growth +16%
- Gross profit margin +3% to 48%
- EBITDA down 630% to -$20.7m
- NPBT up 30% to $3.1m excluding one-off items 
  (down 1,350% to -$23.2m)
# Debt Reduction

<table>
<thead>
<tr>
<th>Date</th>
<th>Borrowings</th>
<th>Cash</th>
</tr>
</thead>
<tbody>
<tr>
<td>30/06/08</td>
<td>$10.6m</td>
<td>$0.8m</td>
</tr>
<tr>
<td>31/12/08</td>
<td>$14.0m</td>
<td>$1.5m</td>
</tr>
<tr>
<td>30/06/09</td>
<td>$10.5m</td>
<td>$1.6m</td>
</tr>
<tr>
<td>31/10/09</td>
<td>$9.3m</td>
<td>$2.3m</td>
</tr>
</tbody>
</table>
## Inventory Management

<table>
<thead>
<tr>
<th>Date</th>
<th>Units</th>
<th>$ Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>30/06/08</td>
<td>313</td>
<td>$17.7m</td>
</tr>
<tr>
<td>31/12/08</td>
<td>272</td>
<td>$20.7m</td>
</tr>
<tr>
<td>30/06/09</td>
<td>242</td>
<td>$15.9m</td>
</tr>
</tbody>
</table>
Inventory Management cont’d

2008
- Raw Material: 65%
- Work in Progress: 14%
- Finished Goods: 21%

2009
- Raw Material: 73%
- Work in Progress: 9%
- Finished Goods: 18%
FY09 in Review

- Continued strong revenue growth particularly in Australia and a new sales office in Germany
- Revenue growth of 40% in Japan strongly influenced by the favourable AUD/JPY exchange rate
- Growth in local currency in all other regions below expectations and impacted by global financial crisis
Ellex sources of revenue FY09

- **20%**
  - Americas
  - Minneapolis, MN
  - US Sales Subsidiary
  - Sacramento, CA
  - Ultrasound Manufacturing

- **25%**
  - Greater Europe
  - Distributor Sales
  - Clermont-Ferrand, France
  - Ellex Customer Service Center

- **3%**
  - Germany
  - Direct Sales & Service Subsidiary

- **3%**
  - Asia
  - Distributor Sales

- **30%**
  - Japan
  - Direct Sales Subsidiary

- **20%**
  - Greater Europe
  - Distributor Sales
  - Clermont-Ferrand, France
  - Ellex Customer Service Center

- **4%**
  - Latin America
  - Distributor Sales

- **3%**
  - Latin America
  - Distributor Sales

- **11%**
  - Australia
  - Direct Sales Subsidiary

- **4%**
  - OEM

- **1%**
  - Latin America
  - Distributor Sales

- **3%**
  - Latin America
  - Distributor Sales

- **30%**
  - Japan
  - Direct Sales Subsidiary
USA

- Ellex continues to be committed to its distribution through a combination of direct and indirect sales networks
- US infrastructure includes President Ellex Inc (USA)
  - 6 Direct Sales reps now in place
  - 10 Independent Sales reps
- Significantly impacted by global financial crises
- Positive signs of an economic recovery in FY10
- Opportunity with new products due for release in FY10
Germany

- Established direct sales and service business 1 July 2008
- One of the largest ophthalmic markets in the world
- Exceeded original first year budget in a recessionary environment
- Continues to perform in line with expectations in Year 2
- Provides a platform for future growth when additional products become available
Australia

- Achieved 7% revenue growth
- Positively influenced by the Australian Government spending stimulus package
- Introduced additional third party complementary products during the year
- Provides a platform for future growth when additional products become available
Rest of World

- Distributor business managed out of France by Ellex Services Europe and Adelaide support team
- Distributor business (Europe, Asia & Latin America) is the largest source of revenue for Ellex
- Stable business in a challenging market environment
- Continued to grow market share in many regions with the support of our many business partners
Japan

- Revenue growth of 40%
- Continuing to grow market share despite the global financial crisis
- Second largest source of revenue for Ellex
- Introduced additional third party product line during the year
- Growth assisted by the favourable AUD/JPY exchange rate
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 trials conducted in London, Adelaide and Melbourne on patients with Diabetic Macular Edema (DME) and Proliferative Diabetic Retinopathy (PDR)
  - 6 month DME data shows 80% of patients stable or better
  - PDR trials still in progress
  - AMD trials commenced
Outlook and Focus FY10

- Balance growth initiatives with stronger emphasis on profitability and cash flow (debt reduction) in short-term
- Challenging global economic conditions drove changes to the business model in FY09, establishing a strong platform for future growth
- Product cost down initiatives continue to ensure margins are protected and remain competitive in the market
Outlook and Focus FY10 cont’d

- Improve profitability for a more sustainable business model through:
  - Tighter cost control measures
  - Focus on business unit net contributions
  - Measured growth initiatives

- Reduce debt and maintain inventory control

- Two product releases this financial year – one launched another to come shortly

- Plan to increase shareholder value through improved profitability and prudent balance sheet management