



Notice of Annual General Meeting 2013

Thursday 28 November, 2013 at 2.00 pm

To be held at:
Level 1, 82 Gilbert Street
Adelaide SA 5000

Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of the shareholders of Ellex Medical Lasers Limited (the Company) will be held at Ellex Medical Lasers Limited, Level 1, 82 Gilbert Street, Adelaide, South Australia, at 2:00 pm (Adelaide time) on Thursday 28 November 2013 for the purpose of transacting the following business.

Ordinary Business

1. Accounts & Reports

To receive and consider the financial statements of the Company and its controlled entities for the year ended 30 June 2013 and the related Directors' Reports, Directors' Declarations and Auditor's Report. The electronic copy of the 2013 Annual Report is available to download or view on the company website at the following address:

www.ellex.com/investors/investor-room/annual-reports.

The 2013 Annual Report has also been sent by post to those shareholders who have previously elected to receive a hard copy.

Resolution 2(a) – Re-election of Director

To consider and if thought fit, pass the following Ordinary Resolution:

“To re-elect Alex Sundich as a director. Alex Sundich retires by rotation in accordance with the Company's Constitution and, being eligible, offers himself for re-election.”

Resolution 2(b) - Election of Director

To consider and if thought fit, pass the following Ordinary Resolution:

“To elect Rahmon Coupe as a Director having been appointed as a non-executive director since the last Annual General Meeting.”

Resolution 2(c) - Election of Director

To consider and if thought fit, pass the following Ordinary Resolution:

“To elect Meera Verma as a Director having been appointed as a non-executive director since the last Annual General Meeting.”

Resolution 3 – Ratification of prior share issue Placement for purpose of Listing Rule 7.4: re-set of 15% threshold

To consider, and if thought fit, to pass the following ordinary resolution:

“That for the purposes of ASX Listing Rule 7.4 and for all other purposes, shareholders ratify the allotment and issue of 12,736,552 Shares on the terms described in the Explanatory Memorandum accompanying this Notice.”

Resolution 4 – Adoption of Remuneration Report

To consider and if thought fit, pass the following Ordinary Resolution:

“To adopt the Remuneration Report as set out in the Directors' Report which forms part of the Annual Report for the year ended 30 June 2013”.

The resolution is advisory only and does not bind the Company or its directors. However, under the Corporations Act 2001, if 25% or more of votes that are cast are voted against the adoption of the remuneration report at two consecutive AGMs, shareholders will be required to vote at the second of those AGMs on a resolution (a “spill resolution”), that another meeting be held within 90 days at which all of the Company's directors must go up for re-election.

If there is 25% or more votes “against” the Resolution at this year's AGM, the Company will receive a “first strike”.

The Board will consider the outcome of the vote and comments made by shareholders on the remuneration report at the meeting when reviewing the Company's remuneration policies.

The Chairman of the meeting intends to vote undirected proxies in FAVOUR of this resolution.

A voting exclusion statement in relation to this resolution is set out on Page 3 of this Notice of Meeting.

Other Business

To deal with any other business that may be properly brought forward.

Shareholder Information

1. A shareholder entitled to attend and vote at this meeting is entitled to appoint not more than two proxies (who need not be shareholders of the Company) to attend and vote on a poll in the shareholder's place.
2. The appointment of two proxies should specify the percentage of voting rights or number of securities to be applied to each proxy and if not specified then each proxy may exercise half your votes with fractions disregarded. A single proxy exercises all voting rights.
3. Voting Exclusions for Resolution 3

The Company will disregard any votes cast on Resolution 3 by a person who participated in the issue and any of their associates. However, the Company need not disregard a vote cast on Resolution 3 if it is cast by:

- (a) a person as a proxy for a person who is entitled to vote, if the vote is cast in accordance with the directions on the proxy form; or
- (b) the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with the direction of the proxy form to vote as the proxy decides.

4. Voting Exclusions for Resolution 4

In accordance with the Corporation Act, a vote must not be cast (in any capacity), and the Company will disregard any votes cast on Resolution 4 by any Key Management Personnel (which includes each of the Directors), the details of whose remuneration are included in the Remuneration Report, and any Closely Related Party of such Key Management Personnel.

However, a person described above may cast a vote on Resolution 4 if the vote is not cast on behalf of a person described above and either:

- (a) the person does so as proxy appointed in writing that specifies how the proxy is to vote on the proposed resolution; or
- (b) the Chair of the meeting is appointed as proxy and the appointment of the Chair does not specify the way in which the Chair is to vote and expressly authorises the Chair to exercise the proxy even though the resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

Please note, in accordance with sections 250R(4) and 250R(5) of the Corporations Act, the Chair will not vote any undirected proxies in relation to a resolution unless the shareholder expressly authorises the Chair to vote in accordance with the Chair's stated voting intentions. Please note that if the Chair of the meeting is your proxy (or becomes your proxy by default), by completing the attached proxy form, you will expressly authorise the chair to exercise your proxy on Resolution 4 even though it is connected directly or indirectly with the remuneration of a member of Key Management Personnel for the Company, which includes the Chair.

If you appoint the Chair as your proxy, you can direct the Chair to vote for or against or abstain from voting on Resolution 4 by marking the appropriate box on the proxy form.

Alternatively, Shareholders can nominate as their proxy for the purpose of voting on Resolution 4, a proxy who is not a member of the Company's Key Management Personnel. That person would be permitted to vote undirected proxies.

5. The Company has determined in accordance with Corporations Regulation 7.11.37, that for the purpose of voting at the meeting, shares will be taken to be held by those who hold them at 7:00 pm (Adelaide time) on Tuesday 26 November 2013.

To record a valid vote, members will need to take the following steps:

Cast your vote online by visiting www.investorvote.com.au and following the instructions and information provided on the enclosed proxy form; or

Complete and lodge the Proxy Form (and the power of attorney or other authority, if any) under which it is signed, or a certified copy of it at:

- (a) the share registry of the Company, Computershare Investor Services Pty Limited, located at GPO Box 242, Melbourne VIC 3001, or by facsimile on 1800 783 447 (within Australia) or +61 3 9473 2555 (outside Australia); or
- (b) the registered office of the Company located at 82 Gilbert Street, Adelaide SA 5000, or by facsimile on (08) 8104 5231

no later than 48 hours before the time for the holding of the meeting.

Custodian voting – for Intermediary Online subscribers only (custodians) please visit www.intermediaryonline.com to submit your voting intentions.

By order of the Board

Maria Maieli
Company Secretary
Adelaide

Dated: 15 October 2013

Explanatory Memorandum

Introduction

This Explanatory Memorandum has been prepared for the information of shareholders of Ellex Medical Lasers Limited (the Company) in connection with the business to be conducted at the Annual General Meeting to be held at 2:00 pm (Adelaide time) on Thursday 28 November 2013

Financial Statements and Reports

The financial statements of the Company and its controlled entities for the year ended 30 June 2013 and the Directors' Report and Auditor's Report are set out in the Ellex Medical Lasers Limited Annual Report 2013.

Neither the Corporations Act nor the Company's Constitution requires a vote of shareholders to approve these Reports.

This item is intended to provide an opportunity for shareholders to raise questions of the Reports and on the performance of the Company generally. In addition, a reasonable opportunity will be given to members of the meeting to ask the Company's Auditor questions relevant to the conduct of the audit, the preparation and content of the Auditor's Report, the accounting policies adopted by the Company in relation to the preparation of the financial statements and the independence of the auditor in relation to the conduct of the audit.

Resolution 2(a) — Re-election of Director

Alex Sundich, Non-Executive Director

Alex Sundich is 49 years old and was appointed a non-executive director on 22 July 2005. Alex is currently a director of Palladion Partners, a corporate advisory and principal investment firm. From 2002 to 2008, Alex was a senior executive in the funds management industry. Prior to this, he was an investment banker with Goldman Sachs and CSFB, involved in mergers and acquisitions and capital raisings. Alex is currently a non-executive director of Petrel Energy Limited. He is also Chairman of the Ellex Audit Committee.

Board Recommendation

The Board (excluding A Sundich because of his interest) unanimously recommends that shareholders vote in FAVOUR of the Resolution to re-elect Alex Sundich as a Director.

The Chairman of the meeting intends to vote undirected proxies in FAVOUR of this resolution.

Resolution 2(b) — Election of Director - Rahmon Coupe

Rahmon Coupe is 50 years old and was appointed a Non-Executive Director on 15 May 2013. Mr Coupe is Chief Executive Officer and Director of YourAmigo Limited, an organic search engine solutions company. Mr. Coupe has more than 25 years experience in the areas of corporate management, intellectual property management, contract negotiation, business development and engineering and has worked across a diverse range of industries, including: information technology and the internet, life sciences and public broadcasting. Mr. Coupe has held various project and engineering management roles for government research-based organisations, including the Defence Science and Technology Organisation (DSTO).

Mr. Coupe holds an Honours Degree in Electrical and Electronic Engineering from the University of Adelaide and was awarded the Ernst & Young Entrepreneur Of The Year in Technology and Emerging Industries for the Central Region of Australia in 2009.

Board Recommendation

The Board (excluding R Coupe because of his interest) unanimously recommends that shareholders vote in FAVOUR of the Resolution to elect Rahmon Coupe as a Director.

The Chairman of the meeting intends to vote undirected proxies in FAVOUR of this resolution.

Resolution 2(c) — Election of Director - Meera Verma

Meera Verma is 54 years old and was appointed a Non-executive Director on 15 May 2013. Dr Verma is a professional executive with expertise spanning the global healthcare, product development and biotechnology delivery industries. She is the principal

of Headland Vision, a strategic product development advisory and consultancy company, and previously served as Site Director for the Adelaide-based R&D and manufacturing facility of Hospira Incorporation, a global speciality pharmaceutical and medication company. Dr. Verma is a Fellow of both the Australian Academy of Technological Sciences and Engineering (ATSE) and the Australian Institute of Company Directors.

Dr. Verma holds a Doctoral Degree in Biochemistry from the University of Adelaide and is a Non-Executive Director of Ausbiotech Ltd and Biosensis Pty Ltd.

Board Recommendation

The Board (excluding M Verma because of her interest) unanimously recommends that shareholders vote in FAVOUR of the Resolution to elect Meera Verma as a Director.

The Chairman of the meeting intends to vote undirected proxies in FAVOUR of this resolution.

Resolution 3 – Approval of prior share issue

On 19 September 2013, the Company announced that it would issue 12.7 million fully paid ordinary shares to sophisticated investors, to raise \$3.3 million to support a range of initiatives related to the Company's proprietary 2RT laser in the treatment of early Age-Related Macular Degeneration (AMD) and to provide working capital for the Company.

Under Listing Rule 7.1, a listed company may not issue shares if the shares issued, when aggregated with other shares issued over the previous 12 months and not subject to an exception to Listing Rule 7.1, exceed 15% of the issued capital of the company. The placement of shares did not result in the issue of more than 15% of the issued capital of the Company, but the Board considers it prudent to have the flexibility to issue further shares over the next 12 months.

Under Listing Rule 7.4, it is possible for shareholders to approve an issue of securities which has already taken place, for the purposes of excluding that number of securities from the calculation of the 15% threshold under Listing Rule 7.1. If shareholders

approve this resolution, then the shares issued pursuant to the placement will not be taken into account in calculating whether the 15% threshold is exceeded by issues in the 12 months following approval that are not otherwise exempt from Listing Rule 7.1.

Information required under Listing Rule 7.5

In compliance with ASX Listing Rule 7.5, the following information is provided in relation to the Share Ratification:

- (a) 12,736,552 Shares were allotted;
- (b) the issue price was \$0.26 per Share;
- (c) the Shares issued were all fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (d) the Shares were allotted and issued to professional and sophisticated investor clients of Taylor Collison Limited;
- (e) the sophisticated and professional investors, are unrelated parties; and
- (f) the Company intends to use the funds raised from this issue, to:
 - a. support a range of initiatives related to the Company's proprietary 2RT laser in the treatment of early Age-Related Macular Degeneration (AMD), and
 - b. provide working capital to the Company

The voting exclusion statement for this resolution is set out on Page 3 of this Notice of Meeting.

Board Recommendation

The Board unanimously recommends that shareholders vote in FAVOUR of this resolution.

The Chairman of the meeting intends to vote undirected proxies in FAVOUR of this resolution.

Resolution 4 – Remuneration Report

The Directors' Report, which forms part of the Annual Report for the year ended 30 June 2013, outlines the remuneration arrangements in place for Key Management Personnel (KMP) of the Company.

The Corporations Act 2001 requires that a resolution be put to shareholders each year to adopt the Remuneration Report. The vote on this resolution is advisory only and does not bind the directors or the Company, but the outcome could have consequences for the Board and the Company.

In 2011 new laws on executive remuneration were introduced, including the "two strike Rule". Under the two strike rule, if more than 25% of the votes cast on the resolution to adopt the Remuneration Report are "against" the resolution, the Company receives a "first strike". If this happens at the subsequent AGM, it will result in a "second strike".

The voting exclusion statement for this resolution is set out on Page 3 of this Notice of Meeting.

Board Recommendation

The Board unanimously recommends that shareholders vote in FAVOUR of this resolution.

The Chairman of the meeting intends to vote undirected proxies in FAVOUR of this resolution.

Glossary

In this Explanatory Memorandum and Notice of Annual General Meeting the following expressions have the following meanings unless stated otherwise or unless the context otherwise requires:

Board means the board of directors of the Company;

Closely Related Party of a member of the Key Management Personnel for an entity means:

- (a) a spouse or child of the member;
- (b) a child of the member's spouse;
- (c) a dependant of the member or of the member's spouse;
- (d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealings with the entity;
- (e) a company the member controls; or
- (f) a person prescribed as such by the Corporations Regulations 2001 (Cth);

Company means Ellex Medical Lasers Limited ACN 007 702 927;

Constitution means the existing constitution of the Company;

Corporations Act means Corporations Act 2001 (Cth);

Director means a director of the Company;

Key Management Personnel has the same meaning as in the accounting standards as defined in section 9 of the Corporations Act (so the term broadly includes those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any director, whether executive or otherwise, of the Company);

Meeting means the meeting of shareholders convened by the Notice;

Notice means the notice of meeting to which this Explanatory Memorandum is attached.

Ellex Medical Lasers Limited
ACN 007 702 927



Ellex Medical Lasers Limited

ABN 15 007 702 927

Lodge your vote:



Online:

www.investorvote.com.au



By Mail:

Computershare Investor Services Pty Limited
GPO Box 242 Melbourne
Victoria 3001 Australia

Alternatively you can fax your form to
(within Australia) 1800 783 447
(outside Australia) +61 3 9473 2555

For Intermediary Online subscribers only
(custodians) www.intermediaryonline.com

For all enquiries call:

(within Australia) 1300 556 161
(outside Australia) +61 3 9415 4000

Proxy Form

	Vote and view the annual report online	Go to www.investorvote.com.au or scan the QR Code with your mobile device. Follow the instructions on the secure website to vote.
Your access information that you will need to vote:		
PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.		

For your vote to be effective it must be received by 2:00pm (Adelaide time) on Tuesday 26 November 2013

How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

Appointment of Proxy

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote as they choose. If you mark more than one box on an item your vote will be invalid on that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

A proxy need not be a securityholder of the Company.

Signing Instructions for Postal Forms

Individual: Where the holding is in one name, the securityholder must sign.

Joint Holding: Where the holding is in more than one name, all of the securityholders should sign.

Power of Attorney: If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at www.investorcentre.com under the information tab, "Downloadable Forms".

Comments & Questions: If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

**GO ONLINE TO VOTE,
or turn over to complete the form** ➔

Change of address. If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.


Proxy Form

Please mark to indicate your directions

STEP 1 Appoint a Proxy to Vote on Your Behalf XX

I/We being a member/s of Ellex Medical Lasers Limited hereby appoint

the Chairman of the Meeting **OR**

 **PLEASE NOTE:** Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the Meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of Ellex Medical Lasers Limited to be held at Level 1, 82 Gilbert Street, Adelaide, SA, 5000 on Thursday 28 November 2013 at 2:00pm (Adelaide time) and at any adjournment or postponement of that Meeting.

Chairman authorised to exercise undirected proxies on remuneration related resolutions: Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on Item 4 (except where I/we have indicated a different voting intention below) even though Item 4 is connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

Important Note: If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on Item 4 by marking the appropriate box in step 2 below.

STEP 2 Items of Business **PLEASE NOTE:** If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

	For	Against	Abstain
2(a) Re-election of Mr Alex Sundich as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2(b) Election of Mr Rhamon Coupe as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2(c) Election of Ms Meera Verma as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 Ratification of prior share issue Placement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4 Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meeting intends to vote all available proxies in favour of each item of business.

SIGN Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact Name _____

Contact Daytime Telephone _____ Date ____/____/____



To Our Shareholders

During the 2013 financial year, we made strong progress on several fronts even though our operating result was lower than last year. Operating profit before tax was \$0.14m compared with an operating profit before tax of \$1.1m in the prior year. This 2013 result was struck on revenues that were 9.8% lower than the prior year. The primary reason for the drop in revenues was due to the ongoing effect of the strong Australian dollar making our product expensive in all other currencies relative to our competition.

For the last few years the Company has suffered as a result of the high Australian dollar exchange rate against the US dollar and the Euro. During the 2013 year, while the Australian dollar remained stable at a high rate against those currencies, there was the additional impact of a material devaluation of the Japanese YEN against the Australian dollar. This lowered revenues in Japan.

In the rest Asia we saw sales growth of 45%, albeit from a small base. We expect this trend to continue as the market demographics for our products, particularly in China, look strong.

Sales from our European business unit that cover territories of Europe, Middle East and Africa grew by 3% from the prior period. In view of the continued economic uncertainty in those regions we consider that this was a reasonable result. In this period we achieved a major strategic milestone that will support future growth in Europe. We established a direct sales distribution office in France, based in Lyon. From this hub we generated sales demand in France, in the Middle East, including the securing of a significant sale contract in Libya.

In the USA the good sales results achieved in 2012 were not repeated in 2013. Higher-than-usual sales were achieved in December 2012 quarter prior to government health insurance reimbursement changes in January 2013. The product range available to our

US business unit until July 2013 had not included Ellex's SLT Glaucoma laser which in other territories is the market leader. This is because a procedure patent held by one of our competitors, only valid in the USA, blocked our ability to sell in that territory. The expiry of that patent in July 2013, gave the opportunity for Ellex to enter the USA with its market leading SLT products. Sales results since July 2013 have been good and in line with our expectations.

Investment of shareholder assets in product development was a key and primary focus during 2013. More new products were prepared for release during 2013 than during any year in the recent history of Ellex. Priority was placed on comprehensive feature upgrades to the global best-selling SLT laser Ellex Tango™ to coincide with our US launch.

Around mid-year we released an exciting new product, the Ellex Ultra Q Reflex™ for the underserved market for laser vitreolysis, a product capable of treating "Floaters".

Near year end we released two additional new products positioned in the retinal treatment segment; the Ellex Rapide™ pattern scanning photocoagulator that provides fast retinal treatment and the Ellex Integre Pro™ multi-wavelength coagulator that provides the doctor with multiple options for retinal treatments.

The new products were also featured at the Congress of the European Society of Retinal and Cataract Surgeons in Amsterdam in early October 2013 and interest continues to be very strong.

As reported last year, the company undertook a number of activities in 2012 to leverage its unique manufacturing, service and quality systems to provide alternative revenue streams. During 2013 this initiative yielded \$2.8m of revenue up by \$1.2m on the prior year. This contribution will grow in 2013 as the contract manufacturing being undertaken for



Signostics Limited of its unique hand-held ultrasound device grows with demand for that product. The contract manufacturing and service work is lower margin revenue (and lower risk) compared with product sales, however it improves overall factory utilisation and therefore benefits the product business.

Good progress was achieved on our lead project the Ellex 2RT™ ultimately aimed at treating Macular Degeneration one of the most common diseases that causes blindness in the elderly population in the world. As an interim steps towards this goal, following the successful completion of another important disease being the management of Macular Diabetic Edema (DME), we applied for and received clearance to market the Ellex 2RT™ laser in Europe for DME. Since July 2012, when a CE Mark for Ellex 2RT™ for the treatment of diabetic eye disease was achieved, the following important milestones were reached:

- Limited sales of Ellex 2RT™ to doctors to obtain market feedback on the 2RT™ product concept and clinical approach
- Clearance in July 2013 by the USA Food and Drug Administration for sale of the 2RT™ in the USA for treatment of diabetic eye disease
- Commencement in November 2013 of a multi-centre, double blind, placebo controlled clinical trial of 2RT™ in up to 300 early stage age-related macular degeneration (AMD) patients
- Submission of 50 patient early AMD pilot study to a peer-reviewed ophthalmology journal
- The release of positive pilot study results of the 50 patient study and its acceptance in a peer reviewed journal of high standing.

The next milestone for Ellex 2RT™ includes the application of a CE Mark to permit commercial European sales of the treatment of early AMD.

Ellex has valuable intellectual property and has a continuing program to protect our rights with respect to that intellectual property. During early 2013 this program was active in Europe and later in the year efforts focussed on the USA. This is an important program.

In mid-September 2013, the Company completed a successful placement of 12,736,552 new ordinary shares to Australian superannuation funds and high net worth individuals. This placement raised gross proceeds of \$3.3m. These funds will be used to retire some debt, provide working capital, accelerate the 2RT™ program and for funding growth initiatives. As a result of this placement, institutional investor Australian Ethical Investments announced that it now has a substantial shareholding in Ellex.

Finally it is pleasing to see that during the first few months of the 2014 Financial Year, there has been a reduction in the exchange rate value of the Australian dollar against the Euro and US dollar compared with the same time last year. If this trend continues, it will improve profitability from the new product portfolio, SLT lasers in the USA and contract manufacturing initiatives commenced in this reporting period. In 2014, the Company is therefore expecting meaningful growth in revenues and operating profit.

Victor Previn
Chairman

Dated: 15 October 2013