



Half Year Results FY 2006

Half Year Highlights

- Revenue up 26% to \$17.1 million
- Own branded revenue up 73% on prior year, representing 78% of total revenue
- Margins improved from 43% in FY05 to 45% in first half FY06
- EBITDA up 112% to \$1.7 million
- NPAT up 177% to \$1.0 million

Note: All amounts have been extracted from financial statements prepared on basis of A-IFRS. Reconciliation of Earnings Before Tax from AGAAP to AIRFS is included in the attachment to this presentation



Key Objectives & Performance

Objective

Performance

- | | |
|--|---|
| 1. Achieve 15% growth in revenue over prior year. | Revenue growth of 26% achieved. |
| 2. Return to profitability. | A strong return to profit with NPAT of \$1.0 million representing 6% of revenue. |
| 3. Improve quality of revenue with Laserex branded sales exceeding 70% of total revenue. | Laserex branded sales grew 73% on PCP and represented 78% of total revenue . |
| 4. Improve Group Inventory turn from 1.3 for FY05 to 1.8 for FY06. | Inventory turn for first half of 1.8 achieved with inventory reduction of \$0.8 million. |
| 5. Continue to grow Japan and achieve breakeven in FY06. | Revenue of \$2.7 million – PCP \$1.0 million. A breakeven result was achieved in the first half. |
| 6. Improve margins through transition to Laserex branded sales and higher margin product offering. | Improved margins from 43% in FY05 to 45% in first half FY06. |

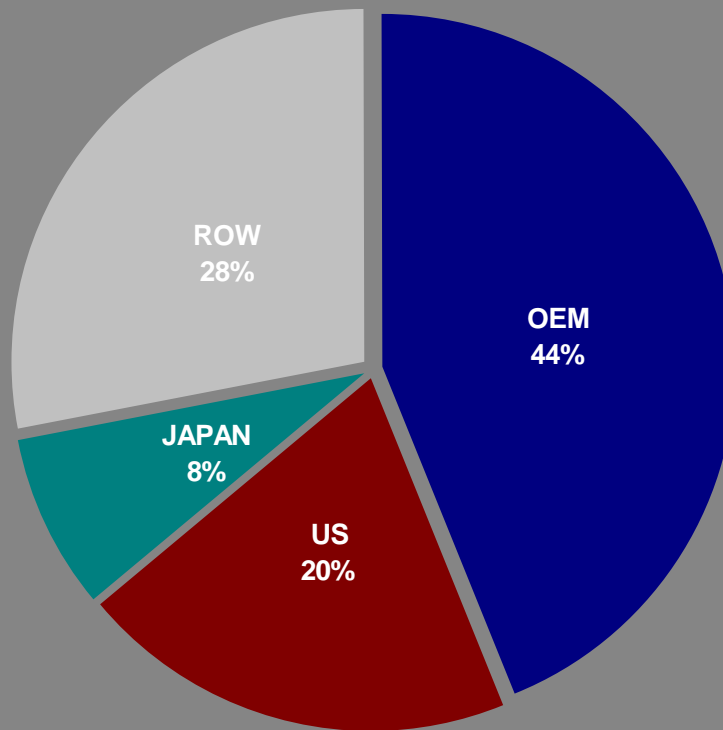


Summary P&L

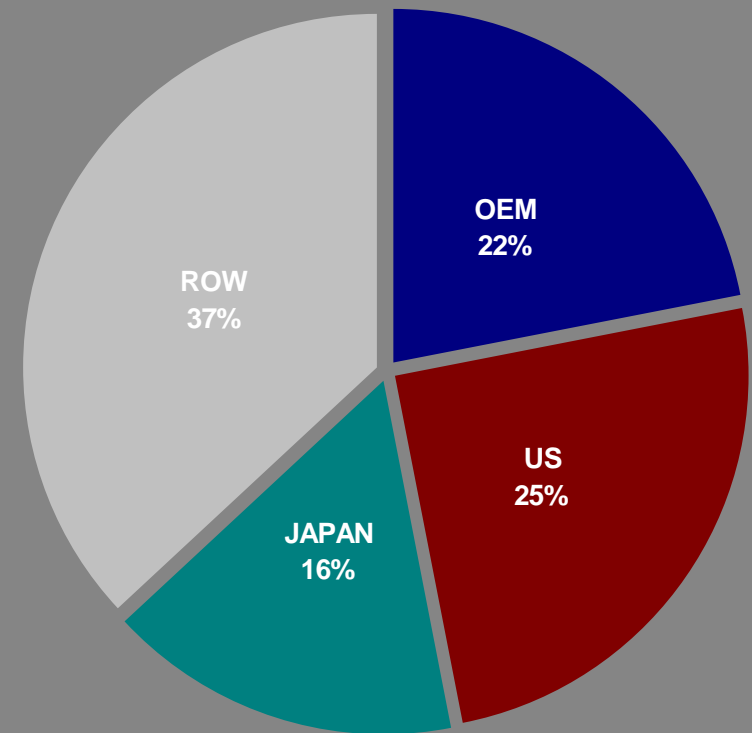
		Dec 05	Dec 04	Change
Revenue	\$M	17.1	13.6	26%
Gross Margins	\$M	7.7	5.8	33%
	%	(45%)	(43%)	
EBITDA	\$M	1.7	0.8	112%
	%	(10%)	6%	
NPBT	\$M	1.1	0.3	229%
	%	6%	2%	
NPAT	\$M	1.0	0.4	174%
	%	6%	3%	

Sales Contribution by Region

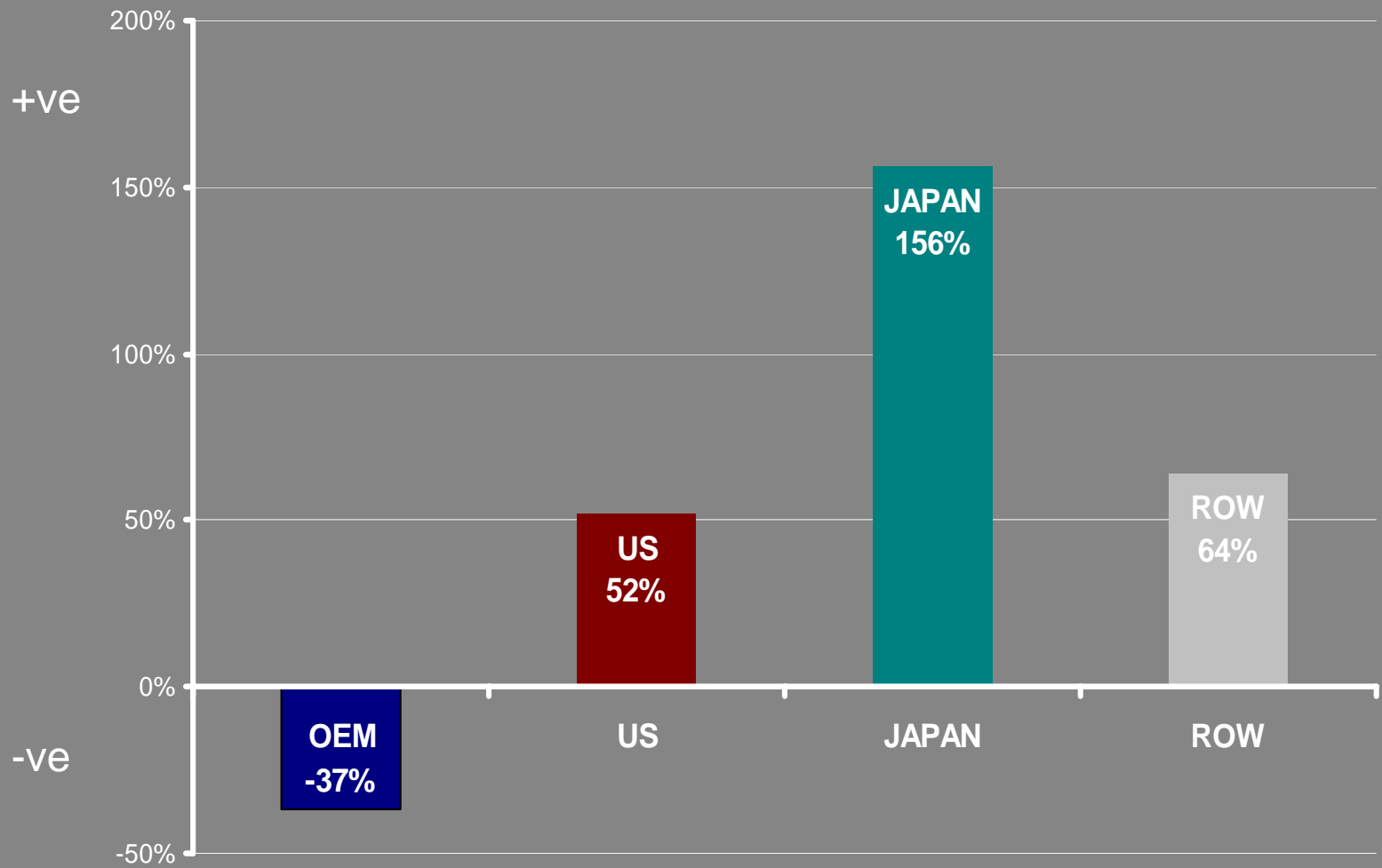
First Half FY05
Revenue \$13.6 m



First Half FY06
Revenue \$17.1 m



Revenue Growth by Region First Half FY06 (compared to First Half FY05)



Sales & Distribution

Americas

- Strong uptake on Solitaire photocoagulator
- Successful AAO in October 2005 with high visibility and lead generation
- Commence strategy to transition to direct sales in 2006 calendar year
- Implemented strategy to drive sales in Latin America

Sales & Distribution cont'd

Japan

- Revenue continues to grow quarter on quarter
- Continue to grow sales teams to complete sales network
- Third party product contributed 25% of revenue for Japan in first half
- Strong laser product line with multi-wavelength photocoagulators being the key to completing product offering

Sales & Distribution cont'd

Distributor Network

- Appointed Simon Luscombe, VP Sales – Asia in August to drive growth in this region
- Appointed Enrique Losada to assist in Latin America region
- New distributors appointed in Spain, Thailand, Austria and Mexico
- Regulatory approvals received in key markets of China and Taiwan
- SLT continues to be a major contributor particularly in the Greater Europe region

Corporate Communications

- Major re-branding launch March 15, 2006
- Positions Ellex as the premium ophthalmic laser company
- Highlights Ellex's 20 years of history in this business
- Consolidates all international entities and products under the Ellex name
- Signals evolution to global "Customer Direct" business



Product Update

- Solitaire sales continue to exceed expectations with further production capacity required
- Continue to develop accessories for Solitaire and enhance product offering
- First multi-wavelength photocoagulator to be launched in second half of FY06
- OEM contract with Lumenis for SLT product to be discontinued at end of March 2006



Balance Sheet

- Inventory turn improved from 1.3 to 1.8
 - Inventory reduced by \$0.8 million
- Average debtor days 63 compared to 55 at June, reflecting impact of Japan
- Sale of building for \$4.43 million – proceeds to be applied to extinguish debt
- Post sale of building Ellex to retain \$7.0 million bank facilities

Outlook FY06

- Achieve full year revenue growth of 20% - 25% over prior year
- Continue to implement structural improvements to achieve improved margin and profitability
- Drive further improvement in inventory management with key measure being inventory turn
- Establish “new therapy” advanced research programs in collaboration with university partners with budgeted funding for blue sky projects



Outlook FY07

- Maintain momentum in growth of revenue and profitability
- Establish sales and marketing “storefront” in San Francisco Bay Area
- Establish Global Technical Service department
- Begin migration to direct USA sales and service
- Become profitable in Japan
- Begin to evaluate future growth investments

Attachment

AGAAP to A-IFRS Reconciliation

	Dec 05 \$'000	Dec 04 \$'000
AGAAP Earnings Before Tax & Goodwill Amortisation	585	(27)
Capitalisation of R&D Costs	626	1,365
Amortisation of Capitalised R&D Costs	(147)	(16)
R&D Grants taken to income under AGAAP – (Deferred)/Recognised under A-IFRS to match related Capitalisation/Amortisation of R&D	68	(983)
Expensing of Employee Options	(13)	-
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A-IFRS Earnings Before Tax	1,115	339