

Annual General Meeting

24 November 2011



Ellex

- “There is no sugar coating it, we have had a tough year”
- Despite this Ellex remains a leader in a growing global market at the forefront of managing eye disease
- Increases in life expectancy rates and lifestyle changes have led to an increased incidence of vision-threatening disease – stimulating demand for eye-care products and offering future growth opportunities for the Ellex business.
 - Global Ophthalmic Device Market: A\$13 billion
 - Global Ophthalmic Laser Market: A\$260 million
 - Global Ophthalmic Ultrasound Market: A\$26 million

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Overview – FY11

- Operating loss of \$1.1m primarily caused by unprecedented rise in the value of the AUD against all major trading currencies
- Closure of Sacramento plant and consolidation of manufacturing to Adelaide also incurred non-recurring costs with benefits to accrue from FY12
- Reorganisation of the management team in April 2011 focussed on returning the business to profitability in FY12
- The strengths of the business; intellectual property, global distribution network, medical device manufacturing, engineering and service

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Key Financials FY11

- Fall in revenue from \$47.4m to \$43.1m, of which \$3.9m was attributable to the appreciation of AUD
- Appreciation of AUD average rates from FY10 to FY11 as follows:
 - USD 15%
 - EURO 14%
 - YEN 7%
- Some foreign cost savings due to higher AUD. Overall operating profit reduction of approximately \$3m due to higher AUD

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Key Financials FY11

Continued....

- NTA of 18.9¢ per share as at 30 June 2011 down from 23.1¢ per share at 30 June 2010
- The reduction in operating profit compared with FY10 placed pressure on cash and working capital and borrowing covenants

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Key Financials FY11 Borrowings

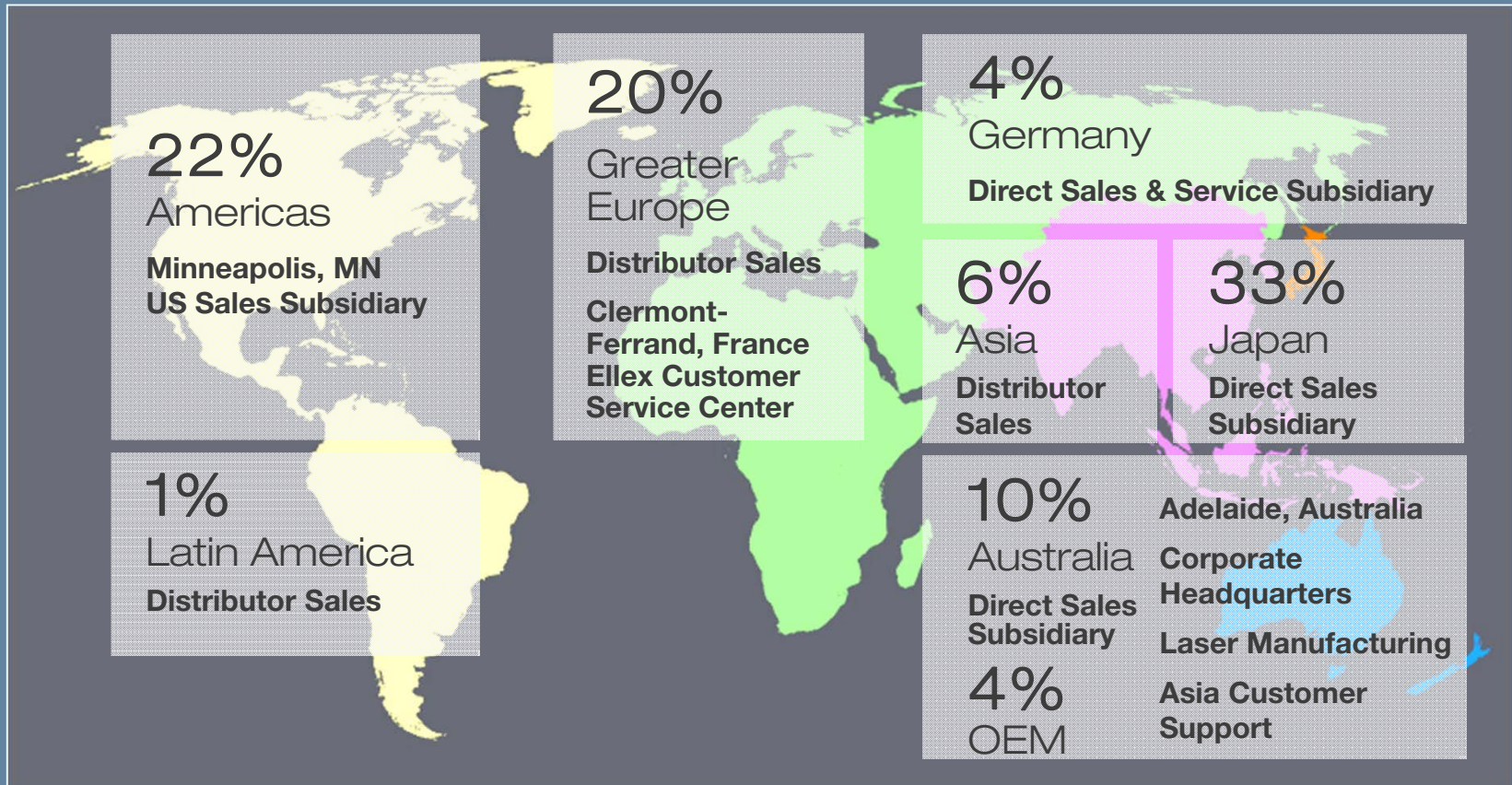
- Total Borrowings net of cash holdings were \$6.7m at 30 June 2011 compared to \$6.3m at 30 June 2010 and \$8.9m in 2009.
- Since balance date, the Company's loan agreement with Westpac has been renewed
- Debt to equity ratio at 30 June 2011 of 22.2% compared with 18.3% in 2010 and 35% in 2009

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Sales Composition – FY11



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Sales FY11

- Setting aside the effect of the appreciation of the AUD which impacted all export markets (90% of Ellex sales are export) the following items are noted:
 - Stable unit volumes in Japan despite the disruption caused by the March 2011 tsunami
 - Promising increase in unit sales in Asia, particularly China, provides a platform for improvement in FY12
 - 17% reduction in sales volume in the US market reflecting the sluggish, faltering US economy

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Sales FY11

Continued....

- Reduction of unit volumes in Australia due to the reduced Australian Government investment allowance arrangements compared with FY10
- Price competition in European distributor markets caused a 5% volume fall



Outlook for FY12 and beyond

- Difficult trading conditions faced by all Australian manufacturing expected to continue
- Continued investment in strong IP, including revolutionary 2RT device
- Leveraging the global distribution network with more third party products
- Lowering manufacturing costs
- Maximising the potential of unique capabilities
- Development and distribution of laser and imaging technology remains our core business

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Leveraging Strengths

Strong IP Portfolio

- Development of Integre Pro undertaken in H2 FY11 and H1 FY12 for release in H2 FY12. Improved photocoagulation tool for treating retinal disease
- Retinal Rejuvenation Therapy (Ellex 2RT) targeting treatment of Aged-Related Macular Degeneration. Trials progressed in FY11 with good results
- Growth opportunity for glaucoma treatment laser (SLT) in USA

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Opportunity

Retinal Rejuvenation Therapy

- Breakthrough laser therapy for the treatment of Age-Related Macular Degeneration (AMD)
 - Leading cause of blindness in the developed world: affects one in seven Australians over the age of 50, globally 15% of people over the age of 50
- Pilot trials completed in April 2011 have confirmed potential to treat AMD and Diabetic Retinopathy
 - Pilot trial preliminary results demonstrate the ability to halt and partially reverse vision deterioration caused by early AMD
 - Ellex 2RT is a non-invasive, early intervention treatment available only through Ellex's proprietary laser technology

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Opportunity

Retinal Rejuvenation Therapy

Continued....

- Next step is to undertake a multi-centre, randomised trial from 2012 onwards, for which external research funding grants have been received, sufficient to start trials
- Ellex has already engineered and pilot-manufactured its patented, 2RT laser – no dependence on third-party laser developers or manufacturers in order to bring this technology to market

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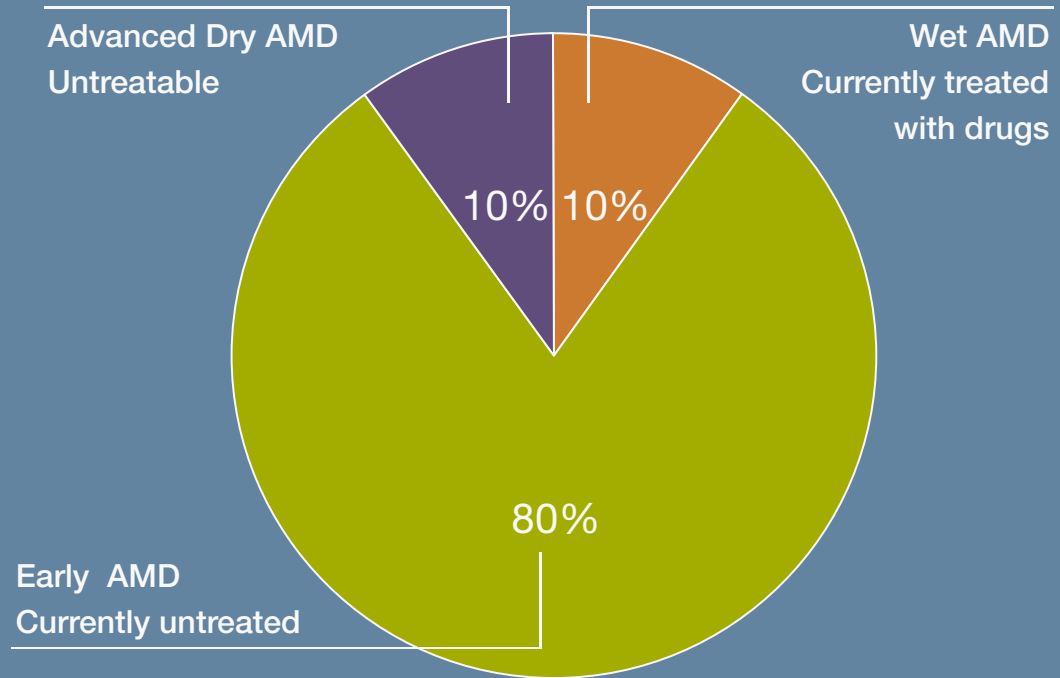


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Opportunity

Treatment of AMD with Retinal Rejuvenation Therapy

Previously untreatable,
Ellex 2RT is the only
treatment of its kind in the
world for early AMD



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Opportunity

Glaucoma SLT treatment in USA

- Ellex is a world leader outside the USA in the supply of selective trabeculoplasty treatment (SLT) lasers for glaucoma
- A patent currently precludes the sale of Ellex's SLT systems into the USA; medical laser manufacturer "Lumenis" is the only supplier of SLT lasers in the USA
- This patent expires in July 2013 and Ellex, along with other global SLT laser suppliers, is free to enter the market
- Since its introduction in 2001, SLT is now considered the primary therapy for glaucoma in most developed markets – offering significant growth potential

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Leveraging Strengths

Global Distribution Network

- Ellex's global sales and distribution platform supports growth of its proprietary laser and ultrasound products, as well as its growing third-party product business
- Agreement reached with CenterVue in FY11 to distribute "DRS" Digital Retinal Camera during FY11 has yielded new revenues in optometry market
- "MAIA" product aims to assist ophthalmologists with tracking and managing progression of AMD; growing in acceptance in USA
- Other opportunities being identified to provide additional revenue streams

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Leveraging Strengths

Manufacturing

- The systems, people and “know-how” within Ellex’s factory to assemble, test and deliver high-quality, reliable medical devices for global markets is sought after
- During FY11 and the first half of FY12 solid progress achieved in the identification and sourcing of lower-cost components and sub-assemblies from Asian suppliers
- Ensuring quality remains paramount, but the results of the re-sourcing work have been positive and lower production costs could contribute well to future earnings

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Leveraging Strengths



Ellex-Precise – an example of using unique capabilities

- Joint venture with Precise Global in June 2011 (www.ellex-precise.com) offering regulatory consulting as part of an offering of services for commercialisation of new medical device technologies
- *“Our experience in engineering design and development, precision machining and low-volume artisan manufacturing combined with extensive expertise in regulatory approval enables us to provide practical hands-on support in order to bring your technology to market”*

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Summary

1. Ellex remains a global leader in the ophthalmic market
2. The poor result in FY11 caused primarily by the appreciation of the AUD against the USD, YEN, Euro and difficult economic conditions
3. The Company is planning its future on the scenario that the AUD will remain at its current levels permanently
4. Growth in ophthalmic product revenue is expected from the first sales of the Retinal Rejuvenation Therapy laser and the opening of the USA market for SLT

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Thank you

