

ELLEX MEDICAL LASERS LIMITED

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Announcement of new Distribution Initiative

Ellex Medical Lasers Limited (ELX) announced today an exciting new initiative aimed at strengthening its distribution channels and driving further growth in its sales.

Managing Director, Mr Victor Previn said Ellex would take a strategic majority ownership position in a new distribution company in Japan as well as providing product and financial support.

Japan is the second largest ophthalmic market in the world with an ageing population and a very high standard of support from the health care system and has significant growth opportunities.

Ellex expects sales from the new venture to commence in the second half of this financial year.

“In Japan we will partner with a highly experienced management team with over 20 years continuous experience in the ophthalmic industry. This management will have an equity interest in the new venture.”

“In the US we have already established a successful model in direct ownership of our sales and distribution through our wholly owned subsidiary Laserelex Systems Inc. This has proven over time to be a sound and profitable model.”

“The success of the Ellex business has been built on our ability to not only develop our own distribution channel but continue to work with our OEM partners. We see this continuing” Mr Previn said.

Ellex has for some time flagged that its long term goal is to leverage of its distribution channel by expanding its product range beyond lasers and capital equipment into other ophthalmic products including consumables and disposables. Japan is considered to be a significant opportunity to launch this strategy although this will take some time.

Ellex intends to release its FY04 half year results in the week commencing 16 February 2004.

FOR FURTHER INFORMATION, please contact:

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