

Ellex Medical Lasers Ltd (ELX)

ASX Release

December 2004 Half Year Release

FOR IMMEDIATE RELEASE

18 February 2004

Highlights

- Revenues for the half year ended December 2004, up 8.4% to \$14.5 million from \$13.4 million in the previous corresponding period
- EBITDA pre R&D costs of \$2.9 million compared to \$3.2 million in previous period after investing net \$0.5 million into new Japanese distribution
- NPAT, pre amortisation of goodwill, of \$114,000 down from \$629,000 in the previous corresponding period
- NPAT after all charges a loss of \$439,000 compared to \$53,000 profit in the previous corresponding period.

Ellex Medical today announced a modest growth in revenues for the six months to December 2004. The Company's planned strategy of reinvesting into product development and distribution resulted in a modest profit, on a pre-goodwill basis.

Managing Director, Mr Victor Previn said while disappointing, the fundamentals of the strategy and the underlying business remains strong.

"Our Laserex branded sales have grown from 47% of total revenue in the six months to December 2003 to 56% in the December 2004 half. We are seeing good trends in margins despite a strong competitive environment and strong Australian Dollar.

"Our new Japanese distribution channel has grown revenues quarter on quarter for the past three quarters and we remain confident of achieving a breakeven position by the end of this financial year."

Mr Previn said that trading conditions generally remained challenging with the continuing strength of the Australia dollar contributing to this.

Mr Previn stated that the later than expected release of new products had been a key factor in the program delays so far. Pilot Production of the Solitaire Photocoagulator had progressed well and the Company expected to commence shipping units in the March quarter."

FY05 Outlook

Ellex said that it remained committed to achieving substantial revenue and profit growth over the next two years but reinforced that it was six months behind its original growth program largely as a result of delays in release of new products and, as such, material growth would be seen in the 05/06 financial year.

As previously advised the Board of Ellex expected modest revenue growth for the full year. Continued investment in R&D and distribution would result in profits being curbed. The key factors that were likely to affect full year performance were the performance of OEM partners, the strength of the Australian Dollar and the timing of release of Pilot Product of the Solitaire.

ABOUT ELLEX

Ellex Medical Lasers Limited leads the world in the supply of innovative integrated laser systems for use by ophthalmologists throughout the world under its "LasereX" brand. Ellex has been manufacturing lasers for more than 15 years and our extensive range includes YAG Laser Photodisruptors for Post Cataract surgery and Green Laser Photocoagulators for retinal treatment. Ellex is currently pioneering the development of Selective Laser Trabeculoplasty (SLT) as a treatment for elevated eye pressure in patients with Glaucoma and is the only global manufacturer of the SLT/YAG combination laser.

For more information about the company, log on to our web site at www.ellex.com.au

FOR FURTHER INFORMATION, please contact:

Victor Previn, Managing Director, Ellex Medical Lasers Limited – 08 8104 5200/0414 661 994

David Lindh, Chairman, Ellex Medical Lasers Limited – 08 8233 5555/0411 862 695