

Ellex Medical Lasers Ltd (ELX)

FOR IMMEDIATE RELEASE

1 November 2005

Impact of Transition to International Financial Reporting Standards (IFRS)

Ellex Medical Lasers Limited ("Ellex") wishes to advise that it has completed a detailed review of the impact of the transition from Australian Accounting Standards to IFRS. The results of this review confirm that the impact of the change will be to increase Earnings Before Tax by approximately \$2 million when compared to Earnings Before Tax of prior years.

This impact arises from two key areas:

- Ellex will no longer amortise goodwill which in the past resulted in a charge to the profit and loss of \$1.1 million. Ellex will however be required to undertake an impairment test of the value of goodwill on its balance sheet on an annual basis.
- The capitalisation of research and development costs. Under the new standards Ellex expects to capitalise approximately \$0.6 million in FY06 (net of amortisation of any amounts capitalised).

The balance of the total estimated impact of \$2 million relates to a number of other small adjustments.

The detailed review of IFRS completed by Ellex has not been subject to external review by the company's auditors, which will be done at the time of preparation of the financial statements for the half year to 31 December 2005.

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

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