



## PRESS RELEASE

Ellex Medical Lasers Ltd (ASX:ELX)  
Adelaide, Australia

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Topic: First Half FY06 Results for announcement to market

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## Strong Revenue Growth, Return to Profitability

### Highlights

- First Half FY06 Revenue grew 26%, to A\$17.1 million
- EBITDA on a post A-IFRS basis of A\$1.7 million (pcp A\$0.8 million); on a pre A-IFRS basis EBITDA was A\$1.0 million (pcp A\$0.4 million)
- NPAT on a post A-IFRS basis of A\$1.0 million (pcp A\$0.4 million); on a pre A-IFRS basis NPAT pre goodwill amortisation was A\$0.5 mill (pcp A\$0.1 million)

Ellex Medical Lasers Limited (ASX:ELX) today reported a Net Profit after Tax of A\$1.0 million for the first half of FY06, up significantly on the comparable period last year. The result was achieved primarily as a result of revenue growth, up 26% to A\$17.1 million.

Ellex CEO, Mr Peter Falzon said the Board and Management were pleased with the result. "We are starting to see benefits from our investments over the past three years in product development and distribution."

Mr Falzon said "We have made significant progress transforming Ellex from reliance on OEM revenue to a direct competitor in the ophthalmic laser marketplace. Our own branded sales were up 73% on the same period last year and contributed 78% of our total revenue. We achieved revenue growth in all key markets with Japan reaching the critical break even milestone in the first half."

Given the success of its transition to own brand sales, Ellex announced that it had decided to terminate its existing contract with its competitor, Lumenis, to supply the Selecta Duet from the end of the March quarter.

Ellex also made progress in its goal of improving inventory management with stock turns increasing from 1.3 to 1.8 and inventory levels reducing by A\$0.8 million.

As reported in January, Ellex has entered into a contract for the sale of its building in Adelaide for A\$4.43 million on which with the company will realize a profit after tax of A\$1.5 million in the

second half of FY06. The proceeds from the sale of the building will be used to repay debt which stood at \$4.5 million at 31 December 2005, including a A\$2.0 million loan on the building.

Commenting on the outlook, Mr Falzon said Ellex was well positioned to drive growth in its target market. "As a result of product development we have grown our potential market from US\$60 million three years ago to US\$175 million today. With new products coming on line in 2006 our market opportunity will grow further to over US\$200 million. Our focus in the next two years will be to gain market share which should enable Ellex to continue to grow revenue and profits."

Mr Falzon indicated that Ellex was also looking at growth opportunities for the medium to longer term. "Our Advanced Research team has identified some opportunities and work will commence on these this calendar year. We are looking for new opportunities for the company to leverage our distribution platform beyond lasers in the US\$2 billion ophthalmic device market."

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## **ABOUT ELLEX**

Ellex Medical Lasers Limited designs, manufactures and markets a complete line of lasers used by ophthalmologists to preserve vision and fight blindness. With more than 10,000 systems installed worldwide, Ellex has evolved from its starting point as primarily an OEM supplier of ophthalmic lasers in 1985, to direct marketing of its own branded products through subsidiaries in the United States and Japan and through a network of distribution partners in more than 50 countries. Ellex maintains a strong emphasis on intellectual property and research into new and better treatments to manage and cure the leading causes of blindness.

For more information about the company, log on to our web site at [www.ellex.com](http://www.ellex.com)

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