

## PRESS RELEASE

Ellex Medical Lasers Limited (ASX:ELX)

Adelaide, Australia

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Topic: Ellex FY2007 Half Year Results



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### Highlights

- **Revenue increased 26% over the prior comparable period to \$21.2 million**
- **Net Profit Before Tax increased 28% over the prior comparable period to \$1.4 million**
- **Net Profit After Tax increased 13% over the prior comparable period to \$1.2 million**
- **Ellex brand product sales grew 56% accounting for 95% of total revenues, indicating the company has transitioned from OEM to direct sales**
- **Two acquisitions were completed, which will provide incremental growth in the second half**

**Adelaide, Australia, 27 February 2007** – Ellex Medical Lasers Limited (ASX:ELX), a global leader in the design and manufacture of ophthalmic laser and ultrasound systems, announced today its financial results for the 6 months ended 31 December 2006. The results confirm that Ellex is gaining market share as a result of investments made in new products and distribution. Revenues grew by 26%, exceeding the estimated market growth rate of 5% per year, to \$21.2 million.

Ellex brand revenue grew by 56% compared to the first half of FY2006, and accounted for 95% of total revenues for the 6 month period reported. Commenting on the result, Mr Peter Falzon, CEO, said “We have successfully completed our transition away from reliance on OEM business and will continue to focus on growing our own brand. Revenue growth occurred across all regions with our performance in Japan and Europe particularly strong.”

Ellex also recorded strong growth in profitability, achieving a Net Profit Before Tax of \$1.4 million, a 28% increase over the first half of FY2006. Net Profit After Tax for the half year was \$1.2 million, a 13% increase, reflecting an increase in the effective tax rate from 8% to 16%. The company expects the higher effective tax rate to apply for the full year.

Mr Falzon stated that he was pleased with the lift in profitability given the result overcame the effect of the weak Japanese Yen and alongside Ellex’s continued investment in manufacturing, particularly in the first quarter. “The unexpectedly weak Yen and specific decisions to invest in manufacturing and customer service directly affected our gross margins and hence bottom line. We are diligently managing the balance between investing in future growth and improving profitability. We believe that profitability will further improve in the second half as we are just now starting to benefit from initiatives implemented in the past 12 months.”

During the 6 month period to 31 December 2006 the company made two strategic acquisitions. Ellex acquired its Australian distributor, Coherent Lasers Australia Pty Ltd, in October, effectively establishing a direct sales channel in Australia. In December Ellex completed the acquisition of Innovative Imaging Inc, of Sacramento, California, a profitable business providing diagnostic ultrasound products primarily to retina specialists. With an installed base of 1,300 systems in the US and Europe, Innovative Imaging has earned a reputation as a technology leader. Ellex expects to significantly grow this business by leveraging its global distribution and brand.

Ellex also recently announced that it had secured an AusIndustry Grant totalling \$1.9 million to assist in the development of new laser-based therapies for treating AMD, which is the leading cause of blindness among seniors in the developed world.

Ellex expects continued growth in sales and higher growth in earnings in the second half of FY07 due to seasonal factors that normally result in a more profitable second half, the continued growth of Ellex brand products, and the impact of the acquisitions and investments discussed above.

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## **ABOUT ELLEX**

Ellex Medical Lasers Limited (ASX:ELX) designs, manufactures and markets a complete line of lasers and diagnostic ultrasound systems used by ophthalmologists to diagnose and treat eye diseases. With more than 12,000 systems delivered to the market, Ellex has evolved since 1985 from a manufacturing company of primarily OEM products, to direct marketing of Ellex branded products through subsidiaries in the United States, Japan and Australia, and a network of distribution partners in more than 100 countries. Ellex maintains a strong emphasis on intellectual property and research into new and better treatments to manage and treat the leading causes of blindness.

For additional information about Ellex and its products, please visit [www.ellex.com](http://www.ellex.com).

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