

CONSOLIDATED RESULTS FOR ANNOUNCEMENT TO THE MARKET

For the half year ended 31 December 2007

Ellex Medical Lasers Limited ACN 007 702 927

This results announcement is to be read in conjunction with the statutory financial statements attached to this announcement.

Consolidated Results

Revenues from ordinary activities	up	19%	to	\$A'000 25,268
Earnings before interest, tax, depreciation and amortisation (EBITDA)	up	7%	to	2,349
Profit for the period, before tax	down	2%	to	1,404
Profit from ordinary activities after tax	up	3%	to	1,238
Net profit for the period attributable to members	up	3%	to	1,190
Dividends (distributions)				
		Amount per security		Franked amount per security
Final Dividend				
Interim Dividend		Nil		Nil
Previous corresponding period		Nil		Nil
Record date for determining entitlements to the dividend		NOT APPLICABLE		

OTHER INFORMATION

For the half year ended 31 December 2007

Ellex Medical Lasers Limited ACN 007 702 927

Net Tangible Assets per Security	Half Year ended 31 December 2007	Half Year ended 31 December 2006
Net tangible asset backing per ordinary security (excludes value attributable to goodwill and intellectual property)	\$0.24	\$0.17

Dividends

Date the dividend (distribution) is payable

NOT APPLICABLE

Record date to determine entitlements to the dividend (distribution)

NOT APPLICABLE

If it is a final dividend, has it been declared?

NOT APPLICABLE

Amount per security

	Amount per security	Franked amount per security at 30% tax	Amount per security of foreign source dividend
Final dividend:			
Current year	0.00 ¢	0.00 ¢	0.00 ¢
Previous year	0.00 ¢	0.00 ¢	0.00 ¢
Interim dividend:			
Current year	0.00 ¢	0.00 ¢	0.00 ¢
Previous year	0.00 ¢	0.00 ¢	0.00 ¢

Ellex Medical Lasers Limited

ACN 007 702 927

Half-year report for the half-year ended 31 December 2007

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Directors' report

The directors of Ellex Medical Lasers Limited submit herewith the financial report for the half-year ended 31 December 2007. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

The names of the directors of the company during or since the end of the half-year are:

Name

Mr V Previn	Chairman
Mr P Falzon	Chief Executive Officer
Mr A Sundich	Non-Executive Director
Mr K McGuinness	Executive Director (appointed 11 October 2007)
Professor J Marshall	Non-Executive Director (appointed 11 October 2007)

Review of operations

Ellex Medical Lasers Limited (Ellex) generated a Net Profit After Tax of \$1.2 million for the half year ended 31 December 2007 (2006: a profit of \$1.2 million) on revenue of \$25.3 million (2006: \$21.2 million). These financial statements should be read in conjunction with the press release and investor presentation released with the financial statements.

Auditor's independence declaration

The auditor's independence declaration is included on page 4 of the half-year report.

Rounding off of amounts

The company is a company of the kind referred to in ASIC Class Order 98/0100, dated 10 July 1998, and in accordance with that Class Order amounts in the directors' report and the half-year financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.

Signed in accordance with a resolution of directors made pursuant to s.306(3) of the Corporations Act 2001.

On behalf of the Directors



Victor Previn
Director

Adelaide, 26 February 2008

The Board of Directors
Ellex Medical Lasers Limited
82 Gilbert Street
Adelaide
SA 5000

26 February 2008

Dear Board Members

Ellex Medical Lasers Limited

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Ellex Medical Lasers Limited.

As lead audit partner for the audit of the financial statements of Ellex Medical Lasers Limited for the financial period ended 31 December 2007, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely


DELOITTE TOUCHE TOHMATSU



J J Handel
Partner
Chartered Accountants

Independent Auditor's Review Report to the members of Ellex Medical Lasers Ltd

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Ellex Medical Lasers Ltd, which comprises the balance sheet as at 31 December 2007, and the income statement, cash flow statement, statement of recognised income and expense for the half-year ended on that date, selected explanatory notes and the directors' declaration of the consolidated entity comprising Ellex Medical Lasers Limited (the company) and the entities it controlled at the end of the half-year or from time to time during the half-year as set out on pages 2 to 10.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2007 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Ellex Medical Lasers Ltd, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

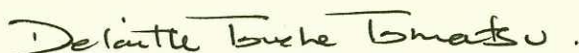
Auditor's Independence Declaration

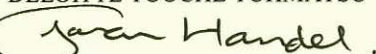
In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Ellex Medical Lasers Ltd is not in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2007 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.


DELOITTE TOUCHE TOHMATSU



J J Handel
Partner
Chartered Accountants
Adelaide, 26 February 2008

Directors' declaration

The directors declare that:

- (a) in the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and
- (b) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the consolidated entity.

Signed in accordance with a resolution of the directors made pursuant to s.303(5) of the Corporations Act 2001.

On behalf of the Directors

A handwritten signature in black ink, appearing to read 'V. Previn', written over the text 'On behalf of the Directors'.

Victor Previn
Director

Adelaide, 26 February 2008

Condensed consolidated income statement for the half-year ended 31 December 2007

	Consolidated	
	Half-year ended 31 Dec 2007 \$'000	Half-year ended 31 Dec 2006 \$'000
Revenue	25,268	21,225
Other income	696	452
Changes in inventories of finished goods and work in progress	114	189
Raw materials and consumables used	(12,747)	(11,177)
Employee benefits expense	(7,717)	(5,771)
Depreciation and amortisation expense	(662)	(577)
Legal costs	(58)	(18)
Advertising and marketing	(965)	(915)
Borrowing costs	(283)	(196)
Product development raw materials and consumables used	(56)	(223)
Other expenses	(2,186)	(1,558)
Profit before tax	1,404	1,431
Income tax expense	(166)	(224)
Profit for the period	1,238	1,207
Attributable to:		
Equity holders of the parent	1,190	1,158
Minority interest	48	49
	1,238	1,207
Earnings per share:		
From continuing operations:		
Basic (cents per share)	1.7	2.0
Diluted (cents per share)	1.6	1.8

Notes to the financial statements are included on pages 10 to 11.

**Condensed consolidated balance sheet
as at 31 December 2007**

	Consolidated	
	31 December 2007 \$'000	30 June 2007 \$'000
Current assets		
Cash assets	1,440	2,740
Trade and other receivables	12,224	11,763
Other financial assets	302	167
Inventories	16,831	14,729
Current tax assets	467	365
Other	759	651
Total current assets	32,023	30,415
Non-current assets		
Trade and other receivables	163	153
Property, plant and equipment	3,352	2,732
Deferred tax assets	2,708	2,986
Goodwill	21,655	21,465
Other intangible assets	212	151
Capitalised development expenditure	6,078	5,785
Total non-current assets	34,168	33,272
Total assets	66,191	63,687
Current liabilities		
Trade and other payables	9,234	8,381
Borrowings	5,075	5,131
Current tax payables	348	254
Provisions	1,456	1,078
Other liabilities	323	378
Total current liabilities	16,436	15,222
Non-current liabilities		
Trade and other payables	780	1,438
Borrowings	1,789	1,220
Provisions	201	270
Other liabilities	2,123	2,157
Total non-current liabilities	4,893	5,085
Total liabilities	21,329	20,307
Net assets	44,862	43,380
Equity		
Issued capital	33,592	33,544
Reserves	(1,762)	(1,957)
Retained earnings	12,863	11,672
	44,693	43,259
Parent entity interest	44,693	43,259
Minority interest	169	121
Total equity	44,862	43,380

Notes to the financial statements are included on pages 10 to 11.

**Condensed consolidated statement of recognised income and expense
for the half-year ended 31 December 2007**

	Consolidated	
	Half-year ended 31 Dec 2007 \$'000	Half-year ended 31 Dec 2006 \$'000
Exchange differences arising on translation of foreign operations	183	(816)
Issue of Share Options to employees	12	18
Net income/(expense) recognised directly in equity	195	(798)
Profit for the period	1,238	1,207
Total recognised income and expense for the period	1,433	409
Attributable to:		
Equity holders of the parent	1,385	360
Minority interests	48	49
	1,433	409

Notes to the financial statements are included on pages 10 to 11.

Condensed consolidated cash flow statement for the half-year ended 31 December 2007

	Consolidated	
	Half-year ended 31 Dec 2007 \$'000	Half-year ended 31 Dec 2006 \$'000
Cash flows from operating activities		
Receipts from customers	22,552	18,503
Grant income received	339	-
Payments to suppliers and employees	(24,736)	(18,130)
Interest and other costs of finance paid	(283)	(196)
Income tax refund	105	-
Income tax paid	-	(12)
Net cash (used in)/provided by operating activities	(2,023)	165
Cash flows from investing activities		
Interest received	47	8
Payment for deposits	(10)	-
Payment for property, plant and equipment	(971)	(554)
Payment for intangible assets	(138)	(44)
Payment for acquisition of businesses	-	(1,712)
Payment of goodwill on business acquisitions	(498)	-
Payment for capitalised development costs	(526)	(496)
Net cash used in investing activities	(2,096)	(2,798)
Cash flows from financing activities		
Proceeds from issues of shares	2,805	165
Payment for share issue costs	(139)	-
Proceeds from borrowings	857	2,598
Repayment of borrowings	(886)	(41)
Net cash provided by financing activities	2,637	2,722
Net (decrease)/increase in cash and cash equivalents	(1,482)	89
Cash and cash equivalents at the beginning of the period	2,740	(560)
Effects of exchange rate changes on the balance of cash held in foreign currencies	182	(816)
Cash and cash equivalents at the end of the period	1,440	(1,287)

Notes to the financial statements are included on pages 10 to 11.

Notes to the condensed consolidated financial statements

1. Significant accounting policies

Statement of compliance

The half-year financial report is a general purpose financial report prepared in accordance with the Corporations Act 2001 and AASB 134 'Interim Financial Reporting'. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'. The half-year financial report does not include notes of the type normally included in an annual financial report and shall be read in conjunction with the most recent annual financial report.

Basis of preparation

The condensed financial statements have been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The company is a company of the kind referred to in ASIC Class Order 98/0100, dated 10 July 1998, and in accordance with that Class Order amounts in the directors' report and the half-year financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the company's 2007 annual financial report for the financial year ended 30 June 2007, other than as detailed below.

2. Segment information

The consolidated entity has one business segment, being the manufacture and sale of ophthalmic equipment, which is shown in the Condensed Consolidated Income Statement and Balance Sheet in this half year report.

The consolidated entity has not presented a separate segment report.

3. Income taxes

Unrecognised deferred tax balances

The following deferred tax assets have not been brought to account as assets:

Timing difference – Intellectual Property
Tax losses – revenue (Japan)

	31 Dec 2007	31 Dec 2006
	\$'000	\$'000
	3,808	3,854
	-	1,975
	3,808	5,829

The Australian Tax Office is currently conducting a routine tax audit on the company for the financial years 2004 and 2005. There is no reason to believe the audit will reveal any material discrepancy.

4. Dividends

	Half-year ended 31 Dec 2007		Half-year ended 31 Dec 2006	
	Cents per share	Total \$'000	Cents per share	Total \$'000
Recognised amounts				
Fully paid ordinary shares				
Final dividend	Nil	Nil	Nil	Nil
Unrecognised amounts				
Fully paid ordinary shares				
Interim dividend	Nil	Nil	Nil	Nil

5. Issuances, repurchases and repayments of equity securities

During the half-year reporting period, Ellex Medical Lasers Limited issued no ordinary shares under its executive and employee share option plans (2006: 356,733 ordinary shares issued for \$165,000 on exercise of 356,733 share options under the executive and employee share option plans). There were no other movements in the ordinary share capital or other issued share capital of the company in the current or prior half-year reporting period.

Ellex Medical Lasers Limited issued no share options (2006: 366,664) over ordinary shares under its executive share option plan during the half-year reporting period.

CORPORATE DIRECTORY

Directors

Mr Victor Previn	BE (Chairman)
Mr Peter Falzon	BEc (Group Chief Executive Officer)
Mr Alex Sundich	BEc, MComm, ACA, F Fin (Non-Executive Director)
Mr Kevin McGuinness	BAA, ACA (Chief Operating Officer)
Professor John Marshall	Ph.D (Non-Executive Director)

Company Secretary

Mr Kevin McGuinness BAA, ACA

Registered Office

Ellex Medical Lasers Limited
ABN 15 007 702 927
82 Gilbert Street
Adelaide South Australia 5000
Telephone: +61 8 8104 5200
Facsimile: +61 8 8104 5651

Auditors

Deloitte Touche Tohmatsu
11 Waymouth Street
Adelaide South Australia 5000

Legal Advisors

Thomson Playford
101 Pirie Street
Adelaide South Australia 5000

Share Registry

Computershare Investor Services Limited
Level 5, 115 Grenfell Street
Adelaide South Australia 5000

GPO Box 1903
Adelaide South Australia 5001

Enquiries within Australia: 1300 556 161
Enquiries outside Australia: +61 3 9415 4000
Website: www.computershare.com.au

Websites:

www.ellex.com
www.slt-ellex.com

Stock Exchange

The company Ellex Medical Lasers Limited is listed on the Australian Stock Exchange (ASX).
The ASX Code is: ELX-Ordinary Shares.