Adelaide, Australia, 2 May 2008 – Ellex Medical Lasers Limited (ASX:ELX), a global leader in the design and manufacture of ophthalmic laser and ultrasound systems, announced today that due to the difficult economic environment, sales growth and pre-tax earnings for the 2008 financial year are not expected to be as strong as previously advised.

“While the third quarter started positively, we have seen subdued economic conditions since then, particularly in the U.S. This, coupled with the uncertainty in financial markets, directly affected trading for the balance of that quarter, with customers deferring purchasing decisions. Furthermore, we have experienced unexpectedly strong competitive pressures which have impacted trading margins”, said CEO Mr. Peter Falzon.

Commenting further Mr. Falzon said, “We are seeing improved performance in the fourth quarter over that achieved in the third and subject to this trend continuing and no further deterioration in market conditions, full year revenue growth is now expected to be in the order of 15%, with modest growth in pre-tax earnings compared to the last financial year.”

The Company’s previous guidance for FY08 was for revenue growth of 15% to 20% and materially higher earnings relative to FY07.

As previously announced, Ellex’s focus in the current financial year is to invest in a direct channel to market in the U.S. to establish a strong platform for continued growth.

“The U.S. is the world’s largest market for ophthalmic devices and successful direct sales penetration of this market by Ellex would deliver substantial benefits to the Company. Despite the current difficult business environment in the U. S., we continue to see significant opportunities for Ellex in this market. We have now completed the initial transition to a direct sales model and will closely monitor our progress and any further investment in light of market conditions”, Mr. Falzon said.

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 its own branded products through subsidiaries in the United States, Japan and Australia, and a network of distribution partners in more than 100 countries. In December 2006 Ellex acquired Innovative Imaging, a leading provider of diagnostic ultrasound devices for ophthalmology, initiating the expansion of its product line beyond lasers. 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.
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