

PRESS RELEASE

Ellex Medical Lasers Ltd (ASX:ELX)

Adelaide, Australia

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Adelaide, Australia, 14 May 2008 – Ellex Medical Lasers Limited (ASX:ELX), a global leader in the design and manufacture of ophthalmic laser and ultrasound systems, advises today that the Australian Taxation Office (ATO) routine audit of the Company has been completed with no adjustments required.

In the 2007 annual report it was noted that the ATO was conducting a routine tax audit on the company for the financial years 2004 and 2005. Ellex now has written communications from the ATO advising that the audit has been completed and that no adjustments to the previously lodged taxation returns are required.

The audit considered the application of the tax consolidation rules for Ellex among other matters. The tax consolidation rules allowed Ellex to reset the tax cost of its assets for income tax purposes.

The total gross value of the deductions available at 1 July 2004 as a result of tax consolidation was \$16.8 million, to be claimed over a 20 year period from that date. At 30 June 2007 \$12.3 million of these deductions had not been recognized in the group accounts and had been noted as an unrecognized deferred tax asset in the 2007 Annual Report. At the company tax rate of 30%, this represents an unrecognized deferred tax asset of \$3.7 million.

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 14,000 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.

For further information, please contact:

Peter Falzon, CEO
Ellex Medical Lasers Limited
82 Gilbert Street, Adelaide, SA, 5000
W +61 8 8104 5200 | M +1 415 377 2390
pfalzon@ellex.com

Kevin McGuinness, COO
Ellex Medical Lasers Limited
82 Gilbert Street, Adelaide, SA, 5000
W +61 8 8104 5200 | M +61 409 673 610
kmcguinness@ellex.com

Tony Mitchell, CFO
Ellex Medical Lasers Limited
82 Gilbert Street, Adelaide, SA, 5000
W +61 8 8104 5200 | M +61 422 409 131
tmitchell@ellex.com