

PRESS RELEASE

Ellex Medical Lasers Ltd (ASX:ELX)

Adelaide, Australia

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Topic: Ellex to Review Foreign Exchange Hedging Contracts



Adelaide, Australia, 31 October 2008 – Ellex Medical Lasers Limited (ASX:ELX), a global leader in the design and manufacture of ophthalmic laser and ultrasound systems, today announced that the impact of Foreign Exchange (FOREX) hedging contracts entered into by the Company in July 2008 are likely to temper profits for this financial year.

These contracts were initiated to protect the Company from the upward movement of the Australian Dollar (AUD) against major foreign currencies, including the Japanese Yen (JPY) and the US Dollar (USD). The effect of the recent material downward movement of the AUD with respect to these currencies, which would have the expected benefit of increasing profits, has been negated by the extensive hedging contracts in place extending beyond the end of this financial year.

The final impact of this on the FY08/09 result cannot be quantified due to the ongoing volatility of the currencies involved.

The principal hedging positions are:

- JPY600,000,000 hedged in the range of JPY90.40 to 97.70 = AUD1.00
- USD800,000 hedged in the range of USD0.82 to 0.90 = AUD1.00

The Board has resolved to review the Company's FOREX policies as a matter of priority.

ABOUT ELLEX

Ellex Medical Lasers Limited (ASX:ELX) designs, manufactures and sells 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.

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