18 November 2008

Company Announcements Office
ASX Limited
Level 25
91 King William Street
Adelaide, SA, 5000
Fax: +61 2 9778 0999 and +61 29347 0005

Ellex Medical Lasers Limited
Level 1
82 Gilbert Street
Adelaide SA 5000
Fax: +61 8 8221 5851

By facsimile - for immediate release

Notice of initial substantial holder

In accordance with Chapter 6C of the Corporations Act 2001, and on behalf of Intertec Healthcare Management LLC, Lamed Medizin- und Laboraniagenbau GmbH and myself, jointly enclose an ASIC Form 603 (Notice of initial substantial holder) in relation to the fully paid ordinary shares in Ellex Medical Lasers Limited.

Yours sincerely,

[Signature]

Mr. Ruediger Naumann-Etienne
Form 603
Corporations Act 2001
Section 671B

Notice of initial substantial holder

To: Company Name/Schema
Ellex Medical Lasers Limited
ACN/ARSN
007 702 927

1. Details of substantial holder (1)
Name
Ruediger Naumann-Etienne ("Naumann-Etienne")
Interloc Healthcare Management LLC ("Interloc")
Lamed Medizin- und Laboranlagenbau GmbH ("Lamed")

ACN/ARSN (if applicable)

The holder became a substantial holder on 12/11/98

2. Details of voting power
The total number of votes attached to all the voting shares in the company or voting interests in the scheme that the substantial holder or an associate (2) had a relevant interest (3) in on the date the substantial holder became a substantial holder are as follows:

<table>
<thead>
<tr>
<th>Class of securities (4)</th>
<th>Number of securities</th>
<th>Person's votes (5)</th>
<th>Voting power (6)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ordinary</td>
<td>3,750,000</td>
<td>3,750,000</td>
<td>5.47%</td>
</tr>
</tbody>
</table>

3. Details of relevant interests
The nature of the relevant interest the substantial holder or an associate had in the following voting securities on the date the substantial holder became a substantial holder are as follows:

<table>
<thead>
<tr>
<th>Holder of relevant interest</th>
<th>Nature of relevant interest (7)</th>
<th>Class and number of securities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Naumann-Etienne</td>
<td>Relevant interest under section 609(1)(b) and (c) of the Corporations Act.</td>
<td>3,750,000</td>
</tr>
<tr>
<td>Interloc</td>
<td>Relevant interest under section 609(1)(e) of the Corporations Act.</td>
<td>2,750,000</td>
</tr>
<tr>
<td>Lamed</td>
<td>Relevant interest under section 609(1)(e) of the Corporations Act.</td>
<td>1,000,000</td>
</tr>
</tbody>
</table>

4. Details of present registered holders
The persons registered as holders of the securities referred to in paragraph 3 above are as follows:

<table>
<thead>
<tr>
<th>Holder of relevant interest</th>
<th>Registered holder of securities</th>
<th>Person entitled to be registered as holder (8)</th>
<th>Class and number of securities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Naumann-Etienne and Interloc</td>
<td>Interloc Healthcare Management LLC</td>
<td>Interloc Healthcare Management LLC</td>
<td>2,750,000</td>
</tr>
<tr>
<td>Naumann-Etienne and Lamed</td>
<td>Lamed Medizin- und Laboranlagenbau GmbH</td>
<td>Lamed Medizin- und Laboranlagenbau GmbH</td>
<td>1,000,000</td>
</tr>
</tbody>
</table>

5. Consideration
The consideration paid for each relevant interest referred to in paragraph 3 above, and acquired in the four months prior to the day that the substantial holder became a substantial holder is as follows:

<table>
<thead>
<tr>
<th>Holder of relevant interest</th>
<th>Date of acquisition</th>
<th>Consideration (9)</th>
<th>Class and number of securities</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>12/11/08</td>
<td>Cash: $0.19</td>
<td>Non-cash</td>
</tr>
</tbody>
</table>

Lamed Medizin- und Laboranlagenbau GmbH | Lamed Medizin- und Laboranlagenbau GmbH | 1,000,000                     |
6. Associates
The reasons the persons named in paragraph 3 above are associates of the substantial holder are as follows:

<table>
<thead>
<tr>
<th>Name and ACN/ARSN (if applicable)</th>
<th>Nature of association</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interteck</td>
<td>Associate of Lamed by virtue of section 12(2)(a)(iv) of the Corporations Act.</td>
</tr>
<tr>
<td>Lamed</td>
<td>Associate of Interteck by virtue of 12(2)(a)(vi) of the Corporations Act.</td>
</tr>
</tbody>
</table>

7. Addresses
The addresses of the persons named in this form are as follows:

<table>
<thead>
<tr>
<th>Name</th>
<th>Address</th>
</tr>
</thead>
<tbody>
<tr>
<td>Neumann-Elienne</td>
<td>cl. Interteck Group, 5880 Horton Street, Suite 390 Emeryville, CA 94608, United States of America</td>
</tr>
<tr>
<td>Interteck</td>
<td>cl. Interteck Group, 5880 Horton Street, Suite 390 Emeryville, CA 94608, United States of America</td>
</tr>
<tr>
<td>Lamed</td>
<td>Grosszahnerstrasse 99, 01127 Dresden, Germany</td>
</tr>
<tr>
<td>Ellex Medical Lasers Limited</td>
<td>82 Gilbert Street, Adelaide SA 5000</td>
</tr>
</tbody>
</table>

Signature

Print name: Ruediger Neumann-Elienne
Capacity: General Partner, Interteck Healthcare Management LLC
Managing Director, Lamed Medizin- und Laboranlagenbau GmbH

Sign here

Date: / /

DIRECTIONS

(1) If there are a number of substantial holders with similar or related relevant interests (e.g., a corporation and its related corporations, or the manager and trustee of an equity trust), the names could be included in an annexure to the form. If the relevant interests of a group of persons are essentially similar, they may be referred to throughout the form as a specifically named group if the membership of each group, with the names and addresses of members is clearly set out in paragraph 7 of the form.

(2) See the definition of "associate" in section 9 of the Corporations Act 2001.

(3) See the definition of "relevant interest" in sections 608 and 671B(7) of the Corporations Act 2001.

(4) The voting shares of a company constitute one class unless divided into separate classes.

(5) The total number of votes attached to all the voting shares in the company or voting interests in the scheme (if any) that the person or an associate has a relevant interest in.

(6) The person's votes divided by the total votes in the body corporate or scheme multiplied by 100.

(7) Include details of:
   (a) any relevant agreement or other circumstances by which the relevant interest was acquired. If subsection 671B(4) applies, a copy of any document setting out the terms of the relevant agreement, and a statement by the person giving full and accurate details of any contract, scheme or arrangement, must accompany this form, together with a written statement certifying this contract, scheme or arrangement; and
   (b) any qualification of the power of a person to exercise, control the exercise of, or influence the exercise of, the voting powers or disposal of the securities to which the relevant interest relates (indicating clearly the particular securities to which the qualification applies).

See the definition of "relevant agreement" in section 9 of the Corporations Act 2001.

(8) If the substantial holder is unable to determine the identity of the person (e.g., if the relevant interest arises because of an option) write "unknown".