



82 Gilbert Street
Adelaide SA, 5000 Australia
ellex.com
☎ +61 8 8104 5200
☎ +61 8 8221 5651

21 January 2009

Mr Dion Silvy
Senior Adviser (Issuers), Adelaide
ASX Market Supervision Pty Ltd
GPO Box 547
ADELAIDE SA 5001

Dear Dion

**RE: Ellex Medical Lasers Limited (the "Company") Appendix 3Ys
Change of Directors' Interest Notices, letter dated 20 January 2009**

The Company apologises for the late lodgement of the 3Y Appendices, detailing the shares acquired by three (3) Directors of the Company as a consequence of sub-underwriting the Company's recently completed Rights Issue. We respond to your questions as follows:

1. The late lodgement four (4) days outside the allowed period was influenced by:
 - (a) The absence overseas, until this week, of one of the Directors involved.
 - (b) The judgement call to lodge all three (3) 3Y Appendices together as they arose out of sub-underwriting the Rights Issue, and were therefore seen as one action, and not individual buying decisions by the three (3) Directors.
 - (c) The belief that the market was already informed via the Rights Issue "Letter of Offer" on page 9, under the heading of "1.10 Directors' Sub-Underwriting", available to the ASX and all shareholders. This was followed by a subsequent release to the ASX on the shortfall, which by its size indicated that 100% of the projected sub-underwriting detailed in the Letter of Offer would be allocated to the Directors.
2. The Company's Corporate Governance Statement/Policy published in our Annual Report instructs Directors of their requirement to advise the ASX of any transaction conducted by them in shares of the Company. Given this Policy, all Directors were aware of their obligations.
3. The situation arising out of the Directors' sub-underwriting the Rights Issue was a one-off event and unlikely to occur again. At the upcoming February 2009 Company Board Meeting, all Board members will be reminded of their obligation with respect to rule 3.19B, and the broader responsibilities of disclosure to the ASX. Further, your letter and our response will be tabled at the meeting.



The Company asks that in your assessment you give consideration to:

- (a) The very specific nature of the share acquisitions, under the sub-underwriting agreement.
- (b) The Company's belief that the market was previously informed.
- (c) The impact of Christmas travel.

Yours sincerely
Ellex Medical Lasers Limited

A handwritten signature in black ink, appearing to read "Giuseppe Canala".

Giuseppe Canala
Company Secretary

Direct Dial: +61 8 8104 5216
email: gcanala@ellex.com



ASX Markets Supervision Pty Ltd
ABN 26 087 780 489
91 King William Street
Adelaide SA 5000

GPO Box 547
Adelaide SA 5001

Telephone 61 8 8216 5000
Facsimile 61 8 8216 5099
www.asx.com.au

20 January 2009

Giuseppe Canala
Company Secretary & Non-exec Director
Ellex Medical Lasers Limited
c/- Ellex Laser Systems
82 Gilbert Street
Adelaide SA 5000

By facsimile: (08) 8221 5651

Dear Giuseppe

Ellex Medical Lasers Limited (the "Company") Appendix 3Ys - Change of Directors' Interest Notices

We refer to the following;

1. The Appendix 3Ys lodged by the Company with ASX on 20 January 2008 for Alex Sundich, Victor Previn and yourself.
2. Listing rule 3.19A which requires an entity to tell ASX the following:
 - 3.19A.1 The notifiable interests of a director of the entity (or in the case of a trust, a director of the responsible entity of the trust) at the following times.
 - On the date that the entity is admitted to the official list.
 - On the date that a director is appointed.The entity must complete Appendix 3X and give it to ASX no more than 5 business days after the entity's admission or a director's appointment.
 - 3.19A.2 A change to a notifiable interest of a director of the entity (or in the case of a trust, a director of the responsible entity of the trust). The entity must complete Appendix 3Y and give it to ASX no more than 5 business days after the change occurs.
 - 3.19A.3 The notifiable interests of a director of the entity (or in the case of a trust, a director of the responsible entity of the trust) at the date that the director ceases to be a director. The entity must complete Appendix 3Z and give it to ASX no more than 5 business days after the director ceases to be a director.
3. Listing rule 3.19B which states as follows.

An entity must make such arrangements as are necessary with a director of the entity (or in the case of a trust, a director of the responsible entity of the trust) to ensure that the director discloses to the entity all the information required by the entity to give ASX completed Appendices 3X, 3Y and 3Z

Australian Securities Exchange

Australian Stock Exchange
Sydney Futures Exchange

Australian Clearing House
SFE Clearing Corporation

ASX Settlement and Transfer Corporation
Austraclear

within the time period allowed by listing rule 3.19.A. The entity must enforce the arrangements with the director.

4. The Companies Update dated 27 June 2008, reminding listed entities of their obligation to notify ASX within 5 business days of the notifiable interests in securities held by each director and outlining the action that ASX would take in relation to breaches of listings rules 3.19A and 3.19B.

As the Appendix 3Ys indicated that a change in each of the director's relevant interests occurred on 7 January 2009, it appears that there may have been a breach by the Company of listing rules 3.19A and/or 3.19B.

Please note that ASX is required to record details of breaches of the listing rules by listed companies for its reporting requirements.

ASX reminds the Company of its contract with ASX to comply with the listing rules. In the circumstances ASX considers that it is appropriate that the Company make necessary arrangements to ensure there is not a reoccurrence of a breach of the listing rules.

Having regard to listing rules 3.19A and 3.19B and Guidance Note 22: "Director Disclosure of Interests and Transactions in Securities - Obligations of Listed Entities", we ask that you answer each of the following questions.

1. Please explain why the Appendices were lodged late.
2. What arrangements does the Company have in place with its directors to ensure that it is able to meet its disclosure obligations under listing rule 3.19A?
3. If the current arrangements are inadequate or not being enforced, what additional steps does the Company intend to take to ensure compliance with listing rule 3.19B?

Your response should be sent to me by e-mail at Dion.Silvy@asx.com.au or by facsimile on facsimile number (08) 8216 5099. It should not be sent to the Company Announcements Office.

A response is requested as soon as possible and, in any event, not later than half an hour before the start of trading (i.e. before 9.30 a.m. A.E.S.T.) on Thursday, 22 January 2009.

Under listing rule 18.7A, a copy of this query and your response will be released to the market, so your response should be in a form suitable for release and must separately address each of the questions asked. If you have any queries or concerns, please contact me immediately.

Yours Sincerely,



Dion Silvy

Senior Adviser (Issuers), Adelaide

Direct Line: (08) 8216 5034