

ASX RELEASE

Ellex Medical Lasers Ltd (ASX:ELX)

Adelaide, Australia

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Topic: **Ellex Full Year Results 2010**



Performance Highlights:

- Profit before tax up 16% to \$3.6 million¹
- Profit after tax of \$3.8 million, equal to EPS of 4.5 cents
- EBITDA up 14% to \$6.4 million¹
- Cost control initiatives, improved operating efficiencies and reduced debt reliance deliver improved returns
- NTA of \$0.23 per share
- New product development – Eye Cubed™ and Integre Yellow™
- Milestones achieved for new product commercialisation – Ellex 2RT™

Ellex Medical Lasers (ASX:ELX), a global leader in ophthalmic laser and ultrasound technology, today announced a Net Profit Before Tax (NPBT) of \$3.6 million for the year ended 30 June 2010, a 16% increase compared to \$3.1 million in the previous year.¹

Net Profit After Tax (NPAT) for the 2010 financial year was \$3.8 million, impacted by an Income Tax Benefit of \$0.2 million. This NPAT equates to Earnings Per Share (EPS) of 4.5 cents.

The Company's improved operating performance yielded Earnings Before Interest Tax and Depreciation (EBITDA) of \$6.4 million, up 14% compared to the prior comparable period.¹

"Over the past 12 months we have maintained prudent new business investment whilst continuing to deliver improved operational efficiencies," said Simon Luscombe, Ellex CEO. "We have a strong sustainable business model going forward, together with a commercialisation program for our new proprietary technologies."

While the Company's earnings increased during the period, revenues were down 19% on the previous year to \$47.4 million due to prevailing global economic conditions. Despite this, Ellex's Asian business achieved an increase in revenue of 23%, signalling greater sales traction across this important region.

"Softer world markets in 2009, particularly in Europe and in the United States, impacted revenue over the past year, but we expect conditions to improve worldwide from 2011 onwards as industry demand strengthens. We are also encouraged by strong demand in Asia, which offers significant opportunity for the future growth of our business." said Mr Luscombe. "Most importantly, major operational efficiencies achieved last year will ensure that improvements in global economic conditions directly and positively benefit our bottom line."

The Company also made positive progress in its efforts to improve liquidity. Stringent working capital management and operating cost reduction measures delivered a debt reduction of approximately \$2.6 million (net of cash assets) during the 2010 financial year. Total borrowings remain comfortably within facility limits.

¹ Excluding the impact of non-recurring items in the prior comparable period.

Growing Product Development Pipeline

The Company continued to invest in its product development pipeline during the 2010 financial year, launching two new products.

In October 2009 Ellex introduced the new-generation Eye Cubed™ ultrasound system. Already recognised as the industry's premier diagnostic ultrasound system, the new-generation device has enabled the Company to access new customer markets in Europe and Asia, contributing significantly to increased market share.

Also launched during the period was an integrated yellow laser photocoagulator, the Integre Yellow™. Designed principally for the Japanese market, it has since been released in the United States, Europe and Australia.

"Ellex already enjoys a market leadership position in a number of key markets, but these new products are expected to expand our market penetration," commented Mr. Luscombe. "In particular, the new-generation ultrasound will enable us to strengthen our global market presence."

Ellex New Business Milestones Achieved – Ellex 2RT™

The Company made significant progress with the Ellex Retinal Regeneration (Ellex 2RT™) research program during the 2010 financial year.

"It's an exciting time for Ellex 2RT™. Interim clinical trial results demonstrate the potential of Ellex 2RT™ to treat Age-Related Macular Degeneration (AMD) – the leading cause of blindness in the developed world, which affects one in seven Australians over the age of 50 and 1.8 million Americans," commented Mr Luscombe.

As part of the commercialisation pathway for Ellex 2RT™, the Company entered into a sublicensing agreement in April 2010 for technology developed at Massachusetts General Hospital, effectively enabling it to bring Ellex 2RT™ technology to market in the US.

"The next step is to undertake further trials in Australia and overseas in order to validate our positive clinical findings to date, after which we can pursue the full range of commercialisation opportunities for Ellex 2RT™."

"Our performance over the past 12 months has shown that we can successfully deliver improved operational and profit performance whilst continuing to invest in the future growth of our business," said Mr. Luscombe. "We will continue to leverage our proprietary technology and strong distribution and direct sales channels to deliver continued growth and value to shareholders."

ABOUT ELLEX

Ellex Medical Lasers Limited (ASX:ELX) is a global leader in the design and manufacture of ophthalmic laser and ultrasound systems used by ophthalmologists to diagnose and treat eye disease. With more than 15,000 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, Germany and Australia, and a network of distribution partners in more than 100 countries. In recent years, Ellex has diversified its product range beyond lasers and ultrasound equipment to include a number of third-party ophthalmic products.

For additional information about Ellex and its products, please visit www.ellex.com

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