

ASX RELEASE

Ellex Medical Lasers Ltd (ASX:ELX)

Adelaide, Australia

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Topic: Trading Update: Half-Year Result 2011 Financial Year



Adelaide, Australia, 7 January 2011 – Ellex Medical Lasers (ASX:ELX), a global leader in ophthalmic laser and ultrasound technology, today announced that worldwide sales of the Company's products have softened in the second quarter of the 2011 financial year. As a result, the Company expects that profit for the half-year ending 31 December 2010 will be lower than last year's corresponding period.

Despite achieving improved operating efficiencies during the period, a softening in demand in key markets, compounded by a material strengthening of the Australian dollar, negatively impacted earnings during the first half of the 2011 financial year, compared to the prior corresponding period ending 31 December 2009, in which the Company achieved a significant profit increase.

Whilst revenues for the first quarter were within target levels, reduced demand in the second quarter is expected to result in a reduction in group sales by approximately 10%-15% compared to the prior corresponding period. Unit sales in the key regions of Europe and Japan were steady, whilst Australia and the US remained soft, but profit margins were negatively impacted due to the considerably higher Australian dollar. The resulting net profitability for the half-year ending 31 December 2010 is expected to fall by approximately 60%.

Ellex expects to release its audited half-year result in the week commencing 21 February 2011.

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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