Adelaide, Australia, 24 February 2011 – Ellex Medical Lasers Limited (ASX:ELX), a global leader in ophthalmic laser and ultrasound technology, today announced its audited financial results for the half-year ended 31 December 2010. 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.

Continued weakness in key markets resulted in Earnings Before Interest, Tax and Depreciation (EBITDA) of $1.7 million, down 39% compared to the period ending December 2009.

Profit performance for the period was also below expectations. As reported in Ellex’s guidance to the market on 7 January, worldwide sales of the Company’s products softened in the second quarter, causing profits for the half-year ending 31 December 2010 to fall by 63% compared to the prior comparable period, ending at $0.635 million.

“This modest profit result is disappointing and we are taking steps to improve profitability going forward. However, we do remain exposed to external factors and prevailing conditions in our key markets,” said Ellex CEO, Simon Luscombe.

Due to continued weakness in global economic conditions, overall demand in the Company’s distributor markets of Europe and Asia weakened, with revenue falling 8% compared to the prior comparable period. Subdued sales conditions were also experienced in the Company’s direct markets of the USA, Japan and Australia, with sales down 14%. Based on current forecasts it is unlikely that the major markets of the US and Europe will return to normal trading conditions in the second half of the 2011 financial year, but Ellex is taking steps to prepare the business to take advantage of a return to more normal economic conditions.

“The stronger Australian dollar eroded the competitiveness of our products in key markets and negatively impacted trading margins during the period,” commented Mr. Luscombe. “In particular, the strengthening of the Australian dollar relative to the Euro resulted in a net 20% increase in the customer price of our products, contributing to the deferral of some orders by customers.”

During the period the Company continued to develop its growing third-party distribution business, securing a significant distribution deal with Italian-based CenterVue to distribute retinal diagnostic and imaging technologies in the USA, Australia, Germany and Japan. These technologies complement Ellex’s existing sales and marketing infrastructure and offer the potential for additional diversity of earnings.

Ellex also continued to invest prudently in its proprietary Ellex 2RT™ technology during the period, previewing a new laser for the treatment of Age-Related Macular Degeneration (AMD) in November 2010. The leading cause of blindness in the developed world, AMD is responsible for 48% of vision loss in Australia with nearly 18,000 new cases reported each year. The Company continues to make progress in its efforts to bring this global technology to market.
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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