

ASX RELEASE

Ellex Medical Lasers Ltd (ASX:ELX)

Adelaide, Australia

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Topic: **Ellex to Deliver Improved Manufacturing Efficiencies and Cost-Savings**



Adelaide, Australia, 21 June 2011 – Ellex Medical Lasers Limited (ASX:ELX), a global leader in ophthalmic and optometric technology, today announced plans to consolidate the manufacture of all Ellex laser and ultrasound products out of its state-of-the-art manufacturing facility in Adelaide, Australia.

Over the coming months, Ellex will transfer the Sacramento-based manufacturing activities for the Eye Cubed™ diagnostic ultrasound system to its Adelaide-based manufacturing facility, which is currently responsible for the manufacture of the Company's laser products. Following the successful transfer of these manufacturing activities the Sacramento facility will be closed.

The initiative is expected to deliver considerable cost reductions and production efficiencies, and will ensure optimal utilisation of the Company's Adelaide-based manufacturing infrastructure and resources.

"We are confident that our Adelaide facility and the technical expertise of this team are developed to the extent that we can integrate our the laser and ultrasound production processes," commented Ellex CEO, Tom Spurling. "Not only will this allow us to leverage the extensive manufacturing expertise we have developed in Adelaide, it will also deliver a significant reduction in manufacturing costs."

"In order to facilitate a smooth transition, key personnel from the Sacramento facility will be retained in order to manage the transfer of skills to our Adelaide team over the coming months, with work already underway in this area."

The Eye Cubed™ is one of the Company's best-selling products, with thousands of systems installed worldwide. Since acquiring Sacramento-based ophthalmic ultrasound pioneers Innovative Imaging Inc. in 2006, Ellex has expanded the Eye Cubed's market reach to include Europe and Asia, contributing to increased market share worldwide.

"This is an obvious next step for our ultrasound business. In 2007 we established the Adelaide-based engineering and development team for the Eye Cubed, and the opportunity to now closely align the activities of this team with the manufacture of the Eye Cubed will ensure improved efficiency across both engineering and production moving forwards," said Mr. Spurling.

Ellex expects to commence Adelaide-based production of the Eye Cubed™ from October onwards, with customer service support continuing to be managed by the Company's regional sales subsidiaries.

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 distribution of a number of complementary third-party ophthalmic products.

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

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