

CONSOLIDATED RESULTS FOR ANNOUNCEMENT TO THE MARKET

For the half year ended 31 December 2011

Ellex Medical Lasers Limited ACN 007 702 927

This results announcement is to be read in conjunction with the statutory financial statements attached to this announcement.

Consolidated Results

Revenues from ordinary activities	Up	18%	To	\$A'000 26,370
Consolidated results				
Earnings before interest, tax, depreciation and amortisation (EBITDA)	Up	16%	to	2,022
Profit for the period, before tax	Up	50%	to	950
Profit from ordinary activities after tax	Up	35%	to	715
Net profit for the period attributable to members	Up	26%	to	654
Dividends (distributions)				
		Amount per security		Franked amount per security
Final Dividend				
Interim Dividend		Nil		Nil
Previous corresponding period		Nil		Nil
Record date for determining entitlements to the dividend				
NOT APPLICABLE				

OTHER INFORMATION

For the half year ended 31 December 2011

Ellex Medical Lasers Limited ACN 007 702 927

Net Tangible Assets per Security	Half Year ended 31 December 2011	Half Year ended 31 December 2010
Net tangible asset backing per ordinary security* (excludes value attributable to goodwill, other intangible assets, deferred tax asset, capitalised development expenditure and related deferred grant income)	\$0.20	\$0.23

Dividends

Date the dividend (distribution) is payable

NOT APPLICABLE

Record date to determine entitlements to the dividend
(distribution)

NOT APPLICABLE

If it is a final dividend, has it been declared?

NOT APPLICABLE

Amount per security

	Amount per security	Franked amount per security at 30% tax	Amount per security of foreign source dividend
Final dividend:			
Current year	0.00 ¢	0.00 ¢	0.00 ¢
Previous year	0.00 ¢	0.00 ¢	0.00 ¢
Interim dividend:			
Current year	0.00 ¢	0.00 ¢	0.00 ¢
Previous year	0.00 ¢	0.00 ¢	0.00 ¢

Ellex Medical Lasers Limited

ACN 007 702 927

Report for the half-year ended 31 December 2011

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Directors' report

The directors of Ellex Medical Lasers Limited (The Company) submit herewith the financial report of Ellex Medical Lasers Limited and its subsidiaries (the group) for the half-year ended 31 December 2011. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

The names of the directors of the company during or since the end of the half-year are:

Name

Mr V Previn	Chairman
Mr A Sundich	Non-Executive Director
Mr M Plunkett	Executive Director
Mr G Canala	Non-Executive Director and Company Secretary

Principal Activities

The principal activities of the company during the course of the financial period were the manufacture and sale of ophthalmic equipment.

There were no significant changes in the nature of the activities of the company during the period.

Review of operations

Ellex Medical Lasers Limited (Ellex) generated a Net Profit After Tax of \$860 thousand for the half-year ended 31 December 2011 (2010: a Net Profit After Tax of \$530 thousand) on revenue of \$26,370 thousand (2010: \$22,372 thousand).

Distributors

Sales to distributors' area were up by 14%, compared with the prior comparative period, to \$6,824 thousand.

Direct

Sales direct to end-customers increased by 20%, compared with the prior comparative period, to \$19,546 thousand.

Auditor's independence declaration

The auditor's independence declaration is included on page 3 of the half-year report.

Rounding of amounts

The company is a company of the kind referred to in ASIC Class Order 98/100 and in accordance with that Class Order amounts in the directors' report and the half-year financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.

Signed in accordance with a resolution of directors made pursuant to s.306 (3) of the Corporations Act 2001.

On behalf of the Directors



Victor Previn

Director

Adelaide, 22 February 2012

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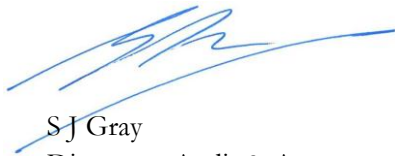
**AUDITOR'S INDEPENDENCE DECLARATION
TO THE DIRECTORS OF ELLEX MEDICAL LASERS LIMITED**

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the review of Ellex Medical Lasers Limited for the half-year ended 31 December 2011, I declare that, to the best of my knowledge and belief, there have been:

- a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- b no contraventions of any applicable code of professional conduct in relation to the review.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



S J Gray
Director – Audit & Assurance Services

Adelaide, 22 February 2012

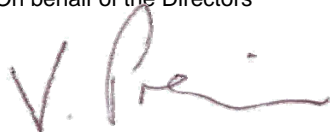
Directors' declaration

The directors declare that:

- (a) in the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and
- (b) the financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with Accounting Standard 134: Interim Financial Reporting and giving a true and fair view of the financial position as at 31 December 2011 and performance of the consolidated entity for the half-year ended on that date.

Signed in accordance with a resolution of the directors made pursuant to s.303 (5) of the Corporations Act 2001.

On behalf of the Directors

A handwritten signature in dark ink, appearing to read 'V. Previn', written in a cursive style.

Victor Previn
Director

Adelaide, 22 February 2012

Consolidated statement of comprehensive income for the half-year ended 31 December 2012

		Consolidated Group	
Note	Half-year ended 31 Dec 2011 \$'000	Half-year ended 31 Dec 2010 \$'000	
	26,370	22,372	
Revenue			
Other income / (expenses)	224	125	
Changes in inventories of finished goods and work in progress	679	568	
Raw materials and consumables used	(15,313)	(11,278)	
Employee benefits expense	(6,852)	(6,860)	
Depreciation and amortisation expense	(852)	(913)	
Legal costs	(13)	(25)	
Advertising and marketing expense	(603)	(716)	
Finance costs	(220)	(189)	
Product development raw materials and consumables used	(77)	(123)	
Realised foreign exchange gain/(loss)	141	-	
Other expenses	(2,534)	(2,326)	
Profit before tax	950	635	
Income tax (expense)	(235)	(105)	2
Profit for the period	715	530	
Other comprehensive income			
Exchange differences on translating foreign operations	960	(1,303)	
Total comprehensive income for the period	1,675	(773)	
Profit attributable to:			
Equity holders of the parent	654	518	
Non-controlling interest	61	12	
	715	530	
Total comprehensive income attributable to:			
Equity holders of the parent	1,614	(785)	
Non-controlling interest	61	12	
	1,675	(773)	
Earnings per share:			
From continuing operations:			
Basic (cents per share)	.77	0.62	
Diluted (cents per share)	.77	0.62	

Notes to the consolidated financial statements are included on pages 9 to 10.

Consolidated statement of financial position as at 31 December 2011

		Consolidated Group	
	Note	31 December 2011 \$'000	30 June 2011 \$'000
Current assets			
Cash and cash equivalents		1,820	1,744
Trade and other receivables		12,637	11,383
Inventories		13,913	14,839
Current tax assets		11	23
Other assets		851	812
Total current assets		29,232	28,801
Non-current assets			
Trade and other receivables		230	302
Property, plant and equipment		2,543	2,668
Deferred tax assets		7,664	7,861
Non-current inventory	3	1,710	1,730
Other intangible assets		787	739
Capitalised development expenditure		6,539	6,281
Total non-current assets		19,473	19,581
Total assets		48,705	48,382
Current liabilities			
Trade and other payables		4,693	6,835
Borrowings		7,078	7,400
Provisions		2,274	2,007
Other liabilities		490	474
Total current liabilities		14,535	16,716
Non-current liabilities			
Borrowings		1,843	1,076
Deferred income		-	78
Other liabilities		56	-
Provisions		274	190
Total non-current liabilities		2,173	1,344
Total liabilities		16,708	18,060
Net assets		31,997	30,322
Equity			
Issued capital		35,188	35,188
Reserves		(978)	(1,938)
Current year profit/(loss)		654	
Accumulated losses		(3,040)	(3,040)
Parent entity interest		31,824	30,210
Minority interest		173	112
Total equity		31,997	30,322

Notes to the consolidated financial statements are included on pages 9 to 10.

**Consolidated statement of changes in equity
for the half-year ended 31 December 2011**

	Issued Capital \$'000	Share Option Reserve \$'000	Foreign Currency Reserve \$'000	Non- Controlling Interest \$'000	Accumu- lated Losses \$'000	Total \$'000
Balance at 1 July 2010	35,188	16	211	151	(2,379)	33,187
Total comprehensive income for the period	-	(16)	(1,287)	12	518	(773)
Subtotal	35,188	-	(1,076)	163	(1,861)	32,414
Dividends paid or provided for	-	-	-	-	-	-
Balance at 31 December 2010	35,188	-	(1,076)	163	(1,861)	32,414
Balance at 1 July 2011	35,188	-	(1,938)	112	(3,040)	30,322
Total comprehensive income for the period	-	-	960	61	654	1,675
Subtotal	35,188	-	(978)	173	(2,386)	31,997
Dividends paid or provided for	-	-	-	-	-	-
Balance at 31 December 2011	35,188	-	(978)	173	(2,386)	31,997

Notes to the consolidated financial statements are included on pages 9 to 10.

Consolidated statement of cash flows for the half-year ended 31 December 2011

	Consolidated Group	
	Half-year ended 31 Dec 2011	Half-year ended 31 Dec 2010
	\$'000	\$'000
Cash flows from operating activities		
Receipts from customers	24,861	24,137
Grant income received	-	-
Payments to suppliers and employees	(24,569)	(22,115)
Interest and other costs of finance paid	(220)	(189)
Income tax paid	(1)	(23)
Net cash provided by operating activities	71	1,810
Cash flows from investing activities		
Interest received	-	18
Refund / (Payment) for deposits	71	-
Payment for property, plant and equipment	(220)	(212)
Payment for intangible assets	(25)	(36)
Proceeds from sale of PPE	1	-
Payment for capitalised development costs	(676)	(686)
Net cash used in investing activities	(849)	(916)
Cash flows from financing activities		
Proceeds from borrowings	1,000	696
Repayment of borrowings	(218)	(1,297)
Repayment of leases	(26)	-
Net cash (used in)/provided by financing activities	756	(601)
Net increase in cash and cash equivalents	(22)	293
Cash and cash equivalents at the beginning of the period	1,009	3,217
Effects of exchange rate changes on the balance of cash held in foreign currencies	80	(111)
Cash and cash equivalents at the end of the period	1,067	3,399

Notes to the consolidated financial statements are included on pages 9 to 10.

Notes to the Consolidated financial statements for the half-year ended 31 December 2011

Note 1: Basis of preparation

These general purpose financial statements for the interim half-year reporting period ended 31 December 2011 have been prepared in accordance with requirements of the Corporations Act 2001 and Australian Accounting Standards including AASB 134: Interim Financial Reporting. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards.

This interim financial report is intended to provide users with an update on the latest annual financial statements of Ellex Medical Lasers Limited and its controlled entities (the Group). As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the Group. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Group for the year ended 30 June 2011, together with any public announcements made during the half-year.

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements.

Note 2: Operating Segments

(i) Segment performance

	Distributors \$'000	Direct \$'000	Total \$'000
Six months ended 31 December 2011			
Revenue			
External sales	6,824	19,546	26,370
Total segment revenue	6,824	19,546	26,370
Segment net profit before tax	1,968	3,190	5,158
<i>Reconciliation of segment result to group net profit/(loss) before tax</i>			
Amounts not included in segment result but reviewed by the Board:			
• Depreciation and amortisation			(852)
Unallocated items:			
• Corporate charges			(3,136)
• Finance costs			(220)
• Interest revenue			0
Net profit before tax from continuing operations			950
Six months ended 31 December 2010			
Revenue			
External sales	7,029	15,326	22,355
Total segment revenue	5,999	15,326	22,355
Segment net profit before tax	1,759	3,190	4,949
<i>Reconciliation of segment result to group net profit/(loss) before tax</i>			
Amounts not included in segment result but reviewed by the Board:			
• Depreciation and amortisation			(913)
Unallocated items:			
• Corporate charges			(3,229)
• Finance costs			(189)
• Interest revenue			17
Net profit before tax from continuing operations			635

Ellex Medical Lasers Limited

Notes to the Consolidated financial statements
for the half-year ended 31 December 2011

(ii) Segment assets

	Distributors \$'000	Direct \$'000	Total \$'000
31 December 2011			
Segment assets - opening	11,076	22,425	33,501
Segment asset increases for the period:			
• Capital expenditure	956	(742)	214
Total segment assets	12,032	21,683	33,715
<i>Reconciliation of segment assets to group assets</i>			
Inter-segment eliminations			
Unallocated assets:			
• Deferred tax assets			7,664
• Capitalised development expenditure			6,539
• Intangibles			787
Total group assets			48,705
30 June 2011			
Segment assets – opening	10,881	26,541	37,422
Segment asset increases for the period:			
• Capital expenditure	195	(4,116)	(3,921)
Total segment assets	11,076	22,425	33,501
<i>Reconciliation of segment assets to group assets</i>			
Unallocated assets:			
• Deferred tax assets			7,861
• Capitalised development expenditure			6,281
• Intangibles			739
• Others			-
Total group assets			48,382

Note 3: Change in accounting method – non-current inventory

As of 31 December 2011 the Company has allocated \$1,710 thousand inventory (30 June 2011: \$1,730 thousand) used for product demonstration purposes as non-current. At previous reporting dates, all inventory was allocated as current.

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INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF ELLEX MEDICAL LASERS LIMITED

We have reviewed the accompanying half-year financial report of Ellex Medical Lasers Limited, which comprises the consolidated financial statements being the statement of financial position as at 31 December 2011, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes and the directors' declaration of the consolidated entity, comprising both the Company and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' responsibility for the half-year financial report

The directors of the Company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express a conclusion on the consolidated half-year financial report based on our review. We conducted our review in accordance with the Auditing Standard on Review Engagements ASRE 2410: Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the Corporations Act 2001 including giving a true and fair view of the consolidated entity's financial position as at 31 December 2011 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of Ellex Medical Lasers Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we complied with the independence requirements of the Corporations Act 2001.

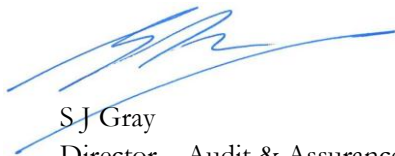
Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Ellex Medical Lasers Limited is not in accordance with the Corporations Act 2001, including:

- a giving a true and fair view of the consolidated entity's financial position as at 31 December 2011 and of its performance for the half-year ended on that date; and
- b complying with Accounting Standard AASB 134: Interim Financial Reporting and Corporations Regulations 2001.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



S.J. Gray
Director – Audit & Assurance Services

Adelaide, 22 February 2012

Corporate Directory

Directors

Mr Victor Previn	BE (Chairman)
Mr Alex Sundich	BEC, MComm, ACA, ASIA (Non-Executive Director)
Mr Giuseppe Canala	BTECH, BA, FAICD (Non-Executive Director)
Mr Malcolm Plunkett	(Executive Director)

Company Secretary

Mr Giuseppe Canala

Registered Office

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Auditors

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Stock Exchange

The company Ellex Medical Lasers Limited is listed on the Australian Securities Exchange (ASX).
The ASX Code is: ELX-Ordinary Shares.