

CONSOLIDATED RESULTS FOR ANNOUNCEMENT TO THE MARKET

For the half year ended 31 December 2015 Ellex Medical Lasers Limited ACN 007 702 927

This results announcement and the half-year report attached to this announcement should be read in conjunction with the annual financial report for the year ended 30 June 2015.

Current reporting period: Half-year ended 31 December 2015

Previous corresponding reporting period: Half-year ended 31 December 2014

Consolidated Results

				\$A'000
Revenues from ordinary activities	Up	13%	To	34,809
Consolidated results				
Earnings before interest, tax, depreciation and amortisation (EBITDA)	Up	31%	to	3,530
Profit for the period, before tax	Up	35%	to	1,757
Profit from ordinary activities after tax	Up	43%	to	1,167
Net profit for the period attributable to members	Up	43%	to	1,167

Dividends (distributions)	Amount per security	Franked amount per security
Final Dividend	Nil	Nil
Interim Dividend		
Previous corresponding period	Nil	Nil
Record date for determining entitlements to the dividend	NOT APPLICABLE	

OTHER INFORMATION

For the half year ended 31 December 2015
Ellex Medical Lasers Limited ACN 007 702 927

Net Tangible Assets per Security	Half Year ended 31 December 2015	Half Year ended 31 December 2014
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)	\$0.19	\$0.17

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 ¢

Details of entities over which control has been gained or lost during the period

The group has not gained or lost control over any entities during the half-year ended 31 December 2015.

Ellex Medical Lasers Limited

ACN 007 702 927

Report for the half-year ended 31 December 2015

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Directors' report

The directors of Ellex Medical Lasers Limited (The Company and the Group) submit herewith the financial report of Ellex Medical Lasers Limited and its subsidiaries (the Group) for the half-year ended 31 December 2015. 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 G Canala	Independent Director
Mr Rahmon Coupe	Independent Director
Dr Meera Verma	Independent Director
Ms Maria Maieli	Company Secretary

Principal Activities

The principal activities of the Company during the financial period were the manufacture, service 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 \$1,167 thousand for the half-year ended 31 December 2015 (2014: a Net Profit After Tax of \$815 thousand) on revenue of \$34,809 thousand (2014: \$30,691 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. 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

Chairman

Adelaide, 25 February 2016



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Wayville SA 5034

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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 2015, 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

A handwritten signature in blue ink, appearing to read "Sheenagh Edwards".

Sheenagh Edwards
Partner - Audit & Assurance

Adelaide, 25 February 2016
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**Consolidated statement of profit or loss and other comprehensive income
for the half-year ended 31 December 2015**

	Consolidated Group	
	Half-year ended 31 Dec 2015 \$'000	Half-year ended 31 Dec 2014 \$'000
Revenue	34,809	30,691
Other income	271	32
Changes in inventories of finished goods and work in progress	78	621
Raw materials and consumables used	(15,168)	(14,997)
Employee benefits expense	(9,959)	(8,328)
Depreciation and amortisation expense	(1,584)	(1,322)
Facilities expenses	(991)	(1,140)
Legal expenses	(203)	(237)
Advertising and marketing expense	(1,479)	(1,701)
Finance costs	(88)	(87)
Implied interest for deferred consideration	(101)	-
Product development raw materials and consumables used	(541)	(352)
Realised foreign exchange (loss)/gain	(586)	521
Other expenses	(2,701)	(2,408)
Profit before tax	1,757	1,293
Income tax expense	(590)	(478)
Profit for the period	1,167	815
Other comprehensive income		
<i>Items that may be reclassified subsequently to profit or loss (tax: nil)</i>		
Exchange differences on translating foreign operations	336	510
Total comprehensive income for the period	1,503	1,325
Earnings per share:		
From continuing operations:		
Basic (cents per share)	1.08	0.75
Diluted (cents per share)	1.08	0.75

Notes to the consolidated financial statements are included on pages 8 to 10.

Consolidated statement of financial position
as at 31 December 2015

	Consolidated Group	
	31 December 2015 \$'000	30 June 2015 \$'000
Current assets		
Cash and cash equivalents	4,215	4,593
Trade and other receivables	12,580	12,153
Current inventories	15,623	15,682
Other current assets	1,521	1,142
Total current assets	33,939	33,570
Non-current assets		
Trade and other receivables	271	293
Non-current inventories	389	612
Property, plant and equipment	3,778	3,635
Capitalised development expenditure	11,195	10,710
Intangible assets	4,408	4,369
Deferred tax assets	5,242	5,791
Total non-current assets	25,283	25,410
Total assets	59,222	58,980
Current liabilities		
Trade and other payables	6,531	6,447
Borrowings	4,720	6,010
Provisions	2,883	2,591
Deferred income	591	527
Current tax liabilities	36	36
Total current liabilities	14,761	15,611
Non-current liabilities		
Trade and other payables	2,538	2,662
Borrowings	482	747
Deferred income	62	50
Provisions	82	116
Total non-current liabilities	3,164	3,575
Total liabilities	17,925	19,186
Net assets	41,297	39,794
Equity		
Issued capital	41,229	41,229
Reserves	(631)	(967)
Accumulated profit/(losses)	699	(468)
Total equity	41,297	39,794

Notes to the consolidated financial statements are included on pages 8 to 10.

**Consolidated statement of changes in equity
for the half-year ended 31 December 2015**

	Issued capital \$'000	Other reserve \$'000	Foreign currency reserve \$'000	Accumulated profits/ (losses) \$'000	Total \$'000
Balance at 1 July 2014	41,229	142	(2,273)	(2,148)	36,950
Issue of share capital	-	-	-	-	-
Transaction costs	-	-	-	-	-
Total of transactions with owners	-	-	-	-	-
Profit for the year	-	-	-	815	815
Other comprehensive income	-	-	510	-	510
Total comprehensive income	-	-	510	815	1,325
Balance at 31 December 2014	41,229	142	(1,763)	(1,333)	38,275
Balance at 1 July 2015	41,229	142	(1,109)	(468)	39,794
Issue of share capital	-	-	-	-	-
Transaction costs	-	-	-	-	-
Total of transactions with owners	-	-	-	-	-
Profit for the year	-	-	-	1,167	1,167
Other comprehensive income	-	-	336	-	336
Total comprehensive income	-	-	336	1,167	1,503
Balance at 31 December 2015	41,229	142	(773)	699	41,297

Notes to the consolidated financial statements are included on pages 8 to 10.

Notes to the Consolidated financial statements for the half-year ended 31 December 2015

Note 1: Basis of preparation

These general purpose financial statements for the interim half-year reporting period ended 31 December 2015 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.

Note 2: General information and basis of preparation

The condensed interim consolidated financial statements ('the interim financial statements') of the Group are for the six months ended 31 December 2015 and are presented in Australian Dollars, which is the functional currency of the Parent Company. These general purpose interim financial statements have been prepared in accordance with the requirements of the Corporations Act 2001 and AASB 134 Interim Financial Reporting. They do not include all of the information required in annual financial statements in accordance with Australian Accounting Standards, and should be read in conjunction with the consolidated financial statements of the Group for the year ended 30 June 2015 and any public announcements made by the Group during the half-year in accordance with continuous disclosure requirements arising under the Australian Securities Exchange Listing Rules and the Corporations Act 2001.

The interim financial statements have been approved and authorised for issue by the Board of Directors on 25 February 2016.

Note 3: Significant accounting policies

The interim financial statements have been prepared in accordance with the same accounting policies adopted in the Group's last annual financial statements for the year ended 30 June 2015.

The accounting policies have been applied consistently throughout the Group for the purposes of preparation of these interim financial statements.

Note 4: Estimates

When preparing the interim financial statements, management undertakes a number of judgments, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results may differ from the judgments, estimates and assumptions made by management, and will seldom equal the estimated results.

The judgments, estimates and assumptions applied in the interim financial statements, including the key source of estimate uncertainty were the same as those applied in the Group's last annual financial statements for the year ended 30 June 2015.

Note 5: Commitments

The lease for head office has been extended until February 2017 at an amount of \$64,342 per month.

On 22 December 2015 Ellex entered into a conditional contract to acquire a building in the northern suburbs of Adelaide, South Australia. The conditions precedent for the contract has not yet been satisfied. Settlement is currently scheduled for March 2016. The acquisition will be funded by bank debt.

There are no other changes to the commitments disclosed at 30 June 2015.

Note 6: Contingencies

There has been no change in contingent liabilities since the last annual reporting period.

Note 7: Events occurring After the Interim Period

No matters or circumstances have arisen since the end of the half year which significantly affected or could significantly affect the operations, of the Group, the results of the operations or the state of affairs of the Group in the future financial years.

Note 8: Operating Segments

(i) Segment performance

	Distributors \$'000	Direct \$'000	Total \$'000
Six months ended 31 December 2015			
Revenue			
External sales	9,890	24,919	34,809
Total segment revenue	9,890	24,919	34,809
Segment net profit before tax	1,981	3,067	5,048
<i>Reconciliation of segment result to group net profit before tax</i>			
Amounts not included in segment result:			
• Depreciation and amortisation			(1,584)
Unallocated items:			
• Corporate costs, quality and service charges			(1,780)
• Finance costs			(189)
• Interest and other revenue			262
Net profit before tax from continuing operations			1,757

RESTATED *

Six months ended 31 December 2014

Revenue			
External sales	7,886	22,805	30,691
Total segment revenue	7,886	22,805	30,691
Segment net profit before tax	1,269	3,301	4,570
<i>Reconciliation of segment result to group net profit before tax</i>			
Amounts not included in segment result:			
• Depreciation and amortisation			(1,322)
Unallocated items:			
• Corporate costs, quality and service charges			(1,899)
• Finance costs			(87)
• Interest revenue			31
Net profit before tax from continuing operations			1,293

Six months ended 31 December 2014

Revenue			
External sales	7,886	22,805	30,691
Total segment revenue	7,886	22,805	30,691
Segment net profit before tax	3,190	3,543	6,733
<i>Reconciliation of segment result to group net profit before tax</i>			
Amounts not included in segment result:			
• Depreciation and amortisation			(1,322)
Unallocated items:			
• Corporate costs, quality and service charges			(4,031)
• Finance costs			(87)
• Interest revenue			-
Net profit before tax from continuing operations			1,293

Note 8: Operating Segments (Cont)

**During the period there has been a review of items not allocated to an operating segment. Following this review it was identified that certain items within Corporate costs, quality and service charges should be allocated to an operating segment. The 31 December 2014 segment performance has been restated for the change in allocation of these items.*

(ii) Segment assets

	Distributors \$'000	Direct \$'000	Total \$'000
31 December 2015			
Segment assets - opening	16,038	22,072	38,110
Segment asset changes for the period:			
• Increase/(reduction) in inventories and receivables	511	(244)	267
Total segment assets	16,549	21,828	38,377
<i>Reconciliation of segment assets to group assets</i>			
Inter-segment eliminations			
Unallocated assets:			
• Deferred tax assets			5,242
• Capitalised development expenditure			11,195
• Intangibles			4,408
Total group assets			59,222

30 June 2015

Segment assets – opening	15,059	18,858	33,917
Segment asset changes for the period:			
• Increase/(reduction) in inventories and receivables	979	3,214	4,193
Total segment assets	16,038	22,072	38,110
<i>Reconciliation of segment assets to group assets</i>			
Inter-segment eliminations			
Unallocated assets:			
• Deferred tax assets			5,791
• Capitalised development expenditure			10,710
• Intangibles			4,369
Total group assets			58,980

Note 9: Reconciliation of cash and cash equivalents

	Half-year ended 31 Dec 2015 \$'000	Half-year ended 31 Dec 2014 \$'000
Cash and cash equivalents	4,215	3,899
Bank overdraft	(1,055)	(870)
	3,160	3,029

Directors' declaration

The directors declare that:

- (a) The financial statements and notes are in accordance with the corporations Act 2001, including:
 - (i) complying with Accounting Standard 134 Interim Financial Reporting; and
 - (ii) giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and of its performance for the half-year ended on that date.
- (b) 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

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 black ink, appearing to read 'V. Previn', with a horizontal line extending to the right.

Victor Previn
Chairman

Adelaide, 25 February 2016

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67 Greenhill Rd
Wayville SA 5034

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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 (“Company”), which comprises the consolidated financial statements being the statement of financial position as at 31 December 2015, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a statement or description of accounting policies, other explanatory information 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 Ellex Medical Lasers Limited are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such controls as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

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 half-year financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the Ellex Medical Lasers Limited consolidated entity’s financial position as at 31 December 2015 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.

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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 2015 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

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

A handwritten signature in blue ink, appearing to read "S K Edwards".

S K Edwards
Partner – Audit & Assurance Adelaide,

25 February 2016

Corporate directory

Directors

Mr Victor Previn	BE (Chairman)
Mr Alex Sundich	BEd, MComm, ACA, FFINSIA (Non-Executive Director)
Mr Giuseppe Canala	BTECH, BA, FAICD (Independent Director)
Mr Rahmon Coupe	BEng (Hons) (Independent Director)
Dr Meera Verma	PhD, FTSE, FAICD (Independent Director)

Company Secretary

Ms Maria Maieli	MPAcc, CPA
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Registered Office

Ellex Medical Lasers Limited
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Telephone: +61 8 8104 5200
Facsimile: +61 8 8104 5231

Auditors

Grant Thornton Audit Pty Limited
Level 1, 67 Greenhill Road
Wayville South Australia 5034

Share Registry

Computershare Investor Services Limited
Level 5, 115 Grenfell Street
Adelaide South Australia 5000

GPO Box 1903
Adelaide South Australia 5001

Enquiries within Australia: 1300 556 161
Enquiries outside Australia: +61 3 9415 4000
Website: www.computershare.com

Websites:

www.ellex.com
www.slt-ellex.com

Stock Exchange

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