Financial Highlights:

- Global sales of A$72.9m, an increase of 16% on the prior comparable period
- Estimated profit before tax up from A$2.6 million to A$4.2 million, a 61% increase

Adelaide, Australia, 28 July 2016 – Ellex Medical Lasers Limited (ASX:ELX), a world leader in medical technologies for the diagnosis and treatment of eye disease, today announced that it expects to report a profit before tax of approximately A$4.2 million for the year ended 30 June 2016. The result will be a material increase in the profit before tax of A$2.6 million reported for the year ended 30 June 2015.

Revenue

Group revenue for the year ended 30 June 2016 is expected to be approximately A$72.9 million, a A$10.1 million (16%) increase compared to the prior corresponding period. The net increase in revenue has three components, namely:

- Positive impact of organic growth in sales of Ellex-branded product in USA, Asia, Europe and Japan of 15% (A$9.5m)
- Positive impact of lower Australian dollar against US$, Euro and YEN 11%(A$7.2m)
- Discontinuation of contract manufacturing and lower margin third party product sales that has reduced revenue by 10% (A$6.5m)

Estimated Profit before tax

The increase of 61% in the estimated profit before tax has been driven by the following:

Positively:

- Improved margins on sales due to the increased Ellex-branded product in total sales
- The return to profitability of the business in Japan
- Sales growth in China
- Sales growth of our iTrack product in the USA

Encouragingly this increase in profit before tax is after allowing for:

- Investment in iTrack growth initiatives
• Investment in additional regulatory resources to maintain a flow of new product availability

In addition, there was increased amortisation charge compared with the prior corresponding period mainly due to higher amortisation on the US$ denominated deferred consideration arising from the iTrack acquisition. The fall in the A$ has increased the total amount of the deferred consideration and associated amortisation.

See attached Trading Update Presentation for additional information on regional and product trends.

Commentary

“We are pleased with the continuation of improved sales growth and margins. The acceptance by the market of our new products, the turnaround of the business in Japan, along with sales growth in Asia, have been highlights. The continued acceleration of growth in our iTrack sales is also exciting” commented Mr Tom Spurling, CEO.

These results are a preliminary estimate and prior to finalisation of the annual audit by the Company’s Auditors. Ellex expects to report its full-year results for the year ended 30 June 2016 during the week beginning 22 August 2016 along with a detailed presentation for investors.

ABOUT ELLEX

Ellex designs, develops, manufactures and sells innovative product that help eye surgeons around the world to effectively and efficiently treat eye disease. Ellex is a world leader in this field. Headquartered in Adelaide, Australia, Ellex has ophthalmic lasers and devices that treat glaucoma, retinal disease primarily caused by diabetes, secondary cataract and vitreous opacities, as well as age-related macular degeneration. Manufacturing is carried out in Adelaide, Australia and Fremont, California. Sales and service directly to eye surgeons is conducted via subsidiary offices in Minneapolis, Lyon, Berlin and Tokyo. A network of more than 50 distribution partners around the world services other markets.

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

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Ellex Medical Lasers (ASX:ELX)

28 July 2016

Trading Update for the year ended 30 June 2016

A detailed presentation on the result will accompany the release of the financial statements during the week commencing 22 August 2016

Ellex makes and sells innovative products that help eye surgeons around the world to effectively and efficiently treat eye disease; this is one powerful vision
Trading Update – Estimated Profit before tax

Ellex Medical Lasers (ELX) - Profit Before Tax (A$M) & PBT Margin (%)

Fourth year of improvement in both absolute profit and profit as a percentage of sales

CAGR of PBT 2013 to 2015 = 134%
Ellex – A world leader in Ophthalmic Products for treating the major causes of eye disease
Trading Update – Sales by category of Eye Disease

* iTrack USA sales 62% (pcp 55%) of total and are 43% up on pcp. Growth of US sales in US$ was 29% on pcp.
## Financial Summary – Sales by territory

<table>
<thead>
<tr>
<th></th>
<th>FY13</th>
<th>FY14</th>
<th>FY15</th>
<th>FY16</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Australia</td>
<td>9.5</td>
<td>9.4</td>
<td>11.8</td>
<td>8.4</td>
<td>-28%</td>
</tr>
<tr>
<td>USA</td>
<td>8.5</td>
<td>17.9</td>
<td>20.5</td>
<td>25.9</td>
<td>+26%</td>
</tr>
<tr>
<td>EMEA</td>
<td>10.0</td>
<td>11.4</td>
<td>15.4</td>
<td>17.1</td>
<td>+11%</td>
</tr>
<tr>
<td>Japan</td>
<td>10.7</td>
<td>10.4</td>
<td>8.4</td>
<td>10.8</td>
<td>+29%</td>
</tr>
<tr>
<td>Asia</td>
<td>3.2</td>
<td>3.9</td>
<td>4.4</td>
<td>8.7</td>
<td>+98%</td>
</tr>
<tr>
<td>South America</td>
<td>0.9</td>
<td>1.4</td>
<td>2.2</td>
<td>2.0</td>
<td>-10%</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>42.8</td>
<td>54.4</td>
<td>62.7</td>
<td>72.9</td>
<td>+16%</td>
</tr>
</tbody>
</table>

Recruing Ellex-branded consumables & service component (% of total):

- **FY13:** 2.1 (5%)
- **FY14:** 4.7 (9%)
- **FY15:** 8.3 (13%)
- **FY16:** 9.9 (14%)
- **FY17:** 10.7 (15%)

- Growth of iTrack
- Improved sales of new products
- Improved sales of new products
- New products, new sales management structure
- Growth in China
- Low world oil prices have impacted demand

CAGR of revenue FY13 to FY16 is 14%
Trading Update – Constant Currency Data

Ellex USD revenues

FY15: $1,000,000
FY16: $2,000,000
15% growth

Ellex YEN revenues

FY15: $2,000,000
FY16: $3,000,000
15% growth

Ellex AUD Revenues

FY15: $2,000,000
FY16: $1,500,000
25% down
Contract manufacturing discontinued

Ellex Euro revenues

FY15: $10,000,000
FY16: $9,800,000
2% down
Detailed Investor Presentation to be released with the financial statements during the week commencing 22 August 2016

For further information, please contact:
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