

CONSOLIDATED RESULTS FOR ANNOUNCEMENT TO THE MARKET

For the half year ended 31 December 2016 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 2016.

Current reporting period: Half-year ended 31 December 2016

Previous corresponding reporting period: Half-year ended 31 December 2015

Consolidated Results

				\$A'000
Revenues from ordinary activities	Down	2%	To	34,259
Consolidated results				
Earnings before interest, tax, depreciation and amortisation (EBITDA)	Down	11%	to	3,153
Profit for the period, before tax	Down	13%	to	1,522
Profit from ordinary activities after tax	Down	14%	to	1,004
Net profit for the period attributable to members	Down	14%	to	1,004

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 2016 Ellex Medical Lasers Limited ACN 007 702 927

Net Tangible Assets per Security	Half Year ended 31 December 2016	Half Year ended 31 December 2015
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)	\$0.31	\$0.19

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 2016.

A new entity, Ellex Hong Kong Limited was established 13 July 2016.

Ellex Medical Lasers Limited

ACN 007 702 927

Report for the half-year ended 31 December 2016

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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 2016. 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 \$1,004 thousand for the half-year ended 31 December 2016 (2015: a Net Profit After Tax of \$1,167 thousand) on revenue of \$34,259 thousand (2015: \$34,809 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 Instrument 2016/191. 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, 27 February 2017

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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 2016, 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 K Edwards
Partner - Audit & Assurance

Adelaide, 27 February 2017

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

	Consolidated Group	
	Half-year ended 31 Dec 2016 \$'000	Half-year ended 31 Dec 2015 \$'000
Revenue	34,259	34,809
Other income	679	271
Changes in inventories of finished goods and work in progress	4,696	78
Raw materials and consumables used	(18,881)	(15,168)
Employee benefits expense	(11,329)	(9,959)
Depreciation and amortisation expense	(1,406)	(1,584)
Facilities expense	(967)	(991)
Legal expenses	(100)	(203)
Advertising and marketing expense	(1,956)	(1,479)
Finance costs	(157)	(88)
Implied interest for deferred consideration	(68)	(101)
Product development raw materials and consumables used	(536)	(541)
Realised foreign exchange gain/(loss)	202	(586)
Other expenses	(2,914)	(2,701)
Profit before tax	1,522	1,757
Income tax expense	(518)	(590)
Profit for the period	1,004	1,167
Other comprehensive income		
<i>Items that may be reclassified subsequently to profit or loss (tax: nil)</i>		
Exchange differences on translating foreign operations	(92)	336
Total comprehensive income for the period	912	1,503
Earnings per share:		
From continuing operations:		
Basic (cents per share)	0.87	1.08
Diluted (cents per share)	0.87	1.08

Notes to the consolidated financial statements are included on pages 8 to 11.

Consolidated statement of financial position
as at 31 December 2016

			Consolidated Group	
	Note	31 December 2016 \$'000	30 June 2016 \$'000	
Current assets				
Cash and cash equivalents		14,146	7,283	
Trade and other receivables		13,655	15,399	
Current inventories		23,974	18,641	
Other current assets		1,080	1,476	
Current tax receivable		-	26	
Total current assets		52,855	42,825	
Non-current assets				
Trade and other receivables		258	338	
Non-current inventories		883	608	
Property, plant and equipment	10a	9,794	7,771	
Capitalised development expenditure		12,871	11,579	
Intangible assets		4,052	4,093	
Deferred tax assets		5,054	4,776	
Total non-current assets		32,912	29,165	
Total assets		85,767	71,990	
Current liabilities				
Trade and other payables		9,425	9,063	
Borrowings	10b	6,077	5,779	
Provisions		3,035	3,137	
Deferred income		811	663	
Current tax liabilities		558	-	
Total current liabilities		19,906	18,642	
Non-current liabilities				
Trade and other payables		2,042	2,528	
Borrowings	10b	4,595	2,390	
Deferred income		71	69	
Provisions		76	104	
Total non-current liabilities		6,784	5,091	
Total liabilities		26,690	23,733	
Net assets		59,077	48,257	
Equity				
Issued capital	10c	55,949	46,041	
Reserves		(435)	(343)	
Accumulated profit		3,563	2,559	
Total equity		59,077	48,257	

Notes to the consolidated financial statements are included on pages 8 to 11.

**Consolidated statement of changes in equity
for the half-year ended 31 December 2016**

	Issued capital \$'000	Other reserve \$'000	Foreign currency reserve \$'000	Accumulated profits/ (losses) \$'000	Total \$'000
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 period	-	-	-	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
Balance at 1 July 2016	46,041	142	(485)	2,559	48,257
Issue of share capital	10,290	-	-	-	10,290
Transaction costs	(382)	-	-	-	(382)
Total of transactions with owners	9,908	-	-	-	9,908
Profit for the period	-	-	-	1,004	1,004
Other comprehensive income	-	-	(92)	-	(92)
Total comprehensive income	-	-	(92)	1,004	912
Balance at 31 December 2016	55,949	142	(577)	3,563	59,077

Notes to the consolidated financial statements are included on pages 8 to 11.

**Consolidated statement of cash flows
for the half-year ended 31 December 2016**

		Consolidated Group	
Note	Half-year ended 31 Dec 2016 \$'000	Half-year ended 31 Dec 2015 \$'000	
Cash flows from operating activities			
	39,769	37,719	
	-	263	
	(39,923)	(34,809)	
	(157)	(87)	
	(39)	-	
	(350)	3,086	
Cash flows from investing activities			
	39	2	
	(398)	(329)	
	(2,415)	-	
	(507)	(480)	
	2	3	
	(83)	(24)	
	(1,702)	(1,326)	
	(5,064)	(2,154)	
Cash flows from financing activities			
	10,290	-	
	(546)	-	
	2,697	-	
	(104)	(2,376)	
	(54)	(38)	
	12,283	(2,414)	
	6,869	(1,482)	
	7,283	4,593	
	(6)	49	
	14,146	3,160	
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Notes to the consolidated financial statements are included on pages 8 to 11.

Notes to the Consolidated financial statements for the half-year ended 31 December 2016

Note 1: Basis of preparation

These general purpose financial statements for the interim half-year reporting period ended 31 December 2016 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 2016 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 the 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 2016 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 27 February 2017.

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 2016.

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 2016.

Note 5: Commitments

The lease for head office has been extended until 1 May 2017 at an amount of \$64,342 per month.

Committed expenditure for Mawson Lakes is \$216,052.

There are no other changes to the commitments disclosed at 30 June 2016.

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

	Lasers & Ultrasounds \$'000	2RT \$'000	iTrack \$'000	Total \$'000
Six months ended 31 December 2016				
Revenue				
External sales	30,386	236	3,637	34,259
Total segment revenue	30,386	236	3,637	34,259
Segment net profit before tax	4,315	(400)	477	4,392
<i>Reconciliation of segment result to group net profit before tax</i>				
Amounts not included in segment result:				
• Depreciation and amortisation				(1,406)
Unallocated items:				
• Corporate costs, quality and service charges				(1,861)
• Finance costs				(157)
• Interest and other revenue				554
Net profit before tax from continuing operations				1,522
RESTATED *				
Six months ended 31 December 2015				
Revenue				
External sales	31,494	569	2,746	34,809
Total segment revenue	31,494	569	2,746	34,809
Segment net profit before tax	4,584	(254)	559	4,889
<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				(1,676)
• Finance costs				(88)
• Interest revenue				216
Net profit before tax from continuing operations				1,757

Note 8: Operating Segments (Cont)

(ii) Segment assets

	Lasers & Ultrasounds \$'000	2RT \$'000	iTrack \$'000	Total \$'000
31 December 2016				
Segment assets - opening	57,804	2,648	6,737	67,189
Segment asset changes for the period:				
• Increase/(reduction) in assets	11,695	302	1,527	13,524
Total segment assets	69,499	2,950	8,264	80,713
<i>Reconciliation of segment assets to group assets</i>				
Inter-segment eliminations				
Unallocated assets:				
• Deferred tax assets and current tax asset				5,054
Total group assets				85,767
RESTATED *				
30 June 2016				
Segment assets – opening	17,391	1,911	6,435	25,737
Segment asset changes for the period:				
• Increase/(reduction) in assets	40,413	737	302	41,452
Total segment assets	57,804	2,648	6,737	67,189
<i>Reconciliation of segment assets to group assets</i>				
Inter-segment eliminations				
Unallocated assets:				
• Deferred tax assets & current tax asset				4,801
Total group assets				71,990

**During the period there has been a change in the reportable segments to align with information used by key decision makers of the business when directing resources of the group. This has resulted in three new segments based on product type. The 31 December 2015 segment performance and the 30 June 2016 segment assets has been restated for the change in reportable segments.*

Note 9: Reconciliation of cash and cash equivalents

	Half-year ended 31 Dec 2016 \$'000	Half-year ended 31 Dec 2015 \$'000
Cash and cash equivalents	14,146	4,215
Bank overdraft	-	(1,055)
	14,146	3,160

Note 10: Significant transactions and events

a) Property, plant and equipment

The past six months has seen an increase with capital works for the relocation to Mawson Lakes, Adelaide.

b) Borrowings

Borrowings has increased with additional funding to support the move to Mawson Lakes, Adelaide.

c) Issued capital

7,000,000 fully paid ordinary shares were issued at \$1.47 which saw an increase in issued capital. Associated capital raise costs have been recognised as a reduction in equity.

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 2016 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, 27 February 2017

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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 (the Company), which comprises the consolidated financial statements being the statement of financial position as at 31 December 2016, 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 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 consolidated entity's financial position as at 31 December 2016 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 2016 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



S K Edwards
Partner – Audit & Assurance

Adelaide, 27 February 2017

Corporate directory

Directors

Mr Victor Previn	BE (Chairman)
Mr Alex Sundich	BEC, 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

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Auditors

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Enquiries outside Australia: +61 3 9415 4000
Website: www.computershare.com

Websites:

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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.