

## CONSOLIDATED RESULTS FOR ANNOUNCEMENT TO THE MARKET

For the half year ended 31 December 2007

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                                     | <b>up</b>   | 19%                   | to | <b>\$A'000</b><br>25,268    |
| Earnings before interest, tax, depreciation and amortisation (EBITDA) | <b>up</b>   | 7%                    | to | 2,349                       |
| Profit for the period, before tax                                     | <b>down</b> | 2%                    | to | 1,404                       |
| Profit from ordinary activities after tax                             | <b>up</b>   | 3%                    | to | 1,238                       |
| Net profit for the period attributable to members                     | <b>up</b>   | 3%                    | to | 1,190                       |
| <b>Dividends (distributions)</b>                                      |             |                       |    |                             |
|   |             | 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              |             | <b>NOT APPLICABLE</b> |    |                             |

## OTHER INFORMATION

For the half year ended 31 December 2007

Ellex Medical Lasers Limited ACN 007 702 927

| Net Tangible Assets per Security   | Half Year ended 31 December 2007 | Half Year ended 31 December 2006 |
|--|----------------------------------|----------------------------------|
| Net tangible asset backing per ordinary security (excludes value attributable to goodwill and intellectual property) | \$0.24                           | \$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 |
|--------------------------|---------------------|--|--|
| <b>Final dividend:</b>   |                     |  |  |
| Current year             | 0.00 ¢              | 0.00 ¢                                 | 0.00 ¢   |
| Previous year            | 0.00 ¢              | 0.00 ¢                                 | 0.00 ¢   |
| <b>Interim dividend:</b> |                     |  |  |
| Current year             | 0.00 ¢              | 0.00 ¢                                 | 0.00 ¢   |
| Previous year            | 0.00 ¢              | 0.00 ¢                                 | 0.00 ¢   |

**Ellex Medical Lasers Limited**

**ACN 007 702 927**

**Half-year report for the half-year ended 31 December 2007**

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## **Directors' report**

The directors of Ellex Medical Lasers Limited submit herewith the financial report for the half-year ended 31 December 2007. 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 P Falzon          | Chief Executive Officer                            |
| Mr A Sundich         | Non-Executive Director                             |
| Mr K McGuinness      | Executive Director (appointed 11 October 2007)     |
| Professor J Marshall | Non-Executive Director (appointed 11 October 2007) |

## **Review of operations**

Ellex Medical Lasers Limited (Ellex) generated a Net Profit After Tax of \$1.2 million for the half year ended 31 December 2007 (2006: a profit of \$1.2 million) on revenue of \$25.3 million (2006: \$21.2 million). These financial statements should be read in conjunction with the press release and investor presentation released with the financial statements.

## **Auditor's independence declaration**

The auditor's independence declaration is included on page 4 of the half-year report.

## **Rounding off of amounts**

The company is a company of the kind referred to in ASIC Class Order 98/0100, dated 10 July 1998, 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, 26 February 2008**

The Board of Directors  
Ellex Medical Lasers Limited  
82 Gilbert Street  
Adelaide  
SA 5000

26 February 2008

Dear Board Members

**Ellex Medical Lasers Limited**

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Ellex Medical Lasers Limited.

As lead audit partner for the audit of the financial statements of Ellex Medical Lasers Limited for the financial period ended 31 December 2007, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely

  
DELOITTE TOUCHE TOHMATSU



J J Handel  
Partner  
Chartered Accountants

## Independent Auditor's Review Report to the members of Ellex Medical Lasers Ltd

### Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Ellex Medical Lasers Ltd, which comprises the balance sheet as at 31 December 2007, and the income statement, cash flow statement, statement of recognised income and expense for the half-year ended on that date, selected explanatory notes and the directors' declaration of the consolidated entity comprising Ellex Medical Lasers Limited (the company) and the entities it controlled at the end of the half-year or from time to time during the half-year as set out on pages 2 to 10.

#### *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 control 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 half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim 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 2007 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 Ltd, 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.

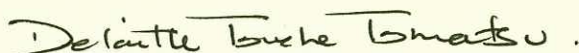
#### *Auditor's Independence Declaration*

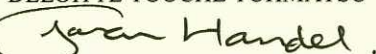
In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

#### *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 Ltd 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 2007 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

  
DELOITTE TOUCHE TOHMATSU



J J Handel  
Partner  
Chartered Accountants  
Adelaide, 26 February 2008

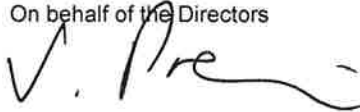
## **Directors' declaration**

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) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the consolidated entity.

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



Victor Previn  
Director

Adelaide, 26 February 2008

## Condensed consolidated income statement for the half-year ended 31 December 2007

|   | Consolidated                                |   |
|---|---|---|
|   | Half-year<br>ended<br>31 Dec 2007<br>\$'000 | Half-year<br>ended<br>31 Dec 2006<br>\$'000 |
| Revenue   | 25,268                                      | 21,225                                      |
| Other income  | 696   | 452   |
| Changes in inventories of finished goods and work in progress | 114   | 189   |
| Raw materials and consumables used                            | (12,747)                                    | (11,177)                                    |
| Employee benefits expense                                     | (7,717)                                     | (5,771)                                     |
| Depreciation and amortisation expense                         | (662)                                       | (577)                                       |
| Legal costs   | (58)  | (18)  |
| Advertising and marketing                                     | (965)                                       | (915)                                       |
| Borrowing costs   | (283)                                       | (196)                                       |
| Product development raw materials and consumables used        | (56)  | (223)                                       |
| Other expenses  | (2,186)                                     | (1,558)                                     |
| Profit before tax   | 1,404                                       | 1,431                                       |
| Income tax expense  | (166)                                       | (224)                                       |
| <b>Profit for the period</b>                                  | <b>1,238</b>                                | <b>1,207</b>                                |
| Attributable to:  |   |   |
| Equity holders of the parent                                  | 1,190                                       | 1,158                                       |
| Minority interest   | 48  | 49  |
|   | <b>1,238</b>                                | <b>1,207</b>                                |
| <b>Earnings per share:</b>                                    |   |   |
| From continuing operations:                                   |   |   |
| Basic (cents per share)                                       | 1.7   | 2.0   |
| Diluted (cents per share)                                     | 1.6   | 1.8   |

Notes to the financial statements are included on pages 10 to 11.

**Condensed consolidated balance sheet  
as at 31 December 2007**

|                                      | Consolidated                  |                           |
|--------------------------------------|-------------------------------|---------------------------|
|                                      | 31 December<br>2007<br>\$'000 | 30 June<br>2007<br>\$'000 |
| <b>Current assets</b>                |                               |                           |
| Cash assets                          | 1,440                         | 2,740                     |
| Trade and other receivables          | 12,224                        | 11,763                    |
| Other financial assets               | 302                           | 167                       |
| Inventories                          | 16,831                        | 14,729                    |
| Current tax assets                   | 467                           | 365                       |
| Other                                | 759                           | 651                       |
| <b>Total current assets</b>          | <b>32,023</b>                 | <b>30,415</b>             |
| <b>Non-current assets</b>            |                               |                           |
| Trade and other receivables          | 163                           | 153                       |
| Property, plant and equipment        | 3,352                         | 2,732                     |
| Deferred tax assets                  | 2,708                         | 2,986                     |
| Goodwill                             | 21,655                        | 21,465                    |
| Other intangible assets              | 212                           | 151                       |
| Capitalised development expenditure  | 6,078                         | 5,785                     |
| <b>Total non-current assets</b>      | <b>34,168</b>                 | <b>33,272</b>             |
| <b>Total assets</b>                  | <b>66,191</b>                 | <b>63,687</b>             |
| <b>Current liabilities</b>           |                               |                           |
| Trade and other payables             | 9,234                         | 8,381                     |
| Borrowings                           | 5,075                         | 5,131                     |
| Current tax payables                 | 348                           | 254                       |
| Provisions                           | 1,456                         | 1,078                     |
| Other liabilities                    | 323                           | 378                       |
| <b>Total current liabilities</b>     | <b>16,436</b>                 | <b>15,222</b>             |
| <b>Non-current liabilities</b>       |                               |                           |
| Trade and other payables             | 780                           | 1,438                     |
| Borrowings                           | 1,789                         | 1,220                     |
| Provisions                           | 201                           | 270                       |
| Other liabilities                    | 2,123                         | 2,157                     |
| <b>Total non-current liabilities</b> | <b>4,893</b>                  | <b>5,085</b>              |
| <b>Total liabilities</b>             | <b>21,329</b>                 | <b>20,307</b>             |
| <b>Net assets</b>                    | <b>44,862</b>                 | <b>43,380</b>             |
| <b>Equity</b>                        |                               |                           |
| Issued capital                       | 33,592                        | 33,544                    |
| Reserves                             | (1,762)                       | (1,957)                   |
| Retained earnings                    | 12,863                        | 11,672                    |
|                                      | <b>44,693</b>                 | <b>43,259</b>             |
| Parent entity interest               | 44,693                        | 43,259                    |
| Minority interest                    | 169                           | 121                       |
| <b>Total equity</b>                  | <b>44,862</b>                 | <b>43,380</b>             |

Notes to the financial statements are included on pages 10 to 11.

**Condensed consolidated statement of recognised income and expense  
for the half-year ended 31 December 2007**

|   | Consolidated                                |   |
|---|---|---|
|   | Half-year<br>ended<br>31 Dec 2007<br>\$'000 | Half-year<br>ended<br>31 Dec 2006<br>\$'000 |
| Exchange differences arising on translation of foreign operations | 183   | (816)                                       |
| Issue of Share Options to employees                               | 12  | 18  |
| <b>Net income/(expense) recognised directly in equity</b>         | <b>195</b>                                  | <b>(798)</b>                                |
| Profit for the period   | 1,238                                       | 1,207                                       |
| <b>Total recognised income and expense for the period</b>         | <b>1,433</b>                                | <b>409</b>                                  |
| Attributable to:  |   |   |
| Equity holders of the parent                                      | 1,385                                       | 360   |
| Minority interests  | 48  | 49  |
|   | <b>1,433</b>                                | <b>409</b>                                  |

Notes to the financial statements are included on pages 10 to 11.

## Condensed consolidated cash flow statement for the half-year ended 31 December 2007

|  | Consolidated                                |   |
|--|---|---|
|  | Half-year<br>ended<br>31 Dec 2007<br>\$'000 | Half-year<br>ended<br>31 Dec 2006<br>\$'000 |
| <b>Cash flows from operating activities</b>  |   |   |
| Receipts from customers  | 22,552                                      | 18,503                                      |
| Grant income received  | 339   | -   |
| Payments to suppliers and employees  | (24,736)                                    | (18,130)                                    |
| Interest and other costs of finance paid   | (283)                                       | (196)                                       |
| Income tax refund  | 105   | -   |
| Income tax paid  | -   | (12)  |
| <b>Net cash (used in)/provided by operating activities</b>                         | <b>(2,023)</b>                              | <b>165</b>                                  |
| <b>Cash flows from investing activities</b>  |   |   |
| Interest received  | 47  | 8   |
| Payment for deposits   | (10)  | -   |
| Payment for property, plant and equipment  | (971)                                       | (554)                                       |
| Payment for intangible assets  | (138)                                       | (44)  |
| Payment for acquisition of businesses  | -   | (1,712)                                     |
| Payment of goodwill on business acquisitions                                       | (498)                                       | -   |
| Payment for capitalised development costs  | (526)                                       | (496)                                       |
| <b>Net cash used in investing activities</b>                                       | <b>(2,096)</b>                              | <b>(2,798)</b>                              |
| <b>Cash flows from financing activities</b>  |   |   |
| Proceeds from issues of shares   | 2,805                                       | 165   |
| Payment for share issue costs  | (139)                                       | -   |
| Proceeds from borrowings   | 857   | 2,598                                       |
| Repayment of borrowings  | (886)                                       | (41)  |
| <b>Net cash provided by financing activities</b>                                   | <b>2,637</b>                                | <b>2,722</b>                                |
| Net (decrease)/increase in cash and cash equivalents                               | (1,482)                                     | 89  |
| Cash and cash equivalents at the beginning of the period                           | 2,740                                       | (560)                                       |
| Effects of exchange rate changes on the balance of cash held in foreign currencies | 182   | (816)                                       |
| <b>Cash and cash equivalents at the end of the period</b>                          | <b>1,440</b>                                | <b>(1,287)</b>                              |

Notes to the financial statements are included on pages 10 to 11.

## Notes to the condensed consolidated financial statements

### 1. Significant accounting policies

#### Statement of compliance

The half-year financial report is a general purpose financial report prepared in accordance with the Corporations Act 2001 and AASB 134 'Interim Financial Reporting'. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'. The half-year financial report does not include notes of the type normally included in an annual financial report and shall be read in conjunction with the most recent annual financial report.

#### Basis of preparation

The condensed financial statements have been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The company is a company of the kind referred to in ASIC Class Order 98/0100, dated 10 July 1998, 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.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the company's 2007 annual financial report for the financial year ended 30 June 2007, other than as detailed below.

### 2. Segment information

The consolidated entity has one business segment, being the manufacture and sale of ophthalmic equipment, which is shown in the Condensed Consolidated Income Statement and Balance Sheet in this half year report.

The consolidated entity has not presented a separate segment report.

### 3. Income taxes

#### Unrecognised deferred tax balances

The following deferred tax assets have not been brought to account as assets:

Timing difference – Intellectual Property

Tax losses – revenue (Japan)

|  | 31 Dec<br>2007 | 31 Dec<br>2006 |
|--|----------------|----------------|
|  | \$'000         | \$'000         |
|  | 3,808          | 3,854          |
|  | -              | 1,975          |
|  | 3,808          | 5,829          |

The Australian Tax Office is currently conducting a routine tax audit on the company for the financial years 2004 and 2005. There is no reason to believe the audit will reveal any material discrepancy.

### 4. Dividends

|                                    | Half-year ended<br>31 Dec 2007 |                 | Half-year ended<br>31 Dec 2006 |                 |
|------------------------------------|--------------------------------|-----------------|--------------------------------|-----------------|
|                                    | Cents per<br>share             | Total<br>\$'000 | Cents per<br>share             | Total<br>\$'000 |
| <b><u>Recognised amounts</u></b>   |                                |                 |                                |                 |
| <b>Fully paid ordinary shares</b>  |                                |                 |                                |                 |
| Final dividend                     | Nil                            | Nil             | Nil                            | Nil             |
| <b><u>Unrecognised amounts</u></b> |                                |                 |                                |                 |
| <b>Fully paid ordinary shares</b>  |                                |                 |                                |                 |
| Interim dividend                   | Nil                            | Nil             | Nil                            | Nil             |

### 5. Issuances, repurchases and repayments of equity securities

During the half-year reporting period, Ellex Medical Lasers Limited issued no ordinary shares under its executive and employee share option plans (2006: 356,733 ordinary shares issued for \$165,000 on exercise of 356,733 share options under the executive and employee share option plans). There were no other movements in the ordinary share capital or other issued share capital of the company in the current or prior half-year reporting period.

Ellex Medical Lasers Limited issued no share options (2006: 366,664) over ordinary shares under its executive share option plan during the half-year reporting period.

## **CORPORATE DIRECTORY**

### **Directors**

|                         |   |
|-------------------------|---|
| Mr Victor Previn        | BE (Chairman)                                   |
| Mr Peter Falzon         | BEc (Group Chief Executive Officer)             |
| Mr Alex Sundich         | BEc, MComm, ACA, F Fin (Non-Executive Director) |
| Mr Kevin McGuinness     | BAA, ACA (Chief Operating Officer)              |
| Professor John Marshall | Ph.D (Non-Executive Director)                   |

### **Company Secretary**

Mr Kevin McGuinness      BAA, ACA

### **Registered Office**

Ellex Medical Lasers Limited  
ABN 15 007 702 927  
82 Gilbert Street  
Adelaide South Australia 5000  
Telephone: +61 8 8104 5200  
Facsimile: +61 8 8104 5651

### **Auditors**

Deloitte Touche Tohmatsu  
11 Waymouth Street  
Adelaide South Australia 5000

### **Legal Advisors**

Thomson Playford  
101 Pirie Street  
Adelaide South Australia 5000

### **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.au](http://www.computershare.com.au)

### **Websites:**

[www.ellex.com](http://www.ellex.com)  
[www.slt-ellex.com](http://www.slt-ellex.com)

### **Stock Exchange**

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