

## PRESS RELEASE

Ellex Medical Lasers Ltd (ASX:ELX)

Adelaide, Australia

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### Highlights

- **Half year profit before tax of \$1.735 million, a 107% increase over the prior comparable period**
- **Earnings Before Interest Tax and Depreciation (EBITDA) up 12% to \$2.9 million**
- **Earnings per share for the half year of 1.4 cents**
- **Cost control initiatives, improved operating efficiencies and reduced debt reliance deliver improved returns**
- **Strong product development platform supports launch of new generation ultrasound product in October 2009**

**Adelaide, Australia, 25 February 2010:** Ellex Medical Lasers Limited (ASX: ELX), a global leader in the design and manufacture of ophthalmic laser and ultrasound systems, today announced its audited financial results for the half year ended 31 December 2009. The Company delivered a strong performance during the first half of the 2010 financial year, achieving solid underlying profitability and positive cash flow despite a challenging economic environment.

The Company's earnings performance during the period was better than anticipated, with Earnings Before Interest Tax and Depreciation (EBITDA) of \$2.9 million, up 12% compared to the period ending December 2008 (excluding the impact of non-recurring items in the comparative period). A continued focus on cost reduction strategies and improved operating efficiencies delivered a profit before tax of \$1.735 million, a 107% increase over the comparable period (excluding the impact of non-recurring items in the comparative period).

Due to recessionary pressures in the US and Europe, overall demand for the Company's products softened during the half year, resulting in a 16% reduction in revenue from the previous comparable period.

Ellex continued to invest in its product development. A new generation ultrasound product was launched in October 2009. Initial customer feedback has signaled the potential for a significant increase in market penetration. The Ellex 2RT™ Research Program was awarded a \$0.54 million government grant in November 2009 to conduct a clinical trial for the treatment of age-related macular degeneration (AMD) – one of the leading causes of blindness in the developed world.

Furthermore, the recent launch of a new yellow photocoagulator in January 2010, designed principally for the Japanese market, is expected to provide opportunities for increased market growth.

Improved working capital management remained a key focus, with a number of measures undertaken in order to improve liquidity and further reduce debt reliance. Net borrowings were reduced and total borrowings remain comfortably within facility limits, with the Company's core debt facility with Westpac refinanced until 30 September 2011.

"Whilst our business has proven resilient in the face of ongoing economic turmoil, it is important that we continue to exercise tight cost control whilst prudently investing in our business. Over the longer term, this will enable us to better position the business for a period of renewed industry demand," commented Ellex CEO Simon Luscombe.

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## **ABOUT ELLEX**

Ellex Medical Lasers Limited (ASX:ELX) designs, manufactures and markets a complete line of lasers and diagnostic ultrasound systems used by ophthalmologists to diagnose and treat eye disease. With more than 14,000 systems delivered to the market, Ellex has evolved since 1985 from a manufacturing company of primarily OEM products, to direct marketing of its own branded products through subsidiaries in the United States, Japan, Germany and Australia, and a network of distribution partners in more than 100 countries. In December 2006 Ellex acquired Innovative Imaging, a leading provider of diagnostic ultrasound systems for ophthalmology, initiating the expansion of our product line beyond lasers.

The Ellex name has long been synonymous with excellence in technology, in quality, and in customer care. Ellex maintains the highest quality standards through product development and manufacturing, and strives to provide unmatched levels of clinical expertise and support to our customers. All of these efforts have combined to produce one of the highest levels of customer satisfaction in the ophthalmic industry.

For additional information about Ellex and its products, please visit [www.ellex.com](http://www.ellex.com)

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