

PRESS RELEASE

Ellex Medical Lasers Ltd (ASX:ELX)

Adelaide, Australia

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Adelaide, Australia, 9 February 2010: Ellex Medical Lasers Limited (ASX: ELX), a global leader in the design and manufacture of ophthalmic laser and ultrasound systems, today announced that the Company's earnings performance in the first half of the 2010 financial year was better than anticipated, with unaudited 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).

Overall demand for the Company's products weakened during the half year ended 31 December 2009, which resulted in a 16% reduction in revenue from the previous comparable period. However, a continued focus on cost reduction strategies and improved operating efficiencies delivered an unaudited 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).

The Company previously advised on 17 December 2009 that it expected revenue to be down by up to 20% from the budget target.

"Our revenue fell during the period due to recessionary pressures in the US and Europe – two of our largest markets. However, sales in Australia and Japan remained strong during the half year, highlighting the importance of prudent investment in these subsidiary businesses," said Ellex CEO, Simon Luscombe.

Over the last 18 months, Ellex has focused its resources on improving business performance through specific measures designed to enhance operating efficiency, reduce expenses and more efficiently manage working capital. Whilst the Company intends to continue to implement change in these areas, the earnings results for the latest half year indicate that the measures undertaken to date have been effective and that Ellex is well positioned for a period of improved industry demand in Europe and the US.

"During the past six months we have continued to focus on a number of cost reduction initiatives. Despite the recessionary climate and the ensuing short-term reduction in demand for our products, these initiatives have enabled us to achieve sound underlying profitability and positive cash flow. This, in turn, confirms that we are on the right track to deliver improved returns to our shareholders in the future."

Ellex is expected to release its audited half year result in the week commencing 22 February 2010.

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

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