

PRESS RELEASE

Ellex Medical Lasers Ltd (ASX:ELX)

Adelaide, Australia

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Adelaide, Australia, 31 January 2008 – Ellex Medical Lasers Limited (ASX:ELX), a global leader in the design and manufacture of ophthalmic laser and ultrasound systems, confirmed today that revenue growth in the first half of the 2008 Financial Year would exceed market guidance of 15% over the comparable period in 2007 with approximately 18% achieved.

As previously announced Ellex's focus in the current financial year is to invest in a direct channel to market in the U.S. to establish a strong platform for continued growth. In line with this initiative, Ellex has invested over \$750,000 in this platform in the first half. This has seen the acceleration of U.S. sales begin in the December quarter and resulted in 30% growth in the U.S. in the first half compared to the same period last year.

"In the second half we expect to see the benefits of these investments flow through to our bottom line. With 15% of our revenue coming from the U.S. at the present time, this market represents the largest and most important opportunity for our company. The acceleration of U.S. sales late in the first half encourages us to believe our strategy is gaining traction" said CEO, Mr. Peter Falzon.

The result of these investments means earnings in the first half, both on a before and after tax basis, will be similar to the prior comparable period. Commenting on earnings, Mr. Falzon said "We have maintained profitability in the initial phase of change from indirect to direct sales in the U.S. and expect efficiencies from these investments to show improved returns in the future. With continued sales growth momentum and improved profitability in the second half we expect total earnings for the 2008 financial year to be materially higher than 2007".

Ellex will release its audited half year result in the week commencing 25 February 2008.

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 diseases. 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 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 devices for ophthalmology, initiating the expansion of its product line beyond lasers. Ellex maintains a strong emphasis on intellectual property and research into new and better treatments to manage and treat the leading causes of blindness.

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

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