

CONSOLIDATED RESULTS FOR ANNOUNCEMENT TO THE MARKET
For the half year ended 31 December 2003
Ellex Medical Lasers Limited
A.C.N. 007 516 841

Consolidated Results			\$A'000
Revenues from ordinary activities	up	5.8% to	13,421
Profit (loss) from ordinary activities after tax before goodwill amortisation	down	44.3% to	606
Profit (loss) from ordinary activities after tax attributable to members	down	90.1% to	53
Net profit (loss) for the period attributable to members	down	90.1% to	53
Dividends (distributions)			
		Amount per security	Franked amount per security
Final dividend		0.00 ¢	0.00 ¢
Interim dividend		0.00 ¢	0.00 ¢
Previous corresponding period		0.00 ¢	0.00 ¢
Record date for determining entitlements to the dividend	NOT APPLICABLE		
Brief explanation of any of the figures reported above and short details of any bonus or cash issue or other item(s) of importance not previously released to the market:			
<p><i>Although down on the same period last year, the result was consistent with the Board and Management's expectations given the stated strategy of additional investment in product development and distribution. Additional costs of \$1.1 million were incurred with respect to this strategy.</i></p> <p><i>In August 2003, Ellex established a new Research and Development facility in California, and attracted a highly experienced team. This team is now working with our existing Research and Development team in Australia to fast track new product development.</i></p> <p><i>In January 2004 Ellex announced its intention to establish a new distribution company in Japan.</i></p> <p><i>Reference should also be made to the Directors Report attached.</i></p>			

OTHER INFORMATION
For the half year ended 31 December 2003
Ellex Medical Lasers Limited

Net Tangible Assets per Security	Half year ended 31 December 2003	Half year ended 31 December 2002
Net tangible asset backing per ordinary security	\$0.17	\$0.14

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 ¢

DIRECTORS' REPORT
Ellex Medical Lasers Limited

The directors of Ellex Medical Lasers Limited submit herewith the financial report for the half year ended 31 December 2003. 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 D.J. Lindh (Chairman)

Mr P. Falzon (Non-Executive Director)

Dr K.R. Johnson (Non-Executive Director)

Mr V. Previn (Managing Director)

Review of Operations

Ellex Medical Lasers Limited (Ellex) generated a Net Profit After Tax of \$53,000 on revenue of \$13.4 million. Before amortisation of goodwill, Net Profit After Tax was \$606,000.

Although down on the same period last year, the result was consistent with the Board and Management's expectations given the stated strategy of additional investment in product development and distribution. Additional costs of \$1.1 million were incurred with respect to this strategy.

In August 2003, Ellex established a new Research and Development facility in California, and attracted a highly experienced team. This team is now working with our existing Research and Development team in Australia to fast track new product development.

In January 2004 Ellex announced its intention to establish a new distribution company in Japan.

At December 2003, Ellex had increased its cash reserves from \$1.1 million at June 2003 to \$1.8 million.

This Directors Report should be read in conjunction with the Press Release and Investor Presentation released at the same time.

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 financial report are rounded off to the nearest thousand dollars.

Signed in accordance with a resolution of directors.

On behalf of the Directors



David J Lindh
Chairman
17 February 2004

INDEPENDENT REVIEW REPORT TO THE MEMBERS

OF ELLEX MEDICAL LASERS LIMITED

Scope

We have reviewed the financial report of Ellex Medical Lasers Limited for the half-year ended 31 December 2003 as set out on pages 5 to 10. The financial report includes the consolidated financial statements of the consolidated entity comprising the disclosing entity and the entities it controlled at the end of the half-year or from time to time during the half-year. The disclosing entity's directors are responsible for the financial report. We have performed an independent review of the financial report in order to state whether, on the basis of the procedures described, anything has come to our attention that would indicate that the financial report is not presented fairly in accordance with Accounting Standard AASB 1029 "Interim Financial Reporting" and other mandatory professional reporting requirements in Australia and statutory requirements, so as to present a view which is consistent with our understanding of the consolidated entity's financial position, and performance as represented by the results of its operations and its cash flows, and in order for the disclosing entity to lodge the financial report with the Australian Securities and Investments Commission.

Our review has been conducted in accordance with Australian Auditing Standards applicable to review engagements. A review is limited primarily to inquiries of the entity's personnel and analytical procedures applied to the financial data. These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Statement

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:

- (a) the Corporations Act 2001, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2003 and of its performance for the half-year ended on that date; and
 - (ii) complying with Accounting Standard AASB 1029 "Interim Financial Reporting" and the Corporations Regulations 2001; and
- (b) other mandatory professional reporting requirements in Australia.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU



Stephen Harvey
Partner
Chartered Accountants

Adelaide, 17 February 2004

DIRECTORS' DECLARATION
Ellex Medical Lasers Limited

The Directors declare that:

- (a) The attached financial statements and notes comply with Accounting Standards;
- (b) The attached financial statements and notes give a true and fair view of the financial position and performance of the Consolidated Entity
- (c) In the Directors' opinion, the attached financial statements and notes are in accordance with the Corporations Act 2001; and
- (d) 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.

Signed in accordance with a resolution of the directors made pursuant to s.303(5) of the Corporations Act 2001.

On behalf of Directors



David J Lindh
Chairman

17 February 2004

CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE
For the half year ended 31 December 2003
Ellex Medical Lasers Limited

	Consolidated	
	31 Dec 2003	31 Dec 2002
	\$'000	\$'000
Revenue from ordinary activities	13,421	12,687
Raw materials and consumables used	(7,121)	(6,432)
Changes in labour and overhead	(68)	375
Employee benefits expense	(3,986)	(3,642)
Legal fees	(31)	(48)
Depreciation and amortisation expense	(733)	(698)
Advertising and marketing	(319)	(249)
Borrowing costs	(77)	(92)
Product development raw materials and consumables used	(424)	(397)
Other expenses from ordinary activities	(572)	(922)
<i>Profit from ordinary activities before income tax expense</i>	90	582
Income tax (expense)/benefit relating to ordinary activities	(37)	(48)
<i>Profit from ordinary activities after related income tax expense</i>	53	534
Net profit attributable to outside equity interests	-	-
<i>Net profit attributable to members of the parent entity</i>	53	534
Decrease in foreign currency translation reserve arising on translation of self-sustaining foreign operations	(114)	(2)
<i>Total changes in equity other than those resulting from transactions with owners as owners</i>	(61)	532
Earnings per share		
- Basic (cents per share)	0.1	1.0
- Diluted (cents per share)	0.1	1.0

Notes to the financial statements are included on pages 9 and 10.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2003
Ellex Medical Lasers Limited

	Consolidated		
	31 Dec 2003	30 June 2003	31 Dec 2002
	\$'000	\$'000	\$'000
<i>Current assets</i>			
Cash assets	1,824	1,059	77
Receivables	2,897	3,626	3,751
Inventories	8,008	8,013	8,514
Current tax assets	390	75	239
Other current assets	229	122	171
<i>Total current assets</i>	13,348	12,895	12,752
<i>Non-current assets</i>			
Other financial assets	-	-	8
Property, plant and equipment	4,240	3,684	3,725
Intangibles	19,426	19,956	20,513
Deferred tax assets	399	540	505
<i>Total non-current assets</i>	24,065	24,180	24,751
<i>Total assets</i>	37,413	37,075	37,503
<i>Current liabilities</i>			
Payables	3,408	3,186	3,270
Interest-bearing liabilities	196	73	1,421
Current tax liabilities	-	-	71
Provisions	651	606	668
Other	419	427	
<i>Total current liabilities</i>	4,674	4,292	5,430
<i>Non-current liabilities</i>			
Interest-bearing liabilities	2,077	2,087	2,110
Provisions	133	106	88
<i>Total non-current liabilities</i>	2,210	2,193	2,198
<i>Total liabilities</i>	6,884	6,485	7,628
<i>Net assets</i>	30,529	30,590	29,875
<i>Equity</i>			
Contributed equity	27,985	27,985	32,348
Reserves	2,544	2,605	1,893
Retained losses	-	-	(4,366)
<i>Total equity</i>	30,529	30,590	29,875

Notes to the financial statements are included on pages 9 and 10.

CONSOLIDATED STATEMENT OF CASH FLOWS
For the half year ended 31 December 2003
Ellex Medical Lasers Limited

	Consolidated	
	Inflows (Outflows)	
	31 Dec 2003	31 Dec 2002
	\$'000	\$'000
<i>Cash flows from operating activities</i>		
Receipts from customers	13,930	14,797
Payments to suppliers and employees	(11,955)	(13,402)
Interest and bill discounts received	7	16
Interest and other costs of finance paid	(77)	(92)
Income tax paid	(206)	(1,092)
Net cash from operating activities	1,699	227
<i>Cash flows from investing activities</i>		
Payment for purchase of intangibles	(27)	-
Payment for property, plant and equipment	(735)	(349)
Proceeds from sale of property, plant and equipment	-	47
Net cash used in investing activities	(762)	(302)
<i>Cash flows from financing activities</i>		
Proceeds from issues of equity securities	-	68
Repayment of borrowings	(118)	(172)
Proceeds from borrowings	-	1,422
Dividends paid	-	(1,531)
Net cash used in financing activities	(118)	(213)
<i>Net increase/(decrease) in cash held</i>	819	(288)
<i>Cash at the beginning of the financial year</i>	1,059	368
Effects of exchange rate changes on the balance of cash held in foreign currencies	(54)	(3)
<i>Cash at the end of the financial year</i>	1,824	77

Notes to the financial statements are included on pages 9 and 10.

NOTES TO THE FINANCIAL STATEMENTS
For the half year ended 31 December 2003
Ellex Medical Lasers Limited

1. Basis of Preparation

The half year financial report is a general purpose financial report which has been prepared in accordance with the Corporations Act 2001 and AASB 1029 "Interim Financial reporting". The half year financial report does not include notes of the type normally included in an annual financial report and should be read in conjunction with the 2003 annual financial report.

Significant Accounting Policies

The accounting policies adopted in the preparation of the half year financial report are consistent with those adopted and disclosed in the 2003 annual financial report.

2. Product Development

Included in the half year Statement of Financial Performance are the following expenses in relation to Product Development undertaken by the consolidated entity:

	Consolidated	
	31 Dec 2003	31 Dec 2002
	\$'000	\$'000
Salaries, wages and contractors	1,150	828
All other costs	1,145	932
Total Product Development expenses	2,295	1,760

3. Dividends

	31 Dec 2003		31 Dec 2002	
	Cents	Total	Cents	Total
	per share	\$'000	per share	\$'000
Fully paid ordinary shares				
Final dividend – franked to 30%	Nil	Nil	2.5	1,531

NOTES TO THE FINANCIAL STATEMENTS
For the half year ended 31 December 2003
Ellex Medical Lasers Limited

4. Contingent Assets/Liabilities

There have been no changes in the Contingent Assets and Liabilities of the consolidated entity since the last reporting date.

5. Segment Information

The primary segment of the consolidated group is the business of manufacture and sale of Ophthalmic Lasers, shown in the consolidated statement of financial performance and statement of financial position in this half year report.

6. Changes in Controlled Entities

Entities established during the half year:

Name of Entity	Contribution to Profit \$'000
Resdev Labs Inc	(811)
Amphi Medical Corporation	(274)