

ASX Announcements

Monday, 10 December, 1999

Optiscan Settles Fifth Patent Infringement Claim

Optiscan is delighted to announce the resolution of its patent infringement dispute with Leica Microsystems Heidelberg GmbH of Heidelberg, Germany, manufacturers of confocal laser scanning microscope systems. Leica Microsystems is now the fifth major scientific instrument manufacturer to have reached agreement with Optiscan on patent infringement actions. This agreement follows similar agreements with major manufacturers:

Olympus Optical Co Ltd
Noran Instruments
Carl Zeiss
Zygo Corp (manufacturers for Nikon)

For Leica Microsystems, the agreement allows them to manufacture and sell confocal microscopes, using Optiscan's patented technology . However, the agreements do not permit use of the technology for systems adapted for endoscopic use , which remain the core focus of Optiscan's research and development.

For Optiscan and its shareholders, the agreements are very significant. The agreement with Leica is yet another example of the strength of the patents underpinning Optiscan's global commercialisation activity. Importantly, they have allowed Optiscan to exploit additional market applications of its patented technology, whilst focusing core activities on the larger medical diagnostic markets.

The Optiscan technology is a unique combination of optical fibre and laser technologies which, when used in miniature confocal microscopes, facilitates the production of high magnification, very sharp images of intact tissue. It is a platform technology with multiple applications.

This patented technology has enabled Optiscan to pursue the development of a miniature microscope which can be placed against the skin or even inserted into the body to diagnose diseases such as early stage cancer. The device can magnify 2000 times to reveal disease at the cellular level without excising pieces of tissue from the body. Digital images of cells appear in real time on a computer screen and can be sent via the internet

to pathologists from remote locations.

Ongoing discussions with potential international partners support our belief that cellular diagnostic imaging represents a breakthrough in early detection of disease, and the greatest market opportunity for Optiscan. Our success in forming these agreements therefore gives us great confidence in our efforts to position the medical technology in the global marketplace.