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Pentax full-scale production release of ISC 1000 flexible endo-microscope

- *Strong customer demand already created*
- *Optiscan revenues and margins set to accelerate*

Tokyo, Japan: Pentax Corporation today announced the sales release of the Pentax ISC 1000 flexible endo-microscope.

Pentax's full-scale production release signals the commencement of significant increases in Optiscan's revenues, margins and royalties.

"Full-scale production release by Pentax is a watershed event for Optiscan and the commercialisation of its unique endo-microscope technology." said Matthew Barnett, Optiscan CEO. "The Pentax ISC 1000 endo-microscope will underpin Optiscan's transition to a high growth and profitable, medical-technology business."

The ISC 1000 flexible endo-microscope is a major product initiative for Pentax. It provides doctors with previously unobtainable levels of magnification (1000x) and resolution (0.001mm) enabling them to observe cells and cellular structures in real time during an endoscopic examination.

Introducing endo-microscopy into the US\$1.2Bn global flexible endoscope market is a key component of Pentax's aggressive growth plan for its Life Care Division.

Strong customer demand for endo-microscopy has already been created through a combination of excellent clinical trial results, publications in leading peer reviewed industry journals, high profile presentations at international congresses and Pentax promotional activity.

Production release from Pentax's full-scale production facility was the final step required for sales to commence in Europe, North America, Asia¹, the Middle East and Australia.

Pentax's announcement represents the culmination of a significant collaborative effort undertaken by Optiscan and Pentax over the last four years. The first production was shipped on 1st March in line with timelines set out at Optiscan's AGM.

1. Currently excludes Japan and some other Asian countries



“It is very satisfying for everyone at Optiscan to see Pentax complete this transfer to full-scale production and market release.” Mr Barnett said.

With regard to quantification of number of units shipped Optiscan reconfirms previous advice that:

- Pentax ordering includes 80+ systems in the first year
- The quantum of Pentax monthly orders is very solid and in line with Optiscan’s expectations

Optiscan has also previously advised that sales rates of approximately 200units p.a. are required to make the company profitable.

The Pentax announcement can be viewed at <http://www.pentax.co.jp/english/news/2006/200612.htm>

Background

Optiscan is a global leader in microscopic imaging technologies for medical markets.

Optiscan’s unique and patented technologies enable high-powered microscopes to be miniaturised and used inside the body. The technology enables microscopic imaging of up to 1000 times magnification to be achieved. Doctors can use the technology to instantly see cellular level details of tissue without the requirement to surgically remove tissue (biopsy).

Pentax is the second largest producer of flexible endoscopes in the US\$1.2Bpa global flexible endoscope market.

Pentax has been licensed by Optiscan to use its patented miniaturised microscope technology and develop the world’s first fully functional flexible endo-microscope.

Optiscan manufacturers and sells to Pentax the high value key operating components of the miniaturised confocal microscope. Manufacturing and final product testing is completed by Optiscan at their Notting Hill premises in Victoria.

Optiscan earns a supplier margin on all sales of components to Pentax. Optiscan also receives a Royalty on the sale of each scope.

Further information:

Matthew Barnett, CEO
Tel (613) 9538 3347
matthewb@optiscan.com

Bruce Andrew, CFO
Tel (613) 9538 3398
brucea@optiscan.com