



14 May 2009

Optiscan Imaging (ASX: OIL) announces:

- the signing of a new contract with Carl Zeiss,
- the successful close of a \$500,000 Convertible Note,
- a restructure and reduced cost base,
- funding for 12 months,
- changes to its Board of Directors.

These changes along with a new strategy mean that Optiscan is well positioned to capitalise on the established and growing medical market in endomicroscopy, a market pioneered by Optiscan.

### **New Contract with Carl Zeiss**

Optiscan has entered into a new agreement with its partner Carl Zeiss Group, Germany. Zeiss is a global leader in optical instrument design and a company well known for its commitment to and success in innovation and new technology. Optiscan and Zeiss started their collaboration in July 2008. This agreement provides for a combination of up front and regular milestone payments over the next 12 months and sees the parties working together to complete an extensive second human trial of the technology which builds on the encouraging interim results from the first human trial.

### **Convertible Notes**

Optiscan has completed a private placement of 10 million convertible notes, issued at a face value of 5 cents, to raise A\$500,000.

The Convertible Notes are secured and mature on 12 May 2012. They can be converted at face value or the 90 day trading average of the share price. They are convertible at the holder's election from 12 May 2010, with early conversion in limited circumstances. Interest on the Notes is floating, and set at the 90 day bbsw + 400 bps. until redeemed or converted. The placement does not require shareholder approval, however Optiscan may seek shareholder approval to ratify the placement (for the purposes of ASX Listing Rule 7.1) at its next general meeting.

### **Restructure**

Since our announcement on 16 October 2008, Optiscan has embarked on a substantial cost cutting program. The Company's total cost base is now 50% of what it was 12 months ago and now employs 14 people. The restructuring is in response to both the tightening of capital markets, particularly in the small cap arena and also to the expiration of the manufacturing contract with Pentax/Hoya. Up until the end of March 2009 Optiscan was manufacturing the ISC 1000 product for Hoya. Hoya may now manufacture the device itself and pay Optiscan a royalty.

## **Strategy**

Optiscan is focussed on:

- Performance with Zeiss as per above;
- Near term development of a second generation product for gastroenterology, until recently a field held exclusively by Hoya; and
- Stringent cost control

To date the Company has undertaken significant development work into many other applications for its technology and products with promising results. Areas of development include:

- Robotic surgery with a focus on prostate cancer;
- Women's health with a focus on endometriosis;
- General surgery including liver and pancreas.

Consistent with its focus on Zeiss and generation 2 product, the Company will devote minimal resources to these other developmental areas over the next 12 months. These important areas may be revisited where this can be done in a manner that is neither a drain on the Company's financial position nor its management focus.

Following the termination of the exclusive agreement with Hoya for the technology in gastroenterology, Optiscan is focussed on releasing a second generation product for gastroenterology and is looking for new commercial partners in this field. Optiscan has a new prototype platform and is now building the clinical prototype which will be used in a short trial to showcase the significant new features of the second generation product.

## **Funding**

Based on current cash reserves, projected revenues from contracts and product sales, and stringent cost control, the Board is of the view that Optiscan has sufficient funds for at least the next 12 months.

## **Changes to the Board of Directors**

The Board of Optiscan is pleased to announce that Mr. Angus Holt has been appointed Chairman of Optiscan as of 14 May 2009.

The Board also advises today that Mr. Grant Latta and Mr. Tony Rogers have resigned as Directors of Optiscan.

Mr. Latta has been Director and Chairman of Optiscan for the past seven years. He has made a significant contribution and brought extensive commercial experience to the Company. Mr. Latta has provided vision and leadership to Optiscan as it matured. Mr. Latta has worked tirelessly to advance the interests of the Company and its shareholders.

Mr Rogers has been a Director for the past seven years. He has provided substantial insight and guidance to management over the period. His ability to think laterally and present an alternative point of view has been of considerable value to the Board and Management.

The Board now consists of Angus Holt (Chairman), Vicki Tutungi and Peter Delaney.

### **About Optiscan**

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). Optiscan's patented miniaturised microscope technology is being used in the field of flexible endo-microscopes. Optiscan also collaborates with the Carl Zeiss Group in Germany for the use of its patented miniaturised microscope technology in rigid endoscopes in key Zeiss markets.

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