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## ***Pentax advise soft sales in first half of financial year***

- *Review with senior Pentax management late August*

**Melbourne:** Optiscan's largest customer, Pentax, has advised that a stock build up has occurred in recent months as sales have not reached expected levels. Pentax have advised that although they have excess inventory of ISC-1000 control boxes, they will continue to place orders for miniaturised confocal scanners. Nevertheless, they expect overall purchases from Optiscan to be significantly less in the current half year than in the previous corresponding period.

The imbalance between requirements for ISC-1000 control boxes and miniaturised scanners emerges as a result of more systems than expected being set up with multiple endoscopes (each flexible endoscope requires a miniaturised confocal scanner). Some hospitals are now using up to 4 flexible endo-microscopes with each single ISC-1000 system.

"Accurately forecasting uptake of new technologies in global markets is inherently difficult." said Matthew Barnett, Optiscan CEO. "While we are obviously very disappointed to have received this advice from Pentax, we view it as a part of the process of establishing and growing endo-microscope sales."

"It does however, underscore an inherent lack of visibility into market demand, which we are finding increasingly frustrating. We are active on the ground in key markets, and see high interest and demand for confocal systems, especially in Europe. This is not always evident in the data flowing through to orders and forecasts from Pentax."

Optiscan has demanded a senior level meeting with the CEO and President of Pentax to discuss the ongoing and forward sales rates and this has been confirmed for late in the month.

"We need to analyse Pentax sales rates, timeframes, internal information flows, the priority afforded the ISC-1000 product, and the potential distraction impact of the merger with Hoya, which is currently in process. There are many variables involved, and we need better information in order to assess how we best proceed with Pentax, and help them fulfil their sales commitments." said Mr Barnett.

Pentax's ongoing support for endo-microscopy remains strong, as witnessed by the \$7M agreement in June to pursue additional reimbursement for endo-microscope procedures and to fund Optiscan to develop further endo-microscope instruments. This position is further enhanced by Hoya's publicly announced plans for the Pentax Life Care business, which they intend to aggressively expand when the merger is completed.

## **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 has been licensed by Optiscan to use its patented miniaturised microscope technology in the field of flexible endo-microscopes.

Optiscan has also announced a collaboration 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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