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Pentax merger with Hoya signals accelerating growth for endoscope business

- *Life Care targeted as key growth business post merger*
- *Expected positive influence on Optiscan business*

Optiscan investors are advised that Pentax Corporation and Hoya Corporation of Japan plan to merge. The combined group will be called Hoya Pentax Corporation HD.

"Pentax's merger plan is positive for Optiscan's endomicroscope business," said Matthew Barnett, Optiscan's CEO. "Post merger Hoya Pentax will commit more resources into aggressively growing their endoscope business with emphasis given to high value added products with unique technology, such as endomicroscopes."

Hoya Corporation is the larger of the two companies with highly profitable businesses in information technology components, photonics and eye care (glasses, contact lens and intraocular lenses). Pentax has core businesses in imaging (cameras), life care (flexible endoscopes) and optical components.

Accelerating growth of the life care business is a key rationale for the merger. The Hoya and Pentax announcement of their merger plan states, "*Expected stable revenue from the information technology and eye care areas will support the life care area to achieve strategic growth.*" "*Hoya and Pentax will enhance product development capabilities ... strengthen sales and marketing structures [with the] aim to double the size of their life care business.*"

The merger is subject to signing of a definitive merger agreement (April 2007) and shareholder approval by both companies (June 2007).

Pentax have advised that there will be no disruption to sales and market development for endomicroscopes during the merger process.

Hoya Pentax joint announcement is available on the Pentax website.
<http://www.pentax.co.jp/english/news/announce/20061221-02.pdf>

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\$1.2Bn pa global flexible endoscope market.

Pentax has been licensed by Optiscan to use its patented miniaturised microscope technology.

Pentax released the world's first fully functional flexible endomicroscope for sale in March 2006.

Optiscan manufactures and sells to Pentax the high value key operating components of the miniaturised endomicroscope system.

Further information:

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

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