



8 March 2017

Amended Appendix 4D

Optiscan Imaging Limited (ASX: OIL) provides the attached amended Appendix 4D in relation to the Half-year financial period to 31 December 2016.

It is noted that the attached amended Appendix 4D includes the correct Net Tangible Asset (NTA) value per ordinary security of \$0.006 (0.6 cents) per share.

On behalf of Optiscan Imaging Limited:

Justin Mouchacca
Company Secretary

About Optiscan

Optiscan is an Australian company that has developed and patented miniaturised confocal microscopes, and is a global leader in the development and application of microscopic imaging and related technologies for medical and research markets.

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OPTISCAN IMAGING LIMITED

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APPENDIX 4D

Report for the Half Year ended

31 December 2016

Previous corresponding period: half year ended 31 December 2015

This half year report is to be read in conjunction with the company's 2016 Annual Report

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1.1 Results for announcement to the market

The results of Optiscan Imaging Limited for the half year ended 31 December 2016 are as follows:

Results

(Previous corresponding period: half year ended 31 December 2015)

- Total revenue from ordinary activities increased from \$11,985 to \$319,818 (2568% increase).
- Loss after tax attributable to members increased from \$748,391 to \$2,164,697 (189% increase).

Dividends

No dividends have been paid or declared by the entity since the beginning of the reporting period. No dividends were paid or declared in the previous corresponding period.

2. Brief explanation of financial results

Increased revenue represents sales to Carl Zeiss as the collaboration relationship develops and enters production phase.

The largest component of the increased loss compared to 2015 comprises expenses relating to share based payments (non-cash) of \$738,243 in the current period, following the award of options which were approved at the 25 November 2016 AGM.

Operating expenses have also risen, from \$1,165,871 to \$1,720,679, as the company enters production phase and establishes an infrastructure to support this and consisting of additional research and development expenses, marketing expenses and employment of key required personnel.

3. Commentary on operations and outlook

As we outlined in the 2016 Annual Report, the new board and management undertook a review of the business and has established a clear direction for the business as we move into 2017.

The company has identified three key pillars of success for its new business model:

- Developing the Carl Zeiss Meditec (CZM) collaboration;
- Sales of ViewnVivo – our second-generation pre-clinical research product; and
- Exploring new market opportunities for related Optiscan products and services.

Carl Zeiss Meditec (CZM) collaboration

Without doubt, our collaboration with CZM is the cornerstone of the Optiscan business. CZM is a major international conglomerate based in Germany, is a long-term business partner and has a significant market share in our partnered application areas. The significance of this is that regulatory approvals that CZM are advancing should be completed in 2017.

Revenue arising from the Carl Zeiss collaboration has been recognised in the half-year. Additional revenue will be received in the second half of the financial year following receipt of orders for additional systems to be delivered in 2017.

We are delighted with our progress in this area through the back end of 2016 and into 2017 as we move into a production phase. Some of the key points include:

- Delivery of Production Equivalent Systems (PES) in December 2016. These units have been tested fully by CZM who have confirmed that these units are now production ready;
- Delivery of additional Production Equivalent Systems (PES) in February 2017;
- We have also received orders from CZM for additional units scheduled for delivery later in the 2017 financial year; and
- In preparation for anticipated increased demand for the CZM Collaboration product, discussions have commenced with a Melbourne based high quality technical manufacturer who is able to provide the Company with the ability to assist Optiscan in meeting future production demands into 2017 and well beyond.

Sales of ViewnVivo

ViewnVivo is a miniaturised fluorescence endomicroscope platform that brings the next generation of Optiscan's incredible imaging capability and flexibility to Preclinical Research.

Whilst CZM is a cornerstone project for Optiscan, ViewnVivo offers improved capability and a fresh new look. We are very confident that ViewnVivo will secure a significant share of the global market and will provide Optiscan with a revenue source to complement our Zeiss collaboration project.

Some of the key points include:

- Relaunch of the product in late 2016 with a stand-alone website (www.viewnvivo.com). Traffic to the ViewnVivo website is increasing through both natural search results and an initial test Google AdWords campaign.
- Optiscan was the Major Sponsor of the prestigious National Conference of Light Microscopy Australia (LMA) held in Melbourne on 1-3 February 2017. The event was attended by approx. 200 of Australia's leading Research Professors, Researcher leads, Microscopy Facility Managers and Students, and represented Optiscan's re-entry into the Research market. As part of the conference agenda, Optiscan presented a system overview to the entire audience along with Cameron J Nowell of Monash Institute of Pharmaceutical Sciences. The company also demonstrated the ViewnVivo system to attendees throughout the entire conference.
- As an adjunct to the involvement in the above event, on an ongoing annual basis, Optiscan is sponsoring the National Micrograph Imaging Award for the next 3 years - to be referred to as the Optiscan Imaging Award. This represents continued reinforcement and engagement with the local Microscopy community.
- It is anticipated that approval will be received to allow revenue generation from ViewnVivo sales from April 2017 onwards.
- ViewnVivo marketing activity is progressing well with both local and overseas market engagement including, but not limited to, the following:
 - Progress continues with a number of very interested Australian research organisations looking to evaluate the system with a view to purchasing the ViewnVivo product.
 - Meetings have been established with existing Optiscan FIVE1 customers with a view to upgrading to ViewnVivo. Many of these meetings have already taken place in Australia.
 - Discussions have commenced with potential Distribution Partners for the ViewnVivo product including increased involvement from MR Solutions in 2017
 - In addition to the activity surrounding existing customers, the final steps are being put in place for the phased execution of Email Marketing campaign to 3,000 Research related positions and organisations, which is expected to start in March 2017.
- As with the CZM Collaboration product, in preparation for anticipated increased demand for the ViewnVivo product, discussions have commenced with a Melbourne based high quality technical manufacturer who is able to provide the Company with the ability to assist Optiscan in meeting future production demands into 2017 and well beyond.

Exploring new market opportunities

Whilst the two pillars of CZM and ViewnVivo are pivotal to the future success of Optiscan, it is also essential that we future-proof the business. Therefore, Optiscan needs to continue its Product Development to explore new market opportunities.

Whilst our prime focus will be on Zeiss and ViewnVivo in the short-term, our development team will continue to investigate opportunities for Optiscan. The key point here is that we will ensure delivery of key projects and yet keep an eye on the future. We will do this via a separate department of Optiscan which will be responsible for development. As a consequence, we will ensure that Optiscan remains at the forefront of innovation and technological advancement well into the future.

Conclusion

The board and management of Optiscan are confident that Optiscan remains on track on the path established and advised in the 2016 Annual Report as we drive the business into the production phase for the CZM Collaboration and ViewnVivo products.

4. Other information

Net Tangible Assets per ordinary Security

Net tangible assets per ordinary security at 31 December 2016 are \$0.006 (0.6 cents), (31 December 2015: Nil).

Earnings per ordinary share

Basic loss per ordinary share, in cents per share, for the half year ended 31 December 2016 amount to \$0.01 (1 cent per share) (31 December 2015: \$0.0034 (0.34 cents per share)).

Subsidiaries, associates and joint ventures

There were no changes in subsidiaries, associates and joint ventures during the half year.

Status of review of accounts

This Appendix 4D is based on accounts which have been subject to review by our auditors.

Auditor's Report Emphasis of Matter regarding Going Concern

In common with previous years, the auditor's report notes that there is a material uncertainty regarding going concern. The opinion is unchanged in the current report.

5. Financial information

The Interim condensed Financial Report for the half year ended 31 December 2016 is set out on pages 1 to 27 of this report.

Signed:



Alan Hoffman,
Chairman

28 February 2017