



10 July 2015

Mr Esmond Prowse
Adviser, Listings Compliance (Melbourne)
ASX Compliance Pty Ltd
Level 4, Rialto North Tower
525 Collins Street
Melbourne Vic 3000

Dear Sir

We refer to your letter dated 7 July 2015. Our responses to the *questions* raised in your letter are as follows:

1. *Please explain why the Director notice was lodged substantially late (on 3 July 2015)*

Mr Holt advised this was due to inadequate administration controls on his part.

2. *What arrangements does the company have in place with its directors to ensure it is able to meet its disclosure obligations under listing rule 3.19A?*

The Company relies on board members to advise one another of proposed and completed share trading transactions. The two executive directors do not engage in trading in the Company's shares, and only acquire new shares following shareholder approval or pursuant to an offer to all shareholders.

3. *The letter (20 August 2012) indicates that the Company intended to implement a regime involving weekly declarations of proposed or completed share trading transactions. Has the Company implemented such an arrangement?*

This arrangement was not implemented as the Executive Chairman advised that he would cease trading in the Company's shares, making the weekly declaration a cumbersome and redundant process. A period of compliance of more than one year followed with no trading. When trading re-commenced in October 2013, the appropriate disclosures were made, and the board believed at that time the disclosure arrangement was performing satisfactorily.

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4. *The 2014 Company Letter states that the directors' obligations have been further discussed and noted and the letter also indicates that Mr Holt had implemented an enhanced reporting arrangement with his broker. Please confirm whether this arrangement was implemented and whether this arrangement remains in place. Please also provide details of this arrangement.*

The enhanced broker reporting was a disclosure in the 2014 Letter made by the Executive Chairman. The Company believed the arrangement was implemented, and received no further advice on the matter.

5. *Given Mr Holt's breaches of the Company's Securities Trading Policy in 2012, which are referred to in the Announcement, and Mr Holt's continued practice of trading in the Company's securities during periods which, we understand, are closed periods under the Company's Securities Trading Policy, does the Company consider that it is able to meet its disclosure obligations under listing rule 3.19A?*

Yes, the Company considers that it is able to meet its disclosure obligations under listing rule 3.19A. Whenever the Company is in possession of material information, it is disclosed to the market. Notwithstanding the disclosure issues arising from the release on 3 July, 2015, the individual transactions were not of a quantum or frequency that would have a material impact on the price of securities and the company believes its continuous disclosure obligations were observed.

6. *If the current arrangements are inadequate or not being enforced, what additional steps does the Company intend to take to ensure compliance with listing rule 3.19B?*

In the light of the disclosures on 3 July 2015, the Company is currently in the process of taking strong action to address the issue. This may take a number of forms, one of which may be that the board adopt a prohibition on trading without the prior written approval of all other directors, and that contravention of a prohibition will require the director to resign.

7. *Having regard to Mr Holt's historical conduct in relation to the disclosure of his notifiable interests and breaches of the Company's Securities Trading Policy, please advise of what action, if any, the Company proposes to take against Mr Holt.*

The directors will engage in discussion with Mr Holt as a matter of urgency to canvass a range of issues that will bear on his future association with the Company. The outcome of these discussions will be reported to the market when concluded, in any event within two weeks of the date of this letter.

Please contact the undersigned if you have any queries or require further information.

Yours sincerely



Bruce R Andrew
Company Secretary

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7 July 2015

Mr Bruce Andrew
Company Secretary
Optiscan Imaging Limited
15-17 Normanby Road
Notting Hill VIC 3168

By email only

Dear Mr Andrew

Optiscan Imaging Limited (the "Company")

1. We refer to the following:
 - 1.1. the Appendix 3Y lodged by the Company with ASX on 3 July 2015 in relation to Mr Angus Holt (the "Director Notice");
 - 1.2. the ASIC Form 604 lodged by the Company with ASX on 3 July 2015 in relation to Mr Holt (the "Form 604");
 - 1.3. the Annexure to the Form 604 lodged by the Company with ASX on 3 July 2015 (the "Annexure");
 - 1.4. the letter dated 13 January 2014 from ASX to the Company in relation to certain changes to Mr Holt's notifiable interests which occurred on or around 25 November 2013 and in which ASX indicated that the Company may be in breach of listing rules 3.19A and/or 3.19B (the "2014 ASX Letter");
 - 1.5. the letter dated 15 January 2014 from the Company to ASX (the "2014 Company Letter") in which the Company refers to the 2014 ASX Letter and states:

'The company considers the current arrangements are adequate, and the directors' obligations have been further discussed and noted. The director in question [Mr Holt] has also instigated enhanced reporting arrangements with his broker.'
 - 1.6. the letter dated 20 August 2012 from ASX to the Company in relation to certain changes to Mr Holt's notifiable interests which occurred between 29 April 2011 and 14 August 2012 and in which ASX indicated that the Company may be in breach of listing rules 3.19A and/or 3.19B (the "2012 ASX Letter");
 - 1.7. the letter dated 21 August 2012 from the Company to ASX (the "2012 Company Letter") in which the Company refers to the 2012 ASX Letter and states:

'The Company relies on board members to advise one another of proposed and completed share trading transactions. The Company intends to implement a regime of weekly declaration of proposed

or completed share trading transactions to ensure inadvertent non compliance with Listing Rule 3.19B is avoided.;

- 1.8. the Company's announcement lodged with ASX on 21 August 2012 (the "Announcement") in which the Company states:

'The Company and Mr Holt acknowledge that there were three share trades involving a total of 60,970 shares that occurred in August 2012, which is a closed period under the Company's Share Trading Policy. This breach of the policy was an oversight by Mr Holt.

In the light of this event, the Board will conduct a review of its Governance processes to ensure they are appropriate for the size and structure of the Company. In particular, the Board will assess the Share Trading Policy and the governance processes relating to clearance to trade, disclosure and reporting of transactions to ensure full policy compliance in the future.;

- 1.9. listing rule 3.19A which requires an entity to tell ASX the following:

'3.19A.1 The notifiable interests of a director of the entity (or in the case of a trust, a director of the responsible entity of the trust) at the following times.

- *On the date that the entity is admitted to the official list.*
- *On the date that a director is appointed.*
- *The entity must complete Appendix 3X and give it to ASX no more than 5 business days after the entity's admission or a director's appointment.*

3.19A.2 A change to a notifiable interest of a director of the entity (or in the case of a trust, a director of the responsible entity of the trust) including whether the change occurred during a closed period where prior written clearance was required and, if so, whether prior written clearance was provided. The entity must complete Appendix 3Y and give it to ASX no more than 5 business days after the change occurs.

3.19A.3 The notifiable interests of a director of the entity (or in the case of a trust, a director of the responsible entity of the trust) at the date that the director ceases to be a director. The entity must complete Appendix 3Z and give it to ASX no more than 5 business days after the director ceases to be a director.;

- 1.10. listing rule 3.19B which states as follows:

'An entity must make such arrangements as are necessary with a director of the entity (or in the case of a trust, a director of the responsible entity of the trust) to ensure that the director discloses to the entity all the information required by the entity to give ASX completed Appendices 3X, 3Y and 3Z within the time period allowed by listing rule 3.19.A. The entity must enforce the arrangements with the director.; and

- 1.11. the Companies Update dated 27 June 2008, reminding listed entities of their obligation to notify ASX within 5 business days of a change to the notifiable interests in securities held by each director and outlining the action that ASX would take in relation to breaches of listings rules 3.19A and 3.19B.

2. The Annexure indicates that there were 78 changes to Mr Holt's notifiable interests between 4 April 2013 and 30 June 2015 (the "Relevant Period"). Based on the information provided to date, it appears that:

- 2.1. an Appendix 3Y should have been lodged with ASX in relation to Mr Holt as early as 11 April 2013;

- 2.2. notwithstanding the lodgement by the Company of Appendices 3Y in relation to Mr Holt on 12 December 2014, 19 February 2014, 5 December 2013 and 7 October 2013, prior to the lodgement of the Director Notice and Annexure, a significant number of changes to Mr Holt's notifiable interests were not notified to ASX (in the manner prescribed by the Listing Rules) or were notified to ASX outside the time limits prescribed by the Listing Rules;
- 2.3. of those changes to Mr Holt's notifiable interests that were notified to ASX through the lodgement of the Director Notice and Annexure (and which had not otherwise been notified to ASX), a very significant majority were notified to ASX outside the time limits prescribed by the Listing Rules;
- 2.4. there were 11 changes to Mr Holt's notifiable interests that occurred in February 2014 and February 2015, which, we understand, is a closed period under the Company's Securities Trading Policy; and
- 2.5. during the Relevant Period, Mr Holt reduced his interest in the Company's securities (on a net basis). However, based on the Appendices 3Y lodged by the Company in relation to Mr Holt on 12 December 2014, 19 February 2014, 5 December 2013 and 7 October 2013 (being the only Appendices 3Y lodged by the Company during the Relevant Period in relation to Mr Holt), a reasonable person may have concluded that Mr Holt sought to increase his interest in the Company's securities (on a net basis) during the Relevant Period.
3. Having regard to the above, it appears that the Company is in breach of listing rules 3.19A and/or 3.19B. It also appears Mr Holt may have breached section 205G of the *Corporations Act 2001* (Cth). Please note, ASX is required to record details of breaches of the Listing Rules by listed companies for its reporting requirements.
4. ASX reminds the Company of its contract with ASX to comply with the Listing Rules. In the current circumstances, ASX considers that, as a minimum, it is appropriate that the Company make the necessary arrangements to ensure there is not a reoccurrence of a breach of the Listing Rules.
5. Having regard to listing rules 3.19A and 3.19B, Guidance Note 22: *Director Disclosure of Interests and Transactions in Securities - Obligations of Listed Entities* and Guidance Note 27: *Trading Policies*, we ask that you answer each of the following questions:
- 5.1. Please explain why the Director Notice was lodged substantially late.
- 5.2. What arrangements does the Company have in place with its directors to ensure that it is able to meet its disclosure obligations under listing rule 3.19A?
- 5.3. The 2012 Company Letter indicates that the Company intended to implement a regime involving weekly declarations of proposed or completed share trading transactions. Has the Company implemented such a regime?
- 5.4. The 2014 Company Letter states that the directors' obligations have been further discussed and noted and the letter also indicates that Mr Holt had implemented an enhanced reporting arrangement with his broker. Please confirm whether this arrangement was implemented and whether this arrangement remains in place. Please also provide details of this arrangement.
- 5.5. Given Mr Holt's breaches of the Company's Securities Trading Policy in 2012, which are referred to in the Announcement, and Mr Holt's continued practice of trading in the Company's securities during periods which, we understand, are closed periods under the Company's Securities Trading Policy, does the Company consider that it is able to meet its disclosure obligations under listing rule 3.19A?

- 5.6. If the current arrangements are inadequate or not being enforced, what additional steps does the Company intend to take to ensure compliance with listing rule 3.19B?
- 5.7. Having regard to Mr Holt's historical conduct in relation to the disclosure of his notifiable interests and breaches of the Company's Securities Trading Policy, please advise of what action, if any, the Company proposes to take against Mr Holt.

6. Your response should be sent to me by e-mail at esmond.prowse@asx.com.au. It should **not** be sent directly to the ASX Market Announcements Office. A response is requested as soon as possible and, in any event, not later than half an hour before the start of trading (i.e. before 9.30am AEST) on Friday, 10 July 2015.
7. Under listing rule 18.7A, a copy of this query and your response will be released to the market, so your response should be in a form suitable for release and should separately address each of the questions asked. If you have any queries or concerns, please contact me immediately.

Yours sincerely,

[Sent electronically without signature]

Esmond Prowse
Adviser, Listings Compliance (Melbourne)

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