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FOR IMMEDIATE RELEASE

ESCALON® AND ANKA SYSTEMS
ENTER INTO CO-MARKETING AGREEMENT

Wayne, PA – October 11, 2005 – Escalon Medical Corp. (Nasdaq Small Cap: ESMC), a world leader in ophthalmic and vascular access products, today announced that it has signed a non-exclusive co-marketing agreement with privately-held Anka Systems, Inc., a leader in web-based connectivity solutions for the ophthalmic physician. Anka's connectivity solutions are used in major eye healthcare centers and provide seamless integration of data from various clinical modalities commonly used in eye healthcare settings.

This alliance will jointly market Escalon's existing digital imaging hardware with Anka's connectivity solutions. By integrating the sales and marketing efforts, the alliance will provide economies of operation and a greater market reach, especially internationally.

Ken Lee, Anka Systems Co-founder, President and Chief Executive Officer, noted, "We are very excited about the strategic relationship with Escalon Medical Corp. Working together we can be more effective in integrating our imaging and connectivity solutions and provide tremendous benefits to the doctors. These benefits will incorporate innovative technologies, improved support from having a single supplier, and lower operational costs leading to improved value for the physician. This partnership also validates Anka's position as a networking and software technology leader in the market."

Richard J. DePiano, Escalon's Chairman and Chief Executive Officer commented, "Escalon is pleased with the opportunity to integrate our strengths in marketing and sales and financial support with the clear innovation of Anka Systems. Anka has earned a positive reputation in the market, and we will together provide connectivity solutions for the digital office of the future. It is about connectivity and providing the physician means to effectively and efficiently deal with the overwhelming flow of clinical information. This step forward represents our commitment to provide leadership and growth for our brand and our business."

Escalon also announced today that it is extending a \$300,000 loan, pursuant to a demand note, to Anka Systems. Under the terms of this note repayment will occur within six months after written demand or immediately upon an event of default.

About Anka Systems, Inc.

Anka is a privately held company located in the Washington D.C. area. Anka offers web-based software solutions with built-in workflow for the ophthalmic industry that dramatically improve the efficiencies for both doctors and their staff. Today's ophthalmic office is overwhelmed with data from multiple clinical modalities—retinal imaging, angiography, optical coherence tomography, nerve fiber layer analysis, and many others. Anka's web-based software connectivity solutions effortlessly fuse the data from these disparate data bases into a single, unified, clinical report. This system allows busy physicians to access the reports from virtually anywhere, resulting in enhanced productivity. This seamless fusion of data, past, present and from multiple modalities could re-write the clinical care patterns for eye physician practices. Anka has focused on providing networking and software needs for managing, analyzing, and interpreting different types of digital images in clinics and hospitals.

Anka's networking product, EyeRoute, currently connects to over ten different types of instruments from multiple vendors. Many leading retina, glaucoma, and general ophthalmologists have used the improved access of EyeRoute to the entire clinical presentation to increase productivity for their ophthalmic offices by integrating the patient data into a single database.

About Escalon

Founded in 1987, Escalon develops, markets and distributes ophthalmic diagnostic, surgical and pharmaceutical products as well as vascular access devices. Drew, which operates as a separate division, provides instrumentation and consumables for the diagnosis and monitoring of medical disorders in the areas of diabetes, cardiovascular diseases and hematology, as well as veterinary hematology and blood chemistry. Escalon seeks to utilize strategic partnerships to help finance its development programs and is also seeking acquisitions to further diversify its product line to achieve critical mass in sales and take better advantage of the Escalon's distribution capabilities. Escalon has headquarters in Wayne, Pennsylvania and manufacturing operations in Long Island, New York, New Berlin, Wisconsin, Dallas, Texas, Oxford, Connecticut and Barrow-in-Furness, U.K.

Note: This press release contains statements that are considered forward-looking under the Private Securities Litigation Reform Act of 1995, including statements about Escalon's future prospects. They are based on the Escalon's current expectations and are subject to a number of uncertainties and risks, and actual results may differ materially. The uncertainties and risks include whether Escalon is able to improve upon the operations of Escalon's business units, including, the integration of Drew's operations, generate cash and identify, finance and enter into business relationships and acquisitions, integrate and leverage those business relationships and acquisitions, uncertainties and risks related to new product development, commercialization, manufacturing and market acceptance of new products, marketing acceptance of existing products in new markets, the continuity of royalty revenue, litigation and non-recurring expenses, research and development activities, including failure to demonstrate clinical efficacy, delays by regulatory authorities, scientific and technical advances by Escalon or third parties, introduction of competitive products, third party reimbursement and physician training as well as general economic conditions. Further information about these and other relevant risks and uncertainties may be found in Escalon's report on Form 10-K, and its other filings with the Securities and Exchange Commission, all of which are available from the Commission as well as other sources.

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