

12 June 2009

The Manager
Company Announcements Office
ASX Limited

Dear Sir/Madam

Polartechnics Limited – Bidder’s Statement

We attach, by way of service pursuant to item 5 of section 633(1) of the Corporations Act 2001 (Cth), a copy of the Bidder’s Statement in relation to the off-market takeover bid by Polartechnics Limited ACN 003 148 427 (Polartechnics) for all the ordinary shares in Fermiscan Holdings Limited ACN 000 689 72 (Fermiscan).

Polartechnics will dispatch its Bidder’s Statement on 16 June 2009. The offer is scheduled to open on 16 June 2009.

Yours faithfully,



R K Hunter
Chairman



BIDDER'S STATEMENT

for Fermiscan Shares

You are being offered
3 Polartechnics Shares
for every 2 Fermiscan
Shares you hold.

This Offer is scheduled to
open on 16 June 2009 and
close on 15 July 2009.

Polartechnics Limited (ABN 50 003 148 427)

Off market offer to acquire all of your shares in
Fermiscan Holdings Limited (ABN 51 000 689 725)

**THIS IS AN IMPORTANT DOCUMENT THAT SHOULD BE READ IN FULL
IT REQUIRES YOUR IMMEDIATE ATTENTION**

Key Dates

Announcement of Offer	17 April 2009
Bidder's Statement lodged with ASIC	12 June 2009
Date of the Offer	16 June 2009
Offer Closing Date*	15 July 2009

* This date is indicative only and may change as permitted by the Corporations Act.

Important Notice

This Bidder's Statement given by Polartechnics Limited (ABN 50 003 148 427) (**Polartechnics**) sets out disclosures required by the Corporations Act together with the terms of the Offer.

Lodgement under the Corporations Act

A copy of this Bidder's Statement was lodged with ASIC on 12 June 2009. A copy of this Bidder's Statement was provided to ASX on 12 June 2009. ASIC and ASX take no responsibility for the content of this Bidder's Statement. This Bidder's Statement is given by Polartechnics, the bidder, to Fermiscan Holdings Limited (ABN 51 000 689 725) (**Fermiscan**), the target, under Part 6.5 of the Corporations Act.

Investment Decisions

This Bidder's Statement does not take into account the individual investment objectives, financial situation, tax position or personal needs of each Fermiscan Shareholder. Accordingly, you may wish to seek professional advice before deciding whether or not to accept the Offer for your Fermiscan Shares.

Forward Looking Statements

This Bidder's Statement includes both historical information and statements that relate to future matters (forward looking statements). Forward looking statements are subject to a number of risks and uncertainties, some of which are set out in section 8. Actual events or results may differ materially from the forward looking statements contained in this Bidder's

Statement. None of Polartechnics, its Directors or any other person named with their consent in this Bidder's Statement can give any assurances that forecast or implied results will be achieved.

Foreign Fermiscan Shareholders

Fermiscan Shareholders should note that the Offer is being made in accordance with the laws in force in Australia and the ASX Listing Rules. The distribution of this Bidder's Statement and the making of the Offer may be restricted by the laws of foreign jurisdictions.

If, at the time the Offer is made to you, you are a Foreign Fermiscan Shareholder, you will not be directly issued New Polartechnics Shares as consideration for your Fermiscan Shares. Instead, Polartechnics will arrange for the New Polartechnics Shares to which you would have been entitled if you were not a Foreign Fermiscan Shareholder to be issued to a Nominee, who will cause those New Polartechnics Shares to be offered for sale on ASX within 30 days of the Offer Closing Date, and then distribute the proceeds of sale to you, as determined under section 9.13.

If you are a Foreign Fermiscan Shareholder and wish to make an application to receive New Polartechnics Shares under the Offer, you should do so in writing setting out the reasons why you believe New Polartechnics Shares may be lawfully issued to you under the Offer and attaching a signed declaration certifying that you are a person to whom

New Polartechnics Shares may lawfully be issued under the Offer, as described in section 9.13.

Privacy collection statement

Personal information relating to your shareholding in Fermiscan has been obtained by Polartechnics or its agents from Fermiscan in accordance with its rights under the Corporations Act. Polartechnics will share this information with its related bodies corporate, advisers and agents where necessary for the purposes of the Offer. Polartechnics, its related bodies corporate, advisers and agents will use this information solely for purposes relating to the Offer. If you would like details of your personal information held by Polartechnics or its agents please contact the Polartechnics Offer Information Line on 1300 798 854 (within Australia) or +61 2 8256 3377 (outside Australia) which is available Monday to Friday between 9.00 am and 5.00 pm (Sydney time).

Defined Terms

A number of terms used in this Bidder's Statement are defined in section 12. Unless the contrary intention appears, terms used in this Bidder's Statement have the same meaning as in the Corporations Act.

Contents

Chairman's letter	2
1. Frequently asked questions	3
2. Why you should accept the Offer	8
3. Profile of Polartechnics	13
4. Polartechnics post merger intentions for Fermiscan	22
5. Profile of Merged Group	25
6. Financial information and effect of acquisition of Fermiscan on Polartechnics	27
7. Australian tax consequences	31
8. Risk factors	35
9. The Offer	39
10. Fermiscan Options	50
11. Additional information	52
12. Definitions and interpretation	67
Annexure A	71
Corporate Directory	IBC

Chairman's letter

12 June 2009

Dear Fermiscan Shareholder,

On behalf of the Directors of Polartechnics Limited (**Polartechnics**), I am pleased to provide you with this Bidder's Statement detailing Polartechnics' offer to acquire your Fermiscan Shares (**Offer**).

Polartechnics is offering you 3 New Polartechnics Shares for every 2 Fermiscan Shares you hold. The Offer provides an opportunity for you to realise value from your investment in Fermiscan.

Polartechnics and Fermiscan Limited (**Fermiscan**) entered merger discussions in early 2009. On 17 April 2009, both companies entered into an Implementation Agreement for the purpose of merging. The Offer was the preferred method for achieving the intended merger.

The Polartechnics Directors believe that, in the absence of a superior offer, the Offer is in the interests of Fermiscan Shareholders and we encourage you to read this Bidder's Statement carefully. To accept the Offer, please follow the instructions on the enclosed Acceptance Form. If you require additional assistance, please contact the Polartechnics Offer Information Line on 1300 798 854 (within Australia) or +61 2 8256 3377 (outside Australia) which is available Monday to Friday between 9.00 am and 5.00 pm (Sydney time)

The Offer is currently scheduled to close at 7.00 pm (Sydney time) on 15 July 2009 unless extended.

Yours faithfully



R Hunter
Chairman

1 Frequently asked questions

The following sets out some common questions and corresponding answers in relation to the Offer. This section is qualified by the detailed information set out in section 9 of this Bidder's Statement. You should read all of this Bidder's Statement before deciding whether or not to accept the Offer.

What is being offered?

Polartech is offering to buy your Fermiscan Shares by way of an off-market takeover offer.

Polartech is offering you 3 New Polartech Shares for every 2 Fermiscan Shares you hold, provided the conditions of the Offer are satisfied or waived.

What is the implied value of the Offer?

Based on the 10 day volume weighted average price of a Polartech Share on ASX on 31 March 2009 (the last trading day before the Initial Announcement Date) the implied value of the Offer is \$0.1635 per Fermiscan Share.

The implied value of the Offer will change as a consequence of changes in the market price of Polartech Shares.

To whom is the Offer made?

The Offer is being made to each person registered as the holder of Fermiscan Shares in the register of Fermiscan Shareholders at 7.00 pm (Sydney time) on 12 June 2009.

It also extends to any person who becomes registered, or entitled to be registered, as the holder of Fermiscan Shares during the Offer Period.

For further details regarding eligibility to participate in the Offer and procedures in the case of transfer of Fermiscan Shares and acceptance of the Offer in respect of Fermiscan Shares held by a trustee or nominee see section 9.4 of this Bidder's Statement.

What does the independent expert say?

The Target's Statement is expected to include a report by the Independent Expert, appointed by Fermiscan, which has not been finalised at the date of the Bidder's Statement. Please refer to the Target's Statement for The Independent Expert's Report upon its release.

Frequently asked questions

continued

How do I accept the Offer?

You may only accept the Offer for all of your Fermiscan Shares.

The way in which you accept the Offer will depend on whether your Fermiscan Shares are held on the issuer sponsored subregister or the CHESSE Subregister – which will be indicated on the Acceptance Form under “Step 1 – check your details”.

CHESSE Holdings:

If your Fermiscan Shares are in a CHESSE Holding (HIN beginning with “X”), to accept the Offer you must either:

- (a) complete and return the enclosed Acceptance Form in accordance with the instructions on the form and return it to the address indicated so that the form is received before the Offer Closing Date; or
- (b) instruct your Controlling Participant to initiate acceptance of the Offer on your behalf.

If you are a Controlling Participant (typically a stockbroker who is admitted to participate in CHESSE under the ASTC Settlement Rules), the above does not apply. To accept the Offer you must initiate acceptance in accordance with the ASTC Settlement Rules.

Issuer Sponsored Holdings:

If your Fermiscan Shares are in an Issuer Sponsored Holding (SRN beginning with “I” or if at the time of your acceptance you are entitled to be (but are not yet) registered as the holder of your Fermiscan Shares, to accept the Offer you must complete and return the Acceptance Form in accordance with the instructions on the form so that it is received before the Offer Closing Date.

Where to send Acceptance Form

Send your Acceptance Form (and other documents, if any, required by the instructions on it) to:

By Mail

Link Market Services Limited
Fermiscan Holdings Limited Takeover
Locked Bag A14
Sydney South NSW 1235

OR

By Hand

Link Market Services Limited
Fermiscan Holdings Limited Takeover
Level 12, 680 George Street
Sydney NSW 2000

A self addressed envelope is enclosed for you to return your Acceptance Form.

What choices do I have as a Fermiscan Shareholder?

As a Fermiscan Shareholder, you have the following choices in respect of the Offer:

- **ACCEPT** the Offer for all your Fermiscan Shares, in which case you should complete, sign and return the enclosed Acceptance Form in accordance with the instructions on it;
- **REJECT** the Offer, in which case you do not need to do anything; or
- **SELL** some or all of your Fermiscan Shares on ASX (unless you have previously accepted the Offer for all of your Fermiscan Shares).

Can I accept the Offer for part of my holding?

No, you can only accept for all of your Fermiscan Shares. Your acceptance will be treated as being for all your Fermiscan Shares plus any additional Fermiscan Shares registered as held by you at the date your acceptance is processed.

Can Polartechnics vary the Offer?

Yes. Polartechnics can vary the Offer by extending the Offer Period or increasing the amount of consideration offered under the Offer.

What are the consequences of accepting the Share Offer now?

If you accept the Offer you will give up your right to sell your Fermiscan Shares on ASX or to any competing bidder or to deal with them in any other manner.

If I accept the Offer now, can I withdraw my acceptance?

You only have a limited right to withdraw your acceptance of the Offer. You may withdraw your acceptance of the Offer if Polartechnics varies the Offer in a way that postpones, for more than 1 month, the time when Polartechnics must meet its obligations under the Offer and the Offer remains subject to conditions.

When do I have to make a decision?

If you wish to accept the Offer, you must do this before the end of the Offer Period. The Offer will close no earlier than 7.00 pm (Sydney time) on 15 July 2009. It is possible that Polartechnics may choose to extend the Offer Period in accordance with the Corporations Act. In addition, the Offer Period may be extended automatically in certain circumstances. However, Polartechnics cannot close the Offer earlier than this date, except, with the consent of ASIC. See section 9.3 of this Bidder's Statement for details of the Offer Period.

If you wish to reject the Offer, you do not need to do anything.

When does the Offer close?

The Offer is currently scheduled to close at 7.00 pm (Sydney time) on 15 July 2009, unless extended or withdrawn.

Can Polartechnics extend the Offer Period?

Yes, the Offer can be extended by Polartechnics or otherwise in accordance with the Corporations Act. You will receive written notice of any extension, as required by the Corporations Act.

Can I sell the shares I receive from accepting the Offer on the market?

Yes. You will be able to sell the New Polartechnics Shares you receive on ASX.

Frequently asked questions

continued

Can I be forced to sell my Fermiscan Shares?

You cannot be forced to sell your Fermiscan Shares unless Polartechnics receives sufficient acceptances to give it a Relevant Interest in at least 90% of the Fermiscan Shares.

If Polartechnics acquires at least 90% of Fermiscan Shares (by number) and at least 75% of the Fermiscan Shares (by number) which are the subject of the Offer (whether the acquisitions happened under the bid or otherwise) and Polartechnics proceeds to compulsory acquisition, then you will receive the same consideration as is payable by Polartechnics under the Offer, but you will receive payment later than the Fermiscan Shareholders who accept the Offer. You will receive notification from Polartechnics when it has determined to move to compulsory acquisition.

What are the conditions of the Offer?

The Offer is subject to a number of conditions. In summary, the Offer conditions include:

- Polartechnics achieving a Relevant Interest in at least 90% of all Fermiscan Shares by the end of the Offer Period;
- all necessary approvals or consents that are required by law, or by any government agency are obtained;
- there is no:
 - preliminary or final decision, order or decree issued by a government authority;
 - action or investigation announced, threatened or commenced by a government authority; or
 - application made to any government authority (other than by Polartechnics or any of its Associates),
- which materially impacts upon the Offer;
- no Material Adverse Change occurring (as that term is defined in section 9.7.1(d) of this Bidder's Statement);
- no Prescribed Occurrence occurring (as that term is defined in section 9.7.1(e) of this Bidder's Statement);
- any necessary third party consents to a change of control of Fermiscan are obtained;
- no new litigation or threatened action in relation to Fermiscan; and
- Fermiscan does not undertake any of the restricted transactions described in section 9.7.1(h) of this Bidder's Statement.

This is only a summary of some of the conditions of the Offer, see section 9.7 of this Bidder's Statement for further details.

Does satisfaction of the 90% minimum acceptance condition mean that I will definitely get paid if I accept?

No. All the conditions of the Offer must be satisfied or waived for the Offer to become unconditional and before you are issued New Polartechnics Shares.

What happens if the conditions of the Offer are not satisfied or waived?

If the conditions are not satisfied or waived before the Offer closes, the Offer will lapse. In those circumstances, you will not get issued New Polartechnics Shares and you will retain ownership of Fermiscan Shares (even if you had accepted the Offer). You would then be free to deal with your Fermiscan Shares.

What if I am a foreign shareholder?

Certain foreign holders of Fermiscan Shares will not be entitled to receive New Polartechnics Shares on accepting the Offer. These Foreign Fermiscan Shareholders who accept the Offer will receive the net cash sale proceeds of New Polartechnics Shares that they would otherwise have received (see section 9.13 of this Bidder's Statement). The foreign holders to which this applies are holders of Fermiscan Shares whose address as shown in the register of members of Fermiscan is in a jurisdiction other than Australia and its external territories or New Zealand.

If you are a Foreign Fermiscan Shareholder and wish to make an application to receive New Polartechnics Shares under the Offer, you should do so in writing setting out the reasons why you believe New Polartechnics Shares may be lawfully issued to you under the Offer and attaching a signed declaration certifying that you are a person to whom New Polartechnics Shares may be lawfully issued under the Offer, as described in section 9.13.

If I accept the Offer, when will I receive New Polartechnics Shares?

If you accept the Offer, Polartechnics will, in the usual course, issue you with New Polartechnics Shares on or before the earlier of:

- (i) the day which is 1 month after you accept the Offer; and
- (ii) the day which is 21 days after the end of the Offer Period.

Full details of when you will receive New Polartechnics Shares are set out in section 9.9 of this Bidder's Statement.

Brokerage or stamp duty?

No brokerage, stamp duty or other fees will be payable by you on acceptance of the Offer, unless you are a Foreign Fermiscan Shareholder (see section 9.13 for more details) or you hold your Fermiscan Shares through a bank, broker or nominee that charges transaction fees in connection with your acceptance of the Offer.

Tax consequences?

You may wish to consult your financial, tax or other professional adviser on the tax implications of acceptance. A general summary of the likely Australian tax consequences is set out in section 7.

Are there any risks in accepting the Offer?

If you accept the Offer you will become a shareholder in Polartechnics. There are risks in holding Polartechnics Shares and these are set out in section 8 of this Bidder's Statement. You are already exposed to several of these risks, to varying degrees, as a result of holding Fermiscan Shares.

Further information

If you require additional assistance please contact the Polartechnics Offer Information Line on 1300 798 854 (within Australia) or +61 2 8256 3377 (outside Australia) which is available Monday to Friday between 9.00 am and 5.00 pm (Sydney time).

2 Why you should accept the Offer

The key reasons why Fermiscan Shareholders should accept the Offer are set out in this section. You are encouraged to read this Bidder's Statement in full before making a final decision regarding whether or not to accept the Offer.

Why you should accept the Offer

1	The opportunity to transform Fermiscan and Polartechnics through merger, to form Novus Diagnostics Limited, Australia's largest listed women's health diagnostics company, specialising globally in women's health screening for cancers and serious illnesses.
2	The inherent risks normally associated with the merging of two companies are reduced due to Fermiscan and Polartechnics sharing a common science as well as common markets, channels to markets and regulatory compliance.
3	The merger provides mitigation of the early stage commercialisation risks now facing Fermiscan as it prepares to introduce its unique and novel breast screening process to selected markets.
4	The Merged Group will benefit from savings in fixed operating costs through rationalisation of premises and corporate costs.
5	The Polartechnics Directors expect that the larger market capitalisation of the Merged Group is likely to gain additional investor interest.

6	By combining the commercialisation activities of the two companies the Merged Group is likely to achieve economies of scale and spread the risk.
7	Polartechnics Shares are actively traded on ASX and as such the New Polartechnics Shares represent a more liquid and readily tradeable investment than Fermiscan Shares.
8	The Polartechnics Board believes that investors may reappraise the Merged Group and consequently its improved capacity to raise capital if and when needed to fund growth of the Merged Group.
9	The Offer provides potential Australian capital gains tax roll-over relief.
10	There are no other offers to acquire Fermiscan Shares at the date of this Bidder's Statement and Polartechnics considers it unlikely a superior offer will emerge.

Why you should accept the Offer

continued

Why you should accept the Offer

1 The opportunity to transform Fermiscan and Polartechnics through merger, to form Novus Diagnostics Limited, Australia's largest listed women's health diagnostics company, specialising globally in women's health screening for cancer and serious illnesses.

The Merged Group will specialise in women's health screening for cancers and serious illnesses relevant to women, such as breast and cervical cancer and sexually transmitted infections.

Both Fermiscan and Polartechnics have commercialisation plans for women's health diagnostic products that are complementary in application and have potential for large volume sales in global markets.

Through the application of new technologies, both companies aim to reduce women's discomfort normally associated with traditional screening methods and thereby increasing the rate of participation in screening for the most prevalent cancers affecting women globally.

Some of the common characteristics shared by Polartechnics and Fermiscan's products include:

Key Product Characteristics	Polartechnics	Fermiscan
1 Complementary women's health applications	Gynaecological Screening	Breast Screening
2 Suited for use in clinics and hospitals Self-sampling	✓ (TruScreen) ✓ (CerviScreen)	✓
3 Improved real-time point of care diagnostic information	✓ (TruScreen)	N/A
4 Sample collection for remote analysis	✓ (CerviScreen)	✓
5 Reduction in patient discomfort likely to increase participation rates	✓	✓
6 Access to active referring/user practitioner base	✓	✓
7 Early stage adoption, market development stage	✓	✓

The combined product offering from the Merged Group will more effectively capture the attention of health practitioners and authorities in target markets.

Further, the combined products promoted and managed by the enlarged sales team, support improved feasibility for introduction of screening activities into many markets.

2 The inherent risks normally associated with the merging of two companies are reduced due to Fermiscan and Polartechnics sharing a common science as well as common markets, channels to markets and regulatory compliance.

3 The merger provides mitigation of the early stage commercialisation risks now facing Fermiscan as it prepares to introduce its unique and novel breast screening process to selected markets.

The market entry experience and distributor relationship network built by Polartechnics is expected to allow Fermiscan to achieve a faster start to operations in a greater number of markets than would have been otherwise achievable.

4 The Merged Group will benefit from savings in fixed operating costs through rationalisation of premises and corporate costs.

It is proposed that Fermiscan's Sydney operations be relocated to Polartechnics' Head Office at Erskineville, Sydney.

Duplicated listing costs, professional fees, regulatory expenses, insurances and other corporate costs provide significant potential savings to the Merged Group.

5 The Polartechnics Directors expect that the larger market capitalisation of the Merged Group is likely to gain additional investor interest.

6 By combining the commercialisation activities of the two companies the Merged Group is likely to achieve economies of scale and spread the risk.

7 Polartechnics Shares are actively traded on ASX and as such the New Polartechnics Shares represent a more liquid and readily tradeable investment than Fermiscan Shares.

Why you should accept the Offer

continued

8 The Polartechnics Board believes that investors may reappraise the Merged Group and consequently its improved capacity to raise capital if and when needed to fund growth of the Merged Group.

The merger creates a lower risk investment opportunity for Fermiscan Shareholders without reducing the potential for significant value gain from the successful global commercialisation of the Merged Group's complementary products.

The broader set of opportunities created through the merger is expected to enhance the Merged Group's capacity to raise new capital, as and when required, for growth in the businesses.

9 The Offer provides potential Australian capital gains tax roll-over relief.

Refer to section 7 of this Bidder's Statement for further details.

10 There are no other offers to acquire Fermiscan Shares at the date of this Bidder's Statement and Polartechnics considers it unlikely a superior offer will emerge.

Further, in view of Fermiscan being in the early stage of commercialisation with its negative operating cash flows and together with the expected synergistic benefits from the Offer, Polartechnics considers it unlikely a superior offer will emerge.

3 Profile of Polartech

3.1 Overview of Polartech

Polartech Limited is an Australian publicly listed company on ASX and has a market capitalisation of approximately \$23,593,796 as at 11 June 2009. Polartech is a life sciences company involved in the research, development, manufacture and marketing of innovative medical devices for the detection of cervical cancer and Sexually Transmitted Infections (STIs) in women.

Polartech's devices aim to provide real-time point of care solutions in clinics and self sample collection environments and are specifically designed to reduce discomfort for women.

The overall objective is to utilise new technologies in screening processes to encourage significant increases in participation by women in cancer and STI screening.

Polartech is currently commercialising two key screening products:

TruScreen

TruScreen, is a real-time point of care cervical cancer screening device that is marketed to hospitals and clinics in over 26 countries. TruScreen uses electro-optical sensing technology to differentiate cell types on the cervix. It is registered with the Therapeutic Goods Administration (TGA) and CE (this registration is required to export medical devices to 27 European Union and 3 European Free Trade Association member states) and provides a more accurate test as an alternative to traditional Pap smear testing.

Polartech has targeted markets where Pap smear testing is absent or is performing at less than 50% accuracy. TruScreen has proven clinical trial performance in the range of 80-85% accuracy.

CerviScreen

CerviScreen is a dedicated self-sampling device for self collection of DNA samples for testing for Human Papillomavirus (HPV) and STIs with approved pathology based polymerase chain reaction (PCR) tests.

CerviScreen is aimed at the large portion of women who do not participate in traditional gynaecological screening due to the traditional practice of medical professionals relying on pelvic exams to collect the DNA and/or cell samples. HPV and STI detection has the potential to significantly increase screening participation rates by women and reduce the prevailing mortality rate and infection rate from cervical cancer and STIs.

CerviScreen comprises a single use device with proprietary design and patent rights. The device is registered for clinical use with CE, TGA and the US Food and Drug Administration (FDA). Polartech is currently extending its approved use to home based self-sampling.

CerviScreen is initially being targeted for markets in Australia, China, Thailand and the United States of America.

Profile of Polartechnics

continued

3.2 Corporate Structure

Polartechnics Limited is the main operating company and holds the majority of intellectual property rights associated with TruScreen and CerviScreen. Special purpose wholly-owned subsidiaries have been established in the United Kingdom, Hong Kong and China to allow for medical product regulatory compliance and to facilitate the support of product sales in the European Union and China respectively.

Polartechnics' operations are managed from its head office located at Erskineville, Sydney, Australia. Sales are coordinated from head office and regional representation based in sales support offices in New Malden, London, United Kingdom and Shanghai, China.

All sales are contracted through specialist national based medical product distributors forming an international network of experienced distributors.

Whilst maintaining the technical knowledge of its products, Polartechnics has contracted out manufacturing of large volumes of its single use consumables in closer proximity to target market.

TruScreen single use sensor consumables are currently manufactured in China with additional capacity being developed in Malaysia and Poland.

CerviScreen single use self-sampling devices are manufactured in Italy.

Polartechnics continues to manufacture the higher value, lower volume TruScreen test units in Australia.

3.3 Overview of Business Activities

Polartechnics commenced activities in 1987 as a specialist medical devices research and development company focused on the evolution of TruScreen.

In 2006, Polartechnics changed management for the purpose of commercialising its then available products – TruScreen, SolarScan (a melanoma screening device), and Mediscan (a database management software system for clinics and hospital theatres).

New management decided to focus resources and capital on commercialisation of TruScreen, to maintain existing SolarScan operating sites in Australia and foster the integration of Mediscan with TruScreen as a combined clinical product.

Polartechnics has developed an extensive network of distributors worldwide, particularly for TruScreen. CerviScreen and Mediscan are also distributed offshore. Details of Polartechnics' distribution network are as follows:

- TruScreen is distributed in China, Korea, India, Indonesia, Pakistan, Sri Lanka, Philippines, Thailand, Jordan, United Arab Emirates, Egypt, Kuwait, Morocco, Iran, Turkey, Russia, Ukraine, Kazakhstan, Poland, Serbia, Greece, United Kingdom, Ireland, Romania, Bulgaria and Hungary.
- CerviScreen is distributed in China, Indonesia, Sri Lanka, Philippines and Thailand.
- MediScan is distributed in the United Kingdom and Ireland.

TruScreen Operations

Since 2007, Polartech has been opening markets for TruScreen, concentrating on China, Korea and India and more recently, Eastern Europe.

TruScreen is now available for sale in 26 countries through locally appointed distributors. The awareness and reputation of TruScreen has been built through medical product registration, local market familiarisation trials and medical product conference attendance.

In addition to building the demand for TruScreen, management has had to adapt the production of TruScreen from research based in-house capability to large scale contracted manufacture. Polartech has now established reliable monthly production of 50,000 TruScreen consumables, which is scalable to meet demand growth.

The elements for progressing significant growth in sales of TruScreen are now in place. In the absence of reliable consumables production, historic TruScreen sales reflect placement of testing unit stocks to distributors for establishment of their start up inventories and the supply of testing units and consumables for local market familiarisation trials.

Prospective sales are expected to increase with recurring orders for consumables relative to the growing base of users of the test unit as the target markets continue to open up.

CerviScreen Operations

Polartech is focused on maximising access to new higher performance and less invasive health screening procedures for women. Improvements in DNA based testing becoming available in pathology laboratories have led Polartech to provide a self-sampling device to allow women to safely obtain their own gynaecological DNA sample in privacy.

CerviScreen operations involve the manufacture of the self-sampling device, its distribution, and its linkage to relevant pathology laboratories for processing the test results which are then communicated directly or indirectly via a medical officer, to the woman.

CerviScreen is viewed as a platform product that allows the self-sampling device to be applied to a variety of tests that can be applied to the DNA sample collected and forwarded to the contracted pathology laboratory.

Polartech commenced marketing of CerviScreen for use as an HPV DNA test in Australia through a preferred services agreement with Healthscope Limited. The application of CerviScreen has since expanded with contracts for distribution in China, Thailand and the Philippines targeting self-sampling DNA testing for STIs being signed in 2009. Polartech has recently entered discussions for the distribution of CerviScreen into the US market.

Simultaneously with developing market opportunities for CerviScreen, Polartech has contracted out its manufacture to Copan, a leading manufacturer in Italy. Polartech holds design and trade mark registrations and a global technology licence from Copan for surface treatments to the swab.

Supply of product from Italy commenced early 2009 and is scalable to meet large volume orders contracted with China.

The CerviScreen self-sampling device currently holds FDA, CE and TGA compliance registrations for clinical use. Applications are in progress for extensions of the use to self-sample at home in Australia, China and Thailand.

Profile of Polartech continued

3.4 The Polartech Board and Senior Management

The Polartech Directors are Robert Hunter, Professor Neville Hacker and Ben Dillon. Brief profiles of the Polartech Directors as at the date of this Bidder's Statement are as follows:

Robert Hunter BCom, FCA, S.S.A
Chairman and Non-Executive Director

Experience:

Mr Hunter joined the Board in March 2005 and has been Chairman of the Board since June 2005. Mr Hunter has been a practicing chartered accountant for over 30 years and is a principal of a leading Sydney based firm. Mr Hunter has a Bachelor of Commerce and is a registered public practitioner, tax agent, auditor and financial planner. He is a Fellow of the Institute of Chartered Accountants, a founding member of the Superannuation Professionals Association and a member of the NSW Justices Association. Mr Hunter brings to the Board a wide and diversified background of commercial skills.

Special responsibilities:

Mr Hunter is Chairman of the Board and a member of the Audit and Remuneration Committees.

Professor Neville Hacker MD, FRCOG, FRANZCOG, FACS, FACOG, CGO
Non-Executive Director

Experience:

Professor Hacker joined the Board in 2001. Professor Hacker is the director of the Gynaecological Cancer Centre, Royal Hospital for Women in Sydney and Professor of Gynaecological Oncology at the University of New South Wales. Professor Hacker is a past President of the International Gynaecological Cancer Society, former Chairman of the Oncology Committee of the RANZCOG, and a former Chairman of Examiners for Gynaecologic Oncology, RANZCOG.

Special responsibilities:

Professor Hacker is a member of the Audit and Remuneration Committees.

Ben Dillon BEc, LLB, MMgt (Marketing), CA, FFin, MRICS
Chief Executive Officer and Managing Director

Experience:

Mr Dillon joined the Board in 2006. Mr Dillon is a graduate in Economics and Law from the University of Sydney and holds a Masters of Management (Marketing) from the Macquarie University Graduate School of Management. He is a Chartered Accountant, a Fellow of the Financial Services Institute of Australia and a Member of the Royal Institution of Chartered Surveyors. Mr Dillon has over 20 years experience in a variety of business related roles, including as a partner and director of corporate finance at KPMG, an executive at Macquarie Bank Limited, and head of property at Westpac Institutional Bank.

In addition to Polartech Board member Mr Ben Dillon, the senior management team comprises:

- Mr John Kelly, Chief Operating Officer
- Mr Max Marsiglia, Chief Financial Officer
- Mr Martin Dillon, General Manager, Sales and Marketing

3.5 Corporate Governance

The Board of Polartech is committed to conducting the company's business ethically and in accordance with the Corporate Governance Principles and Recommendations of the ASX as are appropriate for Polartech.

Please refer to Polartech's website, www.polartech.com for further information.

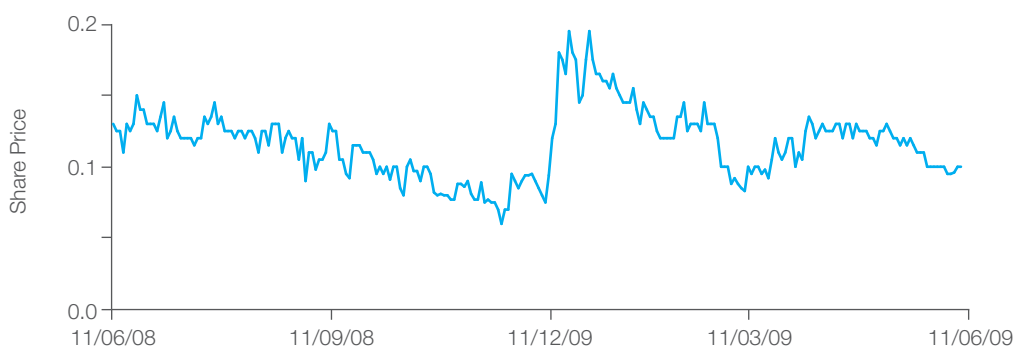
3.6 Polartech's Share Price History

The closing price at which Polartech Shares traded on 31 March 2009, being the last trading day before the Initial Announcement Date, was \$0.1050. The closing price at which Polartech Shares traded on the day before the date of this Bidder's Statement (being the closing price on ASX on 11 June 2009) was \$0.0900.

The highest recorded sale price of Polartech Shares on ASX in the 4 month period before the Initial Announcement Date was \$0.1950. The lowest recorded sale price of Polartech Shares on ASX in the 4 month period before the Initial Announcement Date was \$0.0800.

The highest recorded sale price of Polartech Shares on ASX in the 4 month period before this Bidder's Statement was lodged with ASIC was \$0.1450. The lowest recorded sale price of Polartech Shares on ASX in the 4 month period before this Bidder's Statement was lodged with ASIC was \$0.0830.

The following graph sets out the share price of Polartech Shares on ASX over the past 12 months, which covers the time periods referred to in the preceding paragraphs.



Source: http://www.tradingroom.com.au/apps/qt/quote.ac?section=chart_yearly&sy=tpl&code=PLT#tabs (accessed 11/06/2009)

3.7 Dividend Policy

Polartech has no formal dividend policy as Polartech has yet to produce a profit.

Any future dividends are dependent upon Polartech's earnings, financial condition, financial arrangements, financing requirements for future growth and other factors that the Polartech Directors may deem relevant in the circumstances.

Profile of Polartechnics

continued

3.8 Financial Information

The Polartechnics Directors have previously declared that Polartechnics' financial statements comply with Australian Accounting Standards, the *Corporations Regulations 2001* (Cth) and other mandatory professional reporting requirements.

Polartechnics lodged with ASX its financial statements and statutory information for the year ended 30 June 2008 on 30 September 2008. In section 1(b) of the Notes to the accounts the Polartechnics Directors noted that there was material uncertainty as to whether Polartechnics and the Polartechnics Group would continue as a going concern as this was dependent on its ability to obtain sufficient finance to run the operations of the Polartechnics Group through one or a combination of new capital, borrowings or successful commercialisation of the Polartechnics Group's products. In their report accompanying the financial statements, Polartechnics' auditors, HLB Mann Judd noted that there was material uncertainty which may cast significant doubt about Polartechnics and the Polartechnics Group's ability to continue as a going concern.

On 1 April 2009, Polartechnics announced that it had received commitments from sophisticated investors to subscribe for a further 19,085,719 secured convertible notes to raise the sum of \$1,336,000 taking the total amount raised under the secured convertible notes since the date of the financial statements to \$2,486,000.

Further, Polartechnics raised an additional \$2,225,000 pursuant to a Share Purchase Plan which was announced by Polartechnics on 25 February 2009 and which closed on 1 May 2009. A total of 20,227,475 fully paid ordinary shares were allocated to 632 shareholders to raise those funds.

So far as is known to the Polartechnics Directors, there have been no material changes to the financial position of Polartechnics since the date of the above lodgement which have not been announced to ASX.

3.9 Polartechnics' Capital Structure

Polartechnics Shares – Polartechnics has 262,153,286 shares on issue as at 11 June 2009.

Polartechnics Options – Polartechnics has 45,218,085 options on issue as at 11 June 2009.

3.10 Rights and Obligations Attaching to New Polartechnics Shares

The New Polartechnics Shares to be issued as consideration under the Offer are fully paid ordinary shares and will rank equally in all respects with Polartechnics' fully paid ordinary shares then on issue.

A summary of the key rights attaching to Polartechnics Shares is set out in section 11.6 of this Bidder's Statement.

3.11 ASX listing of New Polartechnics Shares

Polartechnics will apply for official quotation on ASX of the New Polartechnics Shares to be issued under the Offer. Quotation is not automatic and depends on ASX exercising its discretion to admit the New Polartechnics Shares for quotation. Polartechnics has already been admitted to the official list of ASX and shares in Polartechnics of the same class as those to be issued under the Offer are already quoted. But Polartechnics cannot guarantee, and does not represent or imply, that the New Polartechnics Shares will be listed.

3.12 Top 20 Shareholders

As at 11 June 2009 the top 20 Shareholders of Polartech were:

Rank	Shareholder	No. of Shares	% of Ordinary Shares
1	Consolidated Nominees Pty Ltd <The Hunter S/F A/C>	15,834,929	6.04
2	Link Traders (AUST) Pty Ltd	9,327,502	3.56
3	Dr Karen Vickery	6,186,080	2.36
4	Mr Clive W Thomas <The CWT Super Fund A/C>	6,113,971	2.33
5	Golden Words Pty Ltd	5,807,427	2.21
6	Capital Consultants Ltd	5,485,263	2.09
7	Mr Douglas William Rablin	5,121,467	1.95
8	National Nominees Ltd	4,033,647	1.54
9	Peter Eric Buchanan Pty Ltd <Buchanan Super A/C>	2,925,264	1.12
10	Venator Investments Pty Ltd	2,779,247	1.06
11	Consolidated Nominees Pty Limited <The Robair Investment A/C>	2,730,630	1.04
12	Capital Mercantile Pty Ltd <Capital Mercantile S/F A/C>	2,500,170	0.95
13	Mr Alfred Bender Mills + Mrs Deirdre Myrtle Mills <Alfdee Super Fund A/C>	2,300,005	0.88
14	Manticor Pty Ltd (Lawson Investment Trust A/C)	2,105,264	0.80
15	Riana Pty Limited	2,051,615	0.78
16	DIMOF Investments Pty Ltd	2,022,825	0.77
17	Goldberg Super Pty Ltd <Goldberg Super A/C>	2,000,000	0.76
18	Mr David Chapman + Mrs Beatrice Lee Lein Chapman <D & B Superfund A/C>	1,924,414	0.73
19	Jaldara Pty Ltd <Charles Family Super A/C>	1,367,455	0.52
20	Mrs Philippa Jane Perry + Mr Nicholas Mayne Perry <Perry 2000 Super Fund A/C>	1,355,015	0.52
Total Top 20 Shareholders		83,972,190	32.01
Total Ordinary Shares on Issue		262,153,286	100.00

Profile of Polartechnics

continued

3.13 Polartechnics' Directors' Interests in Polartechnics Shares and Options

As at the date of this Bidder's Statement, the Directors of Polartechnics had the following Relevant Interests in Polartechnics Shares:

Director	No. of Shares Held	Direct or Indirect Interest
Robert Hunter	24,408,168	Direct & Indirect
Neville Hacker	1,115,654	Indirect
Ben Dillon	2,600,719	Indirect
Total	28,124,541	

The above Relevant Interests represent in aggregate 10.73% of Polartechnics' share capital as at the date of this Bidder's Statement.

As at the date of this Bidder's Statement, the Directors of Polartechnics had the following Relevant Interests in Polartechnics Options:

Director	No. of Options Held	Direct or Indirect Interest
Robert Hunter	7,894,737	Indirect
Neville Hacker	368,421	Indirect
Ben Dillon	3,552,632	Indirect
Total	11,815,790	

The above Relevant Interests represent in aggregate 26.13% of Polartechnics' issued options as at the date of this Bidder's Statement.

3.14 Polartechnics is a disclosing entity

Due to the fact that Polartechnics is offering New Polartechnics Shares as consideration under the Offer, the Corporations Act requires that this Bidder's Statement include all information that would be required for a prospectus in respect of an offer of New Polartechnics Shares under sections 710 to 713 of the Corporations Act. Polartechnics does not need to issue a prospectus for the Offer as the Offer is occurring under a takeover bid.

Polartechnics is a disclosing entity (as defined in section 111AC of the Corporations Act) for the purposes of section 713 of the Corporations Act and, as such, is subject to regular reporting and disclosure obligations. Specifically, as a listed company, Polartechnics is subject to the ASX Listing Rules, which require continuous disclosure of any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of Polartechnics' securities. Polartechnics Shares have been quoted on ASX at all times during the 12 months prior to the date of this Bidder's Statement.

For this reason, Polartechnics is only required to disclose information in this Bidder's Statement that would usually be required in a "transaction specific prospectus".

In general terms, a “transaction specific prospectus” is only required to contain information in relation to the effect of the issue of securities on Polartechnics and the rights and liabilities attaching to the Polartechnics Shares. It is not necessary to include general information in relation to all the assets and liabilities, financial position and performance, profits and losses or prospects of the issuing company, unless such information has been excluded from a continuous disclosure notice in accordance with the ASX Listing Rules and it is information that investors and their professional advisers would reasonably require for the purpose of making an informed assessment of such matters and the rights and liabilities attaching to Polartechnics Shares.

Information that is already in the public domain has not been reported in this Bidder’s Statement other than that which is considered necessary to make this Bidder’s Statement complete.

Polartechnics, as a disclosing entity under the Corporations Act, states that:

- (a) it is subject to regular reporting and disclosure obligations;
- (b) copies of documents lodged with ASIC in relation to Polartechnics (not being documents referred to in section 1274(2)(a) of the Corporations Act) may be obtained from, or inspected at, an ASIC office; and
- (c) it will provide a copy of each of the following documents to any person who asks Polartechnics for a copy of those documents during the Offer Period:
 - (i) the annual financial report most recently lodged with ASIC by Polartechnics, being the Annual Report for the year ended 30 June 2008 (**2008 Annual Report**);
 - (ii) the half year financial report lodged with ASIC by Polartechnics after lodgement of the 2008 Annual Report and before lodgement of this Bidder’s Statement with ASIC, being the financial report for the half year ended 31 December 2008; and
 - (iii) all continuous disclosure notices given by Polartechnics in the period between lodgement of the 2008 Annual Report and lodgement of this Bidder’s Statement with ASIC.

Recipients of this Bidder’s Statement who ask Polartechnics for a copy of any of these documents during the Offer Period will be given copies free of charge. The contact for this purpose is the Company Secretary of Polartechnics, Mr Richard Legge at Level 1, 1 Jamison Street, Sydney, NSW 2000 on +61 2 9299 8977. Copies of this information can also be accessed in electronic format free of charge at www.asx.com.au using the ASX Code “PLT”.

For the details of documents lodged with ASX since the financial year ended 30 June 2008, please refer to Annexure A.

Other than information contained in this Bidder’s Statement, there is no information which has been excluded from a continuous disclosure notice in accordance with the ASX Listing Rules, which is information that a Fermiscan Shareholder or a professional adviser to a Fermiscan Shareholder would reasonably require for the purposes of making an informed assessment of:

- the assets and liabilities, financial position and performance, profits and losses and prospects of Polartechnics; or
- the rights and liabilities attaching to the Polartechnics Shares.

4 Polartechnics post merger intentions for Fermiscan

4.1 Overview

This section 4 sets out Polartechnics' intentions for Fermiscan following completion of the Offer, in relation to the following:

- the continuation of Fermiscan's business;
- any major changes to be made to Fermiscan Group businesses, including any re-deployment of Fermiscan's fixed assets;
- plans for integration, potential synergies and efficiencies; and
- the future employment of Fermiscan's present employees.

This section has been prepared on the basis of facts and information concerning Fermiscan that are available to Polartechnics at the time of preparing this Bidder's Statement and the existing circumstances affecting Fermiscan's business at this time. If Polartechnics is successful in acquiring Fermiscan, Polartechnics intends to undertake a comprehensive review, in conjunction with Fermiscan's management, regarding Fermiscan's structure, business and operations. Polartechnics will not finalise its intentions for Fermiscan until this review has been completed. Accordingly, the statements set out in this section are statements of current intention, which may vary as circumstances require.

4.2 Intentions Upon Acquisition of 90% or more of Fermiscan Shares

If Polartechnics holds a Relevant Interest in 90% or more of the Fermiscan Shares and at least 75% of the Fermiscan Shares which are the subject of the Offer during or at the end of the Offer Period and is entitled to acquire Fermiscan Shares compulsorily under the Corporations Act, it intends to exercise those rights and acquire the remaining Fermiscan Shares to achieve 100% ownership of Fermiscan and proceed with the intentions set out in section 4.3.

4.3 Acquisition of 100% of Fermiscan Shares

If Polartechnics acquires 100% of Fermiscan Shares, Polartechnics intends to:

New Appointments to Polartechnics Board

In accordance with the terms of the Implementation Agreement, should the Fermiscan Board recommend the Offer, on the Control Date, the Polartechnics Board is to convene a meeting of its shareholders to approve the appointments of Messrs Gary Garton and David Young and Dr Ronald Shnier as directors with Mr Garton to act as Deputy Chairman.

It is intended that Mr Hunter remains as Chairman of Polartechnics. As Chairman, Mr Hunter shall have a casting vote in the event of a deadlock arising at a meeting of directors.

The newly expanded Board would assume responsibility for all further post merger administration of the Merged Group, including the consideration and implementation of the recommendations resulting from the jointly conducted review of the structure, business and operations of the Merged Group.

If, however, the Fermiscan Board does not recommend the Offer and the Implementation Agreement is terminated, then the existing Polartechnics Board will reserve its decision on new appointments, and will conduct the above mentioned review of the Merged Group.

Renaming of Merged Group – “Novus Diagnostics Limited”

On the Control Date, the restructured Board of the Merged Group is to convene a meeting of its shareholders to approve the change of name from Polartechnics to Novus Diagnostics Limited, this entity would continue to be listed on ASX. The intent of the merger of two life science companies dedicated to introducing new technology to women’s health screening is the potential to significantly improve women’s health outcomes worldwide. This is reflected in the proposed name change.

Novus Diagnostics literally translates from the Latin origin of Novus to New (**novus**: new, fresh, young; inexperienced; revived, refreshed; novel, unusual, extraordinary) and given the leading technology brought by both companies is an appropriate description of the Merged Group’s position.

Adoption of new constitution

At the same time as Polartechnics seeks shareholder approval to change its name to Novus Diagnostics Limited, it is intended that shareholder approval also be sought to replace Polartechnics’ Memorandum and Articles of Association with a constitution, which is up to date with the current Corporations Act.

Fermiscan Board

Polartechnics intends that the Fermiscan Board and the board of directors of any company in the Fermiscan Group will comprise nominees of Polartechnics.

Removal of Fermiscan from ASX

Subject to any applicable ASX Listing Rules or provisions of the Corporations Act, Polartechnics intends to take steps to remove Fermiscan from the official list of ASX.

Impact on businesses of TruScreen, CerviScreen and Fermiscan

It is intended to fully support the ongoing commercialisation of TruScreen, CerviScreen and the Fermiscan health screening products and businesses.

Subject to the above mentioned review of the Fermiscan Group businesses, it is the present intention of Polartechnics, on the basis of the information concerning Fermiscan which is known to the Directors and the existing circumstances affecting the business of Fermiscan that:

- the Sydney based operations of Fermiscan be relocated to the Polartechnics’ head office in Erskineville, Sydney;
- the corporate activities of the Merged Group will be combined and rationalised including shareholder communications, public company listing, preparation of financial accounts and reporting, company secretarial operations, management of the intellectual property and operation of information technology and processing systems;
- the Fermiscan Group businesses will otherwise be continued in substantially the same manner as they are presently being conducted;
- no other major changes will be made to the business of Fermiscan; and
- there will not be any redeployment of the fixed assets of Fermiscan.

Polartechnics post merger intentions for Fermiscan continued

Impact on employees

Subject to the above mentioned review, the Merged Group intends to review the positions of all Polartechnics and Fermiscan employees with a view to integrating them into the operations of the Merged Group.

As at the date of this Bidder's Statement, no specific redundancies are anticipated due to the incremental growth path for both businesses in the Merged Group. However, Polartechnics is aware that there are a number of executive service agreements with Fermiscan executives due to expire in the near future. Fermiscan may, in accordance with the Implementation Agreement, extend the duration of any such contract on the same terms and conditions for a period of up to 3 months from the Control Date. Renewal of any executive service agreements, which are not extended or which expire having been extended for up to 3 months in accordance with the Implementation Agreement, will be a matter for the newly restructured board.

Polartechnics Options for Directors and Executives

In accordance with terms of the Implementation Agreement, the newly expanded Board of Polartechnics is to convene a meeting of shareholders to consider the grant of the options on the terms outlined at section 11.10 of this Bidder's Statement. The key executives affected are required to enter new service contracts in consideration for the grant of such options.

4.4 Acquisition of Less than 90% of Fermiscan Shares

Polartechnics has the right to waive the 90% minimum acceptance condition attaching to the Offer. In the event that Polartechnics decides to waive such condition, many of the advantages of the Offer may not be achieved and so waiver of this condition is not an outcome which is preferred by the Polartechnics Directors.

If Polartechnics were to waive the 90% minimum acceptance condition and Fermiscan became a controlled entity (but not a wholly-owned subsidiary), Polartechnics is required under the Implementation Agreement to implement the intentions as outlined in 4.3 above. Further, Polartechnics would be likely to take actions to progressively achieve 100% ownership in Fermiscan.

The implementation of Polartechnics' intentions in the event that it acquires less than 100% ownership of Fermiscan will be subject to the Corporations Act, Fermiscan's Constitution and the obligations of the Fermiscan Board to act in the best interests of Fermiscan Shareholders. If Polartechnics obtains control (but not 100%) of Fermiscan, the "related party" provisions in Chapter 2E of the Corporations Act will apply, as will ASX Listing Rule 10.1.

In addition, the ability of Polartechnics to implement its intentions if it holds less than 90% of the Fermiscan Shares will depend on the level of its shareholding in Fermiscan following the Offer Closing Date and if Polartechnics holds less than 50.1% of the Fermiscan Shares, it would not be in a position to ensure that its nominees are appointed to the Fermiscan Board.

5 Profile of Merged Group

5.1 Information concerning Fermiscan

For further information concerning Fermiscan, please refer to the Target's Statement.

Fermiscan's principal activity is the commercialisation of an Innovative non-Invasive diagnostic test for the detection of breast cancer. The test is based on the discovery by an Australian scientist that a change can be detected in the molecular structure of hair from women with breast cancer and this change can be identified by using diffraction of X-rays generated in synchrotron.

The Polartechnics Directors are not aware of any other information concerning Fermiscan that is material to the making of the decision by a Fermiscan Shareholder whether or not to accept the Offer.

5.2 Overview of the Merged Group

The Merged Group, subject to shareholder approval, will be renamed Novus Diagnostics Limited, will be Australia's largest listed women's health diagnostics company with domestic and international operations specialising in the development, manufacturing and distribution of products and services promoting more effective screening for breast and cervical cancer and STIs.

5.3 Strategic Benefits

The principal strategic benefits flowing from Fermiscan becoming a wholly-owned subsidiary of Polartechnics (and consequently, a fully integrated part of the Merged Group) are expected to include:

- lower risk associated with merger due to the understanding of management of the common science, markets, market channels and regulatory compliance of Polartechnics and Fermiscan;
- the specific synergies between, and opportunities arising from the current activities of Polartechnics and Fermiscan, including opportunities for joint marketing of the combined screening technologies, products and services to distributors and business partners and to hospitals and clinics in the various markets currently opened by the respective companies;
- the savings in rationalisation of the shared corporate and administrative costs and services to be restructured to support the Merged Group;
- the increased diversification of products being offered to the same target markets in women's health, meaningfully reducing the investor risk currently faced by Fermiscan and Polartechnics investors;
- the leverage offered by the expanded balance sheet of the Merged Group to support investor interest in the future of the Merged Group and the increased potential to raise additional capital if and when needed to fund the growth of the businesses in the Merged Group;
- the expected increase in liquidity of the shares in the Merged Group relative to the current liquidity of shares in Fermiscan based on the comparative stock trading volumes of Polartechnics and Fermiscan;
- the potential to retain the major portion of the benefit of accumulated tax losses held in Polartechnics; and
- the anticipated reappraisal of the enlarged Merged Group and the potential to crystallise subscriptions of significant new capital from the exercise of replacement options issued to Fermiscan Optionholders and from existing Polartechnics Options in the year following the merger.

Profile of Merged Group

continued

5.4 Trading Prospects for the Merged Group

The Merged Group will continue to seek growth in its existing businesses of TruScreen, CerviScreen and Fermiscan so as to optimise the returns to shareholders.

The Polartechnics Directors anticipate that the 2009 financial year will see significant growth in sales of Polartechnics from the build up in consumables sales for TruScreen notably in China.

Further acceleration in sales is expected to arise from the development of operations of TruScreen in India and Eastern Europe and the build up of sales of CerviScreen in the Australian and offshore markets. Polartechnics is also in the process of developing opportunities for adoption of TruScreen in a number of planned government related health screening programmes, notably in Pakistan, Turkey and Sri Lanka.

Whilst maintaining its focus on the existing Fermiscan, TruScreen and CerviScreen operations, the Merged Group will consider expanding initiatives for the market entry and launch of Fermiscan, utilising business connections and experience accumulated by Polartechnics, in China and other developing markets.

Simultaneously, the Merged Group will consider opportunities for TruScreen and CerviScreen in Japan, Italy, France and South East Asia, through the business relationships developed by Fermiscan in those markets.

To facilitate the above mutually assisted introduction to new market opportunities, the Merged Group will position its various screening technologies, products and services as a comprehensive offering to the growing class of hospitals and clinics specialising in women's health screening.

Accordingly, Fermiscan's experience with the Sydney Breast Clinic presents an opportunity for establishing a specialised women's health clinic operation combining the new screening technologies for breast and cervical cancer in the Australian market. This would in turn serve as a model for export to other clinics and hospital groups globally.

Notwithstanding the above market and product expansion opportunities, the Polartechnics Directors intend that the Merged Group will retain its prime objective to manage the group so as to achieve maximum positive cash flow operations at the earliest opportunity. The application of assets and capital will be prioritised to the fulfilment of this objective.

6 Financial information and effect of acquisition of Fermiscan on Polartechnics

6.1 Financial Reporting

The Annual Report of Polartechnics for the financial year ended 30 June 2008 and the Half Yearly Report of The Annual Report of Polartechnics for the financial year ended 30 June 2008 and the Half Yearly Report of Polartechnics for the 6 months ended 31 December 2008 have been lodged with ASIC and released to ASX.

Fermiscan Shareholders should refer to this information, for relevant financial details to consider when assessing the Offer.

The historical financial information in the above referred financial period reporting to 31 December 2008 should be read in conjunction with the risk factors set out in section 8, the accounting policies set out in the financial reports referred to above, other information contained in this Bidder's Statement and the Independent Expert's Report which we understand will be included in the Target's Statement.

6.2 Merged Group

As Polartechnics and Fermiscan's financial reporting is in respect of different periods (the Polartechnics financial year ends on 30 June 2008, whereas the Fermiscan financial year ends on 31 December), to assist Fermiscan Shareholders with an indicative summary of the assets and liabilities of the Merged Group and its most recent operating performance if merged, the following pro-forma combined financial statements have been prepared.

The Merged Group information presented below is in abbreviated form and does not contain all the disclosures usually provided in an annual report as required under the Corporations Act.

6.3 Pro Forma Combined Financial Statements

Basis of Preparation

Polartechnics and Fermiscan have lodged with the ASX their respective financial reports for the half year and financial year ended 31 December 2008. As these are the most recently available financial reports they have been used as the basis for the preparation of pro forma combined financial statements.

Polartechnics Limited and Fermiscan Limited

Pro-forma combined income statements

For the year ended 31 December 2008

A\$'000	Polartechnics	Fermiscan	Pro-forma Merged Group
Revenue from continuing operations	2,257	3,747	6,004
Other expenses	(10,743)	(12,991)	(23,734)
Profit before income tax expense	(8,486)	(9,244)	(17,730)
Income tax expense	–	–	–
(Loss) attributable to the members of Polartechnics Limited and Fermiscan	(8,486)	(9,244)	(17,730)
Basic earnings per share (cents per share)	(1.85)	(6.4)	
The weighted average number of ordinary shares of the consolidated entity outstanding during the year ended used in the calculation of earnings per share	239,160,505	143,507,000	
Diluted earnings per share (cents per share)	(1.85)	(6.4)	
The weighted average number of ordinary shares of the consolidated entity outstanding during the year ended used in the calculation of earnings per share	239,160,505	143,507,000	

Financial information and effect of acquisition of Fermiscan on Polartechnics

continued

Polartechnics Limited and Fermiscan Limited Pro-forma combined balance sheet

As at 31 December 2008

A\$'000	Polartechnics	Fermiscan	Indicative Acquisition Entries	Pro-forma Merged Group
Current assets				
Cash and cash equivalents	869	7,515		8,384
Trade and other receivables	1,334	496		1,830
Inventories	2,048	–		2,048
Total current assets	4,251	8,011	–	12,262
Non-current assets				
Property, plant and equipment	725	2,540		3,265
Intangible assets	–	5,365	9,119	14,484
Total non-current assets	725	7,905	9,119	17,749
Total assets	4,976	15,916	9,119	30,011
Current liabilities				
Trade and other payables	2,105	921		3,026
Interest bearing liabilities	1,188	–		1,188
Employee benefits	252	486		738
Other borrowings	11	89		100
Other liabilities	120	–		120
Total current liabilities	3,676	1,496	–	5,172
Non-current liabilities				
Interest bearing liabilities	26	76		102
Provisions	25	–		25
Total non-current liabilities	51	76	–	127
Total liabilities	3,727	1,572	–	5,299
Net assets	1,249	14,344	9,119	24,712
Equity				
Reserves	84	4,205		4,289
Contributed equity	90,656	34,959		125,615
Accumulated losses	(89,491)	(24,820)		(114,311)
Contributed equity – PLT acq	–	–	9,119	9,119
Total equity	1,249	14,344	9,119	24,712

Note: The indicative acquisition entries are shown for illustrative purposes only and exclude any advisory and other costs associated with the transaction

Going concern

The financial statements have been prepared on a going concern basis, which contemplates the continuity of normal business activities, realisation of assets and the settlement of liabilities at the amounts recorded in the financial statements in the normal course of business.

For the reasons described below, there is material uncertainty whether the Merged Group will continue as a going concern:

- Un-audited trading losses of \$4,214,000 for the quarter ended 31 March 2009 (2008: \$17,730,000) for the Merged Group;
- Asset values reported at 31 December 2008 including inventory (\$2,048,000) and plant and equipment (\$3,265,000) are based on the Merged Group continuing as a going concern.

The Merged Group are participants in the biotechnology sector and are in transition from research and development operations to fully commercialised trading operations.

The ability of the Merged Group to continue as a going concern is dependant on its ability to obtain sufficient finance to fund the operations of the Merged Group, or a combination of new capital, borrowings or successful commercialisation of the Merged Group's products.

Should the Merged Group be unable to continue as a going concern it may be required to realise its assets and extinguish its liabilities other than in the normal course of business and at amounts different from those stated in the financial statements.

The financial report does not include adjustments concerning recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the Merged Group not continue as a going concern.

Intangible asset

Intangible assets comprises patents, intellectual property rights and goodwill on acquisition. The amount is the excess on acquisition cost over the fair value of Fermiscan's identifiable assets, liabilities and contingent liabilities. Acquisition cost was calculated using the Volume Weighted Average Price of \$0.1090. This price was determined based on share trading in the 10 days prior to the Initial Announcement Date. Fair value of an asset is the amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction.

The value of patents, intellectual property rights and trademarks will be determined by Polartechnics by independent valuation subsequent to the merger.

The balance will represent goodwill.

Patents and trademarks will be amortised over the useful life which will be approximately 15 years.

Goodwill will be tested at least annually for impairment. Impairment exists where the recoverable amount of goodwill, being the higher of the goodwill's fair value less cost to sell and value in use, is less than the carrying value. The excess of the goodwill's carrying value over its recoverable amount is expensed in the income statement.

Value in use is the present value of net future cash flows attributable to the business of Fermiscan.

Financial information and effect of acquisition of Fermiscan on Polartechnics

continued

Contributed equity

Refer to section 6.5 for details of the post acquisition capital structure.

Items of significance since lodgement of the respective financial reports with ASX

Subsequent to 31 December 2008:

- On 1 May 2009 Polartechnics through its share purchase plan issued 20,227,475 shares at \$0.11 per share, raising \$2,225,000;
- On 1 April 2009 Polartechnics by a private placement issued secured convertible notes of a total value of \$1,336,000. The notes are convertible to 19,085,719 fully paid ordinary shares (convertible at \$0.07 per fully paid ordinary share). The notes are convertible at any time to the date of repayment. Interest is payable at 8% per annum. Notes are due for repayment on 31 December 2009.

The notes are secured by fixed and floating charge over the assets of Polartechnics.

- Polartechnic's unaudited operating loss for the 3 month period ended 31 March 2009 was \$2,360,000.
The loss was funded largely by cash and cash equivalents.
- Fermiscan's unaudited operating loss for the 3 month period ended 31 March 2009 was \$1,854,000. The loss was funded largely by cash and cash equivalents.

Refer to page 71 for significant announcements by Polartechnics.

6.4 Tax Losses

As part of the merger process entered into by Polartechnics and Fermiscan, each company conducted due diligence enquiries to assess the tax losses that may be available to the Merged Group.

Polartechnics has formed a preliminary view that the Offer would result in approximately \$72.8 million being available for the benefit of the Merged Group. Polartechnics has also been advised that the majority of the Fermiscan tax losses are not likely to be available for the benefit of the Merged Group.

6.5 Post Acquisition Capital Structure

If Polartechnics acquires 100% of Fermiscan Shares, the market capitalisation of the Merged Group is approximately \$42,967,196 (based on a Polartechnics Share price of \$0.090, as per close of trade and the capital structure below as at 11 June 2009). This is in comparison to Fermiscan's capitalisation as at 31 March 2009, the last trading day before the Initial Announcement Date, of approximately \$25,831,200.

The pro forma capital structure of Polartechnics on 100% acquisition of Fermiscan Shares and Fermiscan Options will be as follows:

	Shares	Options
On issue as at 11 June 2009	262,153,286	45,218,085
To be issued under the Offer and the Options Offer	215,260,007	133,163,000
Total	477,413,293	178,381,085

7 Australian tax consequences

7.1 Australian tax implications for Fermiscan Shareholders

The following is a general description of the Australian income and capital gains tax (CGT) and goods and services tax (GST) consequences for Fermiscan Shareholders on disposing of their Fermiscan Shares, in exchange for New Polartechnics Shares.

The information is based upon taxation law and administrative practice in effect at the date of this Bidder's Statement. It is not intended to be an authoritative or comprehensive analysis of the taxation laws of Australia. The summary does not consider any specific facts or circumstances that may apply to particular Fermiscan Shareholders. Further, it does not deal with the taxation consequences of disposing of shares issued under an employee share scheme, which may be subject to specific tax provisions.

You are advised to seek independent professional advice regarding the Australian tax consequences of disposing of your Fermiscan Shares according to your own particular circumstances.

The Australian tax consequences of disposing of your Fermiscan Shares will depend on a number of factors including:

- whether you are an Australian resident for tax purposes;
- whether you hold your Fermiscan Shares on capital or revenue account or as trading stock;
- when you acquired your Fermiscan Shares for tax purposes;
- whether you are an individual, company, trustee or a trustee of complying superannuation entity; and
- whether scrip for scrip roll-over relief is available.

7.2 Shareholders who are Australian residents

Disposal of Fermiscan Shares held on revenue account, as part of a profit making scheme or as trading stock

If you hold your Fermiscan Shares as trading stock or as part of an income generating arrangement, such that your Fermiscan Shares are held on revenue account (e.g. as a share trader, bank or insurance company) you will be required to either:

- if your Fermiscan Shares are trading stock – include the value of the consideration from the disposal of your Fermiscan Shares in your assessable income; or
- if your Fermiscan Shares are revenue assets or are held as part of a profit-making undertaking or plan – treat any gain or loss (worked out by reference to the cost of your Fermiscan Shares and the value of the New Polartechnics Shares you receive in exchange) arising on the disposal of your Fermiscan Shares as either assessable income or an allowable deduction.

Disposal of Fermiscan Shares held on capital account

If you do not hold your Fermiscan Shares as part of a profit-making scheme, as trading stock or as revenue assets, you may be considered to hold your Fermiscan Shares on capital account.

The disposal of Fermiscan Shares which are held on capital account will generally have Australian CGT implications. The disposal of such Fermiscan Shares pursuant to acceptance of the Offer or the compulsory acquisition of your Fermiscan Shares will constitute a CGT event for CGT purposes.

Australian tax consequences

continued

The CGT implications of a disposal of your Fermiscan Shares will depend upon a number of factors, including:

- the date your Fermiscan Shares were acquired for CGT purposes;
- your taxpayer status;
- the length of time you have held your Fermiscan Shares; and
- whether or not you are entitled to scrip for scrip roll-over relief.

A capital gain or loss will arise depending on the difference between:

- the value of the capital proceeds (the value of the New Polartechnics Shares received); and
- the cost base of the Fermiscan Shares (which would generally include the amount paid to acquire the shares plus any incidental costs of acquisition, e.g. brokerage fees and stamp duty).

You will make a capital gain if the capital proceeds exceed the cost base of the Fermiscan Shares, or a capital loss if the value of the capital proceeds is less than the cost base.

The value of the New Polartechnics Shares should be their market value on the date when the contract for their disposal is entered into (which is the date your acceptance of the Offer is processed by Polartechnics) or, if your Fermiscan Shares are compulsorily acquired, the date on which the compulsory acquisition occurs.

Scrip for scrip roll-over relief

Scrip for scrip roll-over relief enables a shareholder to choose to disregard the capital gain they make from disposing of a share as part of a corporate takeover or merger, but only to the extent that the shareholder receives replacement shares.

You may be entitled to scrip for scrip roll-over relief if:

- you accept the Offer or your Fermiscan Shares are compulsorily acquired;
- you would otherwise make a **capital gain** on the disposal of your Fermiscan Shares; and
- Polartechnics obtains or increases its holdings so that, in aggregate, it holds at least 80% of the voting shares in Fermiscan as a result of the Offer.

Therefore, if Polartechnics holds at least 80% of the voting shares in Fermiscan following the completion of the Offer, scrip for scrip roll-over will be available. If Polartechnics holds **less than 80%** of the voting shares in Fermiscan following the completion of the Offer, scrip for scrip roll-over will **not** be available.

Capital gain disregarded

If you choose to claim roll-over relief, the capital gain attributable to the exchange of your Fermiscan Shares for Polartechnics Shares will be disregarded.

You do not need to document your choice to claim roll-over relief other than to complete your income tax return in a manner consistent with your choice.

New Polartechnics Shares

Cost base

The cost base of your New Polartechnics Shares is worked out by attributing, on a reasonable basis, the existing cost base of the Fermiscan Shares you exchange for New Polartechnics Shares.

Acquisition date

The acquisition date of your New Polartechnics Shares for CGT discount purposes is taken to be the date you acquired the corresponding Fermiscan Shares that were exchanged for the relevant New Polartechnics Shares.

No scrip for scrip roll-over

If you do not qualify for scrip for scrip roll-over or you choose not to apply the roll-over, the following will apply:

Capital gain

Indexation

If you are an individual, or a trustee (including of a complying superannuation entity) (**Concessional Taxpayer**), you may choose for indexation to apply. The choice must be made on or before the day you lodge your income tax return for the income year in which you dispose of your Fermiscan Shares. You do not need to document your choice to apply indexation other than to complete your income tax return in a manner consistent with your choice.

If you choose for indexation to apply, you will **not** be eligible for discount capital gain treatment. If you are another type of entity, indexation will apply by default.

Discount capital gain

If you are a Concessional Taxpayer and you have held your Fermiscan Shares for more than one year, and do not choose to apply indexation, the discount capital gain provisions may apply. This means that:

- if you are an individual or a trustee, only one-half of the capital gain (without any allowance for indexation for inflation in the cost base of the shares) will be taxable;
- if you are a trustee of a complying superannuation entity, only two-thirds of the capital gain (without any allowance for indexation for inflation in the cost base of the shares) will be taxable; or
- if you are a beneficiary of a trust and are not a company, the discount capital gain provisions may also apply to a distribution of the capital gain to you.

The discount capital gain provisions do not apply to shareholders and trust beneficiaries that are companies.

If you make a discount capital gain, any of your available capital losses will be applied to reduce the undiscounted capital gain before either the one-half or one-third (as applicable) discount is applied.

Capital Loss

If you make a capital loss this loss may be used to offset capital gains you derive in the same or subsequent years of income (subject to satisfying certain conditions) but cannot be offset against ordinary income, nor carried back to offset net capital gains arising in earlier income years.

New Polartechnics Shares

Cost base

The cost base of the New Polartechnics Shares you receive should broadly be the market value of the Fermiscan Shares you exchange on the date when the contract for the acquisition of the New Polartechnics Shares is entered into (which is the date your acceptance of the Offer is processed by Polartechnics) or, if your Fermiscan Shares are compulsorily acquired, the date on which the New Polartechnics Shares are issued to you.

Australian tax consequences

continued

Acquisition date

The acquisition date of your Polartechnics Shares for CGT purposes is the date when the contract for their acquisition is entered into (which is the date your acceptance of the Offer is processed by Polartechnics) or, if your Fermiscan Shares are compulsorily acquired, the date on which the New Polartechnics Shares are issued to you. This means that if you are a Concessional Taxpayer you will need to hold your New Polartechnics Shares for more than one year after that date before the CGT discount will apply on subsequent disposal of your New Polartechnics Shares.

7.3 Shareholders who are not Australian residents

Disposal of Fermiscan Shares held as trading stock or on revenue account

If you are not a resident of Australia for tax purposes and your Fermiscan Shares were acquired as trading stock or otherwise on revenue account you should seek your own professional advice. The Australian tax treatment will depend on the source of any gain, whether a double tax agreement exists between your country of residence and Australia and whether you have a permanent establishment in Australia.

Disposal of Fermiscan Shares held on capital account

If you are not a resident of Australia for tax purposes and hold your Fermiscan Shares on capital account you should generally not be subject to CGT on the disposal of your Fermiscan Shares unless:

- you used your Fermiscan Shares at any time in carrying on a business through a permanent establishment in Australia; or
- both of these conditions apply to you:
 - you (and your Associates) owned at least ten per cent of Fermiscan either at the time you sold your Fermiscan Shares or for at least twelve months during the 24 months before you sold your Fermiscan Shares; and
 - 50% or more of the value of Fermiscan's assets is represented by real property in Australia.

Polartechnics considers that you may be able to reasonably conclude that the value of real property represents less than 50% by value of Fermiscan's total assets.

If you receive New Polartechnics Shares in exchange for your Fermiscan Shares and you are subject to CGT, scrip for scrip roll-over relief is generally not available to you except potentially where your Fermiscan Shares and the New Polartechnics Shares you receive in exchange are used in carrying on a business through a permanent establishment in Australia. In this case, you should seek your own professional advice as to the CGT consequences and the availability of scrip for scrip roll-over relief.

7.4 GST

No Australian GST should be payable on the transfer of Fermiscan Shares or the issue of the New Polartechnics Shares.

You may incur GST on any fees charged by your Controlling Participant in connection with acceptance of the Offer. You should seek professional advice on the GST implications having regard to your particular circumstances.

8 Risk factors

8.1 Introduction

Fermiscan Shareholders (other than Foreign Fermiscan Shareholders) will receive New Polartechnics Shares as consideration under the Share Offer. The value of Polartechnics Shares, and as a result, the value of the Share Offer to Fermiscan Shareholders, will depend on the future performance of the Merged Group and the market price of Polartechnics Shares.

There are a number of factors that may have an impact on Polartechnics' future performance, many of which are common to the factors affecting Fermiscan's performance. There are also risks associated with listed securities generally. Many of these risk factors are beyond the control of the Polartechnics Directors and the price and value of Polartechnics Shares may rise or fall over any given period.

This section details some, but not all, of the risks of which Fermiscan Shareholders should be aware. In particular, the risks set out in this section do not take into account the circumstances of individual Fermiscan Shareholders. If you require information on the risks relevant to your individual circumstances, you should seek advice from a professional adviser.

8.2 General Risks

Many factors will affect the price of Polartechnics Shares, including general fluctuations in the performance of local and international stock markets, movements in interest rates and exchange rates, changes in regulation, general economic conditions and investor sentiment.

Polartechnics' revenues, expenses and cash flows could be adversely affected by any of these factors, which in turn may adversely affect the price of Polartechnics Shares.

8.3 Risk Factors that arise from the Share Offer

Acquisition of Less than 100% of Fermiscan

It is possible that Polartechnics will acquire less than 100% of Fermiscan Shares under the Offer. The impact on Polartechnics of acquiring less than 100% of Fermiscan Shares will depend on the level of ownership acquired. Polartechnics may not be able to implement all of its intentions for Fermiscan if it acquires less than 100% of the Fermiscan Shares and some of the benefits of merging Polartechnics and Fermiscan (as described in section 4.3) may not be achieved.

If, after the completion of the Offer, Polartechnics does not hold 80% or more of the Fermiscan Shares, Fermiscan Shareholders who would make a capital gain from their disposal of Fermiscan Shares will be unable to elect for a rollover of that capital gain resulting in a capital gain tax liability crystallising at the time of the sale of the Fermiscan Shares. Rollover relief for capital gains is discussed further in section 7.

Issue of New Polartechnics Shares as consideration

Under the Share Offer, Polartechnics will issue a significant number of New Polartechnics Shares. Some Fermiscan Shareholders may not intend to retain their New Polartechnics Shares issued as consideration for their Fermiscan Shares and may wish to sell on market. There is a risk that if a significant number of former Fermiscan Shareholders seek to sell their New Polartechnics Shares, this may adversely impact upon the price of Polartechnics Shares.

Risk factors

continued

Integration of Polartechnics and Fermiscan's businesses

The Polartechnics and Fermiscan businesses have previously operated independently and to some extent, it is intended at this stage that they will continue to operate independently. However, it is expected there will be some opportunity for the Merged Group to achieve integration synergies in corporate and administrative areas. In addition, an objective of the Merged Group will be to achieve synergies arising from the greater spread of service offerings that would be available to customers. Achievement of these synergies will be subject to customer and market conditions in the future.

There are a number of issues and risks associated with integrating businesses (even to the extent indicated above), including the following:

- successful integration requires a commitment of management resources, which may affect the Merged Group's performance in the short to medium term;
- effective communication is critical to avoid the loss of clients, employees and other important stakeholders;
- integration and cultural change invariably take longer and are more problematic than foreseen; and
- growth often requires additional management resources.

The Polartechnics Board is aware of the risks posed by merging Polartechnics and Fermiscan and intends to appoint a team of key executives from both entities to work to avoid or minimise these risks and facilitate the changes necessary to form the Merged Group.

8.4 Risk Factors Specific to Polartechnics

There are a number of specific risk factors relating to Polartechnics' business, which may adversely impact upon its operating performance, financial position and prospects. Specific risks include, but are not limited to:

Pricing pressure

Polartechnics may not be able to compete successfully against current or future competitors where aggressive pricing policies are employed to defend or re-capture market share for traditional screening products such as Pap tests. That competition could result in price reductions, reduced gross margins and loss of market share, any of which could materially adversely affect Polartechnics' operating results.

Retention of key business relationships

Polartechnics' business relies on a large number of individual contracts and business alliances in a large number of national markets. Any circumstance which causes the early termination or non-renewal of one or more of these key business alliances or contracts, in particular any product distribution and supply agreements, could adversely impact Polartechnics, its business, operating results and prospects.

Ability to attract and retain personnel

Polartechnics' success depends, in part, on its ability to identify, attract, motivate and retain suitably qualified management, operations and sales personnel prepared to be engaged in roles requiring work in and outside Australia, often in markets with associated security risks. Competition for qualified staff is strong. The inability to access and retain the services of a sufficient number of qualified staff could be disruptive to Polartechnics' business development and could materially adversely affect its operating results.

Profitability

Future operating results depend to a large extent on management's ability to manage expansion and growth successfully. This requires expansion of all aspects of business operations, such as revenue forecasting, addressing new markets, managing contracted manufacturers, re-controlling expenses, implementing infrastructure and systems and managing assets. Inability to control the costs and organisational impacts of business growth or an unpredicted decline in or delay in the growth rate of revenues without a corresponding and timely reduction in products supply and expense growth could materially adversely affect Polartechnics' operating results.

Polartechnics and Fermiscan are participants in the biotechnology sector and are in transition from research and development operations to fully commercialised trading operations.

Both companies have yet to establish profitable operations and have recorded significant trading losses.

The ability of the Merged Group to continue as a going concern is dependent on its ability to obtain sufficient finance to fund the operations of the group, through any, or a combination of, new capital, borrowings or successful commercialisation of the Merged Group's products.

Economic risk and external market factors

Factors, including but not limited to, political movements, stock market trends, changing customer preferences, interest rates, inflation levels, commodity prices, industrial disruption and environmental impacts, may all have an adverse impact on Polartechnics' operating costs, profit margins and the Polartechnics Share price. These factors are beyond the control of Polartechnics and Polartechnics cannot, with any degree of certainty, predict how they will impact Polartechnics.

War and terrorist attacks

War or terrorist attacks anywhere in the world could result in decline in economic conditions worldwide or in a particular region. There could also be resultant material adverse affects on the business, financial condition and financial performance of Polartechnics given that it is operating in diverse markets globally with a significant portion of its transactions occurring offshore.

Foreign currency exchange rate fluctuations

The majority of Polartechnics' business is conducted outside Australia in currencies other than the Australian dollar. Accordingly, income from sales, and the value of products and services supplied to and by Polartechnics, will be affected by fluctuations in the rates at which those currencies are exchanged with Australian dollars.

Product regulatory and quality standards compliance

Women's health screening and the products and services involved are subject to extensive ongoing regulatory and quality standards compliance to ensure product safety. Regulatory affairs globally are not necessarily uniform and undergo constant revision by the respective countries in which Polartechnics operates. Further, periodic audits are conducted to ensure compliance. Unforeseen changes in regulations or quality standards or of the constitution of authorities administering the above systems may result in temporary or even permanent non-conformity, which could materially adversely impact Polartechnics' operations in relevant markets.

Risk factors

continued

Adoption rates of new technology into market

New technologies being introduced into new markets often face challenges in gaining acceptance with key medical opinion leaders who can significantly affect the rate of adoption by relevant countries. Familiarisation trials and education of key medical opinion leaders form a critical part of market entry strategies. The rate of adoption of Polartech's technologies and/or that of potential competitors in various markets is outside Polartech's control.

In the area of screening technologies, significant variability to the adoption rates of Polartech's products relating to cervical cancer screening are posed by the introduction of the vaccine for selected HPV genotypes. Currently, the promotion of the HPV vaccination is increasing community awareness of the ongoing need for screening.

Regarding both Polartech and Fermiscan technologies, a real-time point of care blood test for HPV or breast cancer would represent a significant threat.

8.5 Risk Factors Specific to Fermiscan's Businesses

There are a number of specific risk factors relating to Fermiscan's businesses. These risks may impact upon Polartech's performance if the Offer is successful and Fermiscan becomes a wholly-owned subsidiary of Polartech. One such risk is that Fermiscan is yet to fully commercialise its breast screening product. The Target's Statement sets out the risk factors considered by Fermiscan.

Notwithstanding such risk factors given that the nature of Fermiscan and Polartech's businesses are considered to be essentially alike and both are intent upon commercialising screening products and services involving new technologies, directed to the same or similar markets, Fermiscan risk factors are considered to be generally in common with those affecting Polartech and are expected to continue affecting the Merged Group.

This information has not been independently verified. Subject to the Corporations Act, Polartech does not make any representation or warranty, express or implied, as to the accuracy or completeness of such information.

9 The Offer

9.1 Details of the Offer

Full Offer

Polartech offers to acquire all of your Fermiscan Shares on the terms and conditions set out in this Offer.

Fermiscan Shares issued before the end of the Offer Period

The Offer extends to any Fermiscan Shares that are issued between the Register Date and the end of the Offer Period as a result of the exercise of any Fermiscan Options.

Fermiscan Options

This Offer does not extend to any Fermiscan Options you may hold.

9.2 Consideration for Offer

- Subject to the terms of this Offer, the consideration offered is 3 New Polartech Shares for every 2 Fermiscan Shares you hold.
- If under the Offer, you become entitled to a fraction of a New Polartech Share, the number of New Polartech Shares to which you are entitled pursuant to this Offer will be rounded up to the next highest whole number of Polartech Shares.
- The New Polartech Shares to be issued under this Offer will be issued as fully paid and will rank equally in all respects with existing Polartech Shares on and from the date of issue.
- If at the time this Offer is made to you, you are a Foreign Fermiscan Shareholder you will not be issued New Polartech Shares as consideration for your Fermiscan Shares. Instead, Polartech will arrange for the New Polartech Shares to which you would have been entitled if you were not a Foreign Fermiscan Shareholder to be issued to a Nominee, who will cause those New Polartech Shares to be offered for sale on ASX within 30 days of the Offer Closing Date, and then distribute to you the proceeds of the sale, as determined under section 9.13. Alternatively, if you are a Foreign Fermiscan Shareholder and wish to make an application to receive New Polartech Shares under the Offer, you should do so in writing setting out the reasons why you believe New Polartech Shares may be lawfully issued to you under the Offer and attaching a signed declaration certifying that you are a person to whom New Polartech Shares may lawfully be issued under the Offer, as described in section 9.13.

9.3 Offer Period for the Offer

- The Offer is dated 16 June 2009.
- The Offer will remain open for acceptance commencing on the date of this Offer and ending at 7.00 pm on 15 July 2009, unless it is extended or withdrawn in accordance with the Corporations Act.

9.4 Who may accept the Offer

- An Offer in this form is being made to each registered holder of Fermiscan Shares at 7.00 pm on the Register Date, being 12 June 2009; and
- This Offer extends to any person able to give good title to any of your Fermiscan Shares. During the Offer Period:
 - (a) any person who is able to give good title to a parcel of your Fermiscan Shares may accept (if they have not already accepted an offer in the form of this Offer for those Fermiscan Shares) as if an offer on terms identical with this Offer has been made to them; and

The Offer

continued

- (b) any person who holds one or more parcels of Fermiscan Shares as trustee or nominee, or otherwise on account of another person, may accept as if a separate offer has been made in relation to:
 - (i) each of those parcels; and
 - (ii) any parcel they hold in their own right.
- A person is taken to hold Fermiscan Shares if the person is, or is entitled to be registered as, the holder of those Fermiscan Shares.
- A person is taken to hold Fermiscan Shares on trust for, as nominee for, or on account of another person if they are entitled to be registered as the holder of Fermiscan Shares and to hold their interest in the Fermiscan Shares on trust for, as nominee for, or on account of that other person.

For instructions on how to accept the Offer for Fermiscan Shares held in separate parcels, please refer to section 9.5.

9.5 How to accept the Offer

The way in which you can accept this Offer will depend on whether your Fermiscan Shares are in an Issuer Sponsored Holding or in a CHESS Holding. The enclosed Acceptance Form indicates whether you have an Issuer Sponsored Holding or a CHESS Holding.

Your Fermiscan Shares will be in an Issuer Sponsored Holding if they are sponsored directly by Fermiscan as issuer. If your Fermiscan Shares are in an Issuer Sponsored Holding, you will have a SRN beginning with “I”.

Your Fermiscan Shares will be in a CHESS Holding if they are sponsored by a Broker or another Controlling Participant or if you hold them as a Participant. If your Fermiscan Shares are in a CHESS Holding, you will have a HIN beginning with “X”.

Issuer Sponsored Holdings

If any of your Fermiscan Shares are in an Issuer Sponsored Holding, to accept this Offer you must complete, sign and send the accompanying Acceptance Form in accordance with the instructions on it, together with all other documents required by those instructions, so that they are received before the expiry of the Offer Period. You may send the completed Acceptance Form (together with any documents required by the instructions on that form) in the envelope provided to:

Link Market Services Limited
Fermiscan Holdings Limited Takeover
Locked Bag A14
Sydney South NSW 1235

The postage is prepaid within Australia. Alternatively you may deliver the Acceptance Form (together with any documents required by the instructions on that form) to:

Link Market Services Limited
Fermiscan Holdings Limited Takeover
Level 12, 680 George Street
Sydney NSW 2000

The method chosen by you to deliver the Acceptance Form and other documents is at your own risk.

The Acceptance Form that accompanies this Offer forms part of the Offer. The requirements on the Acceptance Form must be observed in accepting this Offer in respect of any Fermiscan Shares held in an Issuer Sponsored Holding. Acceptance of this Offer for Fermiscan Shares held in an Issuer Sponsored Holding will be effected only when the properly completed Acceptance Form (together with any document required by the instructions on that form) has been received by Polartechnics no later than the end of the Offer Period.

CHESSE Holdings

If any of your Fermiscan Shares are in a CHESSE Holding, acceptance of this Offer in respect of those shares can only be made in accordance with the ASTC Settlement Rules. To accept this Offer in accordance with the ASTC Settlement Rules:

- if you are the Controlling Participant, you must initiate acceptance of this Offer in accordance with Rule 14.14 of the ASTC Settlement Rules before the expiry of the Offer Period; or
- if you are not a Controlling Participant, you must instruct your Controlling Participant to initiate acceptance of this Offer in accordance with Rule 14.14 of the ASTC Settlement Rules before the expiry of the Offer Period.

Alternatively, you may complete, sign and send the Acceptance Form in accordance with the instructions on it, together with all other documents required by those instructions. This will authorise Polartechnics to instruct your Controlling Participant to initiate acceptance of this Offer on your behalf. You must ensure that the Acceptance Form is received by Polartechnics in time for Polartechnics to give instructions to your Controlling Participant, and for your Controlling Participant to carry out those instructions, before the expiry of the Offer Period. You will be taken to have completed acceptance of this Offer when your Controlling Participant initiates acceptance of this Offer in accordance with Rule 14.14 of the ASTC Settlement Rules.

Fermiscan Shares held in separate parcels

If during the Offer Period your Fermiscan Shares consist of two or more separate parcels (for example, where you hold Fermiscan Shares as nominee for separate beneficial owners), this Offer is deemed to consist of separate corresponding Offers made to you for the respective separate parcels of your Fermiscan Shares. You may accept two or more such deemed separate corresponding Offers at the same time as if they were a single Offer for each separate parcel of Fermiscan Shares.

Your acceptance of one of the Offers that is deemed to exist in respect of a separate parcel of Fermiscan Shares is ineffective unless you have given Polartechnics a notice which states that the Fermiscan Shares you hold consist of a separate parcel and the acceptance specifies the number of Fermiscan Shares in the parcel. The notice must be made in an electronic form approved by the ASTC Settlement Rules if it relates to Fermiscan Shares held in a CHESSE Holding or in writing if it relates to Fermiscan Shares held in an Issuer Sponsored Holding.

Polartechnics discretion

Polartechnics may, in its sole discretion, and without any further communication to you, at any time, determine that any Acceptance Form it receives is a valid acceptance, even if any of the requirements for acceptance have not been complied with.

9.6 Effect of Acceptance of Offer

By accepting this Offer in accordance with section 9.5, you will be taken to have:

- (a) accepted this Offer (and each variation of this Offer) for all of your Fermiscan Shares and agreed to transfer all of your Fermiscan Shares to Polartechnics subject to this Offer being declared free from the conditions set out in sections 9.7 and 9.8 (or such conditions being satisfied or waived);
- (b) authorised Polartechnics (by its Directors, employees or agents) to complete the Acceptance Form by:
 - (i) inserting any details which have been omitted in respect of your Fermiscan Shares; and
 - (ii) rectifying any errors in or omissions from the Acceptance Form (including altering the number of Fermiscan Shares stated to be held by you if it is otherwise than as set out in the Acceptance Form), which may be necessary to make the Acceptance Form an effective acceptance of this Offer or to enable registration of the transfer of all your Fermiscan Shares to Polartechnics in accordance with this Offer;

The Offer

continued

- (c) represented and warranted to Polartechnics that your Fermiscan Shares will, at the date of their transfer to Polartechnics, be fully paid and that Polartechnics will acquire good title to them and full beneficial ownership of them free from all security interests;
- (d) from the time the Offer is declared free of the conditions set out in sections 9.7 and 9.8 (or such conditions having been satisfied or waived), irrevocably appointed Polartechnics and each of its Directors, employees and agents severally as your lawful attorney with power to do all things which you could lawfully do concerning your Fermiscan Shares or in exercise of any right derived from the holding of your Fermiscan Shares including:
 - (i) attending and voting at any meeting of Fermiscan Shareholders;
 - (ii) demanding a poll for any vote to be taken at any meeting of Fermiscan Shareholders;
 - (iii) proposing or seconding any resolution to be considered at any meeting of Fermiscan Shareholders;
 - (iv) requisitioning the convening of any meeting of Fermiscan Shareholders and convening a meeting under any such requisition;
 - (v) notifying that your address in the records of Fermiscan for all purposes, including the dispatch of notices of meeting, annual reports and dividends, should be altered to an address nominated by Polartechnics; and
 - (vi) doing all things incidental or ancillary to any of the above,

and to have agreed that in exercising the powers conferred by that power of attorney, the attorney may act in the interests of Polartechnics as the intended registered holder and beneficial holder of your Fermiscan Shares.

This appointment, being given for valuable consideration to secure the interest acquired in your Fermiscan Shares, is irrevocable, and terminates upon registration of a transfer to Polartechnics of your Fermiscan Shares.

Polartechnics will indemnify you and keep you indemnified in respect of all costs, expenses and obligations which might otherwise be incurred or undertaken as a result of the exercise by an attorney of any powers under this paragraph;

- (e) irrevocably authorised and directed Fermiscan to pay Polartechnics or to account to Polartechnics for all Rights in respect of your Fermiscan Shares it acquires under this Offer;
- (f) except where the Rights have been paid or accounted for under paragraph (e), irrevocably authorised Polartechnics to deduct from the consideration payable in accordance with the terms of this Offer the amount of all Rights referred to in paragraph (e) or any amount equal to the value of those Rights as reasonably assessed by Polartechnics;
- (g) if you signed the Acceptance Form in respect of any of your Fermiscan Shares in a CHESS Holding, irrevocably authorised Polartechnics:
 - (i) to instruct your CHESS Controlling Participant to initiate acceptance of this Offer in respect of all such Fermiscan Shares in accordance with the ASTC Settlement Rules; and
 - (ii) to give any other instructions concerning those Fermiscan Shares to your CHESS Controlling Participant on your behalf under the sponsorship agreement between you and the CHESS Controlling Participant;
- (h) agreed to accept the New Polartechnics Shares to which you become entitled by acceptance of this Offer subject to the terms of this Offer and Polartechnics' Memorandum and Articles of Association and authorised appropriate entries to be placed in Polartechnics' register of members;
- (i) agreed to indemnify Polartechnics in respect of any claim or action against it or any loss, damage or liability whatsoever incurred by it as a result of you not producing your HIN or in consequence of the transfer of your Fermiscan Shares being registered by Fermiscan without production of your HIN for your Fermiscan Shares; and
- (j) represented and warranted to Polartechnics that unless you have notified it in accordance with section 9.5, your Fermiscan Shares do not consist of several parcels of Fermiscan Shares.

Continuing Representations

The representations, warranties, undertakings and authorities referred to in this section 9.6 will (unless otherwise stated) remain in force after you receive the consideration for your Fermiscan Shares and after Polartechnics becomes registered as holder of them.

Withdrawal of acceptance of the Offer

You only have a limited right to withdraw your acceptance of the Offer. You may withdraw your acceptance of the Offer if Polartechnics varies the Offer in a way that postpones, for more than 1 month, the time when Polartechnics must meet its obligations under the Offer and the Offer remains subject to conditions.

9.7 Conditions of the Offer

9.7.1 Offer subject to Conditions

The Offer and any contract resulting from acceptance of the Offer are subject to the following conditions:

(a) Minimum acceptance condition

That by the end of the Offer Period, Polartechnics has a Relevant Interest in at least 90% of the Fermiscan Shares.

(b) Regulatory Approvals

That, before the end of the Offer Period, all approvals or consents that are required by law, or by any government agency, as are necessary to permit:

- (i) the Offer to be lawfully made to and accepted by the Fermiscan Shareholders; and
- (ii) the acquisition of the Fermiscan Shares by Polartechnics to be completed, are granted, given, made or obtained on an unconditional basis, remain in full force and effect in all respects, and do not become subject to any notice, intimation or indication of intention to revoke, suspend, restrict, modify or not renew them.

(c) No threatened action

That before the end of the Offer Period:

- (i) there is not in effect any preliminary or final decision, order or decree issued by a government authority;
- (ii) no action or investigation is announced, threatened or commenced by a government authority; and
- (iii) no application is made to any government authority (other than by Polartechnics or any of its Associates),

in consequence of or in connection with the Offer (other than an application to or a determination by ASIC or the Takeovers Panel in the exercise of the powers and discretions conferred by the Corporations Act), which restrains, impedes, prohibits or delays (or if granted could restrain, impede, prohibit or delay) or otherwise materially adversely impacts upon the making of the Offer or any transaction contemplated by the Implementation Agreement, the Offer or the rights of Polartechnics in respect of Fermiscan or otherwise.

(d) Material Adverse Change

That before the end of the Offer Period, no Material Adverse Change occurs, is discovered, announced, disclosed or otherwise becomes known to Polartechnics or Fermiscan (whether or not such Material Adverse Change is made public).

A "Material Adverse Change" means any matter, event or circumstance (individually or aggregated together), including where it becomes known to Polartechnics that information disclosed by Fermiscan or any of its Subsidiaries is, or is likely to be, incomplete, incorrect, untrue or misleading, other than a matter, event or circumstance:

The Offer

continued

- (i) required to be done pursuant to the Implementation Agreement;
- (ii) which Fermiscan and Polartechnics agree in writing are not a Material Adverse Change; or
- (iii) fully and fairly disclosed to Polartechnics in writing prior to the date of the Implementation Agreement, having occurred, been announced or becoming known to Polartechnics which have or could reasonably be expected to have a material adverse effect on the business, financial or trading position, assets or liabilities, profitability or prospects of the Fermiscan Group excluding normal operating costs (taken as a whole) including any matter(s), event(s), or circumstance(s) that is (or are) either individually or when aggregated together reasonably expected to result in a diminution of the net assets of the Fermiscan Group by more than \$250,000.

(e) Prescribed Occurrences

That before the end of the Offer Period, none of the following events as set out in section 652C of the Corporations Act (**Prescribed Occurrences**), occurs:

- (i) Fermiscan converts all or any of its shares into a larger or smaller number of shares under section 254H of the Corporations Act;
- (ii) Fermiscan or a Subsidiary of Fermiscan resolves to reduce its capital in any way;
- (iii) Fermiscan or a Subsidiary of Fermiscan enters into a buy-back agreement or resolves to approve the terms of a buy-back agreement under section 257C(1) or 259D(1) of the Corporations Act;
- (iv) Fermiscan or a Subsidiary of Fermiscan issues shares (other than as a result of the exercise of options or convertible notes), or grants an option over its shares, or agrees to make such an issue or grant such an option;
- (v) Fermiscan or a Subsidiary of Fermiscan issues, or agrees to issue, convertible notes;
- (vi) Fermiscan or a Subsidiary of Fermiscan disposes, or agrees to dispose, of the whole, or a substantial part, of its business or property;
- (vii) Fermiscan or a Subsidiary of Fermiscan charges, or agrees to charge, the whole, or a substantial part, of its business or property;
- (viii) Fermiscan or a Subsidiary of Fermiscan resolves to be wound up;
- (ix) a liquidator or provisional liquidator of Fermiscan or a Subsidiary of Fermiscan is appointed;
- (x) a court makes an order for the winding up of Fermiscan or a Subsidiary of Fermiscan;
- (xi) an administrator of Fermiscan or a Subsidiary of Fermiscan is appointed under section 436A, 436B or 436C of the Corporations Act;
- (xii) Fermiscan or a Subsidiary of Fermiscan executes a deed of company arrangement; or
- (xiii) a receiver, or a receiver and manager, is appointed in relation to the whole or a substantial part, of the property of Fermiscan or a Subsidiary of Fermiscan.

(f) Change of control

That if:

- (i) any member of the Fermiscan Group is a party to, or is bound by, or is subject to, an agreement, arrangement or understanding which as a result of the acquisition of Fermiscan Shares by Polartechnics under the Offer or a change in control of Fermiscan as a result of the Offer entitles a third party to exercise any rights (including termination rights or pre-emptive rights); and

- (ii) the exercise of such rights would have a material adverse impact on the business, assets, liabilities, financial or trading position, profitability or prospects of the Fermiscan Group (taken as whole), and before the end of the Offer Period the third party:
- (iii) does not exercise, or purport to exercise, or state an intention or claim a right to exercise, those rights; and
- (iv) gives its consent or waiver in a form reasonably acceptable to Polartechnics to the acquisition of Fermiscan Shares by Polartechnics.

(g) Absence of new litigation

That before the end of the Offer Period, no entity which is a member of the Fermiscan Group is or has become the subject of any litigation which is commenced, is threatened to be commenced, is announced, or is made known to Polartechnics (whether or not becoming public) or Fermiscan which may reasonably be expected to result in a judgement against a member of the Fermiscan Group in the amount of \$250,000 or more (after taking into account any reduction of the judgment which may reasonably be expected by way of set-off or cross claim), other than that which has been announced to ASX prior to the date of the Implementation Agreement, or which was disclosed in writing by Fermiscan or its advisers to any member of the Polartechnics Group or its advisers prior to the date of the Implementation Agreement (17 April 2009).

(h) No restricted transactions

That before the end of the Offer Period, no member of the Fermiscan Group does any of the following:

- (i) **debt:** enters into any new financing arrangements or agrees to extend, repay or materially amend any existing financing arrangements in excess of \$50,000 individually, or \$250,000 in aggregate; or
- (ii) **material commitments:** enters into, or materially amends, any material agreement, arrangement, commitment or understanding (including any agreement, arrangement, commitment or understanding with third parties) which increases by more than \$250,000 the aggregate level of capital commitments of the Fermiscan Group above those disclosed to Polartechnics in writing prior to the date of the Implementation Agreement;
- (iii) **material disposals:** disposes of, agrees to dispose of or offers, proposes or announces a tender process for the sale of any securities, businesses, assets, interests in joint ventures, entity or undertaking the consideration (including the value of assumed liabilities) for which exceeds \$50,000 individually, or \$250,000 in aggregate;
- (iv) **constitution:** makes any material changes to the terms of its constitution;
- (v) **distributions:** declares, pays or distributes any dividend, distribution, bonus or other share of its profits or assets or agrees to return any capital to its members; or
- (vi) **remuneration:** other than in the ordinary course of business:
 - (1) materially increases the remuneration of, or pays any bonus or issues any securities to, or otherwise varies;
 - (2) accelerates any rights to benefits of any kind in a material manner;
 - (3) pays or agrees to pay a termination payment (including a 'golden parachute'); or
 - (4) materially amends any employment, consulting, board appointment, severance or similar arrangement, with any of its directors, officers or employees, in each case, except in relation to action undertaken by a member of the Fermiscan Group which is:
 - (5) required to be done or procured by Fermiscan pursuant to, or which is otherwise permitted by, the Implementation Agreement;

The Offer

continued

- (6) done in accordance with contractual obligations that exist at the date of the Implementation Agreement, or proposed actions, disclosed to any member of the Polartechnics Group or its advisers in writing prior to the date of the Implementation Agreement;
- (7) announced to ASX by Fermiscan prior to the date of the Implementation Agreement; or
- (8) approved by Polartechnics in writing.

9.7.2 The Nature and Benefit of the Conditions

- (a) The conditions in section 9.7.1 are conditions subsequent. The non-fulfilment of any condition subsequent does not, until the end of the Offer Period (or in the case of the Prescribed Occurrences, until the end of the third Business Day after the end of the Offer Period), prevent a contract to sell your Fermiscan Shares from arising, but entitles Polartechnics by written notice to you, to rescind the contract resulting from your acceptance of this Offer.
- (b) Subject to the Corporations Act, Polartechnics alone is entitled to the benefit of the conditions in section 9.7.1 or to rely on any non-fulfilment of any of them.
- (c) Each condition in section 9.7.1 is a separate, several and distinct condition. No condition will be taken to limit the meaning or effect of any other condition.

9.7.3 Effect of Breach of Non-Fulfilment of Conditions

The breach or non-fulfilment of any of the conditions subsequent set out in section 9.7.1 does not, until the end of the Offer Period, prevent a contract arising to acquire your Fermiscan Shares resulting from your acceptance of this Offer, but if at the end of the Offer Period (or in the case of the Prescribed Occurrences, at the end of the third Business Day after the end of the Offer Period), in respect of any condition in section 9.7.1:

- (a) Polartechnics has not declared the Offers (and it has not become) free from that condition; or
- (b) that condition has not been fulfilled,

all contracts resulting from the acceptance of this Offer and all acceptances that have not resulted in binding contracts are automatically void. In such a case, Polartechnics will return the Acceptance Form together with all documents to the address shown in the Acceptance Form and notify ASTC of the lapse of the Offer in accordance with rule 14.19 of the ASTC Rules.

9.7.4 Polartechnics may free the Offer from Conditions

Subject to section 650F of the Corporations Act, Polartechnics may free this Offer (and any contract resulting from acceptance) from all or any of the conditions in section 9.7.1 by giving notice in writing to Fermiscan and to the ASX declaring this Offer to be free from the relevant condition or conditions. This notice may be given:

- (a) in the case of the Prescribed Occurrences in section 9.7.1(e) – not later than the end of the third Business Day after the end of the Offer Period; and
- (b) in the case of the other conditions in section 9.7.1 – not less than 7 days before the end of the Offer Period.

9.7.5 Date for Giving Notice on Status of Conditions

The date for giving a notice on the status of conditions as required by section 630(1) of the Corporations Act is 6 July 2009, subject to variation in accordance with section 630(2) of the Corporations Act in the event that the Offer Period is extended.

9.8 Statutory Condition

As required by section 625(3) of the Corporations Act, this Offer and any contract that results from your acceptance of it are subject to the further conditions that:

- an application is made to ASX within 7 days of the start of the Offer Period for admission to official quotation by ASX of the New Polartechincs Shares to be issued under the Offer; and
- permission for admission to official quotation by ASX of the New Polartechincs Shares to be issued under the Offer is granted no later than 7 days after the end of the Offer Period.

If this condition is not fulfilled all contracts resulting from the acceptance of the Offer will be automatically void. This condition cannot be waived by Polartechincs.

9.9 When you will receive New Polartechincs Shares for your Fermiscan Shares

- (a) Subject to section 9.9(b) and the Corporations Act, if you have validly accepted this Offer, Polartechincs will issue you with New Polartechincs Shares for your Fermiscan Shares on or before the earlier of:
- (i) the day which is 1 month after the date you validly accept the Offer or the date the Offer becomes unconditional (whichever is the later); and
 - (ii) the day which is 21 days after the end of the Offer Period.
- (b) Where the Acceptance Form requires an additional document to be given with your acceptance (such as a power of attorney):
- (i) if that document is delivered with your acceptance, Polartechincs will issue you with New Polartechincs Shares in accordance with section 9.9(a);
 - (ii) if that document is given after acceptance and before the end of the Offer Period while the Offer is still subject to a defeating condition, Polartechincs will issue you with New Polartechincs Shares for your Fermiscan Shares by the earlier of:
 - the day which is 1 month after the Offer becomes unconditional; and
 - the day which is 21 days after the end of the Offer Period; and
 - (iii) if that document is delivered after acceptance and before the end of the Offer Period whilst the Offer is not subject to a defeating condition, Polartechincs will issue you with New Polartechincs Shares within 21 days after that document is delivered. However, if at the time the document is given the Offer is still subject to a condition which relates to a Prescribed Occurrence specified in section 9.7.1(e), Polartechincs will issue you with New Polartechincs Shares within 21 days after the Offer becomes unconditional.
- (c) If you do not provide Polartechincs with any required additional documents within 1 month after the end of the Offer Period, Polartechincs may, in its sole discretion, rescind the contract resulting from your acceptance of the Offer.

Issue of New Polartechincs Shares

Polartechincs' obligation to issue and allot the New Polartechincs Shares to which you are entitled pursuant to the Offer will be satisfied by Polartechincs:

- entering your name on Polartechincs' register of members; and
- if your name is entered on Polartechincs' issuer sponsored subregister, by Polartechincs within 5 Business Days after your name is entered in Polartechincs' register of members, dispatching to you by prepaid post to your address as shown on the Acceptance Form or the Fermiscan register of members, a statement for a new holding on the Polartechincs subregister in accordance with ASX Listing Rule 8.5.

The Offer

continued

Adjustment to consideration if Polartechnics entitled to Rights

If Polartechnics becomes entitled to any Rights on acceptance of this Offer, you must give Polartechnics all documents required to give Polartechnics title to those Rights. If you do not supply those documents to Polartechnics, or if you have received the benefit of those Rights, Polartechnics will deduct from the consideration otherwise due to you the amount (or value as reasonably assessed by Polartechnics) of those Rights.

9.10 Brokerage and other costs

No brokerage, stamp duty or GST will be payable on the transfer of Fermiscan Shares under this Offer unless you are a Foreign Fermiscan Shareholder.

No other transaction fees will be payable by you on acceptance of this Offer, unless you hold your Fermiscan Shares through a bank, broker or nominee that charges transaction fees or service charges in connection with your acceptance.

9.11 Variation of Offer

Polartechnics may vary this Offer in accordance with the Corporations Act.

9.12 Withdrawal of Offer

This Offer may be withdrawn in accordance with the Corporations Act or with the written consent of ASIC, which consent may be subject to conditions. If this occurs, Polartechnics is required to give notice of the withdrawal to ASX and to Fermiscan and to comply with any other conditions imposed by ASIC. If this Offer is withdrawn, all contracts resulting from its acceptance will automatically be void.

9.13 Foreign Fermiscan Shareholders

If you are a Foreign Fermiscan Shareholder and you accept this Offer, Polartechnics will:

- arrange for the allotment to a Nominee of the number of New Polartechnics Shares to be issued in accordance with the Offer to which you and all other Foreign Fermiscan Shareholders would have been entitled but for this section 9.13;
- procure the Nominee to cause those New Polartechnics Shares to be offered for sale on ASX within 30 days after the end of the Offer Period;
- procure the Nominee to pay to you the amount ascertained in accordance with the following formula:

$$\frac{\text{Proceeds of Sale} \times \text{Your Polartechnics Shares}}{\text{Total Nominee Polartechnics Shares}}$$

Where:

Proceeds of Sale is the amount which the Nominee receives on sale of all New Polartechnics Shares issued to the Nominee under this paragraph, net of expenses;

Your Polartechnics Shares is the number of New Polartechnics Shares which Polartechnics would otherwise be required to issue to you because you accepted this Offer;

Total Nominee Polartechnics Shares is the total number of New Polartechnics Shares issued to the Nominee under this section 9.13.

Payment will be made by cheque posted to you at your risk by pre-paid airmail at the address shown on your Acceptance Form. Interest will not be paid on the proceeds of this sale, regardless of any delay in remitting these proceeds to you.

If you are a Foreign Fermiscan Shareholder and wish to make an application to receive New Polartechnics Shares under the Offer, you should do so in writing:

- setting out the reasons why you believe New Polartechnics Shares may be lawfully issued to you under the Offer, and any conditions or requirements that Polartechnics (or any other person) would need to satisfy or comply with in order to do so; and
- attaching a signed declaration certifying that you are a person to whom New Polartechnics Shares may be lawfully issued under the Offer, together with appropriate legal advice from a qualified legal adviser in your country of residence confirming the matters stated in the application and certified in the declaration.

Applications by Foreign Fermiscan Shareholders to receive New Polartechnics Shares and accompanying documents should be despatched to the Company Secretary of Polartechnics, Mr Richard Legge, at Level 1, 1 Jamison Street, Sydney, NSW 2000 or faxed to +61 2 9262 4644 and should include your name, address and other contact details. Applications must be received by no later than 15 July 2009. Any applications received after that date will not be considered or processed by Polartechnics.

9.14 Governing Law

This Offer and any contract that results from your acceptance of this Offer are governed by the laws in force in New South Wales.

10 Fermiscan Options

Polartech is offering to acquire Fermiscan Options held by Fermiscan Optionholders in accordance with the Implementation Agreement.

Polartech's obligation to issue the New Polartech Options is subject to and conditional upon Polartech shareholders approving the issue for the purposes of ASX Listing Rule 7.1 and for all other purposes. The Implementation Agreement requires that a resolution be put to Polartech shareholders for the purpose of obtaining this approval at a general meeting of Polartech to be convened by the Polartech Board following the Control Date.

The Implementation Agreement requires Polartech to make separate offers to each holder of Fermiscan Options at the same time as it makes the Offer to Fermiscan Shareholders. The Options Offer is conditional on either:

- Polartech acquiring a Relevant Interest in at least 90% of the Fermiscan Shares by the end of the Offer Period and becoming entitled to compulsorily acquire the remaining Fermiscan Shares under Part 6A.1 of the Corporations Act; or
- Polartech declaring the Offer free from all defeating conditions.

The Options Offer is to be made on the following terms:

- each Fermiscan Optionholder will be offered 3 New Polartech Options to acquire New Polartech Shares for every 2 Fermiscan Options it holds; and
- the exercise price for the options to acquire New Polartech Shares will be equal to two-thirds of the exercise price of the relevant Fermiscan Option.

The terms of the New Polartech Options will otherwise be on the same terms as the existing Fermiscan Options. Fermiscan Optionholders may only accept the Options Offer for all of their Fermiscan Options. To accept the Options Offer, Fermiscan Optionholders must do this before 7.00 pm (Sydney time) on 15 July 2009.

In the event that Polartech becomes entitled to compulsorily acquire the Fermiscan Shares under Part 6A.1 of the Corporations Act, Polartech would be required to make offers to all convertible securityholders, this would include all Fermiscan Optionholders.

If Fermiscan Optionholders accept the Options Offer they will become an optionholder over Polartech Shares. If Fermiscan Optionholders subsequently exercise their options to acquire Polartech Shares before the relevant expiry date, they will become a shareholder in Polartech. The value of Polartech Shares will depend on the future performance of Polartech and Fermiscan on a combined basis and the market price of Polartech Shares.

If Fermiscan Optionholders do not accept the Options Offer they will continue to hold their Fermiscan Options. Fermiscan Options entitle Fermiscan Optionholders to subscribe for the issue of Fermiscan Shares. In the event that:

1. Polartech acquires a Relevant Interest in 90% or more of the Fermiscan Shares at the end of the Offer Period;
2. the Offer becomes unconditional and Polartech compulsorily acquires the Fermiscan Shares; and
3. Fermiscan Optionholders have not accepted the Options Offer,

those Fermiscan Optionholders will continue to hold options to acquire Fermiscan Shares.

Fermiscan will no longer be listed on the ASX and as such there will be no ready market for Fermiscan Shares.

If at the time the Options Offer is made to Fermiscan Optionholders, or at any time during the Offer Period, and before the Options Offer is accepted, some or all of the Fermiscan Options held by Fermiscan Optionholders and registered in their name are exercised, the Options Offer will not apply in respect of those Fermiscan Options exercised by the Fermiscan Optionholders. However, the Offer described in section 9 of this Bidder's Statement will extend to any Fermiscan Shares that are issued between the Register Date and the Offer Closing Date as a result of the exercise of the Fermiscan Options.

At the date of this Bidder's Statement there are 19 Fermiscan Optionholders. The Fermiscan Options on issue are held on the following terms:

Number of unissued ordinary shares under option	Exercise price of shares	Latest expiry date of the options
9,722,000	30 cents	9 October 2009
300,000	30 cents	9 October 2009
34,100,000	30 cents	9 October 2009
4,300,000	30 cents	1 July 2010
3,000,000	30 cents	19 October 2009
6,450,000	30 cents	9 November 2011
5,000,000	32 cents	1 September 2013
2,000,000	30 cents	17 November 2009
900,000	30 cents	25 March 2012
2,000,000	32 cents	1 December 2011
2,000,000	69 cents	13 June 2011

11 Additional information

11.1 Capital structure of Fermiscan

According to documents lodged by Fermiscan with ASX as at the date this Bidder's Statement is lodged with ASIC, the total number of securities in Fermiscan is as follows:

- 143,506,671 Fermiscan Shares; and
- 69,442,000 Fermiscan Options (see section 10 for exercise prices and expiry dates).

11.2 Polartechnics' Relevant Interest in Fermiscan securities

The number of securities that Polartechnics had a Relevant Interest (as at the dates specified) is shown below:

Class	At date of this Bidder's Statement	At date first Offer is sent
Fermiscan Shares	28,557,827	28,557,827
Fermiscan Options	Nil	Nil

11.3 Polartechnics' voting power in Fermiscan

Class	At date of this Bidder's Statement	At date first Offer is sent
Voting power in Fermiscan	19.91%	19.91%

11.4 Polartechnics' dealings in Fermiscan Shares

Neither Polartechnics nor any Associate of Polartechnics has provided, or agreed to provide, consideration for Fermiscan Shares under any purchase or agreement during the 4 months before the date of this Bidder's Statement.

11.5 Inducing benefits given by Polartechnics

Except as referred to elsewhere in this Bidder's Statement, neither Polartechnics nor any Associate has, during the 4 months before the date of this Bidder's Statement given, or offered or agreed to give, a benefit to another person where that benefit was likely to induce the other person, or an Associate of that person, to accept the Offer or dispose of Fermiscan Shares, and which benefit is not offered to all Fermiscan Shareholders under the Offer.

11.6 No Escalation Agreements

Neither Polartechnics nor any Associate of Polartechnics has entered into any escalation agreement that is prohibited by section 622 of the Corporations Act.

11.7 Rights and obligations attaching to Polartechnics Shares

The New Polartechnics Shares to be issued as consideration under the Offer are fully paid ordinary shares and will rank equally in all respects with Polartechnics' fully paid ordinary shares that are then on issue.

The following is a summary of the key rights and obligations attaching to Polartechnics Shares as set out in Polartechnics' Memorandum and Articles of Association. This is not intended to be an exhaustive summary of the rights and obligations of Polartechnics Shareholders. A full copy of Polartechnics' Memorandum and Articles of Association can be obtained from Polartechnics' Company Secretary, Mr Richard Legge at Level 1, 1 Jamison Street, Sydney, NSW 2000 on +61 2 9299 8977.

Meetings and Notices

Each Polartechnics shareholder is entitled to receive notice of meetings. The failure of a shareholder to receive notice of a meeting does not invalidate any resolution passed or any act performed at the meeting.

In accordance with the Corporations Act, Polartechnics must hold an annual general meeting at least once every calendar year, and within the period of 5 months after the end of Polartechnics' financial year. The Directors may, whenever they think fit, call a meeting of shareholders. The Directors must convene a meeting of Polartechnics shareholders on requisition by shareholders or as required by the Corporations Act.

No business will be transacted at any meeting of Polartechnics shareholders unless a quorum is present. Three or more shareholders, present in person, by proxy, attorney or representative constitute a quorum.

Voting

Shareholders are entitled to attend general meetings in person, by proxy, attorney or as a proxy for another member. At a general meeting, each shareholder present in person, or by proxy, attorney or as proxy for another member has one vote on a show of hands and on a poll has one vote per fully paid share they hold and one vote for each partly paid share where such partly paid share had been allotted following an offer of shares on a pro rata basis to all members, but if such partly paid shares were allotted on some other basis, then the number of votes in respect of such shares will be proportionate to the amount paid up on such shares.

Where there are two or more joint holders of a share, the holder whose name appears first in Polartechnics' register of members is entitled to vote as a holder of that share to the exclusion of the other joint holders.

In the case of an equality of votes, whether on a show of hands or on a poll, the chairman of the meeting shall be entitled to a casting vote.

Transfer of Shares

Any shareholder may transfer all or any of his Polartechnics Shares by instrument in writing which is:

- a sufficient instrument of transfer of marketable securities under section 191 of the Companies (New South Wales) Code;
- in a form approved by the Australian Associated Stock Exchange;
- in any other usual or common form; or
- in a form approved by the Board.

Polartechnics' Memorandum and Articles of Association is not current and as such these methods are significantly outdated. Presumably, the usual methods of transfer recognised by the ASX would apply.

The Directors may refuse to register any transfer of Polartechnics Shares if Polartechnics has a lien or charge over the Polartechnics Shares (in the case of Polartechnics Shares not fully paid up) where the transferee is not approved by the Board, when the registration of the transfer would result in a contravention of a law, a transfer to more than four persons as joint holders of any Polartechnics Shares, a transfer of Polartechnics Shares on which a call has been made and such call is unpaid, if the transfer would create a new holding of Polartechnics Shares of less than a marketable parcel or if the transferee is an infant person or person of unsound mind.

Alteration of Capital

Polartechnics may alter its capital in several ways, such as by issuing new shares or consolidating and dividing any of its share capital into shares of a larger amount than its existing number of shares provided that all shares in the capital of Polartechnics at any time shall be of the same nominal amount.

Dividend Rights

The Polartechnics Board may determine that a dividend is payable and fix the amount, time and method of payment of such dividend. Dividends are to be apportioned amongst shareholders in proportion to the amounts paid or credited as paid on the Polartechnics Shares held by them.

Additional information

continued

Variation of Rights

Polartechnics may only vary the rights attaching to a class of shares if the holders of 75% of the shares issued in that class give their written consent to the variation, or if a resolution is passed at a meeting of the holders of that class of shares allowing the variation.

Calls on Shares

The Directors may make calls on a shareholder in respect of any money unpaid on a share or shares. A call may be payable by instalments.

Winding-Up

If Polartechnics is wound up, the liquidator may, with the sanction of a special resolution of the shareholders, divide Polartechnics' property among the shareholders and may with like sanction vest any part of the assets of Polartechnics in trustees upon such trust for the benefit of the shareholders or any of them as the liquidators with like sanction shall think fit.

Beneficial Ownership of Shares

Except as required by law, Polartechnics is not required to recognise a person as holding any share on trust. Unless otherwise provided by Polartechnics' Memorandum and Articles of Association or by law, Polartechnics is not bound to recognise any equitable, contingent, future or partial right or interest in any share, except an absolute right of ownership in the registered holder.

11.8 Regulatory approvals and ASIC relief

There are no regulatory approvals that Polartechnics needs to obtain before acquiring Fermiscan Shares under the Offer.

Polartechnics has not obtained from ASIC any modifications to, or exemptions from, the Corporations Act in relation to the Offer. However, ASIC has published various instruments providing for modifications and exemptions that apply generally to all persons, including Polartechnics.

11.9 Benefits and agreements

As a result of the Offer, no person has been or will be given any benefit by Polartechnics (other than a benefit which can be given without member approval under the Corporations Act) in connection with the retirement of that person or someone else from a board or managerial office of Fermiscan or a related body corporate of Fermiscan.

There are no agreements made between any Polartechnics Director and any other person (including Fermiscan) in connection with, or conditional upon, the outcome of the Offer, except that, as provided in the Implementation Agreement upon Polartechnics becoming entitled to be registered as the holder of not less than 50.1% of the Fermiscan Shares and the Offer becoming unconditional, Mr Gary Garton, Mr David Young and Dr Ronald Shnier are to be appointed to the Polartechnics Board with Mr Gary Garton being appointed Deputy Chairman. Furthermore, as provided in the Implementation Agreement following the restructuring of the Polartechnics Board as described above, Polartechnics is required to convene a meeting of its shareholders to, amongst other things, issue options to the Polartechnics Directors as well as to certain executives of Polartechnics. Further particulars are set out in section 11.10 of this Bidder's Statement.

None of the Polartechnics Directors has entered into any contracts with Fermiscan.

11.10 Implementation Agreement

Polartechnics and Fermiscan entered into an Implementation Agreement on 17 April 2009. It was a pre-requisite to Polartechnics making the Offer and the Fermiscan Directors making any recommendation in the joint announcement released in respect of the Offer that the parties enter into the Implementation Agreement.

The Takeover Bid

Polartechnics is to make offers pursuant to an off-market takeover bid under Chapters 6 to 6C of the Corporations Act to acquire all the Fermiscan Shares on terms no less favourable to holders of Fermiscan Shares than the agreed bid terms as set out in the Implementation Agreement (**Takeover Bid**).

Pre-Bid Acceptance Agreement

Fermiscan agreed to use its best endeavours to procure that the Pre-Bid Acceptance Agreement between Rellcain Pty Limited ACN 077 711 605 (a company controlled by Mr Leon Carr, an executive of Fermiscan) and Polartechnics was executed and exchanged at the same time as Fermiscan and Polartechnics signed and exchanged the Implementation Agreement.

Polartechnics was required to execute and exchange the Pre-Bid Acceptance Agreement at the same time as it executed and exchanged the Implementation Agreement.

Entry into and delivery of the Pre-Bid Acceptance Agreement was a condition precedent to the parties' obligations under the Implementation Agreement.

Announcements and Confidentiality

Immediately after the execution and exchange of the Implementation Agreement and the Pre-Bid Acceptance Agreement, Polartechnics and Fermiscan were required to each make a joint public announcement concerning the Takeover Bid in the form agreed by the parties.

The parties are required to consult with each other to the fullest extent practicable before making any public announcement relating to the Takeover Bid except to the extent that prior notice or prior consultation is not permitted or practicable in the circumstances as a result of any legal obligation, including any such obligation under the ASX Listing Rules.

The parties acknowledge that the Confidentiality and Exclusivity Agreement (discussed in further detail in section 11.12 of this Bidder's Statement) remains in force and is not affected by the operation of the Implementation Agreement other than as referred to below.

The definition of "Exclusivity Period" in the Confidentiality and Exclusivity Agreement is superseded by the definition of that term in the Implementation Agreement.

As a result of entering into the Implementation Agreement, Polartechnics is permitted to disclose information and acquire Fermiscan Shares in accordance with the terms of the Confidentiality and Exclusivity Agreement. Polartechnics will also be free to acquire Fermiscan Shares under the Offer or on-market (subject to restrictions in the Corporations Act).

Promote the Takeover Bid

During the Offer Period, provided that the independent expert continues to hold the opinion that the Offer is fair and reasonable, Fermiscan is to use its best endeavours to procure that all of the Fermiscan Directors maintain (including by statements in the Target's Statement):

- their unanimous recommendation that Fermiscan Shareholders accept the Offer, in the absence of a Superior Proposal; and
- their stated intention to accept the Offer in respect of the Fermiscan Shares that they hold, control or in which they have a Relevant Interest, in the absence of a Superior Proposal.

The Implementation Agreement defines a "Superior Proposal" as a "bona fide Competing Proposal which the Fermiscan Directors have determined, in good faith after consultation with their external legal and financial advisers, is:

Additional information

continued

- reasonably capable of being valued and completed, taking into account all aspects of the Competing Proposal or proposal and the person making it; and
- more favourable to the Fermiscan Shareholders (as a whole) than the Offer, taking into account all the terms and conditions of the Competing Proposal or other proposal and the identity of the offer or.”

A “Competing Proposal” is defined to mean “any expression of interest, proposal or offer in relation to a bid, scheme, joint venture, dual listed company structure, purchase of a main undertaking, share issue or other similar reorganisation by any person under which if the interest, proposal or offer is entered into or completed a person other than Polartechnics and its representatives:

- (together with the person’s Associates) may acquire a Relevant Interest in more than 20% of one or more classes of securities of Fermiscan;
- may acquire Voting Power of more than 20% in Fermiscan’s share capital;
- may acquire, directly or indirectly any interest (including legal, equitable or economic) in all or a material part of the business or assets (on a consolidated basis) of Fermiscan where the acquisition of an interest in a part of the business or assets (on a consolidated basis) of a party will be material if the relevant business or businesses contribute 20% or more of the consolidated net profit after tax of Fermiscan or the assets represent 20% or more of the total consolidated assets of Fermiscan;
- may otherwise merge or amalgamate with Fermiscan; or
- may acquire control (as determined in accordance with section 50AA of the Corporations Act) of Fermiscan.”

Conduct of business by Fermiscan

During the period from the date of the Implementation Agreement to the end of the Offer Period, Fermiscan:

- is to and is to cause its Subsidiaries to, carry on their respective businesses in the ordinary and proper course and at arm’s length terms and consistent with past practice in substantially the same manner as previously conducted;
- is to regularly consult with Polartechnics and provide updates as to the progress of its business and activities and that of its Subsidiaries; and
- must not without Polartechnics’ prior written approval, enter into any material contract and/or commitment of greater than \$50,000 other than:
 - where the contract of employment of any executive employee of the Company or a Subsidiary expires on or after the date of the Implementation Agreement, extending once the duration of that contract of employment on the same terms and conditions for a period of up to 3 months from the Control Date; or
 - in the ordinary course of conduct of the operations of Fermiscan or a Subsidiary.

Polartechnics must not unreasonably withhold or delay consent if Fermiscan has provided Polartechnics with such information in relation to the material contract and/or commitment as is reasonably appropriate.

Without limiting the above, other than with the prior approval of Polartechnics or as required by the Implementation Agreement, Fermiscan is to and is to cause its Subsidiaries to, use all reasonable efforts to:

- preserve intact their current business organisations;
- keep available the services of their current officers and employees;
- maintain the condition of its business and assets, including maintaining at least its current level of insurance which includes directors and officers liability insurance;

- preserve their relationship with independent financial advisers, franchisees, customers, suppliers, licensors, licensees, joint venturers and others having business dealings with them; and
- work co-operatively with Polartechnics to identify any change of control, consent to assignment or similar provisions in any significant contracts and, where such change of control right, if exercised, or consent to assignment right, if refused, (either alone or in combination with any other change of control rights or consent to assignment rights) would give rise to a Material Adverse Change (as that term is defined in section 9.7.1(d) of this Bidder's Statement) but regardless of whether or not those change of control rights were disclosed to Polartechnics, obtain the consents of relevant persons which have such rights to the transactions contemplated by the Offer.

Bid conditions

If any event occurs or becomes apparent which would cause any of the conditions of the Takeover Bid to be breached or prevent them from being able to be satisfied, Fermiscan or Polartechnics is required, to the extent such information is within the relevant party's actual knowledge, to immediately notify the other party of the event.

Each party is to keep the other promptly and reasonably informed of the steps it has taken and of its progress towards satisfaction of the conditions of the Takeover Bid and promptly notify the other in writing if it becomes aware that any condition of the Takeover Bid has been satisfied. If any event occurs or becomes apparent which would cause any of the conditions of the Takeover Bid to be breached or prevent them from being able to be satisfied or cause satisfaction of them to be unreasonably delayed, Fermiscan or Polartechnics is required, to the extent such information is within the relevant party's actual knowledge, to immediately notify the other party of the event.

Other securities

Polartechnics is required to extend its Offer under the Takeover Bid to all Fermiscan Shares that are on issue before the end of the Offer Period, including all Fermiscan Shares that come to be in the bid class during the Offer Period as a result of the exercise of Fermiscan Options in accordance with their terms of issue.

Appointment of directors

Fermiscan is required, after receiving written notice from Polartechnics, to take all actions necessary to cause the appointment of that number of nominees of Polartechnics to the Fermiscan Board and of each Subsidiary, which gives those nominees, acting together, control of the Fermiscan Board and of each Subsidiary provided that all of the following have occurred:

- Polartechnics becomes entitled to be registered as the holder of not less than 50.1% of the Fermiscan Shares;
- the Offer becomes unconditional; and
- the consideration for acceptances to the Offer at the time when the Offer became unconditional has been paid.

If Polartechnics becomes entitled to be registered as the holder of not less than 90% of the Fermiscan Shares by the end of the Offer Period and becomes entitled to compulsorily acquire the remaining Fermiscan Shares under Part 6A.1 of the Corporations Act, and Polartechnics requests Fermiscan to do so, Fermiscan is to provide reasonable assistance to Polartechnics in respect of the resignation or removal of all those directors on the relevant board who have not been nominated by Polartechnics.

Polartechnics is to take all actions necessary to cause the appointment of Mr Gary Garton, Mr David Young and Dr Ronald Shnier, with Mr Gary Garton being appointed Deputy Chairman to the Polartechnics Board provided that each of the following has occurred:

- Polartechnics becomes entitled to be registered as the holder of not less than 50.1% of the Fermiscan Shares; and
- the Offer becomes unconditional.

Additional information

continued

Extraordinary General Meeting

Following the restructuring of the Polartechnics Board as described above, Polartechnics is to convene a meeting of its shareholders to:

- change the name of Polartechnics to Novus Diagnostics Limited or a name approved by the Polartechnics Board;
- approve the issue of the following options to subscribe for Polartechnics Shares, exercisable at the volume weighted average price of Polartechnics Shares over the 20 trading days from (and including) the Control Date:
 - Ben Dillon (CEO) 10 million options to vest as to 1/3 at the end of each year for 3 years;
 - John Kelly (COO) 2.5 million options to vest as to 1/3 at the end of each year for 3 years;
 - Martin Dillon (GM Sales) 2.5 million options to vest as to 1/3 at the end of each year for 3 years;
 - Max Marsiglia (CFO) 1.5 million options to vest as to 1/3 at the end of each year for 3 years;
 - Robert Hunter, as Chairman, 7.5 million options to vest immediately, exercisable at any time in the 2 year period commencing on date of grant; and
 - Neville Hacker, as Non-Executive Director, 5 million options to vest immediately, exercisable at any time in the 2 year period commencing on date of grant;
- for the purposes of ASX Listing Rule 7.1 and/or 7.4 and for all other purposes, approve the issue of any options to acquire Polartechnics Shares and the subsequent issue of Polartechnics Shares pursuant to the exercise of any options as contemplated by the Implementation Agreement; and
- elect Messrs Garton and Young and Dr Shnier as directors, having retired in accordance with the Fermiscan Constitution.

Prescribed Occurrences

Other than the Share Purchase Plan being conducted by Polartechnics at the date of the Implementation Agreement, during the period from the date of the Implementation Agreement to the end of the Offer Period (each inclusive), neither party may undertake any course of action that would constitute or give rise to a Prescribed Occurrence without the prior written consent of the other party. Prescribed Occurrences are defined as those events listed in section 652C of the Corporations Act and set out in section 9.7.1(e) of this Bidder's Statement.

Termination

The Implementation Agreement may be terminated by either party by immediate notice to the other party if, at any time, after the Announcement Date and prior to the expiry of the Offer Period:

- the parties are unable to reach agreement within 5 Business Days after the date that any condition of the Takeover Bid is not satisfied or waived by the date specified in the agreed bid terms for its satisfaction;
- the Fermiscan Board changes its recommendation in relation to the Takeover Bid as a result of the Fermiscan Board determining that it has received a Superior Proposal or the independent expert stating that it no longer holds the opinion that the Offer is fair and reasonable;
- the other party materially breaches this Agreement and, to the extent that the breach is capable of remedy, that breach is not remedied by that other party within 5 Business Days of it receiving notice from the first party of the details of the breach and the first party's intention to terminate;
- a Prescribed Occurrence occurs in relation to the other party;
- a representation or warranty given by the other party is or becomes untrue in any material respect and the circumstances giving rise to the representation or warranty being untrue or becoming untrue are not remedied

appropriately and the breach of the representation or warranty is of a kind that, had it been disclosed to the first party prior to its entry into the Implementation Agreement, the breach could reasonably be expected to have resulted in that party either not entering into the Implementation Agreement or entering into it on materially different terms;

- a court or governmental agency issues an order, decree or ruling or taken other action which permanently restrains or prohibits the Takeover Bid and such action is final and cannot be appealed or the party, acting reasonably, believes there is no realistic prospects of a successful appeal; or
- Polartechnics withdraws the Takeover Bid for any reason including non-satisfaction of a condition of the Takeover Bid.

If the Implementation Agreement is terminated by a party in the manner described above, each party will be released from its obligations under the Implementation Agreement except for certain surviving obligations. Each party is to retain the rights it has or may have against the other party in respect of any past breach of the Implementation Agreement and in all other respects, all future obligations of the parties under the Implementation Agreement are to immediately terminate and be of no further force or effect, including without limitation any further obligations in respect of the Takeover Bid.

11.11 Pre-Bid Acceptance Agreement

Polartechnics and Rellcain Pty Limited ACN 077 711 605 (an entity owned and controlled by Mr Leon Carr, an executive and major shareholder of Fermiscan) (**Rellcain**) entered into a Pre-Bid Acceptance Agreement on 17 April 2009, pursuant to which Rellcain agreed to accept Polartechnics' offer to acquire those Fermiscan Shares it holds comprising 19.9% of the issued share capital of Fermiscan (**Acceptance Shares**) in certain circumstances.

Acceptance of Polartechnics' offer for Fermiscan Shares

In consideration of Polartechnics paying Rellcain the sum of \$1.00, if Polartechnics publicly announced the Offer within 7 days of the date of the Pre-Bid Acceptance Agreement, Rellcain is required to:

- irrevocably accept the Offer in respect of the Acceptance Shares by no later than 2 Business Days after the date Polartechnics gives to ASX a notice under section 671B of the Corporations Act disclosing that Polartechnics and its Associates have a Relevant Interest in not less than 50.1% of all Fermiscan Shares (**Trigger Notice**); and
- do everything (including executing any document and making any election) that Polartechnics reasonably requires, to give full effect to Rellcain's obligations to accept the Offer in respect of the Acceptance Shares.

No withdrawal of acceptance by Rellcain

Subject to Rellcain accepting the Offer, at any time, after the commencement of the Offer Period or Polartechnics issuing the Trigger Notice to ASX, Rellcain is to irrevocably waive any rights it may have under section 650E of the Corporations Act, in the event that Polartechnics varies the Offer and covenants not to exercise any rights it may have to withdraw its acceptance of the Offer in respect of the Acceptance Shares, including under section 650E of the Corporations Act.

Prohibited actions

Rellcain agrees that from the date of execution of the Pre-Bid Acceptance Agreement until the termination of that agreement, other than pursuant to a transaction contemplated by that agreement, neither Rellcain nor, so far as it is able to procure (using its best endeavours), any of its Associates, will:

- dispose or encumber any of the Acceptance Shares;

Additional information

continued

- directly or indirectly make or cause to be made any offer, invitation or solicitation for, or directly or indirectly purchase or otherwise acquire any Relevant Interest in any Fermiscan Shares (other than pursuant to the conversion or exercise of any convertible securities on issue as at the date of the Pre-Bid Acceptance Agreement);
- co-operate or assist or enter into any agreement or arrangement with any person relating to or connected with the making of any offer for the purchase or acquisition of any Relevant Interest in any Fermiscan Shares (other than pursuant to the conversion or exercise of any convertible securities on issue as at the date of the Pre-Bid Acceptance Agreement); or
- procure another person to apply for, acquire or dispose of Fermiscan Shares or enter into an agreement to apply for, acquire or dispose of Fermiscan Shares (other than pursuant to the conversion or exercise of any convertible securities on issue as at the date of the Pre-Bid Acceptance Agreement).

Termination

The Pre-Bid Acceptance Agreement is to expire and terminate and there are to be no continuing rights or obligations of either party on the earlier of:

- Polartechnics being registered in Fermiscan's share register as the holder of the Acceptance Shares; and
- the Offer closing having not, prior to or on the date of closing, been freed of all defeating conditions.

11.12 Confidentiality and Exclusivity Agreement

Polartechnics and Fermiscan entered into a Confidentiality and Exclusivity Agreement on 19 March 2009, pursuant to which each party has agreed to provide confidential information to the other party for the Purpose.

The "Purpose" is defined in the Confidentiality and Exclusivity Agreement to mean "conducting an assessment of whether and on what terms either Polartechnics or Fermiscan will pursue or support or will continue to pursue or support any Proposed Transaction or seeking advice on the conduct of such an assessment.", where a "Proposed Transaction" is defined to mean a transaction agreed to by the parties pursuant to which the parties combine all or some part of their businesses, whether by way of takeover, acquisition, any other form of merger or otherwise."

Obligations

Each party is to undertake and covenant with the other party to hold the confidential information in strict confidence and not disclose the confidential information to any person and not to make use of the confidential information for any purpose other than the Purpose.

Permitted Persons

A party may disclose the confidential information to its representatives, any related entity, any director or employee of that party or a related entity, any professional or business adviser to that party or a related party who has been retained to advise in relation to any Proposed Transaction and that party's or a related entity's proposed bankers or financiers in relation to a Proposed Transaction.

Polartechnics and Fermiscan are required to procure that each of the permitted persons described above comply with their obligations and covenants pursuant to the Confidentiality and Exclusivity Agreement.

Information not confidential

Standard exceptions to the requirement to keep the information, the subject of the Confidentiality and Exclusivity Agreement, confidential apply to Polartechnics and Fermiscan, including where that information had already been disclosed to that party at the time of first disclosure or where that information is or becomes generally available otherwise than as a result of a breach of the Confidentiality and Exclusivity Agreement.

Information required to be disclosed

The usual exception applies where information is required to be disclosed by law. The disclosing party must promptly inform the other party of that obligation, consult with the other party as to the form of disclosure and the party required to make the disclosure is to use their reasonable endeavours to oppose or restrict such disclosure to the maximum extent possible.

Termination of existing discussions

Each party represents and warrants to the other that, other than the discussions with the other party, it is not, at the date of the Confidentiality and Exclusivity Agreement, in negotiations or discussions in respect of any Third Party Proposal.

“Third Party Proposal” is defined in the Confidentiality and Exclusivity Agreement to mean in relation to a party, “any expression of interest, proposal or offer in relation to a bid, scheme, joint venture, dual listed company structure, purchase of a main undertaking, share issue or other similar reorganisation by any person under which if the interest, proposal or offer is entered into or completed a person other than the other party and its representatives:

- (together with the person’s Associates) may acquire a Relevant Interest in more than 20% of one or more classes of securities of the party;
- may acquire Voting Power of more than 20% in the party’s share capital;
- may acquire, directly or indirectly any interest (including legal, equitable or economic) in all or a material part of the business or assets (on a consolidated basis) of the party (such an acquisition will be material if the relevant business or businesses contribute 20% or more of the consolidated net profit after tax of the party or the assets represent 20% or more of the total consolidated assets of the party);
- may other merge or amalgamate with the party; or
- may acquire control (as determined in accordance with section 50AA of the Corporations Act) of the party.”

Exclusivity

During the Exclusivity Period, Fermiscan and Polartechnics are prohibited from, and are to use their best endeavours, to ensure that their respective representatives do not, except with the prior consent of the other party:

- solicit, initiate or invite any enquiries, discussions or proposals in relation to, or which may reasonably be expected to lead to a Third Party Proposal for that party;
- participate in any discussions or negotiations in relation to, or which may reasonably be expected to lead to, a Third Party Proposal for that party; or
- communicate to any person an intention to do any of the things referred to above.

The meaning of “Exclusivity Period” as set out in the Confidentiality and Exclusivity Agreement has been superseded by the definition set out in the Implementation Agreement. “Exclusivity Period” is defined in the Implementation Agreement to mean “the period commencing on the Announcement Date and ending on the earlier of:

- 6 months from date of the Implementation Agreement;
- the termination of the Implementation Agreement in accordance with its terms; or
- the last day of the Offer Period.”

Additional information

continued

Notification of approaches

During the Exclusivity Period, each party is to notify the other party of:

- any approach, inquiry or proposal made to, and any attempt or any intention on the part of any person to initiate or continue any negotiations or discussions with Fermiscan or Polartechnics or any of their respective representatives with respect to, or that could reasonably be expected to lead to, any Third Party Proposal, whether unsolicited or otherwise;
- any request for information relating to Fermiscan or Polartechnics or any of their businesses or operations or any request for access to the books or records of Fermiscan or Polartechnics, which Fermiscan or Polartechnics (as applicable) has reasonable grounds to suspect may relate to a current or future Third Party Proposal;
- any breach of the obligations described above; and
- any provision by Fermiscan or Polartechnics or any of their respective representatives of any information relating to Fermiscan or Polartechnics (as applicable) or any of their businesses or operations to any person in connection with or for the purposes of a current or future Third Party Proposal, by providing in writing to the other party details of the expression of interest, offer or proposal or proposed Third Party Proposal made by the person making the approach and details of any material discussions between such person and Fermiscan or Polartechnics (as applicable) (or their respective representatives).

The obligations described above do not require Fermiscan or Polartechnics or any of their respective directors to do or refrain from doing anything with respect to a bona fide Third Party Proposal (which was not solicited by the party in breach of the Confidentiality and Exclusivity Agreement) provided that the Fermiscan Board or the Polartechnics Board (as applicable) has determined in good faith and acting reasonably after consultation with its financial advisers and receiving written legal advice by external legal advisers, that failing to respond to such Third Party Proposal would likely constitute a breach of the directors' fiduciary or statutory obligations.

Disclaimer

The Confidentiality and Exclusivity Agreement provides that, subject to further written agreement between the parties, the provision of confidential information to a party by or on behalf of the other party in whatever form does not under any circumstances imply that the affairs and prospects of the other party, or any information affecting it, have been fully and correctly stated, or have not changed since provided or since the date on which the confidential information is expressed to be applicable. Subject to any further written agreement between the parties, the Confidentiality and Exclusivity Agreement provides that each party is on notice that the confidential information:

- does not take into account the investment objectives, financial situation or needs of the other party;
- does not provide all the information that the party may require for the purpose of evaluating a Proposed Transaction, the other party and its business and is not intended to provide the sole or principal basis of any investment or credit decision;
- may not be considered as a recommendation in connection with a Proposed Transaction;
- may not be relied on in any way in assuming contractual or other obligations or liabilities, whether in relation to a Proposed Transaction or otherwise;
- may not include information on certain matters for reasons of commercial sensitivity, even though such information may be material;
- may contain estimates, forecasts and projections (defined in the Confidentiality and Exclusivity Agreement as "Forward Statements") that are based on a number of economic and other assumptions which may prove to be incorrect or unreasonable and that actual future results and operations could vary materially from the information contained in the Forward Statements; and

- may contain opinions based on the knowledge and approach of the persons forming the opinion at the date on which the opinion was formed and which may not be appropriate in light of subsequent knowledge or attitudes.

Subject to any further written agreement between the parties, neither party nor their respective representatives:

- makes or gives any representation, warranty or guarantee, whether express or implied, that the confidential information is accurate, current, reliable or complete, has or will be audited or independently verified, or that reasonable care has been or will be taken in compiling, preparing or furnishing it;
- makes or gives any representation, warranty or guarantee, whether express or implied, that any Forward Statements will be achieved or proven correct, or that any assumptions or projections on which the Forward Statements are based are reasonable; or
- is obliged to inform the other party of any other information of which the first party becomes aware that may affect the confidential information or to update or supplement the confidential information.

Inside Information

Each party is prohibited from and is required to ensure that its related entities do not, contrary to Part 7.10, Division 3 of the Corporations Act deal, or procure another person to deal, in any Division 3 financial products (as that term is defined in section 1042A of the Corporations Act) of the other party or any of its related entities which are listed on the ASX or other recognised stock exchanges (defined in the Confidentiality and Exclusivity Agreement as “Restricted Securities”).

Standstill

Unless permitted by the Confidentiality and Exclusivity Agreement, during the period commencing on date of the Confidentiality and Exclusivity Agreement and ending on that date which is 6 months after the earliest date that either party gives notice in writing to the other to the effect that it is terminating any discussions and negotiations relating to a Proposed Transaction each party is prohibited from and is to ensure that none of its related entities or its representatives:

- acquires, agrees to acquire or makes any invitation, offer or proposal to acquire a Relevant Interest in any Restricted Securities in the capital of the other party or any of its related entities or any rights or options to acquire such securities other than in the ordinary course of business, any assets of the other party or any of its related entities; or
- advises, assists or encourages any other person to do any of the things referred to above.

Term

The obligations of the parties under the Confidentiality and Exclusivity Agreement are to terminate upon the earliest to occur of:

- completion of a Proposed Transaction (if the Proposed Transaction results in the acquisition of all the shares in, or assets of, one party by the other); or
- the end of the Exclusivity Period.

In the event that the Confidentiality and Exclusivity Agreement terminates at the end of the Exclusivity Period the confidentiality requirements imposed on the parties shall terminate on the date that is 24 months from the date of the Confidentiality and Exclusivity Agreement.

Additional information

continued

11.13 Consents

The following persons have given and have not, before the date of this Bidder's Statement, withdrawn their consent to the following statements in this Bidder's Statement in the form and context in which they appear:

- Each Polartechnics Director – to be named as a director of Polartechnics and the inclusion of statements made by him and each statement that is based on a statement made by him;
- HLB Mann Judd – to be named as auditor of Polartechnics in the form and context in which it is named and to the inclusion of all references to the audited and audit reviewed accounts of Polartechnics in the form and context in which they are included;
- Link Market Services Limited – to be named in the form and context in which it is named.

HLB Mann Judd has not caused or authorised the issue of this Bidder's Statement nor have they been involved in the making of the Offer. The Offer under this Bidder's Statement is made by Polartechnics.

Other than the Directors of Polartechnics, each party named above as having given its consent to the inclusion of a statement or to be named in this Bidder's Statement:

- does not make, or purport to make, any statement in this Bidder's Statement or any statement on which a statement in this Bidder's Statement is based other than, in the case of a party referred to above as having given its consent to the inclusion of a statement, a statement included in the Bidder's Statement with the consent of that party; and
- to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Bidder's Statement, other than a reference to its name and, in the case of a party referred to above as having given its consent to the inclusion of a statement, any statement which has been included in this Bidder's Statement with the consent of that party.

This Bidder's Statement includes statements which are made in or based on statements made in documents lodged with ASIC or given to ASX. Under the terms of ASIC Class Order 01/1543, the parties making those statements are not required to consent to, and have not consented to, inclusion of those statements in this Bidder's Statement.

If you would like to receive a copy of any of those documents, or the relevant parts of the documents containing the statements, free of charge, during the Offer Period, please contact the Polartechnics Offer Information Line on 1300 798 854 (within Australia) or +61 2 8256 3377 (outside Australia) which is available Monday to Friday between 9.00 am and 5.00 pm (Sydney time).

11.14 Interested Persons

Other than as set out below or elsewhere in this Bidder's Statement no:

- Director or proposed Director of Polartechnics; or
- person named in this Bidder's Statement as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Bidder's Statement,

(together, the **Interested Persons**) holds at the date of this Bidder's Statement or held at any time during the last 2 years, any interest in:

- the formation or promotion of Polartechnics;
- property acquired or proposed to be acquired by Polartechnics in connection with its formation or promotion or in connection with the offer of Polartechnics Shares under the Offer; or
- the offer of Polartechnics Shares under the Offer.

11.15 Disclosure of payments and benefits

Other than as set out below or elsewhere in this Bidder's Statement, no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given:

- to a Director or proposed Director of Polartechnics, to induce them to become, or to qualify as, a Director of Polartechnics; or
- for services provided by any Interested Person (as defined in section 11.14 above) in connection with the formation or promotion of Polartechnics, the Offer or the offer of Polartechnics Shares under the Offer.

11.16 Disclosure of Interests of Directors

Interests in Polartechnics Securities

At the date of this Bidder's Statement the Directors had a Relevant Interest in 10.73% of Polartechnics' issued share capital. The Directors' interests in Polartechnics Shares are set out in section 3.13.

At the date of this Bidder's Statement the Directors had a Relevant Interest in 26.13% of Polartechnics Options. The Directors' interests in Polartechnics Options are set out in 3.13.

In the event that Polartechnics acquires a Relevant Interest in at least 90% of the Fermiscan Shares by the end of the Offer Period and becomes entitled to compulsorily acquire the remaining Fermiscan Shares under Part 6A.1 of the Corporations Act or Polartechnics declares the Offer free from all defeating conditions the following options to subscribe for Polartechnics Shares will be issued, subject to Polartechnics shareholder approval:

- Ben Dillon: 10 million options to vest as to 1/3 at the end of each year for 3 years;
- Robert Hunter: 7.5 million options to vest immediately, exercisable at any time in the 2 year period commencing on date of grant; and
- Neville Hacker: 5 million options to vest immediately, exercisable at any time in the 2 year period commencing on date of grant.

Directors' Fees and Remuneration

The Polartechnics' Memorandum and Articles of Association provides that the Directors are entitled to receive remuneration for their services as determined by the company in general meeting. The maximum aggregate amount of fees which Polartechnics may pay Non-Executive Directors of the Company is \$250,000 per annum. Currently the Non-Executive Directors receive the following fees per annum:

- Robert Hunter – \$54,500
- Neville Hacker – \$54,500

The Board may pay a Director a further amount if a Director performs any additional services on behalf of the company. Under the ASX Listing Rules, an Executive Director's salary or fees must not include a commission on or a percentage of operating revenue.

Additional information

continued

Polartechnics' Managing Director, Mr Ben Dillon does not receive any remuneration for acting as a director but rather is employed by Polartechnics as its Chief Executive Officer and receives a salary from Polartechnics at commercial rates for senior executives. The terms and conditions of his employment arrangement are advised to ASX as and when required by the ASX Listing Rules.

Other Interests

Robert Hunter is the principal of Ure Lynam & Co, Chartered Accountants and a director and sole shareholder of Ure Lynam Financial Services Pty Limited. Ure Lynam & Co, Chartered Accountants and Ure Lynam Financial Services Pty Limited (together referred to as "Ure Lynam") provide secretarial financial and advisory services on a commercial arms length basis to Polartechnics and have provided services to Polartechnics in connection with the Offer. Robert Hunter will therefore benefit from the remuneration paid to Ure Lynam for the financial services rendered and financial advice provided to Polartechnics as well as the services provided by Ure Lynam to Polartechnics in connection with the Offer.

11.17 Costs of the Offer

The fees paid in connection with the preparation and distribution of this Bidder's Statement and for services provided in connection with the Offer, including legal, taxation and financial advisers and registry fees are expected to total approximately \$475,000.

11.18 Expiry Date

No Polartechnics Shares will be issued on the basis of the Offer contained in this Bidder's Statement after the date that is 13 months after the date of this Bidder's Statement.

11.19 Other material information

Except as disclosed elsewhere in this Bidder's Statement, there is no other information that is:

- (a) material to the making of a decision by a Fermiscan Shareholder whether or not to accept the Offer; and
- (b) known to Polartechnics,

which has not previously been disclosed to Fermiscan Shareholders.

11.20 Authorisation of Bidder's Statement

This Bidder's Statement has been approved by a resolution passed by all Directors of Polartechnics on 11 June 2009.

Signed for and on behalf of Polartechnics Limited.



R Hunter
Chairman

12 Definitions and interpretation

12.1 Definitions

The following definitions apply in interpreting this Bidder's Statement and the Acceptance Form, except where the context makes it clear that a definition is not intended to apply:

Acceptance Form	means the form with that title that accompanies this Bidder's Statement.
Announcement Date	means 17 April 2009, being the date of Polartech's announcement of the Offer.
ASIC	means Australian Securities and Investments Commission.
Associate	has the meaning given to that term in the Corporations Act.
ASTC	means ASX Settlement and Transfer Corporation Pty Limited (ABN 49 008 504 532), the body which administers the CHESS system in Australia.
ASTC Settlement Rules	means the operating rules of the settlement facility provided by ASTC.
ASX	means ASX Limited ABN 98 008 624 691.
ASX Listing Rules	means the Listing Rules of the ASX.
Bidder	means Polartech Limited ABN 50 003 148 427.
Bidder's Statement	means this document, being the statement of Polartech under Part 6.5 Division 2 of the Corporations Act relating to the Offer.
Business Day	means a day on which banks are open for business in Sydney, excluding a Saturday, Sunday or public holiday.
CHESS	means the Clearing House Electronic Sub-register System established and operated by ASTC for the clearing, settlement, transfer and registration of securities in Australia.
CHESS Holding	means a holding of Fermiscan Shares on the CHESS Subregister of Fermiscan.
CHESS Subregister	has the same meaning attributed to it in ASTC Settlement Rules.
Confidentiality and Exclusivity Agreement	means the confidentiality and exclusivity agreement between Polartech and Fermiscan dated 19 March 2009.
Control Date	means that date that is the earlier of: <ol style="list-style-type: none">the date that Polartech acquires a Relevant Interest in 90% of the Fermiscan Shares and becomes entitled to compulsorily acquire the remaining Fermiscan Shares under Chapter 6A.1 of the Corporations Act; orthe date that Polartech declares the Offer to be free from all defeating conditions, provided that on that date Polartech has acquired a Relevant Interest in at least 50.1% of the Fermiscan Shares on that date.
Controlling Participant	has the same meaning attributed to it in the ASTC Settlement Rules.
Corporations Act	means the <i>Corporations Act 2001</i> (Cth).
Directors or Polartech Directors	means the directors of Polartech as named in section 3.4.

Definitions and interpretation

continued

Fermiscan	means Fermiscan Holdings Limited ABN 51 000 689 725.
Fermiscan Board	means the directors of Fermiscan from time to time.
Fermiscan Directors	means the directors of Fermiscan being Messrs Gary Garton, David Young and Ronald Shnier.
Fermiscan Group	means Fermiscan and its Related Bodies Corporate.
Fermiscan Option	means an option to subscribe for a Fermiscan Share.
Fermiscan Optionholder	means the holder of Fermiscan Options.
Fermiscan Shareholder	means the holder of Fermiscan Shares.
Fermiscan Share	means a fully paid ordinary share in the capital of Fermiscan.
FER	is the ASX Code for Fermiscan.
Foreign Fermiscan Shareholder	means any Fermiscan Shareholder whose address as shown in Fermiscan's register of members is in a jurisdiction outside Australia and its external territories or New Zealand, unless Polartechnics otherwise determines after being satisfied that it is not unlawful, not unduly onerous and not unduly impracticable to make the Offer to a Fermiscan Shareholder in the relevant jurisdiction and to issue Polartechnics Shares to such a Fermiscan Shareholder on the acceptance of the Offer.
HIN	stands for Holder Identification Number and has the same meaning attributed to it in ASTC Settlement Rules.
HLB Mann Judd	means HLB Mann Judd (NSW Partnership).
Implementation Agreement	means the Takeover Bid Implementation Agreement between Polartechnics and Fermiscan dated 17 April 2009.
Initial Announcement Date	means 1 April 2009, being the date that Polartechnics announced that it had entered into a non-binding memorandum of understanding and a Confidentiality Agreement with a company in a similar industry whereby each party will conduct due diligence with respect to the other. Subject to the results of the due diligence and agreement on commercial terms, the other party has expressed an intention to potentially acquire all of Polartechnics' issued securities (on a scrip for scrip basis).
Issuer Sponsored Holding	means a holding of Fermiscan Shares on Fermiscan's issuer sponsored subregister.
Independent Expert	means Lonergan Edwards & Associates Limited ACN 095 445 560.
Merged Group	means the group of companies resulting from the merger of the Polartechnics Group and the Fermiscan Group following the successful completion of the Offers.
New Polartechnics Shares	means the Polartechnics Shares to be issued pursuant to the terms of the Offer.
New Polartechnics Options	means the Polartechnics Options to be issued pursuant to the terms of the Options Offer.
Nominee	means a nominee approved by ASIC.

Offer	means the offer by Polartechnics to acquire Fermiscan Shares pursuant to this Bidder's Statement.
Offer Closing Date	means the last date for acceptance of the Offer, being 15 July 2009, or such later date to which the Offer Period is extended in accordance with the Corporations Act.
Offer Period	means the period commencing on 16 June 2009 and ending on 15 July 2009, or such later date to which the Offer is extended in accordance with the Corporations Act.
Offer Terms	means the formal terms and conditions of the Offer set out in section 9 of this Bidder's Statement.
Options Offer	means the offer by Polartechnics to acquire Fermiscan Options pursuant to letters of offer to be provided to all Fermiscan Optionholders at the same time as this Bidder's Statement.
Participant	has the same meaning attributed to it in the ASTC Settlement Rules.
Polartechnics	means Polartechnics Limited ABN 50 003 148 427.
Polartechnics Board	means the directors of Polartechnics from time to time.
Polartechnics Group	means Polartechnics and its related bodies corporate.
Polartechnics Option	means an option to subscribe for a Polartechnics Share.
Polartechnics Share	means a fully paid ordinary share in Polartechnics.
Pre-Bid Acceptance Agreement	means the pre-bid acceptance agreement between Rellcain Pty Limited and Polartechnics dated 17 April 2009.
Prescribed Occurrences	means in relation to the Offer means the conditions set out in section 9.7.1(e), being the events listed in sections 652C(1) and (2) of the Corporations Act.
Register Date	means 12 June 2009, being the date set by Polartechnics under section 633(2) of the Corporations Act.
Relevant Interest	has the meaning given in sections 608 and 609 of the Corporations Act.
Rights	means all accretions, rights or benefits of whatever kind attaching to or arising from the Fermiscan Shares directly or indirectly after the date of this Bidder's Statement, including, without limitation, all dividends or other distributions and all rights to receive any dividends or other distributions and all rights to receive any dividends or other distributions, or to receive or subscribe for shares, stock units, notes, bonds, options or other securities, declared, paid or made by Fermiscan.
SRN	stands for Securityholder Reference Number and means the number allocated by Fermiscan to identify a Fermiscan Shareholder on its issuer sponsored subregister.
Subsidiary	has the meaning given in the Corporations Act.
Voting Power	has the meaning given in section 610 of the Corporations Act.
VWAP	means volume weighted average price.

Definitions and interpretation

continued

12.2 Interpretation

The following rules of interpretation apply unless the contrary intention appears or the context requires otherwise:

- (a) headings are for convenience only and do not affect interpretation;
- (b) the singular includes the plural and conversely;
- (c) a reference to a section is to a section of this Bidder's Statement;
- (d) a general includes all genders;
- (e) where a word or phrase is defined, its other grammatical forms have a corresponding meaning;
- (f) \$, or cents is a reference to the lawful currency in Australia, unless otherwise stated;
- (g) a reference to a person includes a body corporate, an unincorporated body or other entity and conversely;
- (h) a reference to a person includes a reference to the person's executors, administrators, successors, substitutes (including persons taking by novation) and assigns;
- (i) a reference to any legislation or to any provision of any legislation includes any modification or re-enactment of it, any legislative provision substitute for it and all regulations and statutory instruments issued under it;
- (j) a reference to any instrument or document includes any variation or replacement of it;
- (k) a term not specifically defined in this Bidder's Statement has the meaning given to it (if any) in the Corporations Act or the ASTC Rules, as the case may be;
- (l) a reference to a right or obligation or any two or more persons confers that right, or imposes that obligation, as the case may be, jointly and individually;
- (m) a reference to "you" is to a person to whom an Offer is made under section 9 of this Bidder's Statement (as applicable);
- (n) the words "include", "including", "for example", or "such as" are not used as, nor are they to be interpreted as, words of limitation, and, when introducing an example, do not limit the meaning of the words to which the example relates to that example or examples of a similar kind.

Annexure A

POLARTECHNICS ANNOUNCEMENTS SINCE 30 JUNE 2008

Date	Event
22/05/2009	Update on Bidder's Statement and Target's Statement
22/05/2009	Polartechinics Bidder's Statement Update
12/05/2009	Polartechinics Letter to Shareholders
04/05/2009	Polartechinics SPP Cleansing Statement
01/05/2009	Appendix 3Y Notices
01/05/2009	Form 604 – Substantial Shareholding Notice
01/05/2009	Appendix 3B
01/05/2009	Polartechinics Share Purchase Plan Results
23/04/2009	Polartechinics Distribution Agreement Announcement
20/04/2009	Becoming a substantial holder for FER
17/04/2009	Polartechinics Share Purchase Plan (SPP) Extension
17/04/2009	FER: Merger Announcement
17/04/2009	Polartechinics Merger Announcement
17/04/2009	Trading Halt
07/04/2009	Polartechinics SPP Extension and Letter to Shareholders
01/04/2009	Appendix 3B
01/04/2009	Polartechinics Confidential Merger Proposal
20/03/2009	Share Purchase Plan (SPP) Extension Announcement
10/03/2009	Appendix 3B
09/03/2009	Polartechinics Pakistan Government Order Announcement
27/02/2009	Half Year Report and Accounts
25/02/2009	Polartechinics Share Purchase Plan (SPP) Documents
25/02/2009	Polartechinics Chinese Investment Update
23/02/2009	Polartechinics launches Shareholder Purchase Plan (SPP)
18/02/2009	Polartechinics Shareholder Newsletter
18/02/2009	Polartechinics STI Market Entry Announcement
11/02/2009	Appendix 3B
10/02/2009	Appendix 3B

Annexure A

continued

Date	Event
05/02/2009	Polartechnics Asean Distribution Agreements
30/12/2008	Appendix 3B
30/12/2008	Convertible Note Issue
18/12/2008	CerviScreen Agreement Announcement
10/12/2008	TruScreen Announcement
28/11/2008	Appendix 3B
25/11/2008	Results of Annual General Meeting
25/11/2008	Polartechnics Limited Corporate Briefing November ABM 2008
25/11/2008	Chairman's Address to Shareholders
25/11/2008	TruScreen Distribution and Manufacturing Agreement
25/11/2008	TruScreen Announcement
24/10/2008	Proxy Form
24/10/2008	Notice of Annual General Meeting
24/10/2008	Annual Report to shareholders
30/09/2008	Full Year Statutory Accounts
05/09/2008	GBI: Agreement with Polartechnics and Healthscope Limited
05/09/2008	CerviScreen Announcement
29/08/2008	Preliminary Final Report
14/08/2008	General Shareholder Update 14.08.08
04/07/2008	Appendix 3B

Corporate Directory

Head Office

165 Mitchell Road
Erskineville NSW 2043 Australia

PO Box 165
Alexandria NSW 1435 Australia

Phone +61 2 8568 5333
Fax +61 2 8568 5399

Directors

Mr Robert Hunter, Chairman and Non-Executive Director
Professor Neville Hacker, Non-Executive Director
Mr Ben Dillon, Managing Director

Company Secretary

Mr Richard Legge
Level 1, 1 Jamison Street
Sydney NSW 2000 Australia

Phone +61 2 9299 8977
Fax +61 2 9262 4644

Auditor

HLB Mann Judd
Level 19, 207 Kent Street
Sydney NSW 2000 Australia

Share Registry

Link Market Services Limited
Level 12, 680 George Street
Sydney NSW 2000 Australia

Offer information

Phone 1300 798 854 (within Australia) or +61 2 8256 3377 (outside Australia)
Email info@polartechnics.com
Web www.polartechnics.com

