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ASX ANNOUNCEMENT

7 May 2009

Chairman's address at the 2009 Annual General Meeting held on 7 May 2009 at 11.00 am

Over the year Fermiscan has made substantial progress, with further advancements towards our goal of commercialising our non-invasive test for the early detection of breast cancer.

We achieved a significant milestone in May 2008 when we completed our large "FER 2k"-clinical trial, with pleasing results. The Fermiscan Test correctly identified breast cancer in 74 per cent of women under 70, which compares favourably with published studies for the accuracy of mammography.

Importantly, from a commercial point of view the results showed the test was highly accurate as a negative predictor, with 99.4 per cent probability of no breast cancer in patients with a negative Fermiscan Breast Cancer Test.

Fermiscan's acquisition of the Sydney Breast Clinic in June 2008 provided a good strategic fit, as it aligned Fermiscan's and Sydney Breast Clinic's shared objectives of improving health outcomes for women.

More than 10,000 women use the clinic's services annually, and improved understanding from using the Fermiscan Test in a busy clinical environment has helped to bring our product closer to market. The clinic was a major participant in our clinical trial and, following capital improvements, is performing in line with expectations albeit with some impact from the current economic climate we find ourselves in.

Our international development strategy progressed satisfactorily. In March 2009 we signed an exclusive option agreement with Hitachi Chemical Company for the Japanese and Korean licence rights to the Fermiscan Test. Hitachi Chemical has begun a feasibility study, after which the option may be exercised.

Plans to commercialise in Europe were brought forward by the positive outcomes of a 123-patient, independent trial in Italy.

An initial independent report, provided on request to the Italian Parliamentary Health Committee by an Italian National Health Service Unit, indicated the Fermiscan Test accurately identified the presence of breast cancer in 83 per cent of cases, the highest degree of accuracy so far and a strong endorsement of the test's commercial potential.

A further multi-centre trial is planned and, assuming continued results are as positive as this it will provide all the clinical support required for commercialisation in Europe.

For those of you who are interested in Fermiscan's technology, you will be aware that we use sophisticated, intensive synchrotron X-ray diffraction technology which penetrates deep into matter and allows scientists to investigate molecular change.

Establishing synchrotron beam time is therefore critical to us, so we are delighted to be able to report that we have secured facilities for two years at the Australian Synchrotron in Melbourne.

To facilitate our operations and research at this facility, Fermiscan now has a full time scientist employed at the Melbourne synchrotron.

In addition, we also have beam time arrangements in place with the European Synchrotron in Grenoble in France which is assisting in the development of our beamline capability globally and facilitating the development of automation methodologies to improve efficiencies and throughput.

Importantly, in the present difficult financial environment, the move to the Australian Synchrotron increases our flexibility and reduces travel and other operational costs. The completion of our major "FER 2K Trial" is also resulting in clinical cost savings.

Reflecting on the times in which we live the Company has focused on a regime of prudent cost control and strict management of all spending.

We firmly believe that Fermiscan must continue to strive for the highest levels of ethical conduct and corporate governance. As an example, our corporate and medical governance includes a highly qualified Scientific and Medical Advisory Board plus an independent ethics committee registered with the National Health and Medical Research Council (NHMRC).

During the year, founding director Ian Holman retired from the board. I would like to take this opportunity to thank him for his wise council and his overall contribution to the establishment and development of the company.

I also extend my gratitude and appreciation to my fellow board members and especially to Fermiscan's managing director David Young and his team for their dedicated and committed efforts in moving the Company forward.

Now before I conclude, I would like to make mention of the Fermiscan – Polartechnics proposed merger. Although technically not an agenda item of this meeting, it represents a major transformation in the Company's corporate structure and marketing initiatives and is therefore of primary interest to shareholders.

It should be noted right up front that the Fermiscan technology and commercialisation plans remain an intrinsic part of the future and importantly, the value of the proposed merged entity.

I refer you to the joint company announcement released on the 17th April 2009 regarding this proposed merger. (Should you require a copy we have made some available for you here).

In that release it was advised that both companies' boards agreed to take advantage of the unique opportunity to create a merger to commercialise the companies' combined diagnostic screening tests for the detection of breast cancer, cervical cancer and sexually transmitted diseases for women world-wide.

Effectively this would create Australia's largest women's health diagnostic business with global reach. Polartechnics has established market entry into 17 countries creating a network of medical product distributors.

The proposed merger should result in significant short and long term savings, including listing costs, accommodation and future marketing and distribution costs.

At this time it is planned that Polartechnics and Fermiscan will be despatching the Bidder's and Target Statements in May 2009, with the offer to be open for approximately one month.

For your information the Fermiscan Target's Statement is being prepared and will contain the Director's formal response and recommendations subject to completion of detailed due diligence and independent advice on aspects of the proposed merger including Science, Operations, Finance, Tax, Accounting, Intellectual Property, Legal and Corporate Governance

Following the conclusion of this meeting Managing Director David Young, will give you an update on this potential merger opportunity as well as an update on Fermiscan's development.

Gary Garton
Chairman

Fermiscan & Polartechnics proposed merger

Polartechnics Limited (Polartechnics, ASX:PLT) and Fermiscan Holdings Limited (Fermiscan, ASX:FER) announced on 17 April 2009 that they have agreed to a proposed merger.

The merger will be effected by Polartechnics making an off-market takeover offer (the 'Offer') for all the issued ordinary shares in Fermiscan. Polartechnics has also agreed to make individual offers to holders of Fermiscan options if certain conditions are met. Under the Offer, Polartechnics will offer three of its ordinary shares for every two Fermiscan ordinary shares. The individual offers to be made to holders of Fermiscan options will be on corresponding terms.

A full list of the conditions of the Offer was attached to the 17 April 2009 ASX announcement. Polartechnics and Fermiscan have agreed to co-operate on an exclusive basis in relation to the implementation of the Offer and have entered into an Implementation Agreement.

Polartechnics and Fermiscan intend to despatch the Bidder's Statement and the Target Statement by mid May 2009, with the Offer expected to be open for approximately one month from that date.

About Fermiscan

Fermiscan's principal activity is the commercialisation of an innovative non-invasive diagnostic test for the detection of breast cancer.

The Fermiscan Breast Cancer 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 a synchrotron.

Fermiscan completed a major clinical trial of the Fermiscan Test in May 2008, with sensitivity (ability to accurately detect cancer) of 74% in women under 70, and with a higher sensitivity for younger women; and specificity (ability to accurately detect the absence of cancer - negative predictive value) of 99.5%.

Fermiscan is developing opportunities to licence and sell the Fermiscan Test internationally, particularly in Australia, Europe, Japan, South East Asia, and the United States.

Fermiscan has recently granted an exclusive option agreement to licence the Fermiscan Test to Hitachi Chemical in Japan and Korea.

Fermiscan owns and operates the Sydney Breast Clinic, one of the largest diagnostic breast clinics in Australia that for more than 30 years has been caring for over 10,000 women annually.

With successful clinical trials concluded, commercialisation of the Fermiscan Test is progressing to plan in 2009.

Visit Fermiscan's website at www.fermiscan.com.au

Visit Polartechnics' website at www.polartechnics.com

Visit Sydney Breast Clinic's website at www.sydneybreastclinic.com.au