Fermiscan Holdings Limited
ABN 51 000 689 725

Level 29
66 Goulburn Street
Sydney NSW 2000
Australia

t. +61 2 8263 4000
f. +61 2 8263 4111

www.fermiscan.com.au

ASX ANNOUNCEMENT

29 February 2012

FERMISCAN HOLDINGS LIMITED
A.C.N.: 000 689 725

PRELIMINARY FINAL REPORT FOR YEAR ENDED 31 DECEMBER 2011

Fermiscan has been requoted since 23 March 2011, it has in the subsequent period undertaken a further capital raising and appointed a number of new Directors. The new Board has reviewed the company's strategy and will be in a position to report on same in the near future.

The financial report complies with Australian Accounting Standards and the Corporations Act 2001 and has been prepared under the historical costs convention, as modified by revaluations to fair value for certain classes of assets as described in the accounting policies.

The audit is currently in process for the year ended 31 December 2011 and as such these preliminary accounts have not been audited.

Should you have any queries, please contact the writer.

Yours faithfully

Robert Whitton
Chairman

Fermiscan Holdings Limited
Results for Announcement to the Market
For the Year Ended 31 December 2011

Financial Results	**2011 ($)**	**2010 ($)**	**Movement %**
Total Revenue	184,234	332,724	-45%
Net interest income	20,823	2,802	643%
Depreciation and Lease Amortisation	5,945	-	
Net loss attributable to shareholders of Fermiscan Holdings Limited	(789,052)	(76,982)	925%

Dividends and Dividend Reinvestment Plan
There were no dividends paid in the last two years and no dividends are proposed.
The company does not operate a Dividend Reinvestment Plan.

	As at 31 December 2011	**As at 31 December 2010**
Net tangible asset backing – cents per share	0.215	(0.15)

An explanation of key items included in the figures reported above is provided in the notes to the accounts.

FERMISCAN HOLDINGS LIMITED AND CONTROLLED ENTITIES
STATEMENT OF COMPREHENSIVE INCOME
For the Year Ended 31 December 2011

		Consolidated	
	Notes	**2011 ($)**	**2010 ($)**
Interest income	**3**	20,823	2,802
Net assets and liabilities including cash transferred to administrator on liquidation of subsidiaries and execution of DOCA		-	329,922
Income from administration	**3**	163,411	-
Revenue		**184,234**	**332,724**
Employee and director benefits expense		232,823	87,624
Administration costs		-	89,897
Impairment of patents and related expenses		-	10,439
Legal fees		138,099	67,450
Occupancy costs		-	17,994
Depreciation and amortisation	8	5,945	-
Insurance		2,886	27,508
Other expenses		-	28,470
Listing and other statutory charges		12,429	17,259
Borrowing costs		-	4,100
Other professional expenses		581,104	58,965
Total expenses		973,286	409,706
Profit (loss) before Share based expense transactions		**(789,052)**	**(76,982)**
Share based expense transactions		-	
Profit (loss) before income tax expense (income tax benefit)		**(789,052)**	**(76,982)**
Income tax expense (income tax benefit)	5	-	-
Profit (loss) attributable to the members of the parent		**(789,052)**	**(76,982)**
Other comprehensive income		-	-
Total comprehensive income		**(789,052)**	**(76,982)**

Earnings per share	**Notes**	**2011 ($)**	**2010 ($)**
Basic earnings (loss) – cents per share	13	(0.107)	(0.05)
Diluted earnings (loss) – cents per share	13	(0.103)	(0.05)

FERMISCAN HOLDINGS LIMITED AND CONTROLLED ENTITIES
STATEMENT OF FINANCIAL POSITION
As at 31 December 2011

	Notes	Consolidated Entity 2011 ($)	2010 ($)
CURRENT ASSETS			
Cash and cash equivalents		2,382,436	60,269
Receivables	6	51,928	21,153
Other	7	27,059	-
TOTAL CURRENT ASSETS		**2,461,423**	**81,422**
NON CURRENT ASSETS,			
Property, plant and equipment	8	53,505	59,450
TOTAL NON CURRENT ASSETS		**53,505**	**59,450**
TOTAL ASSETS		**2,514,928**	**140,872**
CURRENT LIABILITIES			
Payables and accruals	9	29,269	84,854
Borrowings	10	-	300,000
TOTAL CURRENT LIABILITIES		**29,269**	**384,854**
NON-CURRENT LIABILITIES			
Payables	9	-	-
TOTAL NON-CURRENT LIABILITIES		**-**	**-**
TOTAL LIABILITIES		**29,269**	**384,854**
NET ASSETS (DEFICIENCY)		**2,485,659**	**(243,982)**
EQUITY			
Contributed equity	11	62,776,693	59,108,000
Reserves		(150,000)	-
Retained earnings (accumulated losses)		(60,141,034)	(59,351,982)
TOTAL EQUITY (DEFICIENCY)		**2,485,659**	**(243,982)**

FERMISCAN HOLDINGS LIMITED AND CONTROLLED ENTITIES
STATEMENT OF CHANGES IN EQUITY
For the Year Ended 31 December 2011

	Notes	Consolidated Entity 2011 ($)	2010 ($)
Retained earnings (losses) at the beginning of the year		**(59,351,982)**	(59,275,000)
Profit (loss) for the year		(789,052)	(76,982)
Retained earnings (losses) at the end of the year		**(60,141,034)**	**(59,351,982)**
Transactions with equity holders in their capacity as equity holders:			
Contributed equity at the beginning of the year		**59,108,000**	57,608,000
Issue of shares		3,818,693	100,000
Options expired			1,400,000
Fund raising costs		(150,000)	-
Contributed equity at the end of the year		**62,776,693**	**59,108,000**
Share based expense opening balance		**-**	1,400,000
Options granted during the year		-	-
Options exercised or expired during the year		-	(1,400,000)
Share based expense reserve at the end of the year		**-**	**-**
Total Equity at the end of the year attributable to members of the parent		**2,485,659**	**(243,982)**

FERMISCAN HOLDINGS LIMITED AND CONTROLLED ENTITIES
STATEMENT OF CASH FLOWS
For the Year Ended 31 December 2011

	Notes	Consolidated Entity 2011 ($)	2010 ($)
CASH FLOW FROM OPERATING ACTIVITIES			
Payments to suppliers, employees and transfers to administrator		(917,349)	(1,148,083)
Interest received		20,823	2,802
Net cash provided by (used in) operating activities	12	**(896,526)**	**(1,145,281)**
CASH FLOW FROM INVESTING ACTIVITIES			
Payments for property plant and equipment		-	(59,450)
Net cash provided by (used in) investing activities		**-**	**(59,450)**
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from issue of equity instruments		3,368,693	100,000
Equity issue transaction cost		(150,000)	
Proceeds from borrowings		-	300,000
Net cash provided by (used in) financing activities		**3,218,693**	**400,000**
Net increase (decrease) in cash and cash equivalents		2,322,167	(804,731)
Cash and cash equivalents at beginning of year		60,269	865,000
Cash and cash equivalents at end of the year		**2,382,436**	**60,269**

NOTE 1: BASIS OF PREPARATION

This financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Urgent Issues Group Consensus Views and other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

Fermiscan Holdings Limited is a company limited by shares, incorporated and domiciled in Australia.

The financial report of Fermiscan Holdings Limited and controlled entities comply with Australian Accounting Standards. The financial statements comply with International Financial Reporting Standards (IFRS).

Going Concern

The financial report for the year ended 31 December 2011 has been prepared on a going concern basis, which contemplates the consolidated entity, has the ability to pay its debts as and when they fall due.

The following is a summary of material accounting policies adopted by the consolidated entity in the preparation and presentation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

Summary of the significant accounting policies:

(a) Principles of consolidation

The consolidated financial statements are those of the consolidated entity, comprising the financial statements of the parent entity and of all entities, which Fermiscan Holdings Limited controlled from time to time during the year and at balance date. Details of the controlled entities are contained in Note 18. The financial statements of subsidiaries are prepared for the same reporting period as the parent entity, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies, which may exist. All inter-company balances and transactions, including any unrealised profits or losses have been eliminated on consolidation.

(b) Revenue recognition

Government grants received that relate to specific assets or expenses are deferred and recognised as income in the same period as the asset is consumed or when the associated expenses are incurred.

Other government grants are recognised as income when received.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Dividend revenue is recognised when the right to receive a dividend has been established. Dividends received from associates and joint ventures are accounted for in accordance with the equity method.

All revenue is stated net of the amount of goods and services tax (GST).

(c) Cash and cash equivalents

Cash and cash equivalents include cash on hand and at banks, short-term deposits with an original maturity of three months or less held at call with financial institutions, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities.

(d) Property, plant and equipment

Cost and valuation

Property, plant and equipment are stated at cost less depreciation and any accumulated impairment losses.

The carrying amount of plant and equipment is reviewed for impairment annually by directors for events or changes in circumstances that indicate the carrying value may not be recoverable. If any such indication exists and where the carrying value exceeds the estimated recoverable amount, the assets are written down to their recoverable amount. Impairment losses are recognised in the Statement of Comprehensive Income.

Depreciation

The depreciable amounts of fixed assets are depreciated on a straight-line basis over their estimated useful lives commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The useful lives for each class of assets are:

	2011	**2010**
Plant and equipment:	*2.5 to 5 years*	*2.5 to 5 years*
Motor vehicles:	*5 years*	*5 years*

(e) Leases

Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and benefits incidental to ownership.

Finance leases

Leases of fixed assets, where substantially all of the risks and benefits incidental to ownership of the asset, but not the legal ownership, are transferred to entities within the consolidated entity are classified as finance leases. Finance leases are capitalised, recording at the inception of the lease an asset and liability equal to the present value of the minimum lease payments, and disclosed as plant and equipment under lease.

Leased assets are depreciated over the shorter of the estimated useful life of the assets and the lease term. Lease payments are allocated between interest expense and reduction of the lease liability. The interest expense is calculated using the interest rate implicit in the lease and is included in finance costs in the Statement of Comprehensive Income.

The cost of improvements to or on leasehold property is capitalised, disclosed as leasehold improvements, and amortised over the unexpired period of the lease or the estimated useful lives of the improvements, whichever is the shorter.

Operating leases

Lease payments for operating leases, where substantially all of the risks and benefits remain with the lessor, are charged as expenses in the period in which they are incurred.

(f) Intangibles

Trademark and patents

Trademark and patents are recognised at cost and are amortised over their estimated useful lives, which range from 5 to 20 years, once commercial production is commenced. Trademarks and patents are carried at cost less accumulated amortisation and any impairment losses.

Research and development

Expenditure on research activities is recognised as an expense when incurred.

Expenditure on development activities is capitalised only when it is expected that future benefits will exceed the deferred costs. Capitalised development expenditure is stated at cost less accumulated amortisation. Amortisation is calculated using a straight-line method to allocate the cost over a period (not exceeding three years), during which the related benefits are expected to be realised, once commercial production is commenced. Other development expenditure is recognised as an expense when incurred.

(g) Impairment of assets

Assets subject to annual depreciation or amortisation are reviewed for impairment whenever events or circumstances arise that indicates that the carrying amount of the asset may be impaired.

An impairment loss is recognised where the carrying amount of the asset exceeds its recoverable amount. The recoverable amount of an asset is defined as the higher of its fair value less costs to sell and value in use.

(h) Income tax

Current income tax expense or revenue is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities.

A balance sheet approach is adopted under which deferred tax assets and liabilities are recognized for temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred tax asset or liability is recognised in relation to temporary differences arising from the initial recognition of an asset or a liability if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for temporary differences and unused tax losses only when it is probable that future taxable amounts will be available to utilize those temporary differences and losses.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

The parent entity and its controlled entities intend to form an income tax consolidated group under the tax consolidation legislation. The parent entity is responsible for recognising the current tax liabilities and deferred tax assets arising in respect of tax losses, for the tax consolidated group. The tax consolidated group also intends to enter into a tax funding agreement whereby each company in the group contributes to the income tax payable in proportion to their contribution to the net profit before tax of the tax consolidated group.

(i) Employee benefits

Liabilities arising in respect of wages and salaries, annual leave, sick leave and any other employee benefits expected to be settled within twelve months of the reporting date are measured at their nominal amounts based on remuneration rates which are expected to be paid when the liability is settled. All other employee benefit liabilities are measured at the present value of the estimated future cash outflow to be made in respect of services provided by employees up to the reporting date.

Share based expense transactions

The company operates an employee share option plan. In addition Directors and employees were granted options during the year. The amount expensed in the Statement of Comprehensive Income is determined by reference to the fair value of the options at the grant date.

Superannuation

Contributions are made by the Group to employee superannuation funds which provide accumulated benefits to employees.

(j) Financial instruments

Classification

The group classifies its financial instruments in the following categories: loans and receivables, held-to-maturity investments, and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition.

Held-to-maturity investments

Fixed term investments intended to be held to maturity are classified as held-to-maturity investments. They are measured at amortised cost using the effective interest rate method.

Loans and receivables

Loans and receivables are measured at fair value at inception and subsequently at amortised cost using the effective interest rate method.

Financial liabilities

Financial liabilities include trade payables, other creditors and loans from third parties including inter-company balances and loans from or other amounts due to director-related entities.

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation. Investments in subsidiaries not included in the above categories are reflected at cost less impairment of value.

(k) Foreign currencies

Functional and presentation currency

The financial statements of each group entity are measured using its functional currency, which is the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars, as this is the parent entity's functional and presentation currency.

Transactions and balances

Fermiscan Holdings Limited and its subsidiaries presently transact in foreign currencies. Transactions in foreign currencies of entities within the consolidated entity are translated into the functional currency at the rate of exchange ruling at the date of the transaction.

Foreign currency monetary items outstanding at the reporting date (other than monetary items arising under foreign currency contracts where the exchange rate for that monetary item is fixed in the contract) are translated using the spot rate at the end of the financial year. Resulting exchange differences arising on settlement or re-statement would be recognised as revenues and expenses for the financial year.

(l) Investments

Investments are initially recorded at cost, being the fair value of the consideration given and including acquisition charges associated with the investment. After initial recognition, investments, which are classified as available for sale, are measured at fair value.

(m) New Accounting standards and UIG interpretation

Certain new accounting standards and UIG interpretations have been published that are not mandatory for 31 December 2011 reporting periods. The Group's assessment of the impact of these new standards and interpretations is that there is not expected to be any material effect on the Group in future reporting periods.

(n) Going Concern

As noted in the Directors Report, the ability of the consolidated entity to continue as a going concern and to pay its debts as and when they fall due is dependent on the ability of the consolidated entity to secure additional funding through either the issue of further shares, convertible notes, debt or a combination. The group has commenced discussions with institutional and professional investors to secure additional equity funding.

NOTE 2: CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are based on past performance and management's expectation for the future.

Critical accounting estimates and assumptions

The group makes certain estimates and assumptions concerning the future, which, by definition will seldom represent actual results. These estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and assumptions that have had a significant risk of causing a material adjustment to the carrying value of assets and liabilities has been impacted by the adoption of the liquidation basis of accounting and the value of patents, property, plant and equipment and other financial assets and liabilities.

NOTE 3: REVENUE

	Notes	Consolidated Entity 2011 ($)	Consolidated Entity 2010 ($)
Revenues from operations		-	-
Interest Income		20,823	2,802
Income from administration		163,411	-
		184,234	2,802

NOTE 4: PROFIT (LOSS) FROM OPERATIONS

Employee benefits expense	-	14,370

NOTE 5: INCOME TAX

Profit (loss) before income tax	(789,052)	(76,982)
At the statutory income tax rate of 30% (2010: 30%)	(236,716)	(23,095)
Tax effect of amounts which are not deductible in calculating taxable income		
Tax losses and timing differences not recognised as future tax benefits	236,716	23,095
Income tax expense	-	-

NOTE 6: RECEIVABLES

	Notes	Consolidated Entity 2011 ($)	Consolidated Entity 2010 ($)
CURRENT			
Trade and other receivables		51,928	21,153
		51,928	21,153

NOTE 7: OTHER CURRENT ASSETS

Prepayments	27,059	-
	27,059	-

NOTE 8: PROPERTY, PLANT AND EQUIPMENT

Plant & equipment		
At cost	59,450	59,450
Accumulated depreciation	(5,945)	-
	53,505	59,450
Total property, plant and equipment	53,505	59,450

(b) Reconciliations
Reconciliations of the carrying amounts of property, plant and equipment at the beginning and end of the current financial year.

Plant and equipment		
Carrying amount at beginning of year	59,450	234,000
Transferred to Administrator	-	(234,000)
Additions	-	59,450
Depreciation expense	(5,945)	-
Impairment	-	-
Carrying amount at end of year	53,505	59,450

	Consolidated Entity	
NOTE 9: PAYABLES	**2011**	**2010**
CURRENT	**($)**	**($)**
Trade payables	-	-
Accruals	29,269	84,854
	29,269	84,854

NOTE 10: BORROWINGS

CURRENT

Convertible notes	-	300,000

NOTE 11: CONTRIBUTED EQUITY

(a) Issued and paid up capital

Ordinary shares fully paid	62,546,793	59,108,0000

Fully paid ordinary shares carry one vote per share and carry the right to dividends.

(b) Movements in shares on issue

	Parent Entity	
	2011	
	Number of shares	($)
Beginning of the financial year	153,506,671	59,108,000
Issued during the year	1,000,297,895	3,588,793
Deduct: Share issue costs	-	(150,000)
End of the financial year	1,153,804,566	62,546,793

(c) Share Options

Employee share option plan

The company offered employee participation in the Employee share option plan as a long-term incentive and as part of the remuneration arrangements. The amount expensed in the Statement of comprehensive income is determined by reference to the fair value of the options at the grant date.

(d) Share Options- movements

	2011 Number	Weighted average exercise price	2010 Number	Weighted average exercise price
Outstanding at beginning of year	-	-	22,500,000	-
Granted during the year	160,000,000	-	-	-
Exercised during the year	-	-	-	-
Lapsed or expired during the year	-	-	(22,500,000)	-
Outstanding at year end	160,000,000	-	-	

(e) Issuances, repurchases, and repayments of debt and equity securities

During the financial year, 160,000,000 options (2010: nil options) were granted.

NOTE 12: CASH FLOW INFORMATION

	Consolidated Entity	
	2011	2010
	($)	($)
Reconciliation of the net profit (loss) after tax to the net cash flows from operations:		
Net profit (loss)	(789,052)	(76,982)
Non-cash Items		
Depreciation and amortisation	5,945	-
Changes in assets and liabilities		
Transfer of assets and liabilities to Administrator	-	(1,132,000)
(Increase)/decrease in receivables	(30,776)	(21,153)
(Increase)/decrease in other assets	(27,059)	-
Increase/(decrease) in trade, other creditors and accruals	(55,585)	84,854
Net cash flow from (used in) operating activities	**(896,526)**	**(1,145,281)**

NOTE 13: EARNINGS PER SHARE

	2011	2010
	($)	($)
The following reflects the income and share data used in the calculations of basic and diluted earnings per share:		
Net profit (loss)	(789,052)	(76,982)
Earnings used in calculating basic and diluted earnings per share	(789,052	(76,982)
Weighted average number of ordinary shares used in calculating basic earnings per share	734,054,088	148,507,000
Effect of dilutive securities:		
Share options	28,931,507	-
Adjusted weighted average number of ordinary shares used in calculating diluted earnings per share	762,985,595	148,507,000

NOTE 14: COMMITMENTS AND CONTINGENCIES

	2011 ($)	2010 ($)
Lease expenditure commitments		
Operating leases (non-cancellable):		
(a) Operating leases related to office		
(b) Minimum lease payments		
– Not later than one year	-	-
– Later than one year and not later than five years	-	-
– Later than five years	-	-
– Aggregate lease expenditure contracted for at reporting date	-	-

NOTE 15: AUDITOR'S REMUNERATION

	Consolidated Entity	
	2011 ($)	2010 ($)
Amounts received or due and receivable for:		
An audit or review of the financial report of the entity and any other entity in the consolidated entity		
Pitcher Partners	36,977	4,213
	36,977	4,213
Other Services		
Pitcher Partners		
Tax compliance, tax consulting and earlier years tax returns	-	-
Investigated accountants report	10,708	15,000
Due Diligence	-	-

NOTE 16: RELATED PARTY DISCLOSURES

(a) The consolidated financial statements include the financial statements of Fermiscan Holdings Limited and its controlled entities listed below:

	Country of Incorporation	Percentage Owned 2011	Percentage Owned 2010
Parent Entity:			
Fermiscan Holdings Limited	Australia		
Subsidiaries of Fermiscan Holdings Limited			
FHL Mining Services Pty Limited	Australia	100%	-
Fermiscan Italy Pty Limited #	Australia	-	100%
Fermiscan UK Pty Limited #	Australia	-	100%
Fermiscan Japan Pty Limited #	Australia	-	100%
Fermiscan CBS Pty Limited (formerly Sydney Breast Clinic Pty Limited) #	Australia	-	100%

Deregistered during the year

(b) Compensation by category for Directors and nominated executives

	Consolidated Entity 2011 $	Consolidated Entity 2010 $
Short-term employment benefits	232,823	73,256
Post-employment benefits		-
Other long-term benefits		-
Termination benefits		-
	232,823	73,256

Number of shares held by directors and key management personnel

Relevant interest in ordinary shares held in Fermiscan Holdings Limited by directors as at 31 December 2011

	Opening balance 1 January 2011	Acquired	Disposed or retired as a director	Closing Balance 31 December 2011
Directors				
Ian Chalmers*	400,000	-	(400,000)	-
Robert Whitton				
Peter Dykes		114,700,000		114,700,000
John Rainbow				
Richard Wright		128,571,428		128,571,428
Carmelo Bontempo		128,571,428		128,571,428
Total	**400,000**	**371,842,856**	**(400,000)**	**371,842,856**

DIRECTORS' AND EXECUTIVES' EQUITY HOLDINGS

Options: Granted and vested during the year (consolidated)

Directors	Number of Options held at 1 January 2011	Options issued during the year	Options expired during the year	Number of Options held at 31 December 2011
Robert Whitton	-	5,000,000	-	5,000,000
Peter Dykes	-	5,000,000	-	5,000,000
Richard Wright	-	25,000,000	-	25,000,000
Carmelo Bontempo	-	25,000,000	-	25,000,000
		60,000,000		60,000,000

The parent entities financial statements for the year ended 31 December 2011 are the same as the consolidated entities, accordingly, the have not been presented.

These options were issued subject to a placement and under the same terms as those offered to institutional investors.

William Buck (NSW) Pty Ltd, a related party of the Chairman Robert Whitton have been paid $224,683 for accounting and administration services.

NOTE 17: FINANCIAL INSTRUMENTS

The group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk and cash flow interest rate risk), credit risk and liquidity risk.

The group's overall risk management program addresses the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the group. The group has not used derivative financial instruments such as foreign exchange contracts and interest rate swaps to hedge risk exposures. The group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rates, foreign exchange and other price risks.

Risk management is carried out by the Managing Director and the Chief Financial Officer under policies approved by the Audit & Risk committee and the board. The Board provides directions for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, and credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

(a) Market risk

Foreign exchange risk.

The group operates internationally and is exposed to foreign exchange risk arising from currency exposures, primarily with respect to the US dollar.

Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities that are denominated in a currency that is not the entity's functional currency.

Cash flow and fair value interest rate risk

The Group's main interest rate risk arises from funds on deposit. Surplus cash has been invested in term deposits and cash management accounts.

(b) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash, to meet the ongoing expenditure requirements whilst the group is in start up phase. Management and the board monitor rolling forecasts of the Group's liquidity on the basis of expected cash flow.

(c) Fair value estimation

The fair value of financial assets and financial liabilities is estimated for recognition and measurement and for disclosure purposes. The carrying value less impairment provision of trade receivables and payables is a reasonable approximation of their fair values due to the short-term nature of trade receivables. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

(d) Credit risk exposures

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets is the carrying amount of those assets, net of any provisions for doubtful debts of those assets, as disclosed in the Financial Statements.

The group has no derivative financial instruments or forward exchange contracts.

The consolidated entity does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the consolidated entity.

(e) Interest rate risk

The consolidated entity's exposure to interest rate risks and the effective interest rates of financial assets and financial liabilities, both recognised and unrecognised at the balance date, are as follows:

Financial Instruments	**Floating interest rate**		**Fixed interest rate maturing in: 1 year or less**		**Fixed interest rate maturing in: Over 1 to 5 years**		**Fixed interest rate maturing in: More than 5 years**		**Non-interest bearing**		**Total carrying amount as per Balance Sheet**		**Weighted average Effective interest rate**	
	2011 ($)	**2010 ($)**	**2011 ($)**	**2010 ($)**	**2011 ($)**	**2010 ($)**	**2011 ($)**	**2010 ($)**	**2011 ($)**	**2010 ($)**	**2011 ($)**	**2010 ($)**	**2011 %**	**2010 %**
(i) Financial assets														
Cash	2,382,435	60,269	-	-	-	-	-	-	-	-	2,382,435	60,269		2.0
Trade receivables	-	-	-	-	-	-	-	-	-	-		-	-	-
Unsecured loans	-	-	-	-	-	-	-	-	-	-		-	-	-
(ii) Financial liabilities														
Trade creditors	-	-	-	-	-	-	-	-	-	-		-	-	-
Other creditors	-	-	-	-	-	-	-	-	-	-		-	-	-
Convertible notes	-	-		300,000	-	-	-	-	-	-		300,000	-	8.0
Finance lease liability	-	-	-	-	-	-	-	-	-	-		-	-	-

NOTE 18: SUBSEQUENT EVENTS

No other matters or circumstances have arisen since the end of the financial year that have significantly affected or may significantly affect the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.