



Fermiscan Holdings Limited
ABN 51 000 689 725

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ASX ANNOUNCEMENT

3 February 2011

The Manager
Company Announcements Office
Australian Securities Exchange Limited
Level 10
20 Bond Street
SYDNEY NSW 2000

Fermiscan Holdings Limited
ACN 000 689 725

Prospectus

ASX Code: FER

I refer to the announcement of 23 November 2010 concerning a rights issue by the company and attach the Prospectus for such issue as filed with Australian Securities & Investments Commission on 3 February 2011.

Yours faithfully

A handwritten signature in black ink, appearing to read "R Whitton", written over a horizontal line.

Robert Whitton
Chairman



RIGHTS ISSUE PROSPECTUS

3 February 2011

For a pro rata non-renounceable entitlement issue of 1 New Share for every 2 Shares held by Eligible Shareholders on the Record Date at an Offer Price of \$0.01 per New Share, with a Shortfall Facility, to raise approximately \$767,533.

This is an important document and requires your immediate attention. It should be read in its entirety. If you do not understand its contents or are in doubt as to the course you should follow, you should consult your professional adviser(s). The New Shares offered by this Prospectus should be considered speculative in nature.

IMPORTANT NOTICE

This Prospectus is dated 3 February 2011 and was lodged with ASIC on that date. Neither ASIC, ASX nor any of their respective officers take any responsibility for the content of this Prospectus or the merits of the investment to which this Prospectus relates.

No securities will be issued or allotted on the basis of this Prospectus later than 13 months after the date of this Prospectus.

The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe these restrictions. Failure to comply with these restrictions may constitute a violation of applicable securities laws. Applicants who are resident in countries other than Australia should consult their professional advisers as to whether any governmental or other consents are required or whether any other formalities need to be considered and followed.

This Prospectus does not constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer. No action has been taken to register or qualify the New Shares or the Offer, or otherwise to permit a public offering of the New Shares, in any jurisdiction outside Australia.

Applicants should read this Prospectus in its entirety before deciding to apply for the New Shares. The risk factors that could affect the financial performance of the Company should be examined. Applicants should carefully consider these factors in light of their personal circumstances (including financial and taxation issues) and seek professional advice from an accountant, stockbroker, lawyer or other professional adviser before deciding whether to invest. The Offer does not take into account the investment objectives, financial situation and particular needs of investors.

An investment in the securities the subject of this Prospectus should be considered speculative. The New Shares offered under this Prospectus carry no guarantee with respect to return on capital investment, payment of dividends or future value.

Electronic Prospectus

A copy of this Prospectus will be made available and can be downloaded at www.fermiscanltd.com.au/prospectus. Any person accessing the electronic version of this Prospectus for the purpose of making an investment in the Company must be an Australian resident and must only access the Prospectus from within Australia.

A paper copy will be provided free of charge to any person who requests a copy by contacting the Share Registry or the Company.

The Corporations Act prohibits any person passing on to another person an application form unless it is attached to a hard copy of this Prospectus or it accompanies the complete and unaltered version of this Prospectus. The Entitlement and Acceptance Form included in this Prospectus contains a declaration that the Applicant had personally received the complete and unaltered Prospectus prior to completing the Entitlement and Acceptance Form.

The Company will not accept an Entitlement and Acceptance Form electronically. Applications must be made by completing a paper copy of the Entitlement and Acceptance Form.

The Company will not accept a completed Entitlement and Acceptance Form if it has reason to believe that the Applicant has not received a complete paper copy or electronic copy of the Prospectus or if it has reason to believe that the paper copy or electronic copy of the Prospectus has been altered or tampered with in any way.

While the Company believes that it is extremely unlikely that during the period of the Offer the electronic version of the Prospectus will be tampered with or altered in any way, the Company cannot give any absolute assurance that this will not occur. Any Applicant in doubt concerning the validity or integrity of an electronic copy of the Prospectus should immediately request a paper copy of the Prospectus directly from the Company.

Official Quotation of Shares

An application will be made to ASX not later than seven days after the date of this Prospectus for Official Quotation of the Shares in the Company including the New Shares offered under this Prospectus.

If ASX does not grant permission for Official Quotation of the Shares within three months of the date of this Prospectus, or such longer period as is permitted by the Corporations Act, none of the New Shares offered by this Prospectus will be issued or allotted. In these circumstances, all applications will be dealt with in accordance with the requirements of the Corporations Act.

Glossary

Certain terms and abbreviations used in this Prospectus have defined meanings which are explained in the glossary in section 11.

CHAIRMAN'S LETTER

Dear Investor,

On behalf of Fermiscan Holdings Limited (**Fermiscan** or **Company**), I am pleased to invite you to participate in a 1:2 pro rata non-renounceable rights issue at \$0.01 per New Share (**Rights Issue** or **Offer**). As you may be aware, the Company went into administration and the Company's Shares have been suspended from trading on the ASX since 28 October 2009. On 11 June 2010, the Deed of Company Arrangement was wholly effectuated and the Company came out of administration.

The Board is seeking to have the Company's Shares reinstated to Official Quotation. ASX has agreed to reinstate the Company's Shares subject to meeting a number of conditions which the Company is in the process of satisfying (see section 0 for further details).

One of ASX's requirements is that the Company must have \$1 million net of all debt prior to Reinstatement. The Company has raised \$300,000 under the Convertible Note Issue and is in the process of raising funds under a Placement to raise a further \$1 million. The Board is pleased to offer Shareholders an opportunity to participate in the Company's capital raising initiatives at the same price as the Placement. Eligible Shareholders may subscribe for 1 New Share for every 2 Shares held at the Record Date at an Offer Price of \$0.01 per New Share. This represents approximately 76,753,335 New Shares available for subscription under the Offer.

Please note that if you do not take up your Entitlement, your shareholding in the Company may be diluted and any remaining New Shares not subscribed for may be placed with third parties under a Shortfall Facility within 3 months after the close of the Offer at a price not less than \$0.01 per Share or at a premium to the Offer Price.

The funds raised will be applied towards funding the completion of the Italian and French Trials of the non-invasive diagnostic test for the detection of breast cancer. Please see section 2.10 for further details.

A personalised Entitlement and Acceptance Form setting out your Entitlement to New Shares accompanies this Prospectus.

On behalf of the Directors, I look forward to your participation in this Offer and thank you for your continued support of the Company.

Yours faithfully



Robert Whitton
Non Executive Chairman
Fermiscan Holdings Limited

1. INDICATIVE TIMETABLE

Event	Date*
Lodgement of Prospectus with ASIC	Thu 3 February 2011
Appendix 3B information and timetable despatched to Shareholders	Mon 7 February 2011
Record Date for determining Eligibility of Shareholders for Offer	5pm, Mon 14 February 2011
Despatch of Prospectus to Shareholders and Offer Opens	Thu 17 February 2011
Closing Date for Offer	5pm, Thu 3 March 2011
Entity notifies ASX of under subscriptions	Tue 8 March 2011
Allotment of New Shares under this Prospectus, despatch of holding statements and lodgement of final Appendix 3B	Thu 10 March 2011
Reinstatement of trading of Shares to commence on ASX	Fri 11 March 2011
Commencement of Trials	6 to 9 months after Reinstatement

*In accordance with the ASX Listing Rules.

The dates in the timetable above are indicative only and may vary. Subject to the Listing Rules and the Corporations Act, the Company reserves the right to change these dates without prior notice, which may have a consequential impact on other dates. Applicants are therefore urged to lodge their Entitlement and Acceptance Forms as soon as possible.

The Company also reserves the right not to proceed with the whole or part of the Offer at any time prior to allotment and issue of the New Shares. In that event, any payments received for applications will be returned in full (without interest).

2. DETAILS OF THE OFFER

2.1 Purpose of the Offer

As at the date of this Prospectus, the Company is suspended from trading on ASX. The Company is seeking Reinstatement of the Shares to Official Quotation. The Company must meet a number of conditions imposed by ASX before the Company's Shares can be reinstated to Official Quotation (see section 0 for details).

In addition to the Company's fundraising initiatives by way of Convertible Note Issue and a Placement, the Company is seeking to offer Shareholders New Shares on a 1:2 basis, representing approximately 76,753,335 New Shares, pursuant to a non-renounceable rights issue at the same \$0.01 offer price under the Placement.

2.2 The Offer

By this Prospectus, the Company is giving Shareholders the opportunity to participate in a rights issue to raise approximately \$767,533 (before costs) under which Eligible Shareholders will be entitled to subscribe for 1 New Share for every 2 Shares held at the Record Date at an Offer Price of \$0.01 per New Share. There are approximately 76,753,335 New Shares available for subscription under the Offer.

Fractional entitlements will be rounded down to the nearest whole number of New Shares. A personalised Entitlement and Acceptance Form setting out your entitlement to New Shares accompanies this Prospectus. If you do not take up your Entitlement, your shareholding in Fermiscan will be diluted if other Shareholders do take up their Entitlement.

2.3 Shortfall Facility

If you do not take up your full Entitlement, New Shares not subscribed for may be placed with third parties under the Shortfall Facility. Please refer to section 3.5 for details.

2.4 No Minimum Subscription

There is no minimum subscription condition.

2.5 Ranking of New Shares

All New Shares offered under this Prospectus will rank equally with existing Shares on issue.

2.6 No Rights Trading

The Offer is non-renounceable. There will be no trading of Rights on the ASX and Rights may not be sold or transferred.

2.7 Offer not Underwritten

The Offer is not underwritten.

2.8 Allotment of New Shares

The Company reserves the right to decline any application or to allot to any Applicant fewer New Shares than the number applied for. The Company also reserves the right to reject or aggregate multiple applications in determining final allocations. Where the number of New Shares allotted is less than the number applied for, or where no allotment is made, the surplus Application Monies will be returned to Applicants (without interest).

The Company reserves the right not to proceed with the whole or part of the Offer at any time prior to the issue and allotment of the New Shares. If the Offer or any part of it is cancelled, all Application Monies, or the relevant Application Monies, will be refunded (without interest).

Subject to the ASX granting conditional approval for the Company's Shares to be reinstated to Official Quotation, allotment of the New Shares offered under this Prospectus to Applicants will occur as soon as practicable after the Closing Date. Prior to allotment, all Application Monies shall be held by the Company on trust. Irrespective of whether the allotment of New Shares takes place, the Company will retain any interest earned on the Application Monies.

2.9 Capital Structure

The capital structure of the Company following completion of the Offer is summarised below:

Issued Share Capital	Assuming no acceptance of the Offer	Assuming Offer is 50% subscribed	Assuming Offer is 100% subscribed
Shares on issue at the date of Prospectus	153,506,671	153,506,671	153,506,671
Share issues approved at the AGM*	400,000,000	400,000,000	400,000,000
New Shares issued under the Offer	0	38,376,667	76,753,335
Total Shares on issue at close of Offer	553,506,671	591,883,338	630,260,006

*Share issues approved at the AGM are conditional on obtaining ASX approval for Reinstatement.

2.10 Use of Funds

Items	Estimated Amounts (\$) A	Estimated Amounts (\$) B	Estimated Amounts (\$) C
Costs of the Fundraisings	300,000	300,000	300,000
Synchrotron Diagnostics Management Costs			
Synchrotron Diagnostics Limited management fees	115,000	115,000	115,000
Management Travel Expenses	36,000	36,000	36,000
Medical Advisory Costs	36,000	36,000	36,000
Chief Research Officer and hair sample collection costs	42,000	42,000	42,000
Trials			
Synchrotron time required	75,000	75,000	75,000
Trial Employees – clinical	105,000	105,000	105,000
Trial Employees – medical director and assistant	0	60,000	185,000
Hair sample collection assistant	27,000	27,000	27,000
Hair sample loader assistant	14,000	14,000	14,000
Total	750,000	810,000	935,000

A Convertible Note and Placement monies raised - nothing raised under the Rights Issue

B Convertible Note and Placement monies raised - 50% raised under the Rights Issue

C Convertible Note and Placement monies raised - 100% raised under the Rights Issue

On completion of the Fundraisings, and if the Company is reinstated to Official Quotation, the Board believes the Company will have sufficient working capital to carry out its stated objectives irrespective of the amount raised under the Offer.

2.11 Dividend Policy

The Company does not expect to declare any dividends in the near future.

2.12 Investment Risks

Investment in the New Shares offered by this Prospectus should be considered speculative. The key risks associated with an investment in the Company are set out in section 8 of this Prospectus.

2.13 CHESS

The Company will apply to participate in the ASX's Clearing House Electronic Subregister System (**CHESS**), in accordance with the ASX Listing Rules and ASTC Settlement Rules. CHESS is an electronic transfer and settlement system for transactions in securities quoted on ASX under which transfers are effected in a paperless form.

When the Shares become CHESS Approved Securities, holdings will be registered in one of two subregisters, an electronic CHESS subregister or an issuer sponsored subregister. All other Shares will be registered on the issuer sponsored subregister.

Following completion of the Offer, Shareholders will be sent an initial statement of holding that sets out the number of Shares that have been allocated. This statement will also provide details of the Shareholder's Holder Identification Number (**HIN**) or, where applicable, the Securityholder Reference Number (**SRN**) of issuer sponsored Shareholders.

Shareholders will subsequently be issued statements showing any changes to their shareholding. Certificates will not be issued.

2.14 Applicants outside Australia

This Prospectus does not constitute an offer of Shares in any jurisdiction where, or to any person to whom, it would be unlawful to issue the Prospectus or make the Offer. Residents of countries outside Australia should consult their professional advisers as to whether any government or other consents are required, or whether any formalities need to be observed should they wish to make an application to subscribe for New Shares on the basis of this Prospectus.

No action has been taken to register or qualify the New Shares or the Offer, or otherwise to permit a public offering of the New Shares in any jurisdiction outside Australia.

2.15 Privacy Disclosure

The Entitlement and Acceptance Form attached to or accompanying this Prospectus requires you to provide information that may be personal information for the purposes of the Privacy Act. The Company (and its Share Registry on behalf of the Company) may collect, hold and use that personal information in order to assess your application, service your needs as a Shareholder and provide facilities and services that you request and to administer the Company.

Access to information may also be provided to the Company's agents and service providers on the basis that they deal with such information in accordance with the Company's privacy policy.

If you do not provide the information requested of you in the Entitlement and Acceptance Form, the Company's Share Registry may not be able to process your application or administer your holding of Shares appropriately. Under the Privacy Act, you may request access to your personal information held by (or on behalf of) the Company. You can request access to your personal information by telephoning or writing to the Company.

3. HOW TO ACCEPT

3.1 Your Choices

Under the Offer, you may do one of the following:

- take up your Entitlement in full (see section 3.2);
- take up part of your Entitlement and allow the balance to lapse (see section 3.3);
or
- allow all of your Entitlement to lapse (see section 3.4).

3.2 Option 1 – Take up all of your Entitlement

If you wish to take up your Entitlement in full, complete the Entitlement and Acceptance Form in accordance with its instructions. Your full Entitlement will be shown on your personalised Entitlement and Acceptance Form attached to or accompanying this Prospectus.

3.3 Option 2 – Take up part of your Entitlement and allow balance to lapse

If you wish to take up part of your Entitlement and allow the balance to lapse, complete the Entitlement and Acceptance Form by indicating the number of New Shares you wish to accept.

The balance of your Entitlement not taken up will lapse and your shareholding in Fermiscan may be diluted.

3.4 Option 3 – Allow all of your Entitlement to lapse

If you do not wish to accept any part of your Entitlement, do not take any further action and your Entitlement will lapse.

By not taking up your Entitlement, your shareholding in Fermiscan is likely to be diluted.

3.5 Shortfall Facility

The Company may place any Shortfall Shares not taken up by Eligible Shareholders with third parties at an issue price per New Share of not less than the Offer Price within 3 months of the close of the Offer in accordance with Listing Rule 7.2 (Exception 3).

The Company reserves its right to not proceed with the placement of the Shortfall Shares.

3.6 Accepting the Offer and Making Payment

You should read this Prospectus in its entirety before deciding to apply for any New Shares. If you do not understand this Prospectus you should consult your stockbroker, accountant or other professional adviser in order to satisfy yourself as to the contents of this Prospectus.

To accept the Offer, complete your Entitlement and Acceptance Form in accordance with its instructions.

Cheque

If paying by cheque, the Entitlement and Acceptance Form must be accompanied by a cheque in Australian dollars for the full amount of your Application Money. Cheques must be payable on an Australian bank and should be made payable to "Fermiscan Holdings Limited Rights Issue" and crossed "Not Negotiable".

Your completed Entitlement and Acceptance Form and accompanying cheque must be received **no later than 5pm (Sydney time) on the Closing Date** by the Share Registry:

By Post to:

Fermiscan Holdings Limited
C/- Link Market Services Limited
Reply Paid 3560
Sydney NSW 2001

By Hand to:

Link Market Services Limited
Level 12
680 George Street
Sydney NSW 2000
(Please do not use this address for mailing)

BPay

You may pay for your New Shares using BPay. If you wish to use BPay, please follow the instructions on your Entitlement and Acceptance Form. If you pay by Bpay, you do not need to lodge the Entitlement and Acceptance Form. BPay payments must be received **no later than 5pm (Sydney time) on the Closing Date**.

3.7 Entitlement and Acceptance Form is binding

An original, completed and lodged Entitlement and Acceptance Form, together with payment of the Application Money or payment by BPay, constitutes a binding and irrevocable offer to subscribe for the number of New Shares specified in the Entitlement and Acceptance Form (or the number of Shares representing the amount of your BPay payment) on the terms and conditions set out in this Prospectus. Once lodged, your Entitlement and Acceptance Form cannot be withdrawn. The Entitlement and Acceptance Form does not need to be signed to be a valid application. An application will be deemed to have been accepted by the Company upon allotment of the New Shares.

If the Entitlement and Acceptance Form is not completed correctly, or if the accompanying payment of the Application Money is for the wrong amount, it may still be treated as a valid application for New Shares. The Board's decision whether to treat the application as valid and how to construe, amend or complete the Entitlement and Acceptance Form is final. However, you will not be treated as having applied for more New Shares than is indicated by the amount of the Application Money actually paid.

3.8 Brokerage

No brokerage or stamp duty is payable to accept the Offer under this Prospectus.

4. COMPANY AND BUSINESS OVERVIEW

4.1 Company's Background

The Company has been suspended from trading on the ASX since 28 October 2009. As announced to the market on 18 November 2009, following an assessment of Fermiscan Group's affairs, the Directors of the Company (as they then were) resolved to appoint Giles Geoffrey Woodgate of Woodgate & Co. to act as the voluntary administrator to each of the Company, Fermiscan Pty Limited, Fermiscan Australia Pty. Limited and Fiberscan Pty Ltd (**Voluntary Administrator**).

Prior to the suspension of the Shares and the appointment of the Voluntary Administrator, Fermiscan's objective was to commercialise an innovative non-invasive diagnostic test using x-ray diffraction of human hair for the early detection of breast cancer called "Using Hair to Screen for Breast Cancer" (or **Technology**).

4.2 The Technology

The Technology 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 of human hair generated by a synchrotron. The change would present itself as a diffused ring superimposed on the normal diffraction pattern under x-rays of human hair.

The Technology is intended to be non-invasive and can be used to screen people of all ages, and in the case of women at risk, those under the age of 40 for whom exposure to x-rays is not advisable.

4.3 Voluntary Administration and Deed of Company Arrangement

A Deed of Company Arrangement was executed between the Voluntary Administrator and the Company on 8 March 2010 (and amended on 24 May 2010) (**DOCA**). The purpose of the DOCA was to maximise the prospect of the Company's creditors receiving a dividend that exceeds the dividend they would receive if the Company was wound up and maintain the potential for the Company to be re-listed on the ASX.

On 4 May 2010, it was announced that the Voluntary Administrator settled the sale of the Company's intellectual property and certain assets to SBC Research Pty Ltd, including the Registered Patents.

The Voluntary Administrator required an injection of \$100,000 into the Company in order for the Company to come out of administration. As a result, on or about 11 June 2010, the Company raised \$100,000 by way of an issue of 10 million Shares at an issue price of \$0.01 per Share.

The DOCA was wholly effectuated on 11 June 2010 and the Company was returned to the Board with no assets or liabilities.

4.4 Reinstatement Proposal and Capital Raising Initiatives

On 20 September 2010, it was announced that the Company had applied to ASX to have the Company's Shares reinstated to Official Quotation so that it may take steps to fund completion of the Trials that were being conducted prior to entering into voluntary administration.

ASX has indicated that the Company must satisfy a number of conditions before ASX will reinstate the Shares to Official Quotation. A summary of these conditions is set out in section 0 below.

As part of the Reinstatement process, the Company is conducting the following capital raising initiatives:

Description	Purpose	Status
Convertible Note Issue		
Offer to raise \$300,000 by way of an issue of Convertible Notes convertible into Shares at \$0.002 per Share, representing 150 million Shares, to investors that do not require disclosure e.g. sophisticated investors.	To cover the potential costs associated with achieving Reinstatement, estimated at \$300,000.	Fully subscribed as at the date of this Prospectus. Shareholders approved the issue of the Convertible Notes on 1 December 2010 at the AGM. The Convertible Notes will convert into Shares upon obtaining ASX approval for Reinstatement.
Placement		
Offer to raise \$1 million by way of an issue of 100 million Shares at an issue price of \$0.01 per Share to investors that do not require disclosure e.g. sophisticated investors.	To meet ASX's requirement that the Company must have at least \$1 million (net of all debt) on Reinstatement.	The Placement will close on or before the Closing Date for the Rights Issue. Shareholders approved the proposed issue of Shares under the Placement on 1 December 2010 at the AGM.
Rights Issue		
Offer to raise up to \$767,533 by way of a non-renounceable rights issue of 1 New Share for every 2 Shares held by Eligible Shareholders at an Offer Price of \$0.01 per New Share, with a Shortfall Facility.	To give existing Shareholders the opportunity to subscribe for more Shares in the Company.	To be confirmed after the close of the Offer. However, if any New Shares are not taken up by Shareholders, the Company may place the shortfall with third parties in accordance with Listing Rule 7.2 (exception 3) (see section 3.5 above).

4.5 ASX's Requirements for Lifting Suspension

ASX's requirements for lifting the suspension on the trading of Shares are set out below, including a statement as to the Company's progress (at the date of this Prospectus) in meeting those requirements.

Condition imposed by ASX	Company's progress
The Company must lodge with ASIC and release to the market a copy of a Prospectus (approved by ASX) in respect of the Company's proposed Fundraisings.	Satisfied.
The Company must provide the following documents, in a form suitable for release to the market:	
A reviewed pro-forma balance sheet to 30 June 2010 taking into account the impact of the proposed Fundraisings by the Company.	To be provided to ASX before Reinstatement, however see section 6 for the Company's pro forma balance sheet taking into account the Convertible Note Issue, Placement and this Offer (Fundraisings).
The Company must demonstrate that after completion of the Fundraisings and payment of the costs of the Fundraisings and issue of the Prospectus, it will have working capital of at least \$1million net of all debt.	The Company is conducting the Fundraisings to satisfy this condition.
A list of commitments consistent with the Company's business objectives to spend at least half of its cash and assets in a form readily convertible to cash.	See section 2.10 above (Use of Funds).
A statement setting out the names of the 20 largest holders of each class of securities to be quoted, including the number and percentage of each class of securities held by those holders.	To be provided shortly after completion of the Fundraisings.
A distribution schedule of the numbers of holders in each class of security to be quoted in the form contained in Appendix 1A, paragraph 48.	To be provided shortly after completion of the Fundraisings.
Confirmation that the Company has completed its capital raising (to raise \$1million net of all debt), and has received in cash the full amount of all securities issued and that it has completed the allotment of those securities and the despatch of holding statements in respect of those securities.	To be confirmed shortly after completion of the Fundraisings.

Confirmation that the Company will have at least 300 Shareholders holding a marketable parcel (i.e. a parcel of shares with a value of at least \$500).	To be confirmed shortly after completion of the Fundraisings.
A copy of the Company's complete share register following completion of the Fundraisings.	To be provided shortly after completion of the Fundraisings.
Lodgement of any outstanding periodic reports with ASX, including:	
• Annual Accounts and Annual Report for the year ended 31 December 2009.	Lodged.
• Quarterly cash flow reports in the form of Appendix 4C for the periods ended 31 March 2010 and 30 June 2010.	Lodged.
• Half-Year Report and Financial Statements for the year ended 30 June 2010.	Lodged.
• Lodgement of applications for quotation in the form of Appendix 3B for any new securities issued.	To be lodged within 7 days of the date of this Prospectus.
Payment of any outstanding ASX invoices including subsequent quotation fees for Shares issued under the Fundraisings and any other securities for which the Company applies for quotation.	All amounts have been paid as at the date of this Prospectus. Fees regarding quotation of Shares issued under the Fundraisings will be paid prior to Reinstatement.
Obtaining approval for the Company's securities to participate in CHESS from ASX Settlement and Transfer Corporation Pty Limited.	To be obtained shortly before Reinstatement.
Obtaining Shareholder approval for any other issues or actions that require Shareholder approval.	Required resolutions were approved at the AGM on 1 December 2010.

4.6 Objectives and Business Plan

The Board has adopted a 12-month plan commencing from Reinstatement as follows:

1. Search for and employ a suitably qualified Australian based medical director.
2. Employ other relevant local staff.
3. Locate and secure appropriate office space.
4. Implement up to date and best practice corporate governance principles.
5. Prepare full operational and financial plan.

6. Design and implement a reporting plan to the Board and, where appropriate, Shareholders.
7. Commence working with Synchrotron Diagnostics Ltd (**SD**) to finalise the Trials (see section 4.7 below).
8. Supervise completion of the Trials in conjunction with and in consultation with SD.
9. Oversee publication of results of the Trials.

If the Trials prove successful:

10. Work with SD to have the results published in a reputable medical journal or similar publication.
11. Prepare detailed plans for the utilisation of the Technology.
12. Negotiate and document a suitable structure to utilise the Technology in all legally available jurisdictions.

The purpose of this Prospectus and the Fundraisings (i.e. Rights Issue, Placement and Convertible Note Issue) is to raise funds so that the Company may fund the completion of the Trials. The Company does not expect to generate any income in the next 6 - 12 months as a result of funding the completion of the Trials.

4.7 Synchrotron Diagnostics and Other Service Providers

The Company has entered into a binding memorandum of understanding (**MOU**) with SD to finalise the Trials upon Reinstatement. SD is a biotechnological entity incorporated in the UK and conducts research in the biotechnological market for epithelial cancer and consequently cancer prevention and management.

Under the MOU, SD is required to make arrangements with ASLto5 (Italy) and ODLG (France) to continue the Trials. SD must oversee and manage the conduct of the Trials and the engagement of the relevant service providers and use its best endeavours to ensure that the Trials are conducted and completed in a timely fashion. SD is to manage the conduct of the Trials in accordance with the budgets prepared by SD. Any new intellectual property developed by Fermiscan or SD during the conduct of the Trials is to be jointly owned by Fermiscan and SD.

If Fermiscan and SD believe that the Technology is able to be utilised or any intellectual property developed during the conduct of the Trials and owned by SD and Fermiscan is able to be sold, SD and Fermiscan have agreed to negotiate a joint venture or other suitable arrangement to utilise the test or sell the intellectual property developed during the conduct of the Trials. Please refer to section 9.2 for a summary of the MOU.

The Company also intends to engage Mr Joseph Haklani to conduct the European Trials. Mr Haklani previously worked with Fermiscan as a scientist at multiple levels and is capable of seeing through all aspects of the outstanding clinical trials. During his role, he was involved with, amongst other things, the processing and analysis of the patient hair samples and the use of the microscopy equipment software required for image analysis. He also undertook the necessary training for the independent use of x-ray scattering beamline for the purpose of completing trials of the Technology. Furthermore, whilst at the synchrotron, Mr Haklani was heavily involved in the research and development to increase the sensitivity and specificity of the Technology.

4.8 Trials

The Italian trials of the Technology have been partially completed and a second trial has been arranged with the French NHS Breast Cancer prevention body (ODLC¹) in the Isere region of France. This is under the control of a committee (CSSSI²) to enable the French trial to be amalgamated into the Italian trial and acquire international Multi Centric Status. Completion of the French trial therefore will, when published in a peer reviewed scientific publication, possess an important scientific weight. Both Trials have been approved by the relevant ethics committee in each country³. The next step is to continue and complete the French Trials according to the French Trial Protocol, and submit the amalgamated results of both trials for publication together. The Medical Direction of both trials is under the supervision of an Italian Breast Cancer specialist.⁴

An abstract concerning the test was accepted and published at the San Gallen Oncology conference in 2009 and a further abstract has been submitted by Italian researchers to the San Gallen Oncology conference to be held in March 2011.

Trial Objectives

In general the Trials aim to analyse the x-ray diffraction patterns of material from qualifying subjects to identify and determine:

1. the accuracy of the Technology in detecting the presence of breast cancer using human hair by analysing x-ray diffraction patterns from patients already identified with possible pathologies;
2. at what stage in its development does the Technology identify the presence of growing pathologies of the breast (cellular hyperproliferation and Atypical Ductal Hyperplasia); and
3. the precision of the Technology in identifying neoplasia by histological and cytological grouping.

Trial Method

Female patients aged 49 years and over may participate in the Trials after referral to second level mammographic screening,⁵ have usable hair (i.e. not dyed in the 6 weeks prior) and are seen by specialised diagnostic centres.

Upon completion of a consent form by a technician or nurse, and verification of their eligibility, the participants' lifestyle and medical data will be recorded and placed in the custody of the relevant diagnostic centre.

¹ France – Office de la Lutte Contre le Cancer (ODLC) Italy - Centro Prevenzione Oncologico (CPO) Turin.

² CSSSI An International committee consisting of well known breast Cancer specialists and epidemiologists from both Italy and France.

⁴ Dr Salvatore Polizzi. Director of Oncological Prevention. San Remigio Hospital, Carignano, Turin, Italy.

⁵ Second level screening refers to patients identified on primary mammographic screening with an issue or problem that is suspect and needs further analysis.

Samples of hair will be taken and placed in suitable containers that are sealed and labelled with a unique identification number. These will then be securely transported to the ESRF⁶ Grenoble, France for analysis of the x-ray diffraction patterns using the Technology to determine if the diagnostic ring is superimposed on the normal diffraction pattern of hair, indicating a possible neoplastic condition. The results are then returned to the diagnostic centres and compared to the final histological diagnosis of the patient using the traditional methods. The accuracy⁷ of the test is then determined. Further comparison is then made by researchers to evaluate secondary features⁸.

The privacy of participants will be protected with sample identification codes provided to all patients which will be securely kept by relevant staff. No individual personal data will be divulged to any organisation or external group as set out in the consent form.

Trial Risks

The Trials are very low risk and non invasive or painful as participants' hair samples (20 hairs from behind the ear) will be cut, and not plucked, from their heads.

Results to Date

From the trials conducted to date, it appears that the test is able to identify a developing pathology at an early stage and it is likely that if the Trials are successful, it will bring the possibility of detecting breast cancer and other epithelial cancers at an earlier stage than existing methods and increase the possibility of developing success in the treatment of breast cancer.

4.9 Corporate Structure

The Board is in the process of either winding up or deregistering all of the Company's subsidiaries. Once this is complete, the Company will not have any holdings in any other company.

⁶ European Synchrotron Research Facility (ESRF) Grenoble, France. Owned and operated by the Governments of the major EC member States.

⁷ See note 1

⁸ See notes 2 and 3.

5. BOARD OF DIRECTORS

5.1 Robert Whitton (Non Executive Chairman)

Mr Robert Whitton was appointed to the Board on 20 August 2010. Robert is a director at William Buck, Chartered Accountants & Advisors where he is head of their Business Recovery team. He has in excess of 25 years insolvency, reconstruction and business advisory experience gained across a range of accounting firms. He is a fellow of the institute of Chartered Accountants, an Official Liquidator, Trustee in Bankruptcy and a Certified Fraud Examiner. Robert is currently the Chairman of the Australian Wine Consumers Co-operative Society Ltd ("The Wine Society") where he has been a Director for 8 years. The Wine Society is Australia's oldest not for profit wine club having been established in 1946 with around 50,000 members nationally. Robert is also a director of ASX-listed Nexbis Limited.

5.2 Ian Chalmers (Non Executive Director)

Mr Ian Chalmers was appointed to the Board on 17 September 2009. Ian has extensive experience in health related policy and regulatory affairs issues at the national level. His career encompasses almost two decades as chief executive of a number of significant national industry organisations, including Medicines Australia and the Australian Private Hospitals Association, together with previous appointments as a federal ministerial adviser, a parliamentary policy and research adviser, a strategy and public affairs consultant, and several non executive directorships. Formerly an army officer, he is a graduate of the Royal Military College, Duntroon and the University of New South Wales.

5.3 Ben Dillon (Non Executive Director)

Mr Ben Dillon was appointed to the Board on 2 June 2010. In life sciences Ben is currently advising to healthcare service providers including Macquarie Health Corporation and Independent Private Hospitals of Australia. Ben has previously served as a Managing Director and CEO of Polartech Limited, a medical devices company that specialised in cervical cancer and melanoma screening systems. Before the above role in life sciences, Ben had an extensive and broad range of commercial experience including roles as a partner in KPMG Sydney specialising in corporate advisory services, senior management roles in hospitality management, property investment banking with Macquarie Bank Limited and institutional property banking with Westpac Bank Limited.

5.4 Management

The Company currently has no employees and the Company is managed by the Directors. However the Board intends to appoint a CEO within the next 12 months.

6. FINANCIAL INFORMATION

A pro forma balance sheet taking into account the effect of the Fundraisings on the Company is set out below.

	31 Dec 09 ^A	11 Jun 10 ^B	1 Dec 10 ^C	3 Feb 11 ^D	3 Feb 11 ^E
	\$'000	\$'000	\$'000	\$'000	\$'000
CURRENT ASSETS					
Cash and cash equivalents	865	-	1,099	1,099	1,867
Receivables	664	-	18	18	18
Other	69	-	-	-	-
TOTAL CURRENT ASSETS	1,598	-	1,117	1,117	1,885
NON CURRENT ASSETS, CLASSIFIED AS HELD FOR SALE					
Property, plant and equipment	234	-	57	57	57
Intangible assets	250	-	-	-	-
TOTAL NON CURRENT ASSETS	484	-	57	57	57
TOTAL ASSETS	2,082	-	1,174	1,174	1,942
CURRENT LIABILITIES					
Payables	1,455	-	600	300	300
Provisions	76	-	-	-	-
TOTAL CURRENT LIABILITIES	1,531	-	600	300	300
NON-CURRENT LIABILITIES					
Payables	-	-	-	-	-
TOTAL NON-CURRENT LIABILITIES	-	-	-	-	-
TOTAL LIABILITIES	1,531	-	600	300	300
NET ASSETS	551	-	574	874	1,642
EQUITY					
Contributed equity	34,959	59,108	59,808	60,108	60,876
Reserves	1,400	-	-	-	-
Retained earnings (accumulated losses)	(35,808)	(59,108)	(59,234)	(59,234)	(59,234)
TOTAL EQUITY	551	-	574	874	1,642

- ^A Extract from published statement of financial position dated 31 December 2009.
- ^B Pro forma statement of financial position as at 11 June 2010 being the date of the effectuation of the DOCA.
- ^C Pro forma statement of financial position as at 1 December 2010 assuming the Placement is fully subscribed and inclusive of the proceeds from the Convertible Note Issue.
- ^D Pro forma statement of financial position as at 3 February 11 assuming that in addition no monies are raised under the Rights Issue and Convertible Notes have converted.
- ^E Pro forma statement of financial position as at 3 February 11 assuming that in addition all monies under the Rights Issue are raised and the Convertible Notes have converted.

7. INDEPENDENT ACCOUNTANT'S REPORT



PITCHER PARTNERS
NSW CORPORATE PTY LIMITED

3 February 2011

The Directors
Fermiscan Holdings Limited
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66 Goulburn Street
Sydney NSW 2000

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Pitcher Partners, including Johnston Burke,
is an association of independent firms:
Melbourne | Sydney | Perth | Adelaide | Brisbane

Dear Sirs

INDEPENDANT ACCOUNTANT'S REPORT

This report has been prepared for inclusion in a Prospectus to be issued by Fermiscan Holdings Limited ("**Fermiscan**" or "**the Company**") to be dated on or around 3 February 2011 ("**the Prospectus**") relating to a rights issue to shareholders, the full details of which are set out below.

Expressions defined in the Prospectus have the same meaning in this report.

Pitcher Partners NSW Corporate Pty Limited holds an Australian Financial Services License (No. 277719) issued by the Australian Securities and Investments Commission for providing financial product advice, including Independent Accountant's Reports for inclusion in public offer documents.

Details of the Offer

Fermiscan is offering for subscription a maximum of 76,753,335 fully paid ordinary shares at \$0.01 which is payable in full on application, raising up to \$767,533 by way of a non-renounceable entitlement of 1 new share for every 2 held at record date, with a shortfall facility.

Historical and Pro Forma Financial Information

The following financial information is set out on Page 20 has been prepared by the Directors of Fermiscan:

- The historical Statement of Financial Position as at 31 December 2009 for Fermiscan which has been audited by Pitcher Partners.
- The historical Statement of Financial Position as at 11 June 2010 for Fermiscan, being the date at which the company was returned to the control of the Directors. As at this date the company had no assets or liabilities.
- The Pro Forma Statement of Financial Position as at 1 December 2010, prepared on the basis that the placement and convertible note have been approved by the shareholders and fully subscribed.
- The Pro Forma Statement of Financial Position as at 3 February 2011, prepared on the basis that the no funds are raised under the rights issue and that the convertible notes have converted (minimum subscription); and



- The Pro Forma Statement of Financial Position as at 3 February 2011, prepared on the basis that the rights issue is fully subscribed and the convertible notes converted (maximum subscription).

The directors have not included in the Prospectus any forecast of the earnings of the Company as prescribed under ASIC Regulatory Guide 170 as the Company is effectively a "start-up business" and accordingly their inclusion could be misleading to potential investors.

Scope of Our Report

The Historical and Pro Forma financial information is presented in an abbreviated form in the prospectus in so far as it does not include all of the disclosures required by the Australian Accounting Standards applicable to annual financial reports prepared in accordance with the Corporations Act 2001.

The directors of the Company are responsible for the preparation and presentation of the Historical and Pro-forma Financial Information including the assumptions and accounting policies on which they are based.

We have reviewed the Historical and Pro Forma Financial Information of the Company in accordance with Australian Auditing Standards ASRE 2405 "**Review of Historical Financial Information Other than a Financial Report**". Our procedures consisted primarily of enquiry and comparison and such other analytical procedures we, in our professional judgment, considered necessary in the circumstances.

These review procedures were substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than given in an audit. We have not performed an audit and accordingly do not express an audit opinion.

Review Statement

Based on our review, which is not an audit, nothing has come to our attention which causes us to believe that the Historical and Pro Forma Financial Information set out on Page 20 does not present fairly the financial position of Fermiscan as at the various dates and in accordance with the assumptions detailed on Page 20.

Subsequent Events

Apart from the matters dealt with in this report, and having regard to the scope of our report, to the best of our knowledge and belief no material transactions or events outside of the ordinary business of the Company have come to our attention that would require comment on, or adjustment to, the information referred to in our report or that would cause such information to be misleading or deceptive.

Financial Services Guide

Our Financial Services Guide has been included on the page following this report. The Financial Services Guide is designed to assist retail investors in their use of any financial product advice contained in our report.

Independence and Disclosure of Interest

As disclosed in Section 10.3 of the Prospectus, Pitcher Partners NSW Corporate Pty Limited does not have any interest in the outcome of this Offer other than the preparation of this report and provision of financial and other advisory services in relation to the Offer, for which normal professional fees have been or will be received.

Also as disclosed in Section 10.3, Pitcher Partners, a partnership of which the ultimate owners of Pitcher Partners NSW Corporate Pty. Limited are the partners, is the auditors of Fermiscan and has or will receive normal professional fees for these services.

Consents

Pitcher Partners NSW Corporate Pty. Limited has consented to the inclusion of this report in the Prospectus in the form and context in which it appears. At the date of this report that consent has not been withdrawn.

Yours faithfully

PITCHER PARTNERS NSW CORPORATE PTY LIMITED



D. A Cartwright
Director and Responsible Officer

Date 3 February 2011

Financial Services Guide

2 February 2011

What is a Financial Services Guide?

This Financial Services Guide ("FSG") is an important document the purpose of which is to assist you in deciding whether to use any of the general financial product advice provided by Pitcher Partners NSW Corporate Pty Ltd. The use of "we", "us" or "our" is a reference to Pitcher Partners NSW Corporate Pty Ltd as the holder of Australian Financial Services Licence ("AFSL") No. 227719. The contents of this FSG include:

- who we are and how we can be contacted
- what services we are authorised to provide under our AFSL
- how we (and any other relevant parties) are remunerated in relation to any general financial product advice we may provide.
- details of any potential conflicts of interest
- details of our internal and external dispute resolution systems and how you can access them.

Information about us

We have been engaged by you to give general financial product advice in the form of a report to be provided to you in connection with a financial product to be issued by another party. You are not the party or parties who engaged us to prepare this report. We are not acting for any person other than the party or parties who engaged us. We are required to give you an FSG by law because our report is being provided to you. You may contact us by writing to Level 3, 60 Castlereagh Street, SYDNEY NSW 2000, or by telephone on +61 (02) 9221 2099.

Pitcher Partners NSW Corporate Pty Ltd is ultimately owned by Pitcher Partners NSW Pty Ltd, a provider of accounting, tax, corporate advisory, superannuation, investment advisory and consulting services. Directors of Pitcher Partners Corporate Pty Ltd are directors of Pitcher Partners NSW Pty Limited.

Pitcher Partners NSW Pty Limited is an independent company of Pitcher Partners. As such, neither it nor any of the other independent member firms has any liability for each other's acts or omissions. Each of the member firms is a separate and independent legal entity operating under the name "Pitcher Partners", or other related names.

The financial product advice in our report is provided by Pitcher Partners NSW Corporate Pty Ltd and not by Pitcher Partners NSW or its related entities.

We do not have any formal associations or relationships with any entities that are issuers of financial products. However, we and the Pitcher Partners NSW Pty Limited (and its related bodies corporate) may from time to time provide professional services to financial product issuers in the ordinary course of business.

What financial services are we licensed to provide?

The AFSL we hold authorises us to provide the following financial services to both retail and wholesale clients:

- to provide general financial advice only in respect to interests in managed investment schemes, excluding investor directed portfolio services, and securities.

Information about the general financial product advice we provide

The financial product advice provided in our report is known as "general advice" because it does not take into account your personal objectives, financial situation or needs. You should consider whether the general advice contained in our report is appropriate for you, having regard to your own personal objectives, financial situation or needs.

If our advice is being provided to you in connection with the acquisition or potential acquisition of a financial product issued by another party, we recommend you obtain and read carefully the relevant Product Disclosure Statement ("PDS") or offer document provided by the issuer of the financial product. The purpose of the PDS is to help you make an informed decision about the acquisition of a financial product. The contents of the PDS will include details such as the risks, benefits and costs of acquiring the particular financial product.

How are we and our employees remunerated?

Our fees are usually determined on an hourly basis; however they may be a fixed amount or derived using another basis. We may also seek reimbursement of any out-of-pocket expenses incurred in providing the services.

Fee arrangements are agreed with the party or parties who actually engage us and we confirm our remuneration in a written letter of engagement to the party or parties who actually engage us.

Neither Pitcher Partners NSW Corporate Pty Ltd nor its directors and officers, nor any related bodies corporate or associates and their directors and officers, receives any commissions or other benefits, except for the fees for services rendered to the party or parties who actually engage us. Our fee will be disclosed in the relevant PDS or offer document prepared by the issuer of the financial product it required.

All of our employees receive a salary with some directors also having an equity interest in the company. We do not receive any commissions or other benefits arising directly from services provided to you. The remuneration paid to our directors reflects their individual contribution to the company and covers all aspects of performance.

We do not pay commissions or provide other benefits to other parties for referring prospective clients to us.

What should you do if you have a complaint?

If you have any concerns regarding our report, you may wish to advise us. Our internal complaint handling process is designed to respond to your concerns promptly and equitably. Please address your complaint in writing to:

The Managing Partner
Pitcher Partners NSW Pty Limited
Level 22, MLC Centre
19 Martin Place
SYDNEY NSW 2000

If you are not satisfied with the steps we have taken to resolve your complaint, you may contact the Financial Industry Complaints Service ("FICS"). FICS provides free advice and assistance to consumers to help them resolve complaints relating to members of the financial services industry. Complaints may be submitted to FICS at:

Financial Industry Complaints Service
Telephone: 1800 335 405
Internet: <http://fics.asn.au>

The Australian Securities and Investments Commission ("ASIC") regulates Australian companies, financial markets, financial services organisations and professionals who deal and advise in investments, superannuation, insurance, deposit taking and credit. Their website contains information on lodging complaints about companies and individual persons and sets out the types of complaints handled by ASIC. You may contact ASIC as follows:

Info line: 1 300 300 630
Email: info@asic.gov.au
Internet: <http://www.asic.gov.au/asic/asic.nsf>

8. RISK FACTORS

8.1 Introduction

An investment in the Company is not risk free and Shareholders should consider the risk factors described below, together with information contained elsewhere in this Prospectus, before deciding to subscribe for any New Shares under the Offer.

While the Directors commend the Offer, Shareholders should consider whether the New Shares offered are a suitable investment having regard to their own personal investment objectives and financial circumstances and the risk factors set out below. The following is not intended to be an exhaustive list of the risk factors relating to the Company and potential investors should read this Prospectus in its entirety and if in any doubt consult their professional advisers before deciding whether to participate in the Offer.

8.2 General Risks

Actual Events

Actual events and circumstances may differ from those anticipated in this Prospectus. Therefore, the Company may need to adapt its operations accordingly.

Capital Markets and Liquidity

The market price of the Shares can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities. The trading price of Shares at any given time may be higher or lower than the price paid under the Offer or the price at which investors initially subscribed for Shares. There is potential risk that an investor will be unable to exit or realise their investment because the market for the Company's securities is illiquid. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

Economic and Political Circumstances

General economic conditions, movements in interest and inflation rates in the Company's markets and currency exchange rates may have an adverse effect on the Company's activities. The Company may be exposed to risks such as unexpected changes in regulatory requirements, longer payment cycles, fluctuations in currency rates, foreign exchange controls which restrict or prohibit repatriation of funds and potentially adverse tax consequences. The Company's proposed operations can be affected by these factors, which are beyond the control of the Company. The Company may be subject to political and other uncertainties, including risk of civil rebellion, expropriation, nationalisation, renegotiation or nullification of contracts, assets or other agreements.

Legislation

New legislation and changes to existing legislation and government policy may impact upon the Company's ability to achieve its stated objectives. Taxation rates and other fiscal regulation in the Company's regions of operations may change significantly in the future.

8.3 Specific Risks

There are a number of specific risk factors relating to Fermiscan's business.

The Technology

The Technology is still in the testing stage and, if the Trials prove successful, the Company may then seek to utilise the Technology. There is no guarantee that the Trials will be successful or that utilisation of the Technology will occur.

The Company has not yet been able to develop and make operational a method of loading hairs for x-ray diffraction by the synchrotron in sufficient numbers to accommodate the volume of hairs for analysis to achieve a desired result.

The Company has not yet been able to develop systems and methods of analysis to obtain accurate reading of data from x-ray diffraction of hair to accommodate the volume of hairs to be analysed to achieve a desired result.

Each of these factors may affect the Company's ability to utilise the Technology.

Dependence on External Parties and Resources

The success of the Company's business is reliant upon many factors including, but not limited to: intermediaries to receive, carry and analyse materials; the ability to use an appropriately maintained and fully functional synchrotron; the Trials being properly conducted and completed by the synchrotron provider; obtaining necessary resources to ensure it can process the analysis of the volume of samples. Any failures in these operational areas will impact upon the efficacy and potential of the Company if the Technology were to be utilised.

Reliance on Key Personnel

The Company intends to appoint a new management team. Growth of the Company's operations may place a significant strain on the Company's resources. Should the Company be in a position to utilise the Technology, inability to manage growth could have a material adverse effect on the Company.

Dividend Risks

Given that the Company is not currently generating any income and there are no short term plans to generate income during the conduct of the Trials, the Company does not expect that any dividends will be payable. The Company can give no assurance about the level of dividends in the long term.

Test Results

The tests undertaken using the Technology have the potential to detect breast cancer in the early stages of its development. The early detection of breast cancer has the potential to cause considerable distress to a diagnosed patient where test results cannot be substantiated by other modern medical tests such as mammograms, MRIs and ultrasounds. Positive results which are unable to be substantiated could arise in circumstances where the Company's test results are incorrect or where its tests identify breast cancer at an early stage of development that is not detectable using other forms of medical testing.

Therefore, there is a risk that a patient may bring a claim against the Company where the Company's test results during the conduct of the Trials are not able to be substantiated. Alternatively, the Company may provide a patient with an incorrect negative result which may give rise to legal proceedings being commenced against the Company. The Company will endeavour to address these risks in the contracts entered into between the Company and patients and through the information packs provided to patients in connection with the breast cancer testing Trials.

Intellectual Property

International protection of intellectual property rights, such as patents, can be highly uncertain and involves complex legal and factual issues and principles which vary according to jurisdiction or remain unresolved. As a result, there is a risk that the Company's intellectual property rights may be infringed, or the Company may infringe the intellectual property rights of a third party. This may result in significant costs in pursuing or defending any legal and commercial action and may have a material adverse effect on the Company. Please see section 10.6 for details of a complaint by SBC Research Pty Ltd.

Directors and Officer Liability Insurance

The Directors and officers of the Company have agreed to act in their respective capacities on the condition that the Company carries Director and Officer Liability Insurance. At the date of this Prospectus, the Company has such Director and Officer Liability Insurance. Due to the uncertainties associated with the insurance industry, Fermiscan cannot guarantee that such insurance will continue to be attainable or, if it is attainable, will be on acceptable terms. In the event such insurance is not available, the Company may not be able to retain Directors or officers and it may not be able to find persons willing to be appointed Directors or officers.

Funding Risks

The Directors expect that the proceeds of the Fundraisings (including the proceeds from the Offer under this Prospectus) will provide the Company with sufficient working capital to carry out its stated objectives. However, the Directors can give no assurances that such objectives will in fact be met without future borrowings or future capital raisings and if such borrowings or capital raisings are required, that they can be obtained on terms favourable to the Company.

Legal proceedings

Legal proceedings can arise from time to time particularly regarding intellectual property infringements. Legal proceedings by or against the Company may result in significant costs in pursuing or defending the proceedings and may have a material adverse effect on the Company. Please see section 10.6 for details of a complaint made by SBC Research Pty Ltd.

Other Risks

The above risk factors are not exhaustive and other risks may materially impact the financial performance of the Company and the value of the New Shares offered under this Prospectus. Therefore, the New Shares to be issued under this Prospectus carry no guarantee with respect to the payment of dividends, return of capital or the market value of those New Shares. Shareholders consider that the investment in the Company is speculative and should consult their professional advisers before deciding whether to apply for the New Shares.

9. MATERIAL AGREEMENTS

9.1 Constitution

The New Shares to be issued pursuant to this Prospectus are fully paid ordinary shares and will as from their allotment rank equally in all respect with all fully paid ordinary shares in the capital of the Company.

The rights and liabilities attaching to ownership of Shares are detailed in the Constitution of the Company which may be inspected during normal business hours at the registered office of the Company. A summary of the material provisions of the Constitution is set out below. This summary is not exhaustive nor does it constitute a definitive statement of the rights and liabilities of Shareholders.

Voting

At a general meeting, every member present in person or by proxy, attorney or representative has one vote on a show of hands and on a poll, one vote for each fully paid Share held. On a poll, partly paid Shares confer a fraction of a vote pro rata to the amount paid up on the Share.

General Meetings

Each member is entitled to receive notice of and, except in certain circumstances, to attend and vote at general meetings of the Company and receive all financial statements, notices and other documents required to be sent to members under the Constitution or the Corporations Act.

Dividends

Subject to any special terms and conditions of issue, the profits of the Company which the Directors from time to time determine to distribute by way of dividend are divisible amongst the members in proportion to the amounts paid up on the Shares held by them.

Issue of further shares

The Directors may (subject to the restrictions on the allotment of Shares imposed by the Constitution, the Listing Rules and the Corporations Act) allot, grant options in respect of, or otherwise dispose of further Shares on the terms and conditions as they see fit.

Transfer of Shares

Holders of Shares may transfer them, in the case of CHESS Approved Securities, in accordance with the CHESS Rules, by a transfer instrument in any common form or other form approved by the Directors or by any other method of transfer recognised by the Corporations Act and ASX and approved by the Directors.

The Company must not prevent, delay or interfere with the registration of a transfer of Shares. However, the Company may ask the approved CS Facility to apply a holding lock to prevent a transfer, or refuse to register a paper-based transfer instrument, where permitted by the Corporations Act or the Listing Rules. The Company must do so if the Corporations Act or the Listing Rules so require.

Winding Up

Subject to any special or preferential rights attaching to any class or classes of Shares, members will be entitled in a winding up to share in any surplus assets of the Company in proportion to the Shares held by them, less any amounts which remain unpaid on these Shares at the time of distribution.

Proportional takeover provisions

The Constitution contains provisions for Shareholder approval in relation to any proportional takeover scheme. However, the provision has lapsed but may be renewed in the future by special resolution of Shareholders in a general meeting.

Directors

The minimum number of Directors is 3 and the maximum is to be determined in general meeting.

Dividend Plans

The Constitution contains a provision allowing Directors to implement a dividend reinvestment plan and a dividend selection plan.

Participants in a dividend selection plan may elect to receive a dividend from the Company out of the profits derived from any particular source, or forego a dividend from the Company in place of some other form of distribution from the Company or another body corporate or a trust.

The Company has not presently adopted a dividend reinvestment plan or a dividend selection plan.

Directors' indemnity

The Company, to the extent permitted by the Corporations Act, indemnifies each Director, alternate Director or officer of the Company (and any person who has previously served in any that capacity) against any liability incurred by the person as an officer of the Company. Furthermore, the Company may enter into a contract insuring an officer of the Company against that liability.

Alterations of Constitution

The Constitution can only be amended by a special resolution passed by at least three quarters of members present and voting at a general meeting of the Company. The Company must give at least 28 days written notice of its intention to propose a resolution as a special resolution.

Share Buy Backs

The Company may buy back Shares in itself in accordance with the provisions of the Corporations Act.

Unmarketable Parcels

The Company may sell the Shares of a Shareholder who holds less than a "marketable parcel" (as defined under the Listing Rules) by giving that Shareholder not less than 6 weeks written notice unless the Shareholder informs the Company that the Shareholder wishes to retain its Shares.

9.2 Synchrotron Diagnostics Memorandum of Understanding

The Company has entered into a binding memorandum of understanding (**MOU**) with Synchrotron Diagnostics Ltd (**SD**) dated 17 December 2010 to continue and finalise the Trials upon Reinstatement. SD is a biotechnological entity incorporated in the UK and conducts research in the biotechnological market for epithelial cancer and consequently cancer prevention and management.

The MOU is conditional on Fermiscan's Shares being successfully reinstated to Official Quotation on ASX and SD obtaining confirmation from the European Synchrotron Research Facility that it will grant access to its synchrotron for the purposes of conducting the Trials.

Subject to satisfying those conditions, Fermiscan must pay SD an upfront fee of \$35,000. Upon payment of the upfront fee, SD is required to make arrangements with ASLto5 (Italy) and ODLC (France) to continue the Trials. SD must oversee and manage the conduct of the Trials and the engagement of the relevant service providers and use its best endeavours to ensure that the Trials are conducted and completed in a timely fashion. SD will use its best endeavours to manage the conduct of the trials in accordance with the budgets prepared by SD. If the parties believe that the breast cancer test has good prospects for utilisation or sale of any intellectual property developed during the conduct of the Trials (**Developed IP**), the parties have agreed to negotiate in good faith a joint venture or similar arrangement to utilise the test or sell the Developed IP. The Developed IP is to be jointly owned by Fermiscan and SD.

9.3 Autus Capital Mandate Letter

The Mandate Letter dated 1 September 2010 is between the Company and Autus Capital (as Investment Banker) under which Autus Capital will:

1. project manage the Fundraisings;
2. identify appropriate key investors and preparing presentations for investor roadshows; and
3. provide initial and ongoing advice and assistance in establishing and maintaining an appropriate investor relations program, including introduction to professional PR consultants.

In return for this assistance Autus Capital will be entitled to a management fee of \$150,000 which will be paid by the issue of 150,000,000 Shares based on an issue price of \$0.001 per Share.

Should the Company withdraw from the Fundraisings for any reason (other than the wilful misconduct/fraud of Autus Capital) or Autus Capital withdraws from the Fundraisings at any stage for reasons including non-disclosure of information before the date of the Mandate Letter which, in Autus Capital's view, is prejudicial to the success of the Fundraisings then Autus Capital will be entitled to an abort fee in the amount of \$50,000.

9.4 Convertible Note Subscription Deed

The Company received shareholder approval to issue Convertible Notes on the terms of a Convertible Note Subscription Deed. A summary of the key terms of the Convertible Note Subscription Deed is set out below.

Interest Rate

The Convertible Notes have an interest rate of 8% per annum, compounded and accrues monthly. Interest is payable at the election of the Noteholder on the anniversary of the date of the Convertible Note Subscription Deed and on conversion of the Note.

Conditions precedent

The Convertible Notes cannot be converted into Shares until:

- the Company obtains Shareholder approval for conversion of the Notes into Shares; and
- the Company issues a Prospectus relating to the Fundraising; and
- ASX grants approval subject only to the usual conditions for the lifting of the trading suspension on the Company's securities.

Maturity

The Convertible Notes mature 1 year from the date of the Convertible Note Subscription Deed, after which the Noteholder may elect to have the face value repaid within 30 days of such election.

Conversion by Company

At any time before the Maturity Date the Company may convert the Note into Shares (subject to the conditions precedent in sub-paragraph above).

Conversion Rate

The conversion rate is 1 Share for each \$0.002 of the face value of the Note.

Redemption Events

The Company must redeem the Note and repay the face value of the Note to the Noteholder plus accrued and unpaid interest within 7 days of the occurrence of a Redemption Event which includes:

- if an order is made for the winding up or dissolution of the Company;
- if a receiver, receiver and manager, trustee, administrator or other controller (as defined in the Corporations Act) is appointed over any of the assets or undertaking of the Company;
- if the Company enters into or resolves to enter into any arrangement, composition or compromise with, or assignment for the benefit of, its creditors or any class of them;
- if the Company becomes unable to pay its debts when they are due, or becomes unable to pay its debts within the meaning of the Corporations Act or is presumed to be insolvent under the Corporations Act; and
- if the Noteholder has not given the Company a written notice of election which obliges the Company to convert the Note in accordance with these terms on or before the day which is 3 months after the Maturity Date.

Reconstructions

If Shares are reconstructed, consolidated or divided while any Note remains capable of being converted, the Note must be reconstructed, consolidated or divided on the same basis so that the Noteholder is not disadvantaged relative to holders of Shares.

9.5 Employee Share Option Plan (ESOP)

As at the date of this Prospectus, there are currently no Options on issue and the Directors do not intend to grant any Options under the ESOP prior to the completion of the Offer. The Directors also do not intend to grant any Options in the short term following Reinstatement.

Some of the main features of the ESOP are summarised below.

Offer of Options

The Board may from time to time in its absolute discretion offer Options under the ESOP for no consideration to employees (or their associates) of the Fermiscan Group (including the Directors), or such other persons as the Board determines, and impose conditions on the right to exercise any Option granted.

Exercise of Options

The Options may be exercised in accordance with the plan rules and the terms of the relevant offer under which the Options were issued unless at the time of exercise, the Shares have been quoted through the 12-month period immediately preceding the exercise without suspension for more than a total of 2 trading days during that period.

Lapsing of Options

The Options lapse immediately upon the Option holder ceasing to be an employee of the Fermiscan Group for any reason whatsoever other than as a result of death, permanent disability or retirement.

Exercise Price of Options

The Board may in its absolute discretion determine the exercise price for the Options granted under the ESOP.

Variation of Exercise Terms

Subject to the Listing Rules, the Board may make adjustments to or vary the terms of exercise of an Option. However, no adjustment or variation may be made without the relevant Option holder's consent if such adjustment or variation would materially prejudice the holder unless the adjustment or variation is made for the purpose of complying or enabling compliance with the law or correcting any error.

Number of Options

Subject to the 5% limitation set out below, the Directors may determine in their absolute discretion, but in accordance with the plan rules and applicable law, the number of Options to be offered under the ESOP. The Options issued under the ESOP will be for no consideration.

5% Limitation

The Company will not make an offer of Options under the ESOP if, at the time of the offer, the total number of Shares to be received on exercise of Options issued under the ESOP or any other employee share scheme would exceed 5% of the total number of Shares on issue at the time of that offer.

Adjustments of Options

Subject to the Listing Rules, a participant in the ESOP has no right to any variation in the exercise price or the number of securities over which the Option may be exercised. A participant may only participate in a rights issue by the Company if they have exercised their Option in accordance with its terms on or before the record date for determining entitlements to the rights issue.

However, a participant is entitled to receive additional Shares upon a bonus issue of Shares by the Company upon later exercise of their Option.

Furthermore, in the event of any capital reorganisation (other than a bonus issue), a participant's rights will be changed to the extent required under the Listing Rules.

Variation of Plan Rules

Subject to the Listing Rules, the Directors may at any time by written instrument or by Board resolution amend all or any of the provisions of the plan rules. However, the plan rules may not be amended to reduce the rights of any participant in respect of their Options other than for the purpose of complying or enabling compliance with the law or correcting any error, unless the Company provides the affected participant with appropriate compensation.

9.6 Directors' Protection Deeds

The Company has agreed to provide access to the books and records of the Company to current and prior officers of the Company while they are officers and for a period of 7 years from when they cease to be officers. The Company has agreed to indemnify, to the extent permitted by the Corporations Act, each officer in respect of certain liabilities which the officer may incur as a result of, or by reason of (whether solely or in part), being or acting as an officer of the Company. The Company has obtained directors and officers insurance.

10. ADDITIONAL INFORMATION

10.1 Approach to Governance

The Fermiscan Board has in place governance structures for the formation of strategic direction and policy including an overall framework of internal control, risk management and ethical standards.

The Company's corporate governance policies have regard to the Corporate Governance Principles and Recommendations released by the Australian Stock Exchange Corporate Governance Council in 2007 with 2010 Amendments. The Board intends to continue to review the Company's framework and practices to ensure they meet the interest of Shareholders.

Board Charter

The Board has adopted a formal board charter, which sets out the role, composition and responsibilities of the Board of Directors of Fermiscan. The Board will monitor the business affairs of the Fermiscan Group to ensure the long-term health and prosperity of the Fermiscan Group for the benefit of Shareholders, customers and employees.

Audit and Compliance Committee Charter

The Board has established an Audit and Compliance Committee (**ACC**) to assist the Board in fulfilling its corporate governance and oversee responsibilities in relation to risk management and internal control systems, accounting policies and practices, internal and external audit functions and financial reporting of the Company.

Risk Management Policy

The Company is committed to effectively managing operational, financial and other risk in the context of business strategies of the Company and with a view to achieving a balance between acceptable levels of risk and reward.

The risk management policy focuses on identifying, analysing and managing risk. Risks are recorded and documented in a risk management database that reports to all participants and stakeholders in the process.

Shareholder Communication Policy

The Company has in place a shareholder communication policy and is committed to dealing fairly, transparently and openly with both current and prospective Shareholders. The Company seeks to inform investors of the means by which they can obtain information, communicate effectively with Shareholders and provide investors with equal and timely access to that information.

Continuous Disclosure Policy

The Company has in place a continuous disclosure policy which seeks to provide equal access to information to all investors, avoid the disclosure of price sensitive information to any person on a selective basis and promote investor confidence in the integrity of the Company and its securities.

The Company is committed to complying with the continuous disclosure requirements contained in the ASX Listing Rules and the relevant sections of the Corporations Act.

Share Trading Policy

The Board of the Company has adopted a share trading policy which imposes constraints on Directors, employees and consultants dealing in securities of the Company. Key management personnel must not deal in securities of the Company from the balance date until the second trading day after the Company's annual or half-yearly results have been released to ASX and any other period designated by the Board.

The objectives of this policy aim to minimise the risk of any personnel of the Company contravening the laws against insider trading, assist the Company in meeting its reporting obligations under ASX Listing Rules and increase transparency with respect to security dealings.

Remuneration Committee

The Directors have decided not to appoint a remuneration committee due to the scale and nature of the Company's activities.

It is the Company's objective is to provide maximum stakeholder benefit from the retention of a high quality Board by remunerating Directors fairly and appropriately with reference to relevant market conditions. The Board attempts to link the nature and amount of Directors' emoluments to the Company's performance.

Annually the Corporate Governance Committee will prepare a questionnaire to be completed by each Director to evaluate their individual performance.

Nomination Committee

The Directors have decided not to appoint a nomination committee due to the scale and nature of the Company's activities.

Subject to the provisions of the Company's Constitution, the issues of the Board including diversity and selection criteria for Directors are dealt with by the full board. The Board continues to have the mix of skills and experience necessary for the conduct of the Company's activities.

Code of Conduct

To demonstrate the commitment of the Company in recognising the interests of stakeholders, the Company has established a Code of Conduct to guide compliance with legal and other obligations to stakeholders. These stakeholders include employees, clients, customers, government authorities, creditors and the community as a whole.

10.2 Consents and Disclaimers

Each of the parties referred to in this section:

- does not make or purport to make any statement that is included in this Prospectus or any statement on which a statement made in this Prospectus is based, except as specified in this section; and
- to the maximum extent permitted by law, expressly disclaims, and takes no responsibility for, any part of this Prospectus other than the reference to its name and a statement included in this Prospectus with the consent of that party, as specified in this section.

Each Director has given, and has not withdrawn, written consent to the issue of the Prospectus.

Pitcher Partners NSW Corporate Pty Limited has given its written consent to being named as Independent Accountants to the Offer and for the inclusion in this Prospectus of its Independent Accountant's Report in the form and context in which it appears and has not, prior to lodgement of this Prospectus with ASIC, withdrawn its consent.

Autus Capital has given its written consent to being named as Lead Manager to the Offer and has not, prior to lodgement of this Prospectus with ASIC, withdrawn its consent.

Link Market Services has given its written consent to being named as Share Registry to the Company and has not, prior to lodgement of this Prospectus with ASIC, withdrawn its consent.

10.3 Interests of Experts and Advisers

Other than as set out below or elsewhere in this Prospectus:

- (a) no person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of the Prospectus has any interest or has had any interest during the two years before lodgement of this Prospectus with ASIC in:
 - (i) the formation or promotion of Company;
 - (ii) property acquired or proposed to be acquired by the Company in connection with its formation or promotion or in connection with the Offer; or
 - (iii) the Offer; and
- (b) no amount has been paid or agreed to be paid, and no benefit has been given, or agreed to be given, to any such person in connection with the services provided by the person in connection with the formation or promotion of the Company or the Offer.

Pitcher Partners NSW Corporate Pty Limited has acted as Independent Accountants and has performed certain work in relation to due diligence inquiries. Pitcher Partners NSW Corporate Pty Limited was only involved in the preparation of the Independent Accountant's Report in section 7 and the disclosures under this. The Company has agreed to pay approximately \$10,000 (exclusive of GST) to Pitcher Partners NSW Corporate Pty Limited in respect of these services.

Autus Capital has acted as Lead Manager to the Company in relation to the Offer. Fees payable to Autus Capital are set out in section 9.3.

Link Market Services Limited has acted as the Company's Share Registry in relation to the Offer. Link Market Services Limited will receive approximately \$30,000. Link Market Services Limited's engagement will continue after Reinstatement at usual commercial rates.

10.4 Interests of Directors

The Directors or their associates have a beneficial interest in the following Shares in Fermiscan:

Director	Shares held as at the date of this Prospectus	Shares to be held on completion of the Offer *
Robert Whitton	0	0
Ian Chalmers	400,000	600,000
Ben Dillon	0	0

* Assuming acceptance of full Entitlement.

Other than as set out above or elsewhere in this Prospectus:

- (a) no Director or proposed Director and no firm in which a Director or proposed Director is or was at the relevant time, has any interest or has had any interest during the two years before lodgement of this Prospectus with ASIC in:
- the formation or promotion of the Company;
 - property acquired or proposed to be acquired by the Company in connection with its formation or promotion or in connection with Offer; or
 - the Offer; and
- (b) no amount, whether cash or shares or otherwise, have been paid or agreed to be paid, and no benefits have been given or agreed to be given:
- to any Director or proposed Director (or to any firm in which he/she is or was a partner), either to induce them to become, or to qualify as, a Director of the Company; and
 - for services provided by a Director in connection with the formation or promotion of the Company or the Offer.

As at the date of this Prospectus, Mr Ian Chalmers (Non Executive Director) jointly holds with his wife 400,000 Shares. Also, from the date of his appointment to the Board (17 September 2009) to the date the Company was placed under voluntary administration (18 November 2009), Ian received, in connection with his office, Director's fees in the total amount of \$7,291 and associated superannuation contributions in the total amount of \$656.

As at the date of this Prospectus, the Directors have accrued but have not been paid directors' fees in the following amounts: Mr Robert Whitton \$35,698.89; Mr Ben Dillon \$25,444.12; and Mr Ian Chalmers \$25,444.12. Mr Whitton's directors' fees are received by William Buck.

Mr Robert Whitton (Non Executive Chairman) is a director of William Buck, a firm of chartered accountants and business advisors. The Company has engaged the services of William Buck to provide business and restructuring advice and administrative and bookkeeping services. As at the date of this Prospectus, the amount of fees billed and accrued is approximately \$100,000 (exclusive of GST). William Buck's engagement will continue after Reinstatement at usual commercial rates.

10.5 Remuneration of Directors

The aggregate remuneration of the Directors as agreed by Shareholders in general meeting is \$250,000. As the date of this Prospectus, the Board has determined that the maximum Director remuneration that the Chairman will receive is \$80,000 per annum and that each Non Executive Director will receive \$40,000 per annum.

10.6 Litigation

Legal proceedings may arise from time to time in the course of the Company's business. Other than as set out below, as at the date of this Prospectus, as far as the Directors are aware, the Company is not involved in any legal or arbitration proceedings nor are any material proceedings pending or threatened against it, the outcome of which will have a material adverse effect on the business or financial position of the Company.

The Company has received a letter dated 17 December 2010 from SBC Research in relation to the information disclosed in the Notice of Meeting dated 29 October 2010 pertaining to Fermiscan's proposed plans for Reinstatement. In particular, SBC Research alleges that the Company's proposal to complete the Trials and utilise the Technology would be a breach of SBC Research's intellectual property rights. The Directors have responded to SBC Research in this regard and, as at the date of this Prospectus, SBC Research has not, as far as the Directors are aware, progressed the matter any further.

The Directors do not expect any material liability to arise from this issue and should SBC Research take any adverse action against Fermiscan, the Company intends to strongly defend its position.

Notwithstanding that, if SBC Research initiates a claim against the Company and ultimately obtains a favourable determination, this may have an adverse effect on Fermiscan's business, financial performance and/or financial position. However, the Directors do not believe that it is practical or appropriate at this stage to estimate the potential financial effect of any future proceedings.

10.7 Expenses of the Prospectus

Expenses for this Prospectus including ASX listing fees, ASIC fees, printing costs, legal fees, advisory fees and other miscellaneous expenses, but excluding fees detailed in section 10.3 are estimated to be approximately \$138,565 if the Offer is fully subscribed. These expenses will be borne by the Company.

10.8 Tax Considerations

Investors should seek and rely on their own professional taxation advice in relation to an investment in the Company. To the maximum extent permitted by law, the Company, its officers and each of their respective advisers do not accept any responsibility or liability with respect to any taxation consequences of subscribing for Shares under this Prospectus.

10.9 Distribution of Prospectus

The Prospectus has been prepared by the Company. In preparing the Prospectus, the Company has taken reasonable steps to ensure that the information in the Prospectus is not false or misleading. In doing so, the Company has had regard to the prospectus requirements in the Corporations Act.

Prospective investors should read the full text of the Prospectus as the information contained in individual sections is not intended to and does not provide a comprehensive review of the business and financial affairs of the Company nor the securities offered pursuant to the Prospectus.

No person is authorised to give any information in relation to or make any representation in connection with the Offer described in the Prospectus that is not contained in the Prospectus. Any such information or representation may not be relied upon as having been authorised by the Company in connection with the Offer.

The Prospectus provides information to assist investors in deciding whether they wish to invest in the Company and should be read in its entirety. If you have any questions about its contents or investing in the Company, you should contact your stockbroker, accountant or other financial adviser.

10.10 Directors' Statement

This Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with section 720 of the Corporations Act, each Director has consented to the lodgement of this Prospectus with ASIC and has not withdrawn that consent.

Dated the 3rd day of February 2011.

A handwritten signature in dark ink, appearing to read 'R. Whitton', with a stylized flourish at the end.

Robert Whitton
Non Executive Chairman
For and on behalf of Fermiscan Holdings Limited

11. GLOSSARY

\$ or Dollars means Australian dollars.

AGM means the 2009 annual general meeting of the Company held on Wednesday, 1 December 2010.

Applicant means a person subscribing for New Shares under the Offer.

Application Monies means monies payable by Applicants to subscribe for New Shares under the Offer.

ASIC means the Australian Securities and Investments Commission.

ASLto5 means Azienda Sanitaria Locale of Chieri Campagnola Moncalieri and Nicehlino in Italy.

ASTC means ASX Settlement and Transfer Corporation Pty Ltd ACN 008 504 532.

ASTC Settlement Rules means the settlement rules made by ASTC.

ASX means the Australian Securities Exchange, ASX Limited ACN 008 624 691.

ASX Listing Rules or Listing Rules means the Listing Rules of ASX.

Autus Capital means Autus Capital Pty Ltd ACN 142 535 331.

Board or Directors means the directors of the Company as at the date of this Prospectus.

Business Day means a day on which trading takes place on the stock market of ASX.

CHESS means Clearing House Electronic Subregister System.

CHESS Approved Securities means securities of the Company which are the subject of the CHESS Rules.

CHESS Rules means the ASTC Settlement Rules and the provisions of the Corporations Act and the Listing Rules about the electronic share registration and transfer system.

Closing Date means the closing date of the Offer as set out in the Indicative Timetable.

Company or Fermiscan means Fermiscan Holdings Limited ACN 000 689 725.

Constitution means the constitution of the Company.

Convertible Note or Note means a convertible note on the terms of the Convertible Note Subscription Deed.

Convertible Note Issue means the Company's fundraising initiative to raise \$300,000 by way of issue of Convertible Notes which has now closed.

Convertible Note Subscription Deed means the Convertible Note Subscription Deed, summarised in section 9.4 of this Prospectus.

Corporations Act means the Corporations Act 2001 (Cth).

CS Facility has the meaning set out in the Listing Rules.

DOCA or Deed of Company Arrangement means the Deed of Company Arrangement executed on 8 March 2010 as amended by an amending deed dated 24 May 2010 between the Company and the Voluntary Administrator.

Eligible Shareholder means a person who is a Shareholder at the Record Date and whose registered address is situated in Australia and therefore may participate in the Offer.

Entitlement means an Eligible Shareholder's entitlement to subscribe for New Shares under the Offer.

Entitlement and Acceptance Form means the personalised entitlement and acceptance form either attached to or accompanying this Prospectus.

ESOP means the Company's Employee Share Option Plan as described in section 9.5.

Fermiscan or Company means Fermiscan Holdings Limited ACN 000 689 725.

Fermiscan Group means the Company and its related bodies corporate (as defined in the Corporations Act).

Fundraisings means the funds raised or to be raised under the Convertible Note Issue, Placement and this Offer.

Indicative Timetable means the indicative timetable set out in section 1.

Mandate Letter means the mandate letter between the Company and Autus Capital described in section 9.3 above.

MOU means the memorandum of understanding between the Company and SD dated 17 December 2010 described in section 9.2.

New Shares means the Shares available for subscription under the Offer.

Noteholder means a holder of a Convertible Note.

Notice of Meeting means the notice of meeting and the explanatory memorandum accompanying and forming part of the notice of meeting for the AGM.

ODLC means Office de la Lutte Contre le Cancer in France.

Offer means the pro rata non-renounceable entitlement issue to Eligible Shareholders of 1 New Share for every 2 Shares held on the Record Date at the Offer Price of \$0.01 per New Share, with a Shortfall Facility, to raise approximately \$767,533 pursuant to this Prospectus.

Offer Price means \$0.01 per New Share.

Official List means the official list of ASX.

Official Quotation means official quotation on ASX.

Opening Date means the opening date of the Offer as set out in the Indicative Timetable.

Option means an option to subscribe for Shares under the ESOP.

Placement means the proposed placement of 100,000,000 Shares at \$0.01 per Share to raise \$1 million approved at the AGM.

Privacy Act means the *Privacy Act 1988* (Cth) as amended from time to time.

Prospectus means this prospectus dated 3 February 2011.

Record Date means the date and time at which the Company determines who is an Eligible Shareholder, being 5pm on Monday 14 February 2011.

Registered Patents means the patents of the Technology covering breast cancer, prostate cancer, Alzheimer's Disease and colon cancer, registered at least in Australia, New Zealand, USA, Canada, Japan and in some European countries.

Share Registry means Link Market Services Limited ACN 083 214 537.

Reinstatement means reinstatement of the Shares to Official Quotation.

Rights means the rights to subscribe for New Shares pursuant to this Prospectus.

SD means Synchrotron Diagnostics Ltd CN 07017891.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a holder of Shares in the Company.

Shortfall Facility means the mechanism under which the Company may place Shortfall Shares to third parties.

Shortfall Shares means the aggregate number of New Shares for which Eligible Shareholders have not taken up their Entitlement.

Technology means the non-invasive diagnostic test for the detection of breast cancer utilising a technique that detects changes in the molecular structure of hair from women with breast cancer using diffraction of X-rays generated in a synchrotron.

Trials means the French and Italian clinical trials of the Technology.

Voluntary Administrator means Mr Giles Geoffrey Woodgate of Woogate & Co. voluntarily appointed on or about 18 November 2009 by the Company as the administrator to each of the Company, Fermiscan Pty Limited, Fermiscan Australia Pty. Limited and Fiberscan Pty Ltd.

William Buck means William Buck (NSW) Pty Ltd ACN 002 381 991

12. CORPORATE DIRECTORY

DIRECTORS

Robert Whitton
Ian Chalmers
Ben Dillon

SHARE REGISTRY

Link Market Services Limited
Level 12
680 George Street
SYDNEY NSW 2000

COMPANY SECRETARY

John Rainbow

REGISTERED OFFICE

C/- William Buck
Level 29
66 Goulburn St
SYDNEY NSW 2000
Ph: (02) 8263 4000

INDEPENDENT ACCOUNTANTS

Pitcher Partners NSW Corporate Pty
Limited
Level 22 MLC Centre
19 Martin Place
SYDNEY NSW 2000

WEBSITE

www.fermiscanltd.com.au

LEAD MANAGER

Autus Capital Pty Ltd
Level 29, Chifley Tower
2 Chifley Square
SYDNEY NSW 2000

SRN/HIN:

Entitlement Number:

**Number of Eligible New Shares held as
at the Record Date, 5:00pm (AEST)
on 14 February 2011:**

**Entitlement to New Shares
(on a 1 New Share for 2 basis):**

**Amount payable on full acceptance
at A\$0.01 per Share:**

Offer Closes 5:00pm (AEST):	3 March 2011
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ENTITLEMENT AND ACCEPTANCE FORM

As an Eligible Shareholder you are entitled to acquire 1 New Share for every 2 Existing Shares that you hold on the Record Date, at an Offer Price of A\$0.01 per New Share. This is an important document and requires your immediate attention. If you do not understand it or you are in doubt as how to deal with it, you should contact your accountant, stockbroker, solicitor or other professional adviser.

IMPORTANT: The Offer is being made under the Prospectus dated 3 February 2011. The Prospectus contains information about investing in the New Shares. Before applying for New Shares, you should carefully read the Prospectus. This Entitlement and Acceptance Form should be read in conjunction with the Prospectus.

If you do not have a paper copy of the Prospectus, you can obtain a paper copy at no charge, by calling the Fermiscan Holdings Limited Offer Information Line on 1XXX XXX XXX (within Australia) or +61 2 8280 XXXX (from outside Australia).

PAYMENT OPTIONS

If you wish to take up all or part of your entitlement, you have two payment options detailed below.

OPTION 1: PAYING BY BPAY®

If paying by BPAY®, refer to the instructions overleaf. **You do NOT need to return the acceptance slip below if you elect to make payment by BPAY®.** Payment must be received via BPAY® before 5:00pm (AEST) on 3 March 2011. You should check the processing cut off-time for BPAY® transactions with your bank, credit union or building society to ensure your payment will be received by the Registry in time. By paying by BPAY® you will have deemed to have completed an Application Form for the number of Shares subject of your application payment.

OPTION 2: PAYING BY CHEQUE, BANK DRAFT OR MONEY ORDER

If paying by cheque, bank draft or money order, complete and return the acceptance slip below with your Application Monies. No signature is required on the acceptance slip. The acceptance slip with your Application Monies must be received by the Registry before 5:00pm (AEST) on 3 March 2011.



Billers Code: 136523
Ref:

Telephone & Internet Banking – BPAY®

Contact your bank or financial institution to make this payment from your cheque, savings, debit or transaction account. More info: www.bpay.com.au
© Registered to BPAY Pty Ltd ABN 69 079 137 518

See overleaf for details and further instructions on how to complete and lodge this Entitlement and Acceptance Form.

THIS IS A PERSONALISED FORM FOR THE SOLE USE OF THE SHAREHOLDER AND HOLDING RECORDED ABOVE.



Please detach and enclose with payment

SRN/HIN:

Entitlement Number:



A Number of New Shares accepted (being not more than your Entitlement shown above)

B Payment amount
(Multiply the number in section A by A\$0.01)

A\$

C PLEASE INSERT CHEQUE, BANK DRAFT OR MONEY ORDER DETAILS – Cheques, bank drafts or money orders must be drawn on an Australian branch of a financial institution in Australian currency, made payable to “Fermiscan Holdings Limited Rights Issue” and crossed “Not Negotiable”.

Drawer

Cheque Number

BSB Number

Account Number

Amount of Cheque

A\$

D CONTACT DETAILS – Telephone number

Telephone number – after hours

Contact name

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FERMISCAN HOLDINGS LIMITED

The Entitlement Offer to which this Entitlement and Acceptance Form relates is not being made to investors located or resident outside of Australia and New Zealand. In particular the Entitlement Offer is not being made to any person in the U.S. or to a U.S. person. The Prospectus and Entitlement and Acceptance Form do not constitute an offer or invitation to acquire Shares in any place in which, or to any person to whom, it would be unlawful to make such an offer or invitation.

ACCEPTANCE OF ENTITLEMENT OFFER

By either returning the Entitlement and Acceptance Form with payment to the Registry, or making payment received by BPAY®:

- you represent and warrant that you have read and understood the Prospectus and that you acknowledge the matters, and make the warranties and representations;
- you provide authorisation to be registered as the holder of New Shares acquired by you and agree to be bound by the Constitution of Fermiscan Holdings Limited.

HOW TO APPLY FOR NEW SHARES

1. IF PAYING BY BPAY® (AVAILABLE TO SHAREHOLDERS WITH AN AUSTRALIAN BANK ACCOUNT ONLY)

If you elect to make payment using BPAY® you must contact your bank or financial institution to make this payment from your cheque, savings, debit or transaction account. For more information on paying by BPAY®: www.bpay.com.au

Work out the total amount payable by you. To calculate the total amount, multiply the number of New Shares you wish to apply for by A\$0.01.

Refer overleaf for the Biller Code and Reference Number. The Reference Number is used to identify your holding. If you have multiple holdings you will have multiple Reference Numbers. You must use the Reference Number shown on each personalised Entitlement and Acceptance Form when paying for any New Shares that you wish to apply for in respect of that holding.

2. IF PAYING BY CHEQUE, BANK DRAFT OR MONEY ORDER

Complete all relevant sections of the Entitlement and Acceptance Form USING BLOCK LETTERS. These instructions are cross referenced to each section of the Entitlement and Acceptance Form.

A. Acceptance of New Shares

Enter into section A the number of New Shares you wish to apply for. The number of New Shares must be equal to or less than your Entitlement, which is set out overleaf.

B. Payment Amount

Enter into section B the total amount payable by you. To calculate the total amount multiply the number in Section A by A\$0.01.

C. Cheque, bank draft or money order details

Enter your cheque, bank draft or money order details in section C. Cheques, bank drafts or money orders must be drawn on an Australian branch of a financial institution in Australian currency, made payable to "Fermiscan Holdings Limited Rights Issue" and crossed "Not Negotiable". Please ensure sufficient cleared funds are held in your account, as your cheque will be banked as soon as it is received. If you provide a cheque or money order for the incorrect amount, Fermiscan Holdings Limited may treat you as applying for as many New Shares as your cheque, bank draft or money order will pay for.

D. Contact details

Enter your contact telephone number where we may contact you regarding your acceptance of New Shares, if necessary.

3. HOW TO LODGE YOUR ENTITLEMENT AND ACCEPTANCE FORM

A reply paid envelope is enclosed for your use. No postage stamp is required if it is posted in Australia. Alternatively, if you have lost the reply paid envelope, or you have obtained the Prospectus electronically, your completed Entitlement and Acceptance Form with the payment for New Shares may be mailed to the postal address, or delivered by hand to the delivery address, set out below. **If paying by BPAY® you do not need to complete or return the Entitlement and Acceptance Form.** You should check the processing cut off-time for BPAY® transactions with your bank, credit union or building society to ensure your payment will be received by the Registry by the close of the offer.

Mailing Address

Fermiscan Holdings Limited
C/- Link Market Services Limited
GPO Box 3560
Sydney NSW 2001

Hand Delivery

Fermiscan Holdings Limited
C/- Link Market Services Limited
Level 12, 680 George Street
Sydney NSW 2000 **(Please do not use this address for mailing purposes)**

Make sure you send your Acceptance Slip and application payment allowing enough time for mail delivery, so Link Market Services Limited receives them no later than 5:00pm (AEST) on 3 March 2011. Please ensure sufficient cleared funds are held in your account, as your cheque will be banked as soon as it is received. Fermiscan Holdings Limited reserves the right not to process any Acceptance Slips and cheques received after the Closing Date.

If you require further information on how to complete this Entitlement and Acceptance Form, please contact the Fermiscan Holdings Limited Offer Information Line on 1XXX XXX XXX (within Australia) or +61 2 8280 XXXX (from outside Australia) between 8:30am and 5:30pm (AEST) Monday to Friday.