

ASX ANNOUNCEMENT

26 February 2010

FERMISCAN HOLDINGS LIMITED (ADMINISTRATOR APPOINTED)

A.C.N.: 000 689 725

PRELIMINARY FINAL REPORT FOR YEAR ENDED 31 DECEMBER 2009

Giles Woodgate was appointed Administrator of Fermiscan Holdings Limited (Administrator Appointed) in terms of Part 5.3A of the Corporations Act on 18 November 2009.

Giles Woodgate has provided ASX with several information updates on the administration and on 15 December 2009 advised that certain interested parties were provided with memoranda of information for the purchase of the intellectual property, plant, equipment and business undertaking of Fermiscan Holdings Limited (Administrator Appointed), Fermiscan Pty Limited, Fermiscan Australia Pty Limited and Fiberscan Pty Limited (all in liquidation). Giles Woodgate also advised on 15 January 2010 that he was assessing the merits of a number of offers to purchase the assets or invest in the company.

The second creditors meetings for Fermiscan Holdings Limited (Administrator Appointed) and its subsidiaries Fermiscan Pty Limited, Fermiscan Australia Pty Limited and Fiberscan Pty Limited (all in liquidation) were held pursuant to Section 439A of the Corporations Act on 10 December 2009. The meetings were adjourned and the reconvened second creditors meetings were held on 16 February 2010.

In respect of Fermiscan Holdings Limited (Administrator Appointed), creditors resolved that the company execute a Deed of Company Arrangement as detailed in the Supplementary Report of Administrator to Creditors dated 4 February 2010. The Deed of Company Arrangement provides opportunity for interested parties to obtain value from the company's 'shell'.

In respect of certain controlled entities, namely Fermiscan Pty Limited, Fermiscan Australia Pty Limited and Fiberscan Pty Limited (all in liquidation) creditors resolved that each company be wound up.

Should you have any queries concerning the administration, please contact Mr Richard Rowley or Mr Ned Talic, of Woodgate & Co. Information on the administration is available from www.woodgateco.com.au.

This Preliminary Final Report includes a financial report of Fermiscan Holdings Limited (Administrator Appointed) and controlled entities.

The financial report represents the directors estimates of values attributable to assets and liabilities and does not represent the views of the administrator of Fermiscan Holdings Limited (Administrator Appointed) or the liquidator of certain controlled entities, namely Fermiscan Pty Limited, Fermiscan Australia Pty Limited and Fiberscan Pty Limited (all in liquidation). The financial report complies with Australian Accounting Standards and the *Corporations Act 2001* and has been prepared under the historical cost convention, as modified by revaluations to fair value for certain classes of assets as described in the accounting policies.

Adjustments have been made relating to recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary as the consolidated entity is not operating as a going concern and is under administration.

Fermiscan Holdings Limited (Administrator Appointed)
Results for Announcement to the Market
For the Year Ended 31 December 2009

Financial results

	2009 (\$'000)	2008 (\$'000)	Movement %
Total revenue	<u>3,648</u>	<u>3,747</u>	-3%
Net interest income	<u>115</u>	<u>1,027</u>	-89%
Depreciation and Lease Amortisation	588	440	34%
Earnings (loss) before interest, tax, depreciation and amortisation (EBITDA) and share based expense transactions	<u>(12,657)</u>	<u>(9,745)</u>	30%
Earnings (loss) before interest, tax and intangibles amortisation (EBITA) and share based payment transactions	<u>(13,245)</u>	<u>(10,184)</u>	30%
Loss before Share based payment transactions	<u>(13,130)</u>	<u>(9,157)</u>	43%
Share based expense transactions	315	87	262%
Income tax attributable to operating profit (loss)	<u>-</u>	<u>-</u>	
Net Loss attributable to shareholders of Fermiscan Holdings Limited (Administrator Appointed)	<u>(13,445)</u>	<u>(9,244)</u>	45%

Dividends and Dividend Reinvestment Plan

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

	As at 31 December 2009	As at 31 December 2008
Net tangible asset backing - cents per share	<u>0.2</u>	<u>6.3</u>

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

**FERMISCAN HOLDINGS LIMITED (ADMINISTRATOR APPOINTED)
AND CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the Year Ended 31 December 2009**

	Notes	Consolidated Entity	
		2009 (\$'000)	2008 (\$'000)
Receipts from customers		3,648	2,720
Interest income		115	1,027
Research & development tax concession		1,006	-
Other income		145	-
Revenue	3	4,914	3,747
Employee benefits expense		5,744	5,743
Administration costs		218	797
Scientific & synchrotron operations		1,243	4,094
Patent and trademark expenses		93	2
Legal fees		1,509	396
Branding and marketing		175	376
Occupancy costs		595	484
Depreciation and amortisation	4	588	440
Due diligence		528	-
Loss on sale of the business of Sydney Breast Clinic		5,069	-
Other expenses	5	2,256	1,101
Currency translation		26	(529)
Total expenses		18,044	12,904
Profit (loss) before Share based expense transactions		(13,130)	(9,157)
Share based expense transactions		315	87
Profit (loss) before income tax expense (income tax benefit)		(13,445)	(9,244)
Income tax expense (income tax benefit)	6	-	-
Profit (loss) attributable to the members of the parent		(13,445)	(9,244)
Other comprehensive income		-	-
Total comprehensive income		(13,445)	(9,244)
 Earnings per share			
Basic earnings (loss) – cents per share		(9.4)	(6.4)
Diluted earnings (loss) – cents per share		(9.4)	(6.4)

**FERMISCAN HOLDINGS LIMITED (ADMINISTRATOR APPOINTED)
AND CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2009**

	Notes	Consolidated Entity	
		2009	2008
		(\$'000)	(\$'000)
CURRENT ASSETS			
Cash and cash equivalents		865	7,515
Receivables	7	664	277
Amount owing by controlled entities		-	-
Other	8	69	219
		<u>1,598</u>	<u>8,011</u>
NON CURRENT ASSETS, CLASSIFIED AS HELD FOR SALE			
Property, plant and equipment, classified as held for sale	9	234	2,540
Intangible assets, classified as held for sale	10	913	5,365
TOTAL CURRENT ASSETS		<u>2,745</u>	<u>15,916</u>
TOTAL ASSETS		<u>2,745</u>	<u>15,916</u>
CURRENT LIABILITIES			
Payables	11	1,455	1,010
Provisions	12	76	486
TOTAL CURRENT LIABILITIES		<u>1,531</u>	<u>1,496</u>
NON-CURRENT LIABILITIES			
Payables	11	-	76
TOTAL NON-CURRENT LIABILITIES		<u>-</u>	<u>76</u>
TOTAL LIABILITIES		<u>1,531</u>	<u>1,572</u>
NET ASSETS		<u>1,214</u>	<u>14,344</u>
EQUITY			
Contributed equity	13	34,959	34,959
Reserves		1,400	4,205
Retained earnings (accumulated losses)		<u>(35,145)</u>	<u>(24,820)</u>
TOTAL EQUITY		<u>1,214</u>	<u>14,344</u>

**FERMISCAN HOLDINGS LIMITED (ADMINISTRATOR APPOINTED)
AND CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the Year Ended 31 December 2009**

	Notes	Consolidated Entity	
		2009	2008
		(\$'000)	(\$'000)
Retained earnings (losses) at the beginning of the year		(24,820)	(15,576)
Net movement in share based expense reserve		3,120	-
Profit (loss) for the year		(13,445)	(9,244)
Retained earnings (losses) at the end of the year		(35,145)	(24,820)
Transactions with equity holders in their capacity as equity holders:			
Contributed equity at the beginning of the year		34,959	34,928
Contributions received by Fermiscan Holdings Limited (Administrator Appointed)		-	45
Reversal of share based expense reserve on the exercise of options by employees		-	10
Fund raising costs		-	(24)
Contributed equity at the end of the year		34,959	34,959
Share based expense opening balance		4,205	3,569
Granted during the year		315	636
Reversal of share based expense reserve on expiry of options		(3,120)	-
Share based expense reserve at the end of the year		1,400	4,205
Total Equity at the end of the year attributable to members of the parent		1,214	14,344

FERMISCAN HOLDINGS LIMITED (ADMINISTRATOR APPOINTED)
CONSOLIDATED STATEMENT OF CASH FLOWS
For the Year Ended 31 December 2009

	Notes	Consolidated Entity	
		2009	2008
		(\$'000')	(\$'000')
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts from customers		3,648	2,720
Payments to suppliers and employees		(11,309)	(12,098)
Research & development tax concession		556	-
Interest received		115	1,027
Net cash provided by (used in) operating activities	14	(6,990)	(8,351)
CASH FLOW FROM INVESTING ACTIVITIES			
Payments for property plant and equipment		(237)	(207)
Payments for intangible assets		(216)	(113)
Payment for acquisition of Sydney Breast Clinic		-	(3,521)
Proceeds from disposal of:			
a) business			
Proceeds on sale of the business of Sydney Breast Clinic Pty Limited		730	-
b) physical non-current assets		77	-
Loans to controlled entities		-	-
Loans to other entities		(14)	(100)
Loans repaid by other entities		-	1,000
Net cash provided by (used in) investing activities		340	(2,941)
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from share issue after costs of issue		-	45
Loan repayments to other entities		-	(2,210)
Net cash provided by (used in) financing activities		-	(2,165)
Net increase in cash and cash equivalents		(6,650)	(13,457)
Cash and cash equivalents at beginning of year		7,515	20,972
Cash and cash equivalents at end of the year		865	7,515

Fermiscan Holdings Limited (Administrator Appointed) and Controlled Entities
Notes to the Financial Statements
For the year ended 31 December 2009

NOTE 1: BASIS OF PREPARATION

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

Fermiscan Holdings Limited (Administrator Appointed), the legal parent, is a company limited by shares, incorporated and domiciled in Australia.

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

(a) Basis of preparation of the financial report

Giles Woodgate was appointed Administrator of Fermiscan Holdings Limited (Administrator Appointed) in terms of Part 5.3A of the Corporations Act on 18 November 2009.

Giles Woodgate has provided ASX with several information updates on the administration and on 15 December 2009 advised that certain interested parties were provided with memoranda of information for the purchase of the intellectual property, plant, equipment and business undertaking of Fermiscan Holdings Limited (Administrator Appointed), Fermiscan Pty Limited, Fermiscan Australia Pty Limited and Fiberscan Pty Limited (all in liquidation). Giles Woodgate also advised on 15 January 2010 that he was assessing the merits of a number of offers to purchase the assets or invest in the company.

The second creditors meetings for Fermiscan Holdings Limited (Administrator Appointed) and its subsidiaries Fermiscan Pty Limited, Fermiscan Australia Pty Limited and Fiberscan Pty Limited (all in liquidation) were held pursuant to Section 439A of the Corporations Act on 10 December 2009. The meetings were adjourned and the reconvened second creditors meetings were held on 16 February 2010.

In respect of Fermiscan Holdings Limited (Administrator Appointed), creditors resolved that the company execute a Deed of Company Arrangement as detailed in the Supplementary Report of Administrator to Creditors dated 4 February 2010. The Deed of Company Arrangement provides opportunity for interested parties to obtain value from the company's 'shell'.

In respect of selected controlled entities, namely Fermiscan Pty Limited, Fermiscan Australia Pty Limited and Fiberscan Pty Limited (all in liquidation) creditors resolved that each company be wound up.

This Preliminary Final Report includes a financial report of Fermiscan Holdings Limited (Administrator Appointed) and controlled entities, and Fermiscan Holdings Limited (Administrator Appointed) as an individual parent entity. The financial report complies with Australian Accounting Standards and the *Corporations Act 2001* and has been prepared under the historical cost convention, as modified by revaluations to fair value for certain classes of assets as described in the accounting policies. The financial statements comply with International Financial Reporting Standards (IFRS).

Adjustments have been made relating to recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary as the consolidated entity is not operating as a going concern and is under administration.

Summary of the significant accounting policies:

(b) Principles of consolidation

The consolidated financial statements are those of the consolidated entity, comprising the financial statements of the parent entity and of all entities, which Fermiscan Holdings Limited (Administrator Appointed) controlled from time to time during the year and at balance date. Details of the controlled entities are contained in Note 19.

When Fermiscan Holdings Limited (Administrator Appointed) acquired as the legal parent the Fermiscan Pty Limited group of companies, the shareholders of Fermiscan Pty Limited (in liquidation), the legal subsidiary, obtained 86.8% in the shares of Fermiscan Holdings Limited (Administrator Appointed) at the time of re-listing on the 25th October 2006 and therefore control of the combined entity. Accordingly the transaction is accounted for as a reverse acquisition. This financial report discloses the consolidated financial statements with the Fermiscan Holdings Limited (Administrator Appointed) acquisition of Fermiscan Pty Limited (in liquidation) accounted for as a reverse acquisition.

The financial statements of subsidiaries are prepared for the same reporting period as the parent entity, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies, which may exist.

All inter-company balances and transactions, including any unrealised profits or losses have been eliminated on consolidation.

(c) Revenue recognition

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

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

Revenue from provision of services is recognised when the service has been provided to the customer and costs incurred or to be incurred in respect of the transaction can be measured reliably. Risks and rewards of ownership are considered passed to the customer at the time of delivery of the service to the customer.

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

(d) Cash and cash equivalents

Cash and cash equivalents include cash on hand and at banks and short-term deposits with an original maturity of three months or less held at call with financial institutions.

(e) Property, plant and equipment

Cost and valuation

As Fermiscan Holdings Limited (Administrator Appointed) is in administration selected plant and equipment is stated at its fair value less costs to sell. For other plant and equipment assets fair value is taken as cost less depreciation and any accumulated impairment losses.

The carrying amount of plant and equipment has been reviewed for impairment by directors where circumstances that indicate the carrying value may not be recoverable. Where the carrying value has exceeded the estimated recoverable amount, the assets are written down to their recoverable amount. Impairment losses are recognised in the Statement of comprehensive income.

Depreciation

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

The useful lives for each class of assets are:

	2009	2008
Plant and equipment:	<i>2.5 to 5 years</i>	<i>2.5 to 5 years</i>
Motor vehicles:	<i>5 years</i>	<i>5 years</i>

(f) Leases

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

Finance leases

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

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

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

Operating leases

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

(g) Intangibles

Trademark and patents

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

Research and development

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

(h) Impairment of assets

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

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

(i) Income tax

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

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

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

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

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

(j) Employee benefits

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

Share based expense transactions

The company operates an employee share option plan. The amount expensed in the statement of comprehensive income is determined by reference to the fair value of the options at the grant date.

Superannuation

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

(k) Financial instruments

Classification

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

Held-to-maturity investments

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

Loans and receivables

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

Financial liabilities

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

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

(l) Foreign currencies

Functional and presentation currency

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

Transactions and balances

Fermiscan Holdings Limited (Administrator Appointed) and its subsidiaries have transacted in foreign currencies. Transactions in foreign currencies of entities within the consolidated entity are translated into the functional currency at the rate of exchange ruling at the date of the transaction.

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

(m) Investments

Investments are initially recorded at cost, being the fair value of the consideration given and including acquisition charges associated with the investment. After initial recognition, investments, which are classified as available for sale, are measured at fair value and other investments are stated at the directors' assessment of fair value less costs to sell.

(n) Rounding of amounts

The company has applied the relief available under ASIC Class order 98/100, accordingly amounts in financial statements have been rounded off to the nearest \$1,000.

(o) New Accounting standards and UIG interpretation

Certain new accounting standards and UIG interpretations have been published that are not mandatory for 31 December 2009 reporting periods. The Group's assessment of the impact of these new standards and interpretations is that there is not expected to be any material effect on the Group in future reporting periods.

(p) New Accounting Standards

The Group has adopted the following new and revised Australian Accounting Standards issued by the AASB which are mandatory to apply to the current interim period. Disclosures required by these Standards that are deemed material have been included in this financial report on the basis that they represent a significant change in information from that previously made available.

Presentation of Financial Statements

AASB 101 prescribes the contents and structure of the financial statements. Changes reflected in this financial report include:

- the replacement of income statement with statement of comprehensive income. Items of income and expense not recognised in profit or loss are now disclosed as components of 'other comprehensive income'. In this regard, such items are no longer reflected as equity movements in the statement of changes in equity;
- the adoption of the single statement approach to the presentation of the statement of comprehensive income;
- other financial statements are renamed in accordance with the Standard;

Operating Segments

From 1 July 2009, operating segments are identified and segment information disclosed on the basis of internal reports that are regularly provided to, or reviewed by, the Group's chief operating decision maker which, for the Group, is the Board of Directors. In this regard, such information is not different from that used in preparing the statement of comprehensive income and statement of financial position and is same.

Adoption of the revised AASB 8 has not resulted in any changes to the reportable segment.

NOTE 2: CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

Critical accounting estimates and assumptions

Directors have made certain estimates and assumptions in the financial report concerning the future following the appointment of Giles Woodgate as the administrator to Fermiscan Holdings Limited (Administrator Appointed). Giles Woodgate was also appointed as administrator to Fermiscan Pty Limited, Fermiscan Australia Pty Limited and Fiberscan Pty Limited (all in liquidation)

The directors' estimates and assumptions in the financial report are based on historical experience and other factors that are believed to be reasonable in the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities. Actual results may differ from these estimates. For this financial report directors have generally estimated asset values at fair value less costs to sell and have used this as the carrying value of the assets.

The estimates and assumptions that have a significant inherent risk in respect of estimates based on future events and which could have a material impact on the assets and liabilities in the future are discussed below:

Income tax

Income tax benefits are based on the assumption that no adverse change will occur in the income tax legislation and the anticipation that the company will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law. No income tax benefits have been recognised.

Valuation of expense based payments:

Equity settled share based payments are adjusted, based on management's best estimate, for the effects of non transferability, exercise restrictions, and behavioural considerations.

Estimated impairment of goodwill

Goodwill is allocated to cash generating units (CGU's) according to applicable business operations. The recoverable amount of a CGU is based on value-in-use calculations. These calculations are based on projected cash flows approved by management covering a period not exceeding five years. Management's determination of cash flow projections and gross margins are based on past performance and its expectation for the future.

NOTE 3: REVENUE

	Consolidated Entity	
	2009	2008
	(\$'000)	(\$'000)
Revenues from operating activities	3,648	2,720
Interest Income	115	1,027
Research & development tax concession	1,006	-
Other	145	-
	<u>4,914</u>	<u>3,747</u>

NOTE 4: PROFIT (LOSS) FROM OPERATIONS

Loss from operations before income tax has been determined after the following specific expenses

Employee benefits expense	<u>5,744</u>	<u>5,530</u>
Superannuation	<u>196</u>	<u>213</u>
Depreciation of non-current assets		
Plant and equipment	588	408
Motor vehicles	-	32

NOTE 5: OTHER EXPENSES

Write down of assets to estimated net realisable value	148	-
Loss on disposal of assets	187	-
Professional and consulting fees	589	-
Insurances	226	-
Travel	253	-
Sydney Breast Clinic equipment leasing and repairs	420	-
Other expenses	<u>433</u>	<u>1,101</u>
	<u>2,256</u>	<u>1,101</u>

NOTE 6: INCOME TAX**Consolidated Entity**
2009 **2008**
(\$'000) **(\$'000)**

The prima facie tax, using tax rates applicable in the country of operation on profit differs from the income tax provided in the financial statements as follows:

Profit (loss) before income tax	(13,258)	(9,244)
At the statutory income tax rate of 30% (2008: 30%)	(3,977)	(2,773)
Tax effect of amounts which are not deductible in calculating taxable income		
Capital losses on write-off of intercompany investments and loans	-	-
Share based payments	29	87
Tax losses and timing differences not recognised as future tax benefits	3,948	2,686
Income tax expense	-	-
Tax losses and timing differences are not recognised as future tax benefits		

NOTE 7: RECEIVABLES**CURRENT**

Trade and other receivables	664	177
Unsecured directors loan	-	100
	664	277

NOTE 8: OTHER CURRENT ASSETS

Prepayments	-	121
Unexpired interest charges	4	15
Other assets	65	83
	69	219

NOTE 9: PROPERTY, PLANT AND EQUIPMENT, CLASSIFIED AS HELD FOR SALE

	Consolidated Entity	
	2009	2008
	(\$'000)	(\$'000)
Property, plant & equipment, classified as held for sale		
At cost or fair value	264	3,152
Accumulated depreciation	(30)	(866)
At fair value less costs to sell	<u>234</u>	<u>2,286</u>
Motor vehicles		
At cost	-	344
Accumulated depreciation	-	(90)
	<u>-</u>	<u>254</u>
Total property, plant & equipment, classified as held for sale	<u><u>234</u></u>	<u><u>2,540</u></u>

NOTE 10 INTANGIBLES, CLASSIFIED AS HELD FOR SALE

Trademark and patents, at cost	913	697
Goodwill on acquisition of Sydney Breast Clinic Pty Ltd	-	4,668
	<u>913</u>	<u>5,365</u>
Intangibles opening net book amount	5,365	583
Additions	216	4,782
Write off of Sydney Breast Clinic goodwill on the sale of the business	(4,668)	-
Intangibles closing net book amount, classified as held for sale	<u><u>913</u></u>	<u><u>5,365</u></u>

Trademark and patents are stated at cost. No change in value has been made at this stage because directors are not aware of the sale price which may be achieved by the administrators. The sale price may be more or less than cost. Intangibles assets are classified as held for sale.

The appointment of Giles Woodgate on 18 November 2009 as Administrator of Fermiscan Holdings Limited (Administrator Appointed) has been referred to in the opening statement of this report and at NOTE 1(a). These references should be read as part of this note.

The administrators have advised that certain interested parties were provided with memoranda of information for the purchase of the intellectual property, plant, equipment and business undertaking of Fermiscan Holdings Limited (Administrator Appointed), Fermiscan Pty Limited, Fermiscan Australia Pty Limited and Fiberscan Pty Limited (all in liquidation). Giles Woodgate also advised on 15 January 2010 that he was assessing the merits of a number of offers to purchase the assets or invest in the company.

In respect of certain controlled entities, namely Fermiscan Pty Limited, Fermiscan Australia Pty Limited and Fiberscan Pty Limited (all in liquidation) creditors resolved at the reconvened second creditors meeting on 16 February 2010 that each company be wound up. Fermiscan Australia Pty Limited (in liquidation) owns most of the intangibles.

NOTE 11: PAYABLES

	Notes	Consolidated Entity	
		2009	2008
		(\$'000)	(\$'000)
CURRENT			
Trade payables		49	139
Other payables		1,372	782
Hire purchase liabilities	20	34	89
		<u>1,455</u>	<u>1,010</u>
NON-CURRENT			
Hire purchase liabilities	20	-	76

The hire purchase liability is secured by the assets subject to the agreement

NOTE 12: PROVISIONS

CURRENT			
Employee entitlements		76	486

NOTE 13: CONTRIBUTED EQUITY

(a) *Issued and paid up capital*

Ordinary shares fully paid		34,959	34,959
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Fully paid ordinary shares carry one vote per share and carry the right to dividends.

(b) *Movements in shares on issue*

	Legal Parent Entity	
	2009	
	Number of shares ('000)	(\$'000)
Beginning of the financial year	143,507	57,608
Issued during the year	-	-
Employee share option exercised	-	-
Deduct: Share issue costs	-	-
End of the financial year	<u>143,507</u>	<u>57,608</u>

(c) Share Options

Employee share option plan

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

(d) Share Options- movements

	2009	Weighted average exercise price	2008	Weighted average exercise price
	Number		Number	
Outstanding at beginning of year	66,992,000		59,692,000	
Granted during the year	2,900,000	31 cents	7,300,000	40 cents
Exercised during the year	-		-	
Lapsed or expired during the year	(47,392,000)		-	
Outstanding at year end	<u>22,500,000</u>		<u>66,992,000</u>	

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

During the financial year, 2,900,000 options (2008: 7,300,000 options) were granted. The option exercise prices were 32 cents (2,000,000 options) and 30 cents (900,000 options). The options vest over two years and expire in three years from the grant date. No options have been granted since the end of the financial year. Fermiscan Holdings Limited (Administrator Appointed) shares were suspended from official quotation on 28 October 2009. Fermiscan Holdings Limited (Administrator Appointed) shares last traded at \$0.03 on 26 October 2009.

Other than the above, there were no issues, repurchases and repayments of debt securities or equity securities in the half year.

NOTE 14: CASH FLOW INFORMATION

	Notes	Consolidated Entity	
		2009 (\$'000)	2008 (\$'000)
Reconciliation of the net profit (loss) after tax to the net cash flows from operations:			
Net profit (loss)		(13,445)	(9,244)
Non-cash Items			
Depreciation and amortisation		588	440
Share based expense transaction		29	87
Loss on sale of the business of Sydney Breast Clinic and impairment of loans to and investments in subsidiary companies		5,069	-
Other		321	-
Changes in assets and liabilities			
(Increase)/decrease in receivables		387	1,151
(Increase)/decrease in other assets		(149)	(104)
Increase/(decrease) in trade and other creditors		620	(995)
Increase/(decrease) in employee entitlements		(410)	314
Net cash flow from (used in) operating activities		(6,990)	(8,351)

NOTE 15: EARNINGS PER SHARE

	2009	2008
	(\$'000)	('000)
The following reflects the income and share data used in the calculations of basic and diluted earnings per share:		
Net profit (loss)	(13,445)	(9,244)
Earnings used in calculating basic and diluted earnings per share	(13,445)	(9,244)
	Number of shares	Number of shares
Weighted average number of ordinary shares used in calculating basic earnings per share	143,507	143,507
Effect of dilutive securities:	-	-
Share options	-	-
Adjusted weighted average number of ordinary shares used in calculating diluted earnings per share	143,507	143,507

NOTE 16: COMMITMENTS AND CONTINGENCIES

	Consolidated Entity	
	2009	2008
	(\$'000)	(\$'000)
Lease expenditure commitments		
Operating leases (non-cancellable):		
(a) Operating leases related to office premises with lease terms of three years, with an option to extend for a further three years and equipment rentals for 5 years		
(b) Minimum lease payments		
Not later than one year	34	612
Later than one year and not later than five years	-	1,296
Later than five years	-	-
Aggregate lease expenditure contracted for at reporting date	<u>34</u>	<u>1,908</u>
(c) Finance leases related to motor vehicles		
Future minimum lease payment and the present value of the net minimum lease payment		
Not later than one year	-	95
Later than one year and not later than five years	-	84
Total minimum lease payments	-	<u>179</u>
Future finance charges	-	<u>14</u>
Present value of minimum lease payment	-	<u>165</u>
Current liability	-	<u>89</u>
Non-current liability	-	<u>76</u>

NOTE 17: AUDITOR'S REMUNERATION

Amounts received or due and receivable for:

An audit or review of the financial report of the entity and any other entity in the consolidated entity

Pitcher Partners	<u>64</u>	<u>77</u>
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Other Services

Pitcher Partners

Tax compliance, tax consulting and earlier years tax returns

	<u>108</u>	<u>127</u>
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Due diligence	<u>53</u>	<u>-</u>
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NOTE 18: RELATED PARTY DISCLOSURES

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

	Country of Incorporation	Percentage Owned	
		2009	2008
Parent Entity:			
Fermiscan Holdings Limited (Administrator Appointed)	Australia		
Subsidiaries of Fermiscan Holdings Limited			
Fermiscan Pty Limited (in liquidation)	Australia	100%	100%
Fermiscan Australia Pty Ltd (in liquidation)	Australia	100%	100%
Fermiscan BCT Pty Ltd	Australia	100%	100%
Fermiscan USA Inc	USA	100%	100%
Fibrescan Pty Ltd (in liquidation)	Australia	100%	100%
Fermiscan Italy Pty Limited	Australia	100%	100%
Fermiscan UK Pty Limited	Australia	100%	100%
Fermiscan Japan Pty Limited	Australia	100%	-
Fermiscan Clinics Pty Limited	Australia	100%	100%
Fermiscan CBS Pty Limited (formerly Sydney Breast Clinic Pty Limited)	Australia	100%	100%

- (b) The following provides the total amount of transactions that were entered into with related parties for the relevant financial year:

Wholly-owned group transactions

Fermiscan Pty Limited (in liquidation) has acted as the principal operating company for the group, incurring most of the day to day expenses. Fermiscan Australia Limited (in liquidation) has acted as the principal patent holder.

Fermiscan USA incurred costs which were charged to Fermiscan Pty Limited (in liquidation) at cost.

Transactions with associates

Fermiscan Holdings Limited (Administrator Appointed) former General Counsel, Richard Toltz, is a consultant to Piper Alderman, the Company's solicitors, who were paid for legal services provided to the Company at normal commercial rates.

NOTE 19: SEGMENT INFORMATION AND DISCONTINUED BUSINESSES

Prior to the administrator being appointed, the consolidated entity operated in two business segments being the commercialisation of a non-invasive diagnostic test for the detection of breast cancer (Fermiscan) and as a provider of diagnostic services for women with symptoms of breast disease (Sydney Breast Clinic). The consolidated entity operated predominately in Australia during the year.

The business of Sydney Breast Clinic was sold in October 2009 and the Fermiscan business was discontinued prior to the appointment of the administrator. Both businesses are now discontinued and there are no employees or business activities.

The following reports provide information in relation to both the business segments which existed during the year and the businesses which were discontinued towards the end of the year.

	Business segments				Eliminations and Corporate		Consolidated Entity	
	SBC		Fermiscan		2009	2008	2009	2008
	2009	2008	2009	2008	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<i>Revenue</i>								
Sales to customers outside the consolidated entity	3,648	2,720	-	-	-	-	3,648	2,720
Other revenue	-	-	1,266	1,027	-	-	1,266	1,027
Total segment revenue	<u>3,648</u>	<u>2,720</u>	<u>1,266</u>	<u>1,027</u>	-	-	<u>4,914</u>	<u>3,747</u>
Total consolidated revenue	<u>3,648</u>	<u>2,720</u>	<u>1,266</u>	<u>1,027</u>	-	-	<u>4,914</u>	<u>3,747</u>
<i>Results</i>								
Segment result	(830)	(508)	(12,615)	(8,736)	-	-	(13,445)	(9,244)
Unallocated expenses	-	-	-	-	-	-	-	-
Consolidated entity profit (loss) from ordinary activities before income tax expense	(830)	(508)	(12,615)	(8,736)	-	-	(13,445)	(9,244)
Income tax expense	-	-	-	-	-	-	-	-
Consolidated entity profit (loss) from ordinary activities after income tax expense	<u>(830)</u>	<u>(508)</u>	<u>(12,615)</u>	<u>(8,736)</u>	-	-	<u>(13,445)</u>	<u>(9,244)</u>
Net profit (loss)	<u>(830)</u>	<u>(508)</u>	<u>(12,615)</u>	<u>(8,736)</u>	-	-	<u>(13,445)</u>	<u>(9,244)</u>

	Business segments				Eliminations and Corporate		Consolidated Entity	
	SBC		Fermiscan		2009	2008	2009	2008
	2009	2008	2009	2008				
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<i>Assets</i>								
Segment assets	-	2,098	2,745	13,818	-	-	2,745	15,916
Unallocated assets	-	-	-	-	-	-	-	-
Total assets		2,098	2,745	13,818	-	-	2,745	15,916
<i>Liabilities</i>								
Segment liabilities	-	3,193	1,531	889	-	(2,510)	1,531	1,572
Non - allocated liabilities	-	-	-	-	-	-	-	-
Total liabilities	-	3,193	1,531	889	-	(2,510)	1,531	1,572
<i>Other segment information</i>								
Acquisition of non-current segment assets	-	12	277	308	-	-	277	320
Depreciation and amortisation of segment assets	412	286	176	154	-	-	588	440
Other non-cash expenses								
• Loss on disposal or write down of assets				335				335
• Loss on sale of the business of Sydney Breast Clinic	-	-	-	5,069	-	-	-	5,069
	-	-	-		-	-	-	

NOTE 20: FINANCIAL INSTRUMENTS

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

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

The Board provided directions for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, and credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

(a) Market risk

Foreign exchange risk.

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

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

Cash flow and fair value interest rate risk

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

(b) Liquidity risk

The board monitored forecasts of the Group's liquidity on the basis of expected cash flow.

(c) Fair value estimation

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

(d) Credit risk exposures

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

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

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

(e) Interest rate risk

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

Financial Instruments	Floating interest rate		Fixed interest rate maturing in:						Non-interest bearing		Total carrying amount as per Statement of Financial Position		Weighted average Effective interest rate	
	2009 (\$'000')	2008 (\$'000')	1 year or less		Over 1 to 5 years		More than 5 years		2009 (\$'000')	2008 (\$'000')	2009 (\$'000')	2008 (\$'000')	2009 %	2008 %
<i>(i) Financial assets</i>														
Cash	865	7,515	-	-	-	-	-	-	-	-	865	7,515	2%	4.25%
Trade and other receivables	-	-	-	-	-	-	-	-	650	177	650	177	-	na
Secured loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Unsecured loans	-	-	-	100	-	-	-	-	14	-	14	100	-	9.82%
<i>(ii) Financial liabilities</i>														
Trade creditors	-	-	-	-	-	-	-	-	49	139	49	139	-	-
Other creditors	-	-	-	-	-	-	-	-	1,372	782	1,372	782	-	-
Finance lease liability	-	-	34	89	-	76	-	-	-	-	34	165	7.80%	7.80%

NOTE 21: SUBSEQUENT EVENTS

The appointment of Giles Woodgate on 18 November 2009 as Administrator of Fermiscan Holdings Limited (Administrator Appointed) has been referred to in the opening statement of this report and at NOTE 1(a). These references should be read as part of this subsequent events note.

In respect of Fermiscan Holdings Limited (Administrator Appointed), creditors resolved that the company execute a Deed of Company Arrangement as detailed in the Supplementary Report of Administrator to Creditors dated 4 February 2010. The Deed of Company Arrangement provides opportunity for interested parties to obtain value from the company's 'shell'.

In respect of certain controlled entities, namely Fermiscan Pty Limited, Fermiscan Australia Pty Limited and Fiberscan Pty Limited (all in liquidation) creditors resolved that each company be wound up.

The future of the company, as it is in administration, is inherently uncertain.



Fermiscan Holdings Limited
(Administrator Appointed)
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COMPLIANCE STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2009

This report has been prepared in accordance with AASB Standards, other AASB authoritative pronouncements and Urgent Issues Group Consensus Views or other standards acceptable to ASX.

This report and the accounts upon which the report is based use the same accounting policies.

This report does give a true and fair view of the matters disclosed.

This report is based on accounts which are in the process of being audited.

The entity has formally constituted audit committee.

Fermiscan Holdings Limited (Administrator Appointed) is controlled by the administrator, Giles Woodgate

A handwritten signature in blue ink, appearing to read "MARK FORDYCE", with a horizontal line above it.

Director

26 February 2010