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FERMISCAN BEGINS JAPANESE COMMERCIAL FEASIBILITY STUDY

- **Fermiscan to commence a feasibility study to commercialise its non-invasive breast cancer test in Japan**
- **Memorandum of understanding signed to commence feasibility study in conjunction with Crosby Capital Partners**

Fermiscan Holdings Limited (ASX: FER) today announced that it has signed a memorandum of understanding to commence a feasibility study with leading merchant banking and asset management group Crosby Capital Partners Inc. to commercialise its non-invasive test for breast cancer in Japan.

Japan is a cornerstone market for Fermiscan's global commercial strategy. In Japan, about 14 million mammograms are performed every year where a potential relevant population for the Fermiscan breast cancer test is an estimated 38 million women. This compares with Australia where there are approximately 1 million mammograms performed annually and a potential relevant market of 4 million women.

Fermiscan believes the Japanese market requires a comprehensive review to enable the Company to develop a successful commercial strategy. Fermiscan has commenced a commercial feasibility study with Crosby, which has specialist expertise in Japan. This is expected to be completed in the next three months.

Fermiscan has signed a memorandum of understanding with Crosby which, subject to agreeing satisfactory commercial terms, grants Crosby a 10-year exclusive license to market, distribute and sell the Fermiscan Test in Japan. Fermiscan will receive a royalty and share of profits for which commercial terms will be finalised upon the successful completion of the feasibility study.

Fermiscan Managing Director, David Young, said, "The Fermiscan breast cancer test provides a simple, non-invasive screening method for breast cancer suitable for women of all ages. "We believe there is a tremendous market opportunity in Japan. Together with our licence agreements in South East Asia, this is a significant step forward in our global expansion, and a strong endorsement of Fermiscan's technology."

In December 2006, Fermiscan commenced a 2000-patient validation trial of its breast cancer test in Australia. This is expected to be completed in the first half of 2007. Subject to a positive outcome to this trial, Fermiscan will begin commercialisation in Australia and in licensee countries towards the end of the year.

About Fermiscan

Fermiscan Holdings (ASX code: FER) is commercialising a world-first, innovative test for breast cancer. The Fermiscan test is based on the breakthrough discovery by an Australian scientist that the presence of breast cancer is associated with a change in the structure of hair that can be detected by x-ray diffraction. Fermiscan intends to commercialise this finding to provide a simple, non-invasive screening test for the presence of breast cancer after completion of a 2000 patient trial currently being run in Australia that is expected to be completed in the first half of 2007.

About Crosby Capital Partners Inc

Crosby is a leading independent Asia-oriented merchant banking and asset management group which has business investments in Japan. Crosby has established government and business contacts, and extensive experience of operating in the Japanese market, a pre-requisite for any potential partnership in Japan. Crosby is quoted on the AIM market of the London Stock Exchange. Further details can be found on the Company's website www.crosby.com.

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