fermiscan®
Australian Innovator of the Year 2008

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ASX ANNOUNCEMENT

31 October 2008

ASX Appendix 4C
Quarterly Cash Flow Report
for the Quarter to 30 September 2008

Attached is the ASX Appendix 4C quarterly consolidated statement of cash flows to 30 September 2008 for Fermiscan Holdings Limited.

The September quarter is the first full period to include the cash flows from Sydney Breast Clinic which was acquired by Fermiscan on 13 June 2008. Receipts from customers of Sydney Breast Clinic were $1.2 million in the quarter.

The net operating cash outgoings for the September quarter were $2.1 million and included $0.6 million for scientific facilities and synchrotron beam line rental in the United States. The scientific operations support the current domestic and international clinical studies and contribute to the establishment of synchrotron scientific capability for the future.

The monthly net operating cash outgoings for the quarter were $693k per month. The overall net cash position in the quarter decreased by $2.3 million from $12.1 million at 30 June 2008 to $9.8 million at 30 September 2008.

The net operating cash flow is consistent with business plans and is in line with previously provided information.

For further information, please contact

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About Fermiscan

Fermiscan's principal activity is the advancement of a non-invasive diagnostic test for the detection of breast cancer. The test is based on the discovery by an Australian scientist that a change can be detected in the molecular structure of hair from women with breast cancer and this change can be identified by using diffraction of X-rays generated in a synchrotron. The greatest application for the Fermiscan Test is in women under 70 years of age and in particular for younger women, where mammography is generally unsuitable. It is anticipated that the test will be used as an adjunct to existing screening tests for breast cancer.

Earlier this year Fermiscan announced the results of a major 2,000 patient trial which compared results from mammography and ultrasound with the Fermiscan Test. The trial results confirmed that the Fermiscan Test has a negative predictive value of 99.5% in calling almost 1400 patients negative for breast cancer where the patient was less than 70 years of age. These results also confirm the ability for the Fermiscan Test to correctly identify breast cancer in women in the same age group in 74% of the cases. [(1)]

The Fermiscan Test development path in Australia and overseas includes completion in 2008 and early 2009 of clinical research with leading hospitals in Italy and Singapore as well as the Ashford Cancer Centre, a leading cancer clinic in Adelaide. Clinical research in Japan will commence over coming months.

Fermiscan acquired Sydney Breast Clinic Pty Limited in June 2008. The Clinic has been operating for over 30 years and is one of the largest diagnostic breast clinics in Australia, testing over 10,000 women annually who are referred by more than 3,000 general practitioners.

The Clinic uses the gold standard Triple Test (medical history and clinical breast examination; mammography and ultrasound imaging; non-excision biopsy) and offers same day diagnosis and screening of breast disease in a comforting and positive environment. The multidisciplinary team at the Clinic has over 55 staff including Breast Surgeons, Breast Physicians, Radiologists, Pathologists, Radiographers, Sonographers and Nurses.

Sydney Breast Clinic is providing the Fermiscan Test free to patients attending the clinic in addition to their diagnostic and screening practices. This is the first time that the Fermiscan Test will be used by medical staff in a clinical setting where patients' results can be compared directly to their imaging (mammography and/or ultrasound) results and is the next step in Fermiscan's programme aimed at making the test widely available to Australian women.

Fermiscan was named 'Australian Innovator of the year' at the Austrade sponsored annual 'Innovation Day Shoot Out' competition in New York in January 2008.

[(1)] *Excludes 4 Ductal Carcinoma in Situ (DCIS) not identified as positive by Fermiscan*

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

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

Rule 4.7B

Appendix 4C

Quarterly report for entities admitted on the basis of commitments

Introduced 31/3/2000. Amended 30/9/2001, 24/10/2005.

Name of entity

Fermiscan Holdings Limited

ABN	Quarter ended ("current quarter")
51 000 689 725	**30 September 2008**

Consolidated statement of cash flows

	Cash flows related to operating activities	Current quarter $A'000	Year to date (nine months) $A'000
1.1	Receipts from customers	1,216	1,421
1.2	Payments for		
	(a) staff costs	(1,719)	(3,583)
	(b) advertising and marketing	(68)	(242)
	(c) research and development, including scientific and synchrotron operations in the USA	(238)	(1,102)
	(d) leased assets	-	-
	(e) Synchrotron beam line prepayments	(315)	(1,150)
	(f) other working capital	(1,128)	(2,425)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	172	884
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	(4)
1.7	Other (provide details if material)	-	-
	Net operating cash flows	(2,080)	(6,201)

+ See chapter 19 for defined terms.

		Current quarter $A'000	Year to date (nine months) $A'000
1.8	Net operating cash flows (carried forward)	(2,080)	(6,201)
	Cash flows related to investing activities		
1.9	Payment for acquisition of:		
	(a) businesses (item 5) *, refer note below*	-	(3,521)
	(b) equity investments	-	-
	(c) intellectual property	(42)	(82)
	(d) physical non-current assets	(192)	(191)
	(e) other non-current assets	-	-
1.10	Proceeds from disposal of:	-	-
	(a) businesses (item 5	-	-
	(b) equity investments	-	-
	(c) intellectual property	-	-
	(d) physical non-current assets	-	-
	(e) other non-current assets	-	-
1.11	Loans to other entities	-	-
1.12	Loans repaid by other entities	-	-
1.13	Other (provide details if material)	-	-
	Net investing cash flows	(234)	(3,794)
1.14	**Total operating and investing cash flows**	(2,314)	(9,995)
	Cash flows related to financing activities		
1.15	Proceeds from issues of shares	-	45
1.16	Proceeds from sale of forfeited shares	-	-
1.17	Proceeds from borrowings	-	-
1.18	Repayment of borrowings*, refer note below*	-	(2,210)
1.19	Dividends paid	-	-
1.20	Other (provide details if material) Proceeds from repayment of loans and interest and debt recovery	-	1,000
	Net financing cash flows	-	(1,165)
	Net increase (decrease) in cash held	(2,314)	(11,160)
1.21	Cash at beginning of quarter/year to date	12,126	20,972
1.22	Exchange rate adjustments to item 1.20	-	-
1.23	Cash at end of quarter	9,812	9,812

Note ASX was advised on 16 June 2008 that Fermiscan Holdings Limited acquired Sydney Breast Clinic Pty Limited for the purchase price is $3.5 million in addition to approximately $2 million which was advanced to retire existing liabilities of Sydney Breast Clinic Pty Limited. The transactions were funded from existing cash resources.

+ See chapter 19 for defined terms.

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

		Current quarter $A'000
1.24	Aggregate amount of payments to the parties included in item 1.2	130
1.25	Aggregate amount of loans to the parties included in item 1.11	Nil

1.26 Explanation necessary for an understanding of the transactions

Fees paid to Directors and Director salary

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

Nil

2.2 Details of outlays made by other entities to establish or increase their share in businesses in which the reporting entity has an interest

Nil

Financing facilities available

Add notes as necessary for an understanding of the position. (See AASB 1026 paragraph 12.2).

		Amount available $A'000	Amount used $A'000
3.1	Loan facilities	Nil	Nil
3.2	Credit standby arrangements	Nil	Nil

+ See chapter 19 for defined terms.

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.		Current quarter $A'000	Previous quarter $A'000
4.1	Cash on hand and at bank	148	301
4.2	Deposits at call	1,904	2,431
4.3	Bank overdraft	Not applicable	Not applicable
4.4	Other (provide details) Term deposit	7,760	9,394
	Total: cash at end of quarter (item 1.23)	9,812	12,126

Acquisitions and disposals of business entities

Sydney Breast Clinic was acquired by Fermiscan on 13 June 2008 and was reported in the June cash flow quarter. Details of the acquisition are:

		Acquisitions *(Item 1.9(a))*	Disposals *(Item 1.10(a))*
5.1	Name of entity	Sydney Breast Clinic Pty Limited	Not applicable
5.2	Place of incorporation or registration	New South Wales	Not applicable
5.3	Consideration for acquisition or disposal	$ 3.521 million	Not applicable
5.4	Total net assets (deficiency)	($ 0.6) million	Not applicable
5.5	Nature of business	Sydney Breast Clinic has been operating for over 30 years as a provider of diagnostic services for women with symptoms of breast disease, and is a leader in the provision of diagnostic services, risk assessment, breast screening and bone density testing.	Not applicable

+ See chapter 19 for defined terms.

Compliance statement

1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act (except to the extent that information is not required because of note 2) or other standards acceptable to ASX.

2 This statement gives a true and fair view of the matters disclosed.

Sign here: .... Date: 31 October 2008
Secretary

Print name: Gregory C West

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.

2. The definitions in, and provisions of, *AASB 1026: Statement of Cash Flows* apply to this report except for the paragraphs of the Standard set out below.

    - 6.2 - reconciliation of cash flows arising from operating activities to operating profit or loss
    - 9.2 - itemised disclosure relating to acquisitions
    - 9.4 - itemised disclosure relating to disposals
    - 12.1(a) - policy for classification of cash items
    - 12.3 - disclosure of restrictions on use of cash
    - 13.1 - comparative information

3. **Accounting Standards.** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

+ See chapter 19 for defined terms.