

Federal-Mogul Holdings Corp
Form SC 13D/A
January 19, 2017

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 13D

Under the Securities Exchange Act of 1934 (Amendment No. 2)

Federal-Mogul Holdings Corporation
(Name of Issuer)

Common Stock, \$0.01 par value per share
(Title of Class of Securities)

(CUSIP Number)

313549404

David Goldman
GAMCO Investors, Inc.
One Corporate Center
Rye, New York 10580-1435
(914) 921-5000

(Name, Address and Telephone Number of Person Authorized to Receive Notices and Communications)

January 18, 2017

(Date of Event which Requires Filing of this Statement)

If the filing person has previously filed a statement on Schedule 13G to report the acquisition that is the subject of this Schedule 13D, and is filing this schedule because of §§ 240.13d-1(e), 240.13d-1(f) or 240.13d-1(g), check the following box .

CUSIP No. 313549404

Names of reporting persons
 I.R.S. identification nos. of
 1 above persons (entities only)
 Gabelli Funds, LLC
 I.D. No. 13-4044523
 Check the appropriate box if
 a member of a group (SEE
 INSTRUCTIONS) (a)

2
 (b)

3 Sec use only

Source of funds (SEE
 INSTRUCTIONS)
 4 00-Funds of investment
 advisory clients

Check box if disclosure of
 legal proceedings is required
 pursuant to items 2 (d) or 2
 5 (e)

Citizenship or place of
 organization
 6 New York

Number Of : 7 Sole voting power

Shares : 1,297,407 (Item 5)

Beneficially : 8 Shared voting power

Owned : None

By Each : 9 Sole dispositive power

Reporting : 1,297,407 (Item 5)

Person : 10 Shared dispositive power

With : None

11 Aggregate amount
 beneficially owned by each
 reporting person

1,297,407 (Item 5)

12 Check box if the aggregate
amount in row (11) excludes
certain shares
(SEE INSTRUCTIONS)

13 Percent of class represented
by amount in row (11)

0.77%

14 Type of reporting person
(SEE INSTRUCTIONS)
IA, CO

Edgar Filing: Federal-Mogul Holdings Corp - Form SC 13D/A

CUSIP No. 313549404

1 Names of reporting persons
I.R.S. identification nos. of
above persons (entities only)

GAMCO Asset
Management Inc. I.D. No.
13-4044521

Check the appropriate box if
a member of a group (SEE
INSTRUCTIONS) (a)

2

(b)

3 Sec use only

Source of funds (SEE
INSTRUCTIONS)

4 00-Funds of investment
advisory clients

5 Check box if disclosure of
legal proceedings is required
pursuant to items 2 (d) or 2
(e)

6 Citizenship or place of
organization
New York

Number Of : 7 Sole voting power

Shares : 1,485,714 (Item 5)

Beneficially : 8 Shared voting power

Owned : None

By Each : 9 Sole dispositive power

Reporting : 1,577,971 (Item 5)

Person : 10 Shared dispositive power

With : None

11 Aggregate amount
beneficially owned by each
reporting person

12	1,577,971 (Item 5) Check box if the aggregate amount in row (11) excludes certain shares (SEE INSTRUCTIONS)
13	Percent of class represented by amount in row (11)
14	0.93% Type of reporting person (SEE INSTRUCTIONS) IA, CO

3

CUSIP No. 313549404

1 Names of reporting persons
I.R.S. identification nos. of
above persons (entities only)
Teton Advisors, Inc.
I.D. No. 13-4008049
Check the appropriate box if
a member of a group (SEE
INSTRUCTIONS) (a)

2
(b)

3 Sec use only

4 Source of funds (SEE
INSTRUCTIONS)
00 – Funds of investment
advisory clients

5 Check box if disclosure of
legal proceedings is required
pursuant to items 2 (d) or 2
(e)

6 Citizenship or place of
organization
Delaware

Number Of : 7 Sole voting power

Shares : 400,000 (Item 5)

Beneficially : 8 Shared voting power

Owned : None

By Each : 9 Sole dispositive power

Reporting : 400,000 (Item 5)

Person : 10 Shared dispositive power

With : None

11 Aggregate amount
beneficially owned by each
reporting person

12	400,000 (Item 5) Check box if the aggregate amount in row (11) excludes certain shares (SEE INSTRUCTIONS)
13	Percent of class represented by amount in row (11)
14	0.24% Type of reporting person (SEE INSTRUCTIONS) IA, CO

4

CUSIP No. 313549404

Names of reporting persons
I.R.S. identification nos. of
1 above persons (entities only)

MJG Associates, Inc.

I.D. No. 06-1304269

Check the appropriate box if
a member of a group (SEE
INSTRUCTIONS) (a)

2

(b)

Sec use only

3

Source of funds (SEE
INSTRUCTIONS)
4 00-Client Funds

Check box if disclosure of
legal proceedings is required
5 pursuant to items 2 (d) or 2
(e)

Citizenship or place of
organization
6 Connecticut

Number Of : 7 Sole voting power

Shares : 5,000 (Item 5)

Beneficially : 8 Shared voting power

Owned : None

By Each : 9 Sole dispositive power

Reporting : 5,000 (Item 5)

Person : 10 Shared dispositive power

With : None

11 Aggregate amount
beneficially owned by each
reporting person

5,000 (Item 5)

12 Check box if the aggregate
amount in row (11) excludes
certain shares
(SEE INSTRUCTIONS)

13 Percent of class represented
by amount in row (11)

0.00%

14 Type of reporting person
(SEE INSTRUCTIONS)
CO

5

CUSIP No. 313549404

Names of reporting persons
I.R.S. identification nos. of
above persons (entities only)
1 GGCP,

Inc.

I.D. No. 13-3056041

Check the appropriate box if
a member of a group (SEE
INSTRUCTIONS) (a)

2

(b)

3

Sec use only

4

Source of funds (SEE
INSTRUCTIONS)

None

5

Check box if disclosure of
legal proceedings is required
pursuant to items 2 (d) or 2
(e)

6

Citizenship or place of
organization
Wyoming

Number Of : 7 Sole voting power

Shares : None (Item 5)

Beneficially : 8 Shared voting power

Owned : None

By Each : 9 Sole dispositive power

Reporting : None (Item 5)

Person : 10 Shared dispositive power

With : None

11 Aggregate amount
beneficially owned by each
reporting person

None (Item 5)

12 Check box if the aggregate
amount in row (11) excludes
certain shares
(SEE INSTRUCTIONS) ☒

13 Percent of class represented
by amount in row (11)

0.00%

14 Type of reporting person
(SEE INSTRUCTIONS)
HC, CO

6

CUSIP No. 313549404

Names of reporting persons
I.R.S. identification nos. of
above persons (entities only)

1 GAMCO Investors,
Inc.

I.D. No. 13-4007862
Check the appropriate box if
a member of a group (SEE
INSTRUCTIONS) (a)

(b)

3 Sec use only

4 Source of funds (SEE
INSTRUCTIONS)
None

5 Check box if disclosure of
legal proceedings is required
pursuant to items 2 (d) or 2
(e)

6 Citizenship or place of
organization
Delaware

Number Of : 7 Sole voting power

Shares : None (Item 5)

Beneficially : 8 Shared voting power

Owned : None

By Each : 9 Sole dispositive power

Reporting : None (Item 5)

Person : 10 Shared dispositive power

With : None

11 Aggregate amount
beneficially owned by each
reporting person

None (Item 5)

12 Check box if the aggregate
amount in row (11) excludes
certain shares
(SEE INSTRUCTIONS) ☒

13 Percent of class represented
by amount in row (11)

0.00%

14 Type of reporting person
(SEE INSTRUCTIONS)
HC, CO

7

CUSIP No. 313549404

Names of reporting persons
I.R.S. identification nos. of
above persons (entities only)

1 Associated Capital
Group, Inc.

I.D. No. 47-3965991
Check the appropriate box if
a member of a group (SEE
INSTRUCTIONS) (a)

(b)

3 Sec use only

4 Source of funds (SEE
INSTRUCTIONS)
WC

5 Check box if disclosure of
legal proceedings is required
pursuant to items 2 (d) or 2
(e)

6 Citizenship or place of
organization
Delaware

Number Of : 7 Sole voting power

Shares : 13,000 (Item 5)

Beneficially : 8 Shared voting power

Owned : None

By Each : 9 Sole dispositive power

Reporting : 13,000 (Item 5)

Person : 10 Shared dispositive power

With : None

11 Aggregate amount
beneficially owned by each
reporting person

13,000 (Item 5)

12

Check box if the aggregate
amount in row (11) excludes
certain shares
(SEE INSTRUCTIONS) ☒

13

Percent of class represented
by amount in row (11)

0.01%

14

Type of reporting person
(SEE INSTRUCTIONS)
HC, CO

8

CUSIP No. 313549404

1	Names of reporting persons I.R.S. identification nos. of above persons (entities only) Mario J. Gabelli
2	Check the appropriate box if a member of a group (SEE INSTRUCTIONS) (a)
	(b)
3	Sec use only
4	Source of funds (SEE INSTRUCTIONS) 00 – Funds of a Private Entity
5	Check box if disclosure of legal proceedings is required pursuant to items 2 (d) or 2 (e)
6	Citizenship or place of organization USA
Number Of	: 7 Sole voting power
Shares	: 211,100 (Item 5)
Beneficially	: 8 Shared voting power
Owned	: None
By Each	: 9 Sole dispositive power
Reporting	: 211,100 (Item 5)
Person	: 10 Shared dispositive power
With	: None
11	Aggregate amount beneficially owned by each reporting person 211,100 (Item 5)

12 Check box if the aggregate
amount in row (11) excludes
certain shares

(SEE INSTRUCTIONS) X

13 Percent of class represented
by amount in row (11)

0.12%

14 Type of reporting person
(SEE INSTRUCTIONS)

IN

9

Item 1. Security and Issuer

This Amendment No. 2 to Schedule 13D on the Common Stock of Federal-Mogul Holdings Corporation (the "Issuer"), is being filed on behalf of the undersigned to amend the Schedule 13D, as amended (the "Schedule 13D") which was originally filed on July 22, 2013. Unless otherwise indicated, all capitalized terms used herein but not defined herein shall have the same meanings as set forth in the Schedule 13D.

Item 2. Identity and Background

Item 2 to Schedule 13D is amended, in pertinent part, as follows:

This statement is being filed by Mario J. Gabelli ("Mario Gabelli") and various entities which he directly or indirectly controls or for which he acts as chief investment officer. These entities, except for LICT Corporation ("LICT"), CIBL, Inc. ("CIBL") and ICTC Group, Inc. ("ICTC"), engage in various aspects of the securities business, primarily as investment adviser to various institutional and individual clients, including registered investment companies and pension plans, and as general partner or the equivalent of various private investment partnerships or private funds. Certain of these entities may also make investments for their own accounts.

The foregoing persons in the aggregate often own beneficially more than 5% of a class of equity securities of a particular issuer. Although several of the foregoing persons are treated as institutional investors for purposes of reporting their beneficial ownership on the short-form Schedule 13G, the holdings of those who do not qualify as institutional investors may exceed the 1% threshold presented for filing on Schedule 13G or implementation of their investment philosophy may from time to time require action which could be viewed as not completely passive. In order to avoid any question as to whether their beneficial ownership is being reported on the proper form and in order to provide greater investment flexibility and administrative uniformity, these persons have decided to file their beneficial ownership reports on the more detailed Schedule 13D form rather than on the short-form Schedule 13G and thereby to provide more expansive disclosure than may be necessary.

(a), (b) and (c) - This statement is being filed by one or more of the following persons: GGCP, Inc. ("GGCP"), GGCP Holdings LLC ("GGCP Holdings"), GAMCO Investors, Inc. ("GBL"), Associated Capital Group, Inc. ("AC"), Gabelli Funds, LLC ("Gabelli Funds"), GAMCO Asset Management Inc. ("GAMCO"), Teton Advisors, Inc. ("Teton Advisors"), Gabelli & Company Investment Advisers, Inc. ("GCIA"), G.research, LLC ("G.research"), MJG Associates, Inc. ("MJG Associates"), Gabelli Foundation, Inc. ("Foundation"), MJG-IV Limited Partnership ("MJG-IV"), Mario Gabelli, LICT, CIBL and ICTC. Those of the foregoing persons signing this Schedule 13D are hereinafter referred to as the "Reporting Persons".

GGCP makes investments for its own account and is the manager and a member of GGCP Holdings which is the controlling shareholder of GBL and AC. GBL, a public company listed on the New York Stock Exchange, is the parent company for a variety of companies engaged in the securities business, including certain of those named below. AC, a public company listed on the New York Stock Exchange, is the parent company for a variety of companies engaged in the securities business, including certain of those listed below.

GAMCO, a wholly-owned subsidiary of GBL, is an investment adviser registered under the Investment Advisers Act of 1940, as amended ("Advisers Act"). GAMCO is an investment manager providing discretionary managed account services for employee benefit plans, private investors, endowments, foundations and others.

GCIA, a wholly owned subsidiary of AC, is an investment adviser registered under the Advisers Act and serves as a general partner or investment manager to limited partnerships and offshore investment companies and other accounts. As a part of its business, GCIA may purchase or sell securities for its own account. GCIA is a general partner or investment manager of a number of funds or partnerships, including Gabelli Associates Fund, L.P., Gabelli Associates Fund II, L.P., Gabelli Associates Limited, Gabelli Associates Limited II E, ALCE Partners, L.P., Gabelli Capital Structure Arbitrage Fund LP, Gabelli Capital Structure Arbitrage Fund Limited, Gabelli Intermediate Credit Fund L.P., GAMA Select Energy + L.P., GAMCO Medical Opportunities L.P., and Gabelli Multimedia Partners, L.P. G.research, a wholly owned subsidiary of GCIA, is a broker-dealer registered under the Securities Exchange Act of 1934, as amended ("1934 Act"), which as a part of its business regularly purchases and sells securities for its own account.

Gabelli Funds, a wholly owned subsidiary of GBL, is a limited liability company. Gabelli Funds is an investment adviser registered under the Advisers Act which provides advisory services for The Gabelli Equity Trust Inc., The Gabelli Asset Fund, The GAMCO Growth Fund, The Gabelli Convertible and Income Securities Fund Inc., The

Gabelli Value 25 Fund Inc., The Gabelli Small Cap Growth Fund, The Gabelli Equity Income Fund, The Gabelli ABC Fund, The GAMCO Global Telecommunications Fund, The Gabelli Gold Fund, Inc., The Gabelli Multimedia Trust Inc., The Gabelli Global Rising Income & Dividend Fund, The Gabelli Capital Asset Fund, The GAMCO International Growth Fund, Inc., The GAMCO Global Growth Fund, The Gabelli Utility Trust, The GAMCO Global Opportunity Fund, The Gabelli Utilities Fund, The Gabelli Dividend Growth Fund, The GAMCO Mathers Fund, The Gabelli Focus Five Fund, The Comstock Capital Value Fund, The Gabelli Dividend and Income Trust, The Gabelli Global Utility & Income Trust, The GAMCO Global Gold, Natural Resources, & Income Trust, The GAMCO Natural Resources Gold & Income Trust, The GDL Fund, Gabelli Enterprise Mergers & Acquisitions Fund, The Gabelli ESG Fund, Inc., The Gabelli Healthcare & Wellness ^{Rx} Trust, The Gabelli Global Small and Mid Cap Value Trust, Gabelli Value Plus+ Trust, The Gabelli Go Anywhere Trust, Bancroft Fund Ltd. and Ellsworth Growth & Income Fund Ltd. (collectively, the "Funds"), which are registered investment companies. Gabelli Funds is also the investment adviser to The GAMCO International SICAV (sub-funds GAMCO Merger Arbitrage and GAMCO All Cap Value), a UCITS III vehicle.

Teton Advisors, an investment adviser registered under the Advisers Act, provides discretionary advisory services to The TETON Westwood Mighty Mitessm Fund, The TETON Westwood he Policies investment was accounted for on the equity method of Continued accounting. Because the Company's percent share of accumulated losses in TherMatrx had exceeded its original investment no asset was recorded on the balance sheet. On July 15, 2004, American Medical Systems Holdings, Inc., or AMS, acquired TherMatrx, Inc. for \$40 million in cash plus future payments contingent upon the combined entity's future sales of TherMatrx's DOT systems. The sale included all of the Company's TherMatrx shares, which were reduced at closing to approximately 25% of the total outstanding TherMatrx shares because of the exercise of outstanding options to acquire common stock of TherMatrx. The Company received an initial cash payment, after the withholding of escrow funds and the payment of other initial obligations, of approximately \$9 million in connection with the closing. As of August 31, 2005, the Company had received a total of \$15,526,532 in payments from the TherMatrx transaction. The amounts received of \$6,551,087 and \$8,975,445 during the fiscal years ended August 31, 2005 and 2004, respectively, were recorded as a "gain on sale of equity interest" in the Statements of Income. Patents Patents are carried at cost and are being amortized over 17 years. Warranty Reserve The Company provides limited warranties to its customers for products sold. Estimated future warranty obligations are accrued each period. As of August 31, 2005, the accrued warranty reserve was approximately \$16,000. During the fiscal years ended August 31, 2005 and 2004, total warranty expense was \$21,662 and \$28,148, respectively. ----- F-8 BSD MEDICAL

CORPORATION Notes to Financial Statements Continued

----- 1. Organization Income Taxes and The Company accounts for income taxes using the asset Significant and liability method. Under the asset and liability Accounting method, deferred tax assets and liabilities are Policies recognized for the future tax consequences attributable Continued to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. Income Per Common Share The computation of basic earnings per common share is based on the weighted average number of shares outstanding during each year. The computation of diluted earnings per common share is based on the weighted average number of shares outstanding during the year, plus the common stock equivalents that would arise from the exercise of stock options and warrants outstanding, using the treasury stock method and the average market price per share during the year. Common stock equivalents are not included in the diluted loss per share calculation when their effect is anti-dilutive. Options and warrants to purchase 2,225,914 shares and 2,437,533 shares of common stock at prices ranging from \$.10 to \$2.54 per share were outstanding at August 31, 2005 and 2004, respectively. The shares used in the computation of the Company's basic and diluted earnings per share are reconciled as follows: 2005 2004 ----- Weighted average number of shares outstanding - basic 20,198,000 19,397,000 Dilutive effect of stock options 1,255,000 934,000 ----- Weighted average number of shares outstanding, assuming dilution 21,453,000 20,331,000 -----

----- F-9 BSD MEDICAL CORPORATION Notes to Financial Statements Continued ----- 1. Organization

Stock-Based Compensation of The Company accounts for stock options granted to Significant employees under the recognition and measurement Accounting principles of APB Opinion No. 25, Accounting for Stock Policies Issued to Employees, and related Interpretations, and Continued has adopted the disclosure-only provisions of Statement of Financial Accounting Standards (SFAS) No. 123, "Accounting for Stock-Based Compensation". Accordingly, no compensation cost has been recognized in the financial statements, as all options granted under those plans had an exercise price equal to or greater than the market value of the underlying common stock on the date of grant. Had the Company's options been determined based on the fair value method, the results of operations would have been reduced to the pro forma amounts indicated below: Years Ended August 31, ----- 2005 2004

----- Net income - as reported \$ 3,321,692 \$ 8,412,961 Add: Stock-based employee compensation expense included in reported net income, net of related tax effects 9,508 7,858 Deduct: total stock based employee compensation expense determined under fair value based method for all awards, net of related tax effects (504,839) (101,597) ----- Net income - pro forma \$ 2,826,361 \$ 8,319,222 =====
===== Earnings per share: Basic - as reported \$.16 \$.43 ===== Basic - pro forma \$.14 \$.43 ===== Diluted - as reported \$.15 \$.41 ===== Diluted - pro forma \$.13 \$.41 =====

----- F-10 BSD MEDICAL CORPORATION Notes to Financial Statements Continued ----- 1. Organization

The fair value of each option grant is estimated on the of date of grant using the Black-Scholes option pricing Significant model with the following assumptions: Accounting Policies Continued 2005 2004
----- Expected dividend yield \$ - \$ - Expected stock price volatility 71% - 83% 113% Risk-free interest rate 3.3% - 4.1% 4.3% Expected life of options 5 years 5 years The weighted average fair values of options granted during the years ended August 31, 2005 and 2004 were \$1.97 and \$1.01, respectively. Revenue Recognition The Company recognizes revenue from the sale of cancer treatment systems, the sale of parts and accessories related to the cancer treatment systems, the sale of software license rights, providing manufacturing services, providing training, and service support contracts. Product sales were \$1,844,320 and \$1,494,311 for the years ended August 31, 2005 and 2004, respectively. Service revenue was \$176,784 and \$99,837 for the years ended August 31, 2005 and 2004, respectively. Revenue from the sale of cancer treatment systems is recognized when a purchase order has been received, the system has been shipped, the selling price is fixed or determinable, and collection is reasonably assured. Most system sales are F.O.B. shipping point, therefore shipment is deemed to have occurred when the product is delivered to the transportation carrier. Most system sales do not include installation. If installation is included as part of the contract, revenue is not recognized until installation has occurred, or until any remaining installation obligation is deemed to be perfunctory. Some sales of cancer treatment systems may include training as part of the sale. In such cases, the portion of the revenue related to the training, calculated based on the amount charged for training on a stand-alone basis, is deferred and recognized when the training has been provided. The sales of the Company's cancer treatment systems do not require specific customer acceptance provisions and do not include the right of return except in cases where the product does not function as guaranteed by the Company. The Company provides a reserve allowance for estimated returns. To date, returns have not been significant.

----- F-11 BSD MEDICAL CORPORATION Notes to Financial Statements Continued ----- 1. Organization

Revenue Recognition - Continued of Revenue from the sale of software license rights is Significant recognized when a valid purchase order has been Accounting received, the software license has been delivered to the Policies customer, the selling price is fixed or determinable, Continued and collection is reasonably assured. Delivery is deemed to have occurred if diskettes have been shipped, or if the software has been delivered electronically by email. To date, the sale of software license rights has not been material. Revenue from manufacturing services is recorded when an agreement with the customer exists for such services, the services have been provided, and collection is reasonably assured. Revenue from training services is recorded when an agreement with the customer exists for such training, the training services have been provided, and collection is reasonably assured. Revenue from service support contracts is recognized on a straight-line basis over the term of the contract, which approximates recognizing it as it is earned. The Company's revenue recognition policy is the same for sales to both related parties and non-related parties. The Company provides the same products and services under the same terms for non-related parties as with related parties. Sales to distributors are recognized in the same manner as sales to end-user customers. Deferred revenue and customer

deposits payable include amounts from service contracts as well as cash received for the sales of products, which have not been shipped. ----- F-12 BSD MEDICAL

CORPORATION Notes to Financial Statements Continued

----- 1. Organization Concentration of Credit Risk of Financial instruments that potentially subject the Significant Company to concentration of credit risk consists Accounting primarily of trade receivables. In the normal course of Policies business, the Company provides credit terms to its Continued customers. Accordingly, the Company performs ongoing credit evaluations of its customers and maintains allowances for possible losses. The Company has cash in bank and short-term investments that, at times, may exceed federally insured limits. The Company has not experienced any losses in such accounts. The Company believes it is not exposed to any significant credit risk on cash and short-term investments. Use of Estimates in the Preparation of Financial Statements The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Reclassifications Certain amounts in the prior year have been reclassified to conform with the current year presentation. ----- F-13

BSD MEDICAL CORPORATION Notes to Financial Statements Continued

----- 2. Detail of Details of certain balance sheet accounts as of August Certain 31, 2005, are as follows: Balance Sheet Receivables: Accounts Trade receivables - non-related party \$ 254,292 Trade receivables - related party 236,130 Other receivables 4,366 Accrued interest receivable 51,392 Less allowance for doubtful accounts (42,500) ----- \$ 503,680 ----- Inventories: Parts and supplies \$ 633,121 Work-in-process 581,232 Reserve for obsolete inventory (80,000) ----- \$ 1,134,353 ----- Accrued expenses: Accrued vacation \$ 129,627 Warranty reserve 15,876 Other accrued expenses 102,873 ----- \$ 248,376 ----- 3. Investments Investments consist of mutual funds as of August 31, 2005. All investments at August 31, 2005 had scheduled maturities within one year and were considered available-for-sale securities. As of August 31, 2005, Investments had a cost of \$12,581,584, a fair value of \$12,618,523, and unrealized gains of \$36,939. No realized gains or losses on investments were recorded in the year ended August 31, 2005.

----- F-14 BSD MEDICAL CORPORATION Notes to Financial Statements Continued ----- 4. Property Property and equipment consists of the following: and Equipment Equipment \$ 801,301 Furniture and fixtures 298,597 ----- 1,099,898 Less accumulated depreciation (925,055) ----- \$ 174,843 ----- 5. Operating During the year ended August 31, 2003, the Company Lease renewed its building lease for five years, which includes payments of approximately \$82,000 per year, adjusted annually for increases in the cost of living based on the Consumer Price Index for Urban Consumers. Future minimum payments at August 31, 2005, are as follows: Years Ending August 31, Amount ----- 2006 \$ 82,320 2007 82,320 2008 82,320 ----- \$ 246,960 ----- Annual rent expense on this operating lease for the years ended August 31, 2005 and 2004 amounted to \$86,400 and \$83,735, respectively. 6. Deferred The Company has entered into certain service contracts Revenue for which it has received payment in advance. The Company is recognizing these service revenues over the life of the service agreements. As of August 31, 2005, the Company had \$7,328 of deferred revenue.

----- F-15 BSD MEDICAL CORPORATION Notes to Financial Statements Continued ----- 7. Income The components of the income tax (provision) benefit are Taxes as follows: Years Ended August 31, 2005 2004 ----- Current: Federal \$ (452,000) \$ (130,000) State (164,000) (105,000) ----- (616,000) (235,000) ----- Deferred: Federal (687,000) 778,000 ----- \$ (1,303,000) \$ 543,000 ----- The income tax (provision) benefit differs from the amount computed at federal statutory rates as follows: Years Ended August 31, 2005 2004 ----- Income tax benefit (expense) at statutory rate \$ (1,711,000) \$ (2,935,000) Change in estimate of use of net operating loss carryforwards 284,000 990,000 Research and development tax credits 76,000 347,000 Other 48,000 (64,000) Change in valuation allowance - 2,205,000 ----- \$ (1,303,000) \$ 543,000 ----- Deferred tax assets (liabilities) are comprised of the following at August 31, 2005: Accruals and reserves \$ 100,000 Deferred revenue 3,000 Depreciation 1,000 Deferred compensation expense (13,000)

----- \$ 91,000 ----- F-16 BSD
 MEDICAL CORPORATION Notes to Financial Statements Continued

----- 8. Stock Options and The
 Company's 1987 Employee Stock Option Plan authorizes the granting of incentive options to certain key employees of the Company and nonqualified stock options to certain key employees, non-employee directors, or individuals who provide services to the Company. The Plan, as amended, provides for the granting of options for an aggregate of 950,000 shares. The options vest according to a set schedule over a five-year period and expire upon the employee's termination or after ten years from the date of grant. The Company's 1998 Employee Stock Option Plan authorizes the granting of incentive stock options to certain key employees and non-employees who provide services to the Company. The Plan provides for the granting of options for an aggregate of 2,000,000 shares. The options vest subject to management's discretion. The Company's 1998 Director Stock Plan was revised to provide an annual compensation of \$20,000 to each non-employee director. The annual compensation plan calls for payment to be made twice a year with each payment consisting of \$5,000 cash and \$5,000 in common stock, with the number of shares issued calculated by dividing the unpaid compensation by a daily average of the preceding twenty day closing price of the Company's common stock. The Plan also grants each non-employee outside director 25,000 options each year at an exercise price of 85% of the fair market value of the common stock at the date the option is granted. The Plan allows for an aggregate of 1,000,000 shares to be granted. The options vest according to a set schedule over a five-year period and expire upon the director's termination, or after ten years from the date of grant. For certain options issued under this plan, the Company has recorded as deferred compensation the excess of the market value of common stock at the date of grant over the exercise price.

----- F-17 BSD MEDICAL CORPORATION Notes to
 Financial Statements Continued ----- 8. Stock A

schedule of the options and warrants is as follows: Options and Warrants Continued Price Per Options Warrants Share

----- Outstanding at September 1, 2003 1,275,303 - \$.10 to 1.76 Granted 1,090,000
 102,980 1.20 to 1.80 Exercised (30,750) - .10 to .45 Forfeitures - - - - - Outstanding at
 August 31, 2004 2,334,553 102,980 .10 to 2.54 Granted 225,000 - 1.2 to 2.54 Exercised (401,619) - .10 to .66
 Forfeitures (30,750) - .10 ----- Outstanding at August 31, 2005 2,122,934 102,980 \$.10
 to 2.54 -----

The following table summarizes information about stock options and warrants outstanding at August 31, 2005: Options and Warrants Outstanding Outstanding
 ----- Weighted Average Remaining Weighted Weighted Range of
 Contractual Average Average Exercise Number Life Exercise Number Exercise Prices Outstanding (Years) Price
 Exercisable Price ----- \$.10-.25 100,000 1.05 \$.17 100,000
 \$.17 .37-.81 689,600 5.05 .58 620,848 .57 1.11-2.54 1,436,314 7.95 1.40 693,039 1.34

----- \$.10-2.54 2,225,914 6.74 \$ 1.09 1,413,887 \$.92

----- 9. Foreign During the years ended August 31, 2005 and
 2004, the Customer Company had sales of \$0 and \$99,502, respectively, to and Major TherMatrx, a previously unconsolidated affiliate of Customer which it owned approximately 30%. This related party relationship ended on July 15, 2004 when TherMatrx was sold to AMS (see note 12). During the years ended August 31, 2005 and 2004, the Company had sales to European entities controlled by a significant stockholder and member of the Board of Directors of the Company of \$987,472 and \$912,690, respectively.

----- F-18 BSD MEDICAL CORPORATION Notes to
 Financial Statements Continued ----- 10. Related Party

At August 31, 2005, accounts receivable includes Transactions \$236,130, due from an entity controlled by a significant Not otherwise stockholder and member of the Board of Directors. disclosed 11. Supplemental Actual amounts paid for interest and income taxes are as Cash Flow follows: Information Years Ended August 31, 2005 2004

----- Interest expense \$ - \$ 491 ----- Income taxes \$ 351,354 \$ -

----- During the year ended August 31, 2005, the Company: o Had other comprehensive income of \$36,939. o Recorded deferred compensation of \$15,750. o Recorded an increase in additional paid in capital of \$272,945 and a corresponding decrease to income taxes payable related to the tax benefit from the exercise of stock options. During the year ended August 31, 2004, the Company: o Recorded deferred compensation of \$8,250. 12. Significant On July 15, 2004, American Medical Systems Holdings, Unconsolidated Inc., or AMS, acquired

TherMatrx, Inc. for \$40 million Affiliate in cash plus future payments contingent upon the combined entity's future sales of TherMatrx's DOT systems. The sale included all of our TherMatrx shares, which were reduced at closing to approximately 25% of the total outstanding TherMatrx shares because of the exercise of outstanding options to acquire common stock of TherMatrx. The Company received an initial cash payment, after the withholding of escrow funds and the payment of other initial obligations, of approximately \$9 million in connection with the closing. As of August 31, 2005 the Company had received a total of \$15,526,532 in payments from the TherMatrx transaction.

----- F-19 BSD MEDICAL CORPORATION Notes to Financial Statements Continued ----- 13. Commitments

The Company has an employment agreement with the and President of the Company. The agreement provides that Contingencies the President's salary will be based upon a reasonable mutual agreement. Additionally, in the case of non-voluntary termination, the acting president will receive severance pay for a six-month period, which includes an extension of all employee rights, privileges, and benefits, including medical insurance. The six-month severance pay would be the salary at the highest rate paid to the president prior to such a non-voluntary termination. The agreement also requires the Company to pay the acting president for any accrued unused vacation and bonuses. The Company has an exclusive worldwide license for a unique temperature probe. The license has no determinable life. The Company pays royalties based upon its sales of this probe. There were no royalties accrued as of August 31, 2005 and August 31, 2004. Royalty expense amounted to approximately \$5,000 for the years ended August 31, 2005 and 2004. 14. Fair Value of None of the Company's financial instruments are held for Financial trading purposes. The Company estimates that the fair Instruments value of all financial instruments at August 31, 2005 and 2004 does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying balance sheet. The estimated fair value amounts have been determined by the Company using available market information and appropriate valuation methodologies. Considerable judgment is necessarily required in interpreting market data to develop the estimates of fair value, and, accordingly, the estimates are not necessarily indicative of the amounts that the Company could realize in a current market exchange.

----- F-20 BSD MEDICAL CORPORATION Notes to Financial Statements Continued ----- 15. Recent In

December 2004, the Financial Accounting Standards Accounting Board ("FASB") issued Financial Accounting Standard Pronounce- ("SFAS") No. 123(R), Share-Based Payment, an amendment ments of FASB Statements No. 123 and 95. SFAS No. 123(R) replaces SFAS No. 123, Accounting for Stock-Based Compensation, and supersedes APB Opinion No. 25, Accounting for Stock Issued to Employees. This statement requires companies to recognize the fair value of stock options and other stock-based compensation to employees prospectively beginning with fiscal periods beginning after December 15, 2005. This means that the Company will be required to implement SFAS No. 123(R) no later than the quarter beginning September 1, 2006. The Company currently measures stock-based compensation in accordance with APB Opinion No. 25 as discussed above. The Company anticipates adopting the modified prospective method of SFAS No. 123(R) on September 1, 2006. The impact on the Company's financial condition or results of operations will depend on the number and terms of stock options outstanding on the date of change, as well as future options that may be granted. However, the Company believes the adoption of SFAS No. 123(R) may have a material effect on the Company's financial position and results of operations.

----- F-21 BSD MEDICAL CORPORATION Notes to Financial Statements Continued ----- 15. Recent The

FASB has issued Statement No. 154, Accounting Accounting Changes and Error Corrections. This new standard Pronounce- replaces APB Opinion No. 20, Accounting Changes, and Ments FASB Statement No. 3, Reporting Accounting Changes in Continued Interim Financial Statements. Among other changes, SFAS No. 154 requires that a voluntary change in accounting principle be applied retrospectively with all prior period financial statements presented on the new accounting principle, unless it is impracticable to do so. SFAS No. 154 also provides that (1) a change in method of depreciating or amortizing a long-lived nonfinancial asset be accounted for as a change in estimate (prospectively) that was effected by a change in accounting principle, and (2) correction of errors in previously issued financial statements should be termed a "restatement." The new standard is effective for accounting changes and correction of errors made in fiscal years beginning after December 15, 2005. Early adoption of this standard is permitted for accounting changes and correction of errors made in fiscal years beginning after June 1, 2005. The Company anticipates adopting SFAS No. 154 on September 1, 2006, and does not believe the adoption of

this new accounting pronouncement will result in a material impact on the Company's financial position or results of operations. ----- F-22 ITEM 8. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE. None. ITEM 8A. CONTROLS AND PROCEDURES. Under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, we evaluated the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rule 13a-15(e) or 15d-15(e) under the Securities Exchange Act of 1934 (the "Exchange Act")). Based upon that evaluation, the principal executive officer and principal financial officer concluded that, as of the end of the period covered by this report, our disclosure controls and procedures were not effective and adequately designed to ensure that information required to be disclosed by us in the reports we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in applicable rules and forms. In connection with the completion of its audit of, and the issuance of its report on, our financial statements for the year ended August 31, 2005, Tanner LC identified deficiencies that existed in the design or operation of our internal control over financial reporting. The deficiencies related to the preparation and appropriate presentation of the statement of cash flows, the provision for income taxes and related income tax footnote disclosures, and the appropriate accounting for stock options issued for services. These deficiencies were detected in the audit process and have been appropriately recorded and disclosed in this Form 10-KSB. We are in the process of improving our internal control over financial reporting and accounting for stock-based compensation and income taxes and related disclosures in an effort to remediate these deficiencies through improved supervision and training of our accounting staff. These deficiencies have been disclosed to our Audit Committee and to our auditors. Additional effort is needed to fully remedy these deficiencies and we are continuing our efforts to improve and strengthen our control processes and procedures. Our management, audit committee, and directors will continue to work with our auditors and other outside advisors to ensure that our controls and procedures are adequate and effective. During the fourth fiscal quarter, there has been no change in our internal control over financial reporting (as defined in Rule 13a-15(f) or 15d-15(f) under the Exchange Act) that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting. ITEM 8B. OTHER INFORMATION. None. 27 PART III ITEM 9. DIRECTORS, EXECUTIVE OFFICERS, PROMOTERS AND CONTROL PERSONS; COMPLIANCE WITH SECTION 16(a) OF THE EXCHANGE ACT. Composition of the Board ----- Our Board of Directors currently consists of six directors. Directors are elected at each annual meeting of stockholders to serve until the next annual meeting of stockholders or until their successors are duly elected and qualified. There are no family relationships among any of the our directors, officers or key employees. Name Position(s) with the Company Age Director Since ---- ----- Paul F. Turner Chairman of the Board, Senior VP 58 1994 and Chief Technology Officer Hyrum A. Mead President and CEO, Director 58 1999 Gerhard W. Sennewald Director 69 1994 J. Gordon Short Director 74 1994 Michael Nobel Director 65 1997 Douglas P. Boyd Director 64 2005 Paul F. Turner, MSEE, has served as the Senior Vice President and Chief Technology Officer of BSD since August 1999. From October 1995 to August 1999, Mr. Turner also served as the Acting President of BSD. From 1986 to October 1995, Mr. Turner served in various capacities with BSD, including Staff Scientist, Senior Scientist, Vice President of Research, and Senior Vice President of Research. Mr. Turner has led the design of microwave treatment systems for tumors, including the development of external phased array antenna technology to focus radiated microwave energy deep into the central area of the body to treat deep tumors. He has also integrated this technology with magnetic resonance imaging to non-invasively monitor treatments within the patient's body. Hyrum A. Mead, MBA, has served as President and Chief Executive Officer of BSD since August 1999. Previously, he served five years as Vice President of Business Development at ZERO Enclosures, a leading manufacturer in the telecommunications, computer and aerospace enclosures industry and seven years as President of Electro Controls, a manufacturer of computer controlled power systems. Mr. Mead began his career in marketing with IBM where he was involved with the introduction of many new products. Gerhard W. Sennewald, Ph.D., has served as the President and Chief Executive Officer of Medizin-Technik GmbH of Munich, Germany, a firm which is engaged in the business of distributing hyperthermia equipment and diagnostic imaging equipment and services, from April 1985 to the present. In connection with his service to Medizin-Technik GmbH, Dr. Sennewald has been BSD's key European representative and distributor for 17 years. J. Gordon Short, M.D., served as President of Brevis Corporation, a privately-held medical products company that specializes in consumable specialty supplies and in hand hygiene products from 1978 to 2000, and has served as its 2 Chairman of the Board from 1978 to the present. From

1978 to 1982, Dr. Short served BSD as a Medical Director. In that capacity, he participated in the initial development and establishment of certain of BSD's products. He also previously served on BSD's Medical Advisory Board. 28 Michael Nobel, Ph.D., has served as the Executive Chairman of the MRAB Group, a privately-held company that provides diagnostic imaging services, from 1991 to the present. From 1995 to the present, Dr. Nobel has served as the Chairman of the Board of the Nobel Family Society. From 1995 to the present, he also has served as Chairman of the American Non-Violence Project Inc., and has served as a consultant to Unesco in Paris and the United Nations Social Affairs Division in Geneva. Dr. Nobel participated in the introduction of magnetic resonance imaging as European Vice President for Fonar Corp. Douglas P. Boyd Ph.D., currently serves as Chairman of the Board of XLR Medical, Inc., as CEO of TeleSecurity Sciences, Inc., as Managing Director of Imaging Technology Ventures, Inc., and sits on the Board of Directors of Imaging Technology Group, Inc., TechniScan, Inc. and Health Address, Inc. He is internationally known as an expert in radiology and computed tomography ("CT") imaging systems, and has pioneered the development of fan-beam CT scanners, Xenon detector arrays and EBT scanners. Dr. Boyd has been awarded 13 U.S. patents. He is an Adjunct Professor of Radiology at the University of California, San Francisco, has published more than 100 scientific papers and is a frequent speaker at universities and symposiums.

Affirmative Determinations Regarding Director Independence ----- The Board of Directors has determined each of the following directors to be an "independent director" as such term is defined in Section 121A of the Rules of the American Stock Exchange: o J. Gordon Short o Douglas P. Boyd o Michael Nobel In this annual report, these three directors are referred to individually as an "Independent Director" and collectively as the "Independent Directors." Meetings and Committees of the Board of Directors

----- During fiscal year 2005, our Board of Directors met four times and no director attended fewer than 75% of meetings of the Board or any of the Board committees of which a director was a member. The Board of Directors has formed the following committees: The Audit Committee. The Audit Committee, which held three meetings during fiscal year 2005, is responsible for reviewing and monitoring our financial statements and internal accounting procedures, recommending the selection of independent auditors by the Board, evaluating the scope of the annual audit, reviewing audit results, consulting with management and our independent auditor prior to presentation of financial statements to stockholders and, as appropriate, initiating inquiries into aspects of our internal accounting controls and financial affairs. The Board of Directors adopted a written audit committee charter on February 25, 2005. The members of the Audit Committee are Messrs. Sennewald, Short and Nobel. The Audit Committee currently does not have an audit committee financial expert, but we are actively seeking one. All members of the Audit Committee are Independent Directors, except Mr. Sennewald. The Nominating Committee. We do not have a standing nominating committee. Each director participates in decisions relating to nominations for directors. The Board of Directors believes that, considering the size of the company and the Board of Directors, nominating decisions can be easily made on a case-by-case basis and there is no need for the added formality of a nominating committee. Based on criteria established by the AMEX relating to director independence, Messrs. Short, Boyd and Nobel are our only Independent Directors. The Board of Directors does not have an express policy with regard to the consideration of any director candidates since the Board believes that it can adequately evaluate nominees on a case-by-case basis. The Board has not previously received any recommendations for director candidates from stockholders, and has not adopted a formal process for considering director candidates who may be recommended by stockholders. However, our policy is to give due consideration to any and all such candidates, and in evaluating director nominees, the Board considers the appropriate size of the Board, the needs of the company, the skills and experience of its directors, and a candidate's familiarity with our industry. We do not pay fees to any third parties to assist it in identifying potential nominees. Although we do not have a formal policy regarding attendance by directors at the our annual meeting, we encourage directors to attend. The Board will give consideration during the upcoming year to establishing a formal policy so as to maximize attendance by directors, taking into account the directors' schedules and the timing requirements of applicable law. At our last annual meeting, held January 14, 2005, all directors were in attendance. The Compensation Committee. We have a standing compensation committee consisting of Messrs. Sennewald, Short and Nobel, who are all Independent Directors. The Compensation Committee met once during the 2005 fiscal year. Its functions are: (i) to review, and make recommendations to the Board of Directors regarding the salaries, bonuses and other compensation of our executive officers; and (ii) to review and administer any stock option plan, stock purchase plan, stock award plan and employee benefit plan or arrangement established by the Board of Directors for the benefit of the executive officers, employees and the independent

directors of the Company. Communications with Directors ----- We have not adopted a formal process for stockholder communications with the Board. Nevertheless, we have tried to ensure that the views of stockholders are heard by the Board or individual directors, as applicable, and that appropriate responses are provided to stockholders in a timely manner. We believe our responsiveness to stockholder communications to the Board has been good. Executive Officers ----- The following table presents information as of August 31, 2005 regarding the current executive officers of the Company: Name Age Position ---- --- ----- Paul F. Turner 58 Chairman of the Board, Senior VP and Chief Technology Officer Hyrum A. Mead 58 President and CEO Information on the business background of Paul F. Turner and Hyrum A. Mead is set forth above under the caption "Composition of the Board." Section 16(a) Beneficial Ownership Reporting and Compliance

----- Section 16(a) of the Securities Act of 1934 requires our directors, executive officers, and any persons who own more than 10% of a registered class of our equity securities, to file reports of ownership and changes in ownership 30 with the Securities and Exchange Commission. SEC regulation requires executive officers, directors and greater than 10% stockholders to furnish us with copies of all Section 16(a) forms they file. Based solely on our review of the copies of such forms received by us, or written representations from certain reporting persons, we believe that during the fiscal year ended August 31, 2005 our executive officers, directors, and greater than 10% stockholders complied with all applicable filing requirements. Significant Employees ----- In addition to the officers and directors identified above, the Company expects the following individuals to make significant contributions to the Company's business during fiscal 2005: Dixie Toolson Sells has served as Vice President of Regulatory Affairs of BSD since December 1994. Ms. Sells served as Administrative Director of BSD from 1978 to 1984, as Director of Regulatory Affairs from 1984 to September 1987, and as Vice President of Regulatory Affairs from September 1987 to October 1993. She served as Director of Regulatory Affairs from October 1993 to December 1994. She served as Corporate Secretary from 1994 to 2002. Ms. Sells also serves on the Board of Directors of the Intermountain Biomedical Association. Ray Lauritzen served as Field Service Manager of BSD from 1982 to January 1988 and has served as Vice President of Field Service Operations from January 1988 to the present. ITEM 10. EXECUTIVE COMPENSATION. The following table sets forth certain information regarding all compensation earned by Paul Turner, our Senior Vice President and Chief Technology Officer, and Hyrum Mead, our President, for services rendered to us during fiscal 2005, 2004 and 2003. SUMMARY

COMPENSATION TABLE Long-Term Compensation ----- Awards Payouts Annual Compensation(1) Securities ----- Restricted Underlying LTIP All Other Year Salary Bonus Stock awards Options Payouts Compensation -----

	2005	2004	2003
Hyrum A. Mead	\$165,000	\$500	\$500
Paul Turner	\$155,000	\$500	\$500

(1) There were no stock options granted to Messrs. Turner or Mead in fiscal 2005. There were stock options granted to Messrs. Turner of 300,000 and Mead of 400,000 during fiscal 2004 for BSD Medical Common Stock. In fiscal 2005, Mr. Turner exercised 180,953 stock options and Mr. Mead exercised 25,000 stock options. No stock options were exercised during fiscal year 2004 by Messrs. Turner or Mead. Compensation of Directors ----- Director compensation is determined pursuant to the 1998 Director Stock Plan ("Director Stock Plan"). The Director Stock Plan currently provides each 31 non-employee director with an annual cash retainer of \$20,000 (the "Annual Retainer") and an option to acquire 25,000 shares of the Company's common stock at an exercise price equal to eighty-five percent (85%) of the fair market value of the common stock as of the date of the grant (the "Option"). Of the Annual Retainer, a cash payment of \$10,000 is made in arrears to each non-employee director, payable in equal installments of \$5,000 each on March 1 and September 1 of each year in which each non-employee director continues to serve as a member of the Board. The portion of the Annual Retainer not paid in cash is paid in the form of common stock (the "Common Stock Payments"). The total number of shares of common stock included in each Common Stock Payment will be determined by dividing the amount of the Annual Retainer that is to be paid in common stock by the fair market value of a share of common stock. The fair market value of the common stock is determined by the Board. The Common Stock Payments are paid on March 1 and September 1 of each year. The Company has reimbursed directors for out-of-pocket expenses incurred in attending Board meetings. Paul F. Turner and Hyrum A. Mead are the only members of the Board of Directors who are employed by the Company. Messrs. Turner and Mead do not receive separate compensation for services performed as directors. AGGREGATED OPTION EXERCISES IN FISCAL

YEAR 2005 AND YEAR-END OPTION VALUES Number of Shares Underlying Value of Unexercised Unexercised
Options at In-the-Money Options at August 31, 2005 August 31, 2005 -----
Shares Acquired Value on Exercise Realized Exercisable Unexercisable Exercisable Unexercisable -----

----- Paul F. Turner, Sr. 180,953 \$398,097 100,000 200,000 \$
539,000 \$1,078,000 VP and Chief Technology Officer Hyrum A. Mead, 25,000 \$ 55,750 428,333 266,667 \$2,308,714
\$1,437,336 President and CEO ----- Employment Contracts

----- We entered into an employment agreement with Mr. Mead dated August 10, 1999. This agreement provides that Mr. Mead shall receive an annual base salary of \$125,000, which shall be reviewed annually by the Board of Directors. The agreement provides that if Mr. Mead is involuntarily terminated, Mr. Mead will receive severance compensation for a period of six months, including an extension of all benefits and perquisites. The severance amount shall include six months of salary at the highest rate paid to Mr. Mead prior to termination and an additional amount equal to all bonuses received by Mr. Mead during the 12-month period preceding termination (excluding any signing bonus received during such period). The agreement also requires us to vest any options granted to Mr. Mead for the purchase of our common stock, allowing a 90-day period for Mr. Mead to exercise those options. Mr. Mead's agreement includes a non-competition covenant prohibiting him from competing with us for one year following his termination. We entered into an employment agreement with Mr. Turner dated November 2, 1988. The agreement provides that Mr. Turner's salary will be based upon a reasonable mutual agreement. The agreement provides that if Mr. Turner's employment is involuntarily terminated, he will receive severance pay for a one-year period, which pay includes an extension of all of his rights, privileges and benefits as an employee (including medical insurance). The one-year severance pay shall be equal to Mr. Turner's regular salary for the 12-month period immediately prior to the termination. The agreement also requires us to pay Mr. Turner for any accrued, unused vacation at the time of 32 termination. We are also obligated to pay Mr. Turner \$1,000 (or the equivalent value in stock options) for each newly issued patent obtained by us as a result of Mr. Turner's efforts (Mr. Turner receives only \$500 if multiple inventors are involved). Mr. Turner's agreement includes a non-competition covenant prohibiting him from competing with us for one year following his termination. We may continue the non-competition period for up to four additional years by notifying Mr. Turner in writing and by continuing the severance payments for the additional years during which the non-competition period is extended. Code of Ethics ----- We have adopted a Code of Ethics that applies to all employees, including our principal executive officers. Our Code of Ethics is available on our website (www.BSDMedical.com) on our investor information webpage. We intend to post amendments to or waivers from our Code of Ethics (to the extent applicable to our chief executive officer, principal financial officer or principal accounting officer) on our website. ITEM 11. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS. The following table sets forth, as of November 16, 2005, the beneficial ownership of our outstanding common stock by: o each person (including any group) known to us to own more than 5% of any class of our common stock, o each of our executive officers, o each of our directors, and o all executive officers and directors as a group. Beneficial ownership is determined in accordance with the rules of the Securities and Exchange Commission, and generally includes voting or investment power with respect to securities. For purposes of calculating the percentages shown in the table, each person listed is deemed to beneficially own any shares issuable on the exercise of vested options and warrants held by that person that are exercisable within 60 days after November 10, 2005. Except as indicated by footnote, the persons named in the table have sole voting and investment power with respect to all shares of common stock shown beneficially owned by them. The inclusion of any shares as beneficially owned does not constitute an admission of beneficial ownership of those shares. The percentage calculation of beneficial ownership is based on 20,543,963 shares of common stock outstanding as of November 10, 2005. Except as otherwise noted, the address of each person listed on the following table is 2188 West 2200 South, Salt Lake City, Utah 84119. Number of Shares Percent of Name of Person or Group Beneficially Owned Class -----

----- Dr. Gerhard W. Sennwald
(1) 6,874,948 33.34% Paul F. Turner (2) 1,992,195 9.65% Hyrum A. Mead (3) 529,920 2.50% Dr. J. Gordon Short (4)
246,067 1.19% Dr. Michael Nobel (5) 216,067 1.04% [Douglas P. Boyd] 1,250 * John E. Langdon (6) 1,295,010
6.30% All Executive Officers and Directors 9,860,447 48.00% as a Group (6 persons) (7) 33 * Less than 1%. (1)
Includes 75,000 shares subject to options. Does not include 500,000 shares held by Dr. Sennwald's spouse, for which he disclaims beneficial ownership. (2) Includes 100,000 shares subject to options. (3) Includes 428,333 shares subject to options. (4) Includes 125,000 shares subject to options. (5) Includes 125,000 shares subject to options. (6) Includes

351,862 shares owned directly by Mr. Langdon. The remaining shares are held in trusts for which Mr. Langdon is Trustee. Does not include 50,000 shares held by Mr. Langdon's spouse, for which he disclaims beneficial ownership. Mr. Langdon's address is: 2501 Parkview Drive, Suite 500, Fort Worth, TX 76102. (7) Includes 853,333 shares subject to options. EQUITY COMPENSATION PLAN INFORMATION We have two equity compensation plans, our 1998 Employee Stock Option Plan and our 1998 Director Stock Plan, both of which were approved by our stockholders. Shown below on an aggregate basis is a summary of equity compensation plan information with respect to our equity compensation plans as of August 31, 2005: Number of securities remaining Number of securities available for future issuance to be issued upon Weighted-average under equity compensation plans exercise of exercise price of (excluding securities reflected in Plan Category outstanding options outstanding options column 1) ----- Equity compensation plans approved by security holders(1) 2,225,919 \$1.09 1,077,814(2) Equity compensation plans not approved by security holders --- --- ----- Total 2,225,919 \$1.09 1,077,814

===== (1)
Consists of the Company's 1987 Stock Option Plan, 1998 Stock Incentive Plan and 1998 Director Stock Plan. No further options will be issued under the 1987 Stock Option Plan. (2) Consists of 322,700 shares under the 1998 Stock Incentive Plan and 378,875 shares under 1998 Director Stock Plan available for future issuance, other than upon exercise of an option, warrant or right. ITEM 12. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS. TherMatrx, Inc. We manufactured, assembled and tested for TherMatrx, Inc. its TMx-2000 thermotherapy system and supplied TherMatrx with equipment components used for its TMx-2000 system in fiscal 2003 and 2004. We had also provided regulatory compliance and other consulting services to TherMatrx. In fiscal 2004, the Company had sales to TherMatrx of \$99,502. In fiscal 2003, the Company had sales to TherMatrx of \$1,391,433 and received royalty payment of \$63,500 from TherMatrx. The Company was a stockholder of TherMatrx, as were each of our executive officers and directors individually, at the time TherMatrx was 34 sold to AMS in July 2004. At the time of the sale, our executive officers and directors owned the following number of shares of TherMatrx common stock: Hyrum Mead, 45,000; Paul Turner, 45,000; Gerhard Sennewald, 30,000; J. Gordon Short, 10,000; Michael Nobel, 10,000. Our executive officers and directors owned less than 10% of the equity interest in TherMatrx. Medizin-Technik GmbH. We supply equipment components to Medizin-Technik GmbH located in Munich, Germany, which is a significant distributor of our products in Europe. Medizin-Technik purchases equipment, which it installs, and components to service our hyperthermia therapy systems that it sells to its customers in Europe. We had revenue of approximately \$981,336 in fiscal 2005 from the sale of systems and various component parts sold to Medizin-Technik. During fiscal 2004, we had sales of approximately \$912,690 to Medizin-Technik. Dr. Gerhard W. Sennewald, one of our directors and significant stockholders, is the President and Chief Executive Officer of Medizin-Technik and its sole stockholder. ITEM 13. EXHIBITS. The following exhibits are incorporated herein by reference as indicated: Exhibit Number Description ----- 3.1 Amended and Restated Certificate of Incorporation. Incorporated by reference to Exhibit 3.1 of the BSD Medical Corporation Form 10-KSB filed December 1, 2003. 3.2 By-Laws. Incorporated by reference to Exhibit 3.2 of the BSD Medical Corporation Registration Statement on Form S-1, filed October 16, 1986. 4.1 Specimen Common Stock Certificate. Incorporated by reference to Exhibit 4 of the BSD Medical Corporation Registration Statement on Form S-1, filed October 16, 1986. 4.2 Emerson Securities Purchase Agreement. Incorporated by reference to Exhibit 4.1 of the BSD Medical Corporation Form 10-KSB filed December 1, 2003. 10.1 Transfer of Trade Secrets Agreement dated December 7, 1979, among BSD Medical Corporation, Vitek, Incorporated and Ronald R. Bowman. Incorporated by reference to Exhibit 10.6 of the BSD Medical Corporation Registration Statement on Form S-1, filed October 16, 1986. 10.2 Second Addendum to Exclusive Transfer of Trade Secrets Agreement dated April 2, 1987. Incorporated by reference to Exhibit 10 of the BSD Medical Corporation Form 10-K, filed April 8, 1988. 10.3 License Agreement between BSD Medical Corporation and EDAP Technomed, Inc., dated July 3, 1996. Incorporated by reference to Exhibit 10 of Form 8-K, filed August 7, 1996. 10.4 Stock Purchase Agreement dated October 31, 1997, by and among TherMatrx, Inc., BSD Medical Corporation, Oracle Strategic Partners, L.P., and Charles Manker. Incorporated by reference to Exhibit 10.6 of the BSD Medical Corporation Form 10-KSB filed December 10, 1998. 10.5 BSD Medical Corporation 1998 Director Stock Plan. Incorporated by reference to Exhibit A of the BSD Medical Corporation Schedule 14A, filed July 27, 1998. 35 10.6 BSD Medical Corporation 1998 Stock Incentive Plan. Incorporated by reference to Exhibit B of the BSD Medical Corporation Schedule 14B, filed July 27, 1998. 10.7 Lease Agreement dated December

5, 1997, between BSD Medical Corporation and Alcoh Development, Inc., Alan S. Cohen, Orlene H. Cohen, and Reelman Investments, L.C. Incorporated by reference to Exhibit 10.5 to BSD Medical Corporation's Registration Statement on Form SB-2 filed January 27, 2004. 10.8 Lease Extension Agreement and Contract to Purchase dated November 1, 2002 between BSD Medical Corporation and Alcoh Development, Inc., Alan S. Cohen, Orlene H. Cohen, and Reelman Investments, L.C. Incorporated by reference to Exhibit 10.6 to BSD Medical Corporation's Registration Statement on Form SB-2 filed January 27, 2004. 10.9 Employment Agreement dated August 10, 1999 between BSD Medical Corporation and Hyrum A. Mead. Incorporated by reference to Exhibit 10.7 to BSD Medical Corporation's Registration Statement on Form SB-2 filed January 27, 2004. 10.10 Employment Agreement dated November 2, 1988 between BSD Medical Corporation and Paul F. Turner. Incorporated by reference to Exhibit 10.8 to BSD Medical Corporation's Registration Statement on Form SB-2 filed January 27, 2004. 10.11 Agreement dated May 27, 1994 between BSD Medical Corporation and Medizin Technik GmbH. Incorporated by reference to Exhibit 10.9 to BSD Medical Corporation's Registration Statement on Form SB-2 filed January 27, 2004. 10.12 Agreement and Plan of Merger dated June 15, 2004 by and among American Medical Systems, Inc., Leio Acquisition Corp., TherMatrix, Inc., TherMatrix Investment Holdings, LLC and BSD Medical Corporation. Incorporated by reference to Exhibit 10.11 to BSD Medical Corporation's Amendment No. 2 to Registration Statement on Form SB-2 filed July 15, 2004. 21 Subsidiary List. Incorporated by reference to Exhibit 21 of the BSD Medical Corporation Form 10-KSB filed December 1, 2003. 31.1 Certification of Chief Executive Officer of BSD pursuant to Rule 13a-14. 31.2 Certification of Chief Financial Officer of BSD pursuant to Rule 13a-14. 32.1 Certification of Chief Executive Officer attached pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes Oxley Act of 2002. 32.2 Certification of the Chief Financial Officer of BSD pursuant to 18 U.S.C. ss.1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. 36 ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES. The following table presents fees for professional services rendered by Tanner LC for the audit of our annual financial statements for the fiscal years ending August 31, 2005 and August 31, 2004 and fees billed for other services rendered by Tanner LC during those periods. Fiscal 2005 Fiscal 2004 ----- Audit Fees(1) \$52,619 \$26,890 Audit-Related Fees(2) 5,902 15,281 Tax Fees(3) 23,075 11,563 All Other Fees(4) 1,560 5,527 ----- Total \$83,156 \$59,261 =====

===== (1) Audit Fees consist of fees billed for the annual audits and quarterly reviews. (2) Audit-Related Fees consist of fees billed for various SEC filings and accounting research. (3) Tax Fees consist of fees billed for tax consultation and assistance in the preparation of tax returns. (4) All Other Fees consist of fees for edgarization of SEC filings and miscellaneous fees. Pre-Approval Policies ----- The Audit Committee pre-approved all audit, audit-related and non-audit services performed by our independent registered public accounting firm and subsequently reviewed the actual fees and expenses paid to Tanner LC. The Audit Committee has determined that the fees paid to Tanner LC for non-audit services are compatible with maintaining Tanner LC's independence as our independent registered public accounting firm. 37 SIGNATURES Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized. BSD MEDICAL CORPORATION Date: November 29, 2005 By: /s/ Hyrum A. Mead ----- Hyrum A. Mead President, CEO and Member of the Board of Directors (principal executive officer) Date: November 29, 2005 By: /s/ Dennis Bradley ----- Dennis Bradley Controller (principal financial and accounting officer) Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated. Date: November 29, 2005 By: /s/ Paul F. Turner ----- Paul F. Turner Chairman of the Board, Senior Vice President and Chief Technology Officer Date: November 29, 2005 By: /s/ Hyrum A. Mead ----- Hyrum A. Mead President, CEO and Member of the Board of Directors (principal executive officer) Date: November 29, 2005 By: /s/ Gerhard W. Sennewald ----- Dr. Gerhard W. Sennewald Member of the Board of Directors Date: November 29, 2005 By: /s/ J. Gordon Short Dr. J. Gordon Short Member of the Board of Directors Date: November 29, 2005 By: /s/ Michael Nobel ----- Dr. Michael Nobel Member of the Board of Directors Date: November 29, 2005 By: /s/ Douglas P. Boyd ----- Dr. Douglas P. Boyd Member of the Board of Directors 38