



ATOS  
WELLNESS

ASX Release

## Company Update

**26 November 2010:** The Board of ATOS Wellness Ltd (**Company**) wishes to provide the following update to shareholders.

### Restructuring update

As shareholders would be aware, the Board has resolved to divest its interests in the health and spa industry and to embark on alternative business opportunities within the health and welfare industry.

The decision of the Board to undertake this divestment was based on a multitude of factors. However, the simple fact is that sales and revenue have continued on a downward trend for the past 3 years and costs have either increased or remained at the same levels. Further, legislative changes mooted in Singapore would also impact future operations.

The first phase was to divest the Company's 51% interests in Body Contours. This was achieved on 17 September 2010 (see announcement to ASX dated 17 September 2010).

The second phase is the divestment of the remaining 100% interest in the Singapore assets (ATOS Wellness, Inner Harmony and their related entities). In accordance with the Corporations Act and the Listing Rules, a resolution approving this divestment will be put before shareholders at the upcoming Annual General Meeting.

The third phase is to find one or more alternative businesses which can be incorporated into the business. However, the third phase does not occur independently of the second phase as any such action could result in the Company being declared a moribund entity or, alternatively, the Company being required to re-comply with Chapters 1 and 2 of the Listing Rules (as noted in the announcement to ASX of 9 September 2010).

The Board has been very conscious of these factors and has been working with the ASX to ensure that any acquisitions will, where possible, allow the Company to continue to be listed and not force the Company down one or more of the paths outlined above.

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To this end, the Board has been involved in numerous discussions with interested parties regarding potential businesses which could be acquired. The Board has advanced negotiations with one particular organisation significantly and has been hoping to finalise and announce to shareholders the details of this acquisition.

Regretfully, external factors beyond the control of either party have delayed confirmation of this acquisition. Nevertheless, discussions as recently as today indicate that we are close to reaching a conclusion on whether this acquisition will proceed or not.

As the nature of both transactions requires an Independent Expert's Report to be prepared and shareholder approval, in order to preserve the Company's financial resources the Board resolved that it would hold back on calling the Annual General Meeting until such time as both these transactions could be considered at the same meeting.

### **Annual General Meeting and Annual Accounts**

It is the intention of the Board to call and hold the Annual General Meeting prior to 30 January 2011. Shareholders will be kept informed of developments regarding the AGM.

In respect to the Company's Annual Accounts, a final draft of the Annual Accounts has been presented to the Board for approval. However, the Board is currently seeking advice as to the impact the proposed acquisition may have on the Annual Accounts, particularly in respect to the current wording of the going concern note contained in the Annual Accounts. The Board has therefore resolved to wait a little longer before signing off on the Annual Accounts.

Notwithstanding, the Board expects the Annual Accounts to be signed off and released within the next 10 days.

### **Requisition for General Meeting by shareholder**

The Company has received correspondence from Josef Plattner and his associated entities, requesting the Board call a meeting of shareholders.

The Company is currently seeking advice as to whether or not the correspondence constitutes a notice pursuant to section 249D of the Corporations Act. If the correspondence does constitute such a notice, a meeting of shareholders will be called in accordance with the provisions of the Corporations Act.

The Company will keep the market updated.

For further information, please contact:

Jitto Arulampalam  
Executive Chairman  
Mobile: +61 (0) 421 61 77 66

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