ATOS WELLNESS LIMITED

ABN 85 100 531 191

and

Controlled Entities

PRELIMINARY FINAL
FINANCIAL REPORT
(UNAUDITED)

FOR THE YEAR ENDING

30 JUNE 2011

ATOS WELLNESS LIMITED
and Controlled Entities

APPENDIX 4E PRELIMINARY FINAL REPORT

YEAR ENDED 30 JUNE 2011

Results for announcement to the market

Revenues from ordinary activities	down	54% to $11,351,043
Loss from ordinary activities after tax attributable to members	up	309% to $1,064,286
Net loss for the year attributable to members	up	309% to $1,064,286

Dividends
No dividends have been paid since the beginning of the current reporting period and no further dividend is proposed.

Net Tangible Assets per Security

	Current Period	Previous Corresponding Period
Net tangible asset backing issued per Ordinary share at balance sheet date	**0.38 cents**	**1.27 cents**

Commentary on results

The results for the year ended 30 June 2011 include the operations from:

- Atos Wellness Limited was the legal parent entity for the full financial year. Due to the reverse acquisition in the previous year, the company was accounted for as a subsidiary of Atos Wellness Pte Ltd from 1 January 2008 until this date.
- Atos Wellness Pte Ltd and its controlled entities (Atos Consumer Products Pte Ltd, Atos Research Centre Pte Ltd and Atos Academy Pte Ltd), and Inner Harmony Pte Ltd (formerly known as Inahamani Pte Ltd) until divestment on 21 April 2011.
- Body Contours Pte Ltd and its controlled entities (The Aesthetics Clinic (Body Contours) Pte Ltd, Body Contours Wellness Spa Sdn Bhd and Kooj Pte Ltd) until divestment on 17 September 2011.

The financial year has been a challenging year with a change of directors and the divestment of its major operating subsidiaries.

The completion of these transactions is part of the Company's restructuring plan and is an important move toward returning value to shareholders.

The board is looking at new investment opportunities to add to the Company's business activities, generate profitability and positive cash flow and offer the shareholder a future in their investment.

To this end, over the past months, the directors have been involved in discussions with a number of interested parties regarding potential acquisitions of operating businesses that could be acquired.

The following significant changes in the state of affairs of the parent entity occurred during the financial year:

- On 17 September 2010, the Company completed the divestment of its 51% interest in Body Contours Pte Ltd.
- On 10 May 2010, the Company announced that an agreement to sell its interest in subsidiary Atos Wellness Pte Ltd and its Controlled Entities, Inner Harmony Pte Ltd, and several dormant companies to the Company's major shareholders, Mr. Ananda Rajah and Ms Pathma Ayadurai. The sale was approved by shareholders at the General Meeting on 21 April 2011 and completed on 13 June 2011.
- The Company cancelled 48,828,125 ordinary shares in a selective buy back pursuant to S 257D of the Corporations Act and approved by shareholders on 21 April 2011.

On 15 August 2011, the Board of Directors of Atos Wellness Limited announced that the Company had signed a Share Sale Agreement with Australian Healthcare Enterprises Pty Ltd ("AHE") to acquire 100% ownership and a business sale agreement with Mega Health Pty Ltd to acquire the complete business assets of South Australian Health Distributors ("SAHD") as a going concern. The agreements provide for the Company to:

- acquire 100% of the equity in AHE, the company which holds the intellectual property and concepts in expanding existing wholesale distribution and establishing new manufacturing and TGA licensed facilities. Consideration of $300,000 is payable by the issue of 15,000,000 fully paid ordinary shares in the Company.
- Acquire 100% of the operations of SAHD for consideration of $1,000,000 payable by the issue of 50,000,000 fully paid ordinary shares in the Company.

It is expected that the proposed acquisition of the above Australian based entity and business will result in complementary and viable businesses.

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Joseph Plattner

Chairman
Atos Wellness Limited
31 August 2011

STATEMENTS OF COMPREHENSIVE INCOME FOR YEAR ENDED 30 JUNE 2011

	Note	Consolidated Group 2011 $	Consolidated Group 2010 Restated $
Revenue	2	349	7
Other income	2	972,859	285,504
Employee benefits expense		(102,310)	(202,167)
Depreciation and amortisation expense		(270)	-
Finance costs		-	(22,551)
Consultancy fees		(17,835)	(35,676)
Insurance		(23,664)	(24,578)
Impairment of receivables	3	(3,670,502)	-
Impairment of other assets	3	(374,153)	-
Rent and occupancy costs		(20,360)	(10,800)
Research Costs		(25,388)	-
Selling & marketing		-	(20,000)
Foreign currency translation loss		(20,974)	-
Administrative expenses		(186,686)	(365,679)
Other expenses		(192,560)	(367,170)
Profit / (Loss) before income tax	3	(3,661,494)	(763,110)
Income tax (expense) / benefit		-	-
Loss from continuing operations		(3,661,494)	(763,110)
Profit from discontinued operations	4	2,617,756	380,210
Profit / (Loss) for the year		(1,043,738)	(382,900)
Profit / (Loss) is attributable to:			
Owners of Atos Wellness Limited		(1,064,286)	(260,155)
Non-controlling interests		20,548	(122,745)
		(1,043,738)	(382,900)

* See discontinued operation – Note 5

The above statements of comprehensive income should be read in conjunction with the accompanying notes.

STATEMENTS OF COMPREHENSIVE INCOME FOR YEAR ENDED 30 JUNE 2011

	Note	Consolidated Group 2011 $	Consolidated Group 2010 $
Profit / (Loss) for the year		**(1,043,738)**	**(382,900)**
Other comprehensive income			
Exchange differences on translation of foreign operations		(204,008)	(48,271)
Total other comprehensive income		(204,008)	(48,271)
Total comprehensive income		(1,247,746)	(431,171)
Total comprehensive income for the year is attributable to:			
Owners of Atos Wellness Limited		(1,189,466)	(281,183)
Non-controlling interests		(58,280)	(149,988)
		(1,247,746)	(431,171)
Overall operations			
Basic and diluted loss per share (cents per share)	6	(0.59)	(0.14)
Loss from continuing operations			
Basic and diluted loss per share (cents per share)	6	(2.02)	(0.40)
Profit from Discontinued Operations			
Basic and diluted earnings per share (cents per share)	6	1.43	0.26

* See discontinued operation – Note 5

The above statements of comprehensive income should be read in conjunction with the accompanying notes.

STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2011

	Note	Consolidated Group	
		2011	**2010**
		$	**$**
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	7	178,862	530,242
Trade and other receivables		355,676	1,150,495
Inventories		-	407,747
Other current assets		7,900	122,866
Assets classified as held for sale		-	6,879,055
TOTAL CURRENT ASSETS		542,438	9,090,405
Trade and other receivables		-	3,538,738
Investments accounted for using the equity method		-	-
Financial assets		-	-
Property, plant and equipment		2,150	781,445
Goodwill		-	381,851
TOTAL NON-CURRENT ASSETS		2,150	4,702,034
TOTAL ASSETS		544,588	13,792,439
LIABILITIES			
Trade and other payables		51,514	3,104,232
Financial liabilities		-	256,511
Current tax liabilities		-	24,549
Liabilities classified as held for sale		-	6,546,308
TOTAL CURRENT LIABILITIES		51,514	9,931,600
Trade and other payables		-	811,418
Financial liabilities		-	205,457
Deferred tax liabilities		9,557	47,038
TOTAL NON-CURRENT LIABILITIES		9,557	1,063,913
TOTAL LIABILITIES		61,071	10,995,513
NET ASSETS		483,517	2,796,926
EQUITY			
Contributed equity	8	4,998,814	5,198,814
Reserves		157,324	402,237
Accumulated losses		(4,672,621)	(3,608,335)
Total equity attributable to equity holders of the Company		483,517	1,992,716
Non – controlling interest		-	804,210
TOTAL EQUITY		483,517	2,796,926

The above statement of financial position should be read in conjunction with the accompanying notes.

STATEMENTS OF CHANGES IN EQUITY FOR YEAR ENDED 30 JUNE 2011

	Contributed equity $	Accumulated Losses $	Foreign Currency Translation $	Non-controlling Interest $	Total $
Consolidated Group					
Balance at 1 July 2009	5,173,814	(3,348,180)	423,265	954,198	3,203,097
Total comprehensive income for the year	-	(260,155)	(21,028)	(149,988)	(431,171)
Shares issued during the year	25,000	-	-	-	25,000
Sub-total	5,198,814	(3,608,335)	402,237	804,210	2,796,926
Dividends paid or provided for	-	-	-	-	-
Balance at 30 June 2010	5,198,814	(3,608,335)	402,237	804,210	2,796,926
Total comprehensive income for the year	-	(1,064,286)	(125,180)	(58,280)	(1,247,746)
Sub-total	5,198,814	(4,672,621)	277,057	745,930	1,549,180
Disposal of controlled entities	-	-	(119,733)	(745,930)	(865,663)
Shares cancelled	(200,000)	-	-	-	(200,000)
Dividends paid or provided for	-	-	-	-	-
Balance at 30 June 2011	4,998,814	(4,672,621)	157,324	-	483,517

The above statements of changes in equity should be read in conjunction with the accompanying notes.

STATEMENTS OF CASH FLOWS FOR YEAR ENDED 30 JUNE 2011

	Note	Consolidated Group 2011	2010 $
Cash Flows From Operating Activities			
Receipts from customers		9,581,694	23,606,986
Payments to suppliers and employees		(11,687,482)	(23,278,487)
Interest received		14,537	1,121
Interest paid		(56,470)	(100,641)
Income tax paid		(57,159)	(265,124)
Net cash flows provided by / (used in) operating activities		(2,204,880)	(36,145)
Cash flows from Investing Activities			
Proceeds from sale of plant and equipment		5,626	58,809
Purchase of property, plant and equipment		(420,401)	(1,048,525)
Loans (to)/from other related parties		1,998,975	330,696
Disposal of subsidiaries		858,500	-
Net cash disposed on sale of subsidiaries		(1,035,630)	-
Net cash flows provided by / (used in) investing activities		1,407,070	(659,020)
Cash flows from Financing Activities			
Repayment of borrowings		204,938	(1,100,217)
Proceeds from borrowings		(123,110)	182,240
Net cash flows provided by / (used in) financing activities		81,828	(917,977)
Net increase/(decrease) in cash held		(715,982)	(1,613,142)
Effect of foreign exchange rates		(71,886)	(121,164)
Cash at beginning of financial period		966,730	2,701,036
Cash at end of financial period	7	178,862	966,730

The above statements of cash flows should be read in conjunction with the accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

This financial report includes the consolidated financial statements and notes of Atos Wellness Limited and controlled entities ('Consolidated Group' or 'Group').

The financial report was authorised for issue on … September 2011.

Basis of Preparation

These financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board ("AASB") and the *Corporations Act 2001*.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of this financial report are presented below and have been consistently applied unless otherwise stated.

The financial report has been prepared on an accruals basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

Atos Wellness Limited completed the acquisition of Atos Wellness Pte Ltd, a company incorporated in Singapore, with effect from 1 January 2008. The purchase price was paid by the issue of 97,656,250 ordinary fully paid shares in Atos Wellness Limited. Under the terms of Australian Accounting Standard AASB 3 Business Combinations, Atos Wellness Pte Ltd was deemed to be the accounting acquirer in the business combination. The transaction has therefore been accounted for as a reverse acquisition under AASB 3. Accordingly, the financial statements of the Consolidated Group have been prepared as a continuation of the consolidated financial statements of Atos Wellness Pte Ltd. Atos Wellness Pte Ltd, as the deemed acquirer, has accounted for the acquisition of Atos Wellness Limited from 1 January 2008. Following the sale of Atos Wellness Pte Ltd and its controlled entities on 21 April 2011, Atos Wellness Pte Ltd ceased to be the accounting acquirer of Atos Wellness Limited. From this date, the financial statements of the Consolidated Group reflect a continuation of the existing consolidated financial statements

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a. **Principles of Consolidation**

A controlled entity is any entity over which Atos Wellness Limited has the power to govern the financial and operating policies so as to obtain benefits from its activities. In assessing the power to govern, the existence and effect of holdings of actual and potential voting rights are considered.

A list of controlled entities is contained in Note 15 to the financial statements.

As at reporting date, the assets and liabilities of all controlled entities have been incorporated into the consolidated financial statements as well as their results for the year then ended. Where controlled entities have entered (left) the consolidated group during the year, their operating results have been included (excluded) from the date control was obtained (ceased).

All inter-group balances and transactions between entities in the consolidated group, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with those adopted by the parent entity.

Non-controlling interests, being that portion of the profit or loss and net assets of subsidiaries attributable to equity interests held by persons outside the Group, are shown separately within the Equity section of the consolidated Statement of Financial Position and in the consolidated Statement of Comprehensive income.

Investments in subsidiaries are carried at cost less impairment losses.

(i) *Business Combinations*

Change in accounting policy

The Group has adopted revised AASB 3 *Business Combinations* (2008) and amended AASB 127 *Consolidated and Separate Financial Statements* (2008) for business combinations occurring in the financial year starting 1 July 2009. All business combinations occurring on or after 1 July 2009 are accounted for by applying the acquisition method. The change in accounting policy is applied prospectively and had no material impact on earnings per share.

For every business combination, the Group identifies the acquirer, which is the combining entity that obtains control of the other combining entities or businesses. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes in to considerations potential voting rights that currently are exercisable. The acquisition date is the date on which control is transferred to the acquirer. Judgement is applied in determining the acquisition date and determining whether control is transferred from one party to another.

(i) *Business Combinations (cont'd)*

Measuring goodwill

The Group measures goodwill as the fair value of the consideration transferred including the recognised amount of any non-controlling interest in the acquiree, less the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date.

Consideration transferred includes the fair values of the assets transferred, liabilities incurred by the Group to the previous owners of the acquiree, and equity interest issued by the Group. Consideration transferred also includes the fair value of any contingent consideration and share-based payment awards of the acquiree that are replaced mandatorily in the business combination (see below). If a business combination results in the termination of pre-existing relationships between the Group and the acquire, then the lower of the termination amount, as contained in the agreement, and the value of the off-market element is deducted from the consideration transferred and recognised in other expenses.

Share-based payment awards

When share-based payment awards exchanged (replacement awards) for awards held by the acquiree's employees (acquiree's awards) relate to past services, then a part of the market-based measure of the awards replaced is included in the consideration transferred. If they require future services, then the difference between the amount included in consideration transferred and the market-based measure of the replacement awards is treated as post-combination compensation cost.

Contingent liabilities

A contingent liability of the acquiree is assumed in a business combination only if such a liability represents a present obligation and arises from a past event, and its fair value can be measured reliably.

Non-controlling interest

The Group measures any non-controlling interest at its proportionate interest in the identifiable net assets of the acquiree.

Transaction costs

Transaction costs that the Group incurs in connection with a business combination, such as finder's fees, legal fees, due diligence fees, and other professional and consulting fees, are expensed as incurred.

(ii) *Subsidiaries*

Subsidiaries are entities controlled by the Group. The financial statements of subsidiaries are included in the consolidated financial statements from the date the control commences until the date that control ceases. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group.

In the Company's financial statements, investments in subsidiaries are carried at cost.

(iii) *Investments in associates and jointly controlled entities (equity accounted investees)*

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20 and 50 percent of the voting power of another entity. Jointly controlled entities are those entities over whose activities the Group has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions.

Investment in associates and jointly controlled entities are accounted for using the equity method (equity accounted investees) and are initially recognised at cost. The Group's investment includes goodwill identified on acquisition, net of any accumulated impairment losses. The consolidated financial statements include the Group's share of the income and expenses and equity movements of equity accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that the significant influence or joint control commences until the date that significant influence or joint control ceases. When the Group's share of losses exceeds its interest in an equity accounted investee, the carrying amount of that interest, including any long-term investments, is reduced to nil, and the recognition of further losses is discontinued except to the extent the Group has an obligation or has made payments on behalf of the investee.

In the Company's financial statements, investments in associates are classified as available-for-sale financial assets.

In the Company's financial statements, investments in jointly controlled entities are carried at cost.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

b. **Income Tax**

The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well unused tax losses.

Current and deferred income tax expense (income) is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

Tax Consolidation

Atos Wellness Limited and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under tax consolidation legislation. Each entity in the Group recognises its own current and deferred tax assets and liabilities. Such taxes are measured using the ‘stand-alone taxpayer’ approach to allocation. Current tax liabilities (assets) and deferred tax assets arising from unused tax losses and tax credits in the subsidiaries are immediately transferred to the head entity. The tax consolidated group has entered a tax funding arrangement whereby each company in the group contributes to the income tax payable by the Group in proportion to their contribution to the group’s taxable income. Differences between the amounts of net tax assets and liabilities derecognised and the net amounts recognised pursuant to the funding arrangement are recognised as either a contribution by, or distribution to the head entity.

c. **Inventories**

Inventories are measured at the lower of cost and net realisable value. The cost of manufactured products includes direct materials, direct labour and an appropriate portion of variable and fixed overheads. Overheads are applied on the basis of normal operating capacity. Costs are assigned on the basis of weighted average costs.

d. **Property, Plant and Equipment**

Each class of property, plant and equipment is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses.

Plant and equipment

Plant and equipment are measured on the cost basis.

d. **Property, Plant and Equipment (cont’d)**

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset’s employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

Plant and equipment (cont'd)

The cost of fixed assets constructed within the consolidated group includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the profit or loss during the financial period in which they are incurred.

Depreciation

The depreciable amount of all fixed assets including buildings and capitalised lease assets, but excluding freehold land, is depreciated on a straight-line basis over the asset's useful life to the consolidated group 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 depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	**Depreciation Rate**
Leasehold improvements	33.3% straight line
Plant and equipment	11.25% – 50% reducing balance
Leased plant and equipment	15% reducing balance

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in profit or loss.

e. **Leases**

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership that is transferred to entities in the consolidated group, are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term.

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

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

f. **Financial Instruments**

Recognition and Initial Measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions of the instrument. For financial assets, this is equivalent to the date that the company commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transactions costs.

Classification and Subsequent Measurement

Finance instruments are subsequently measured at either of fair value, amortised cost using the effective interest rate method, or cost. *Fair value* represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as:

a. the amount at which the financial asset or financial liability is measured at initial recognition;

f. **Financial Instruments (cont'd)**

b. less principal repayments;

c. plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the *effective interest method*; and

d. less any reduction for impairment.

Classification and Subsequent Measurement (cont'd)

The *effective interest method* is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

The Group does not designate any interests in subsidiaries, associates or joint venture entities as being subject to the requirements of accounting standards specifically applicable to financial instruments.

i. *Financial liabilities*

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

ii. *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

Fair Value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Impairment

At each reporting date, the Group assess whether there is objective evidence that a financial instrument has been impaired. Assets other than goodwill are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating unit). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expired. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

g. **Impairment of Assets**

At each reporting date, the Group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the profit or loss.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

h. **Investments in Associates**

Investments in associate companies are recognised in the financial statements by applying the equity method of accounting. The equity method of accounting recognised the Group's share of post-acquisition reserves of its associates.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

i. **Interests in Joint Ventures**

The consolidated group's interests in joint venture entities are brought to account using the equity method of accounting in the consolidated financial statements. The parent entity's interests in joint venture entities are brought to account using the cost method. Details of the consolidated group's interests are shown at Note 13.

j **Goodwill**

Goodwill is initially recorded at the amount by which the purchase price for a business combination exceeds the fair value attributed to the interest in the net fair value of identifiable assets, liabilities and contingent liabilities at date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisition of associates is included in investments in associates. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

k. **Foreign Currency Transactions and Balances**

Functional and presentation currency

The functional currency of each of the Group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency. The functional currency of the entities based in Singapore is Singapore dollars.

Transaction and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the profit or loss, except where deferred in equity as a qualifying cash flow or net investment hedge.

Group companies

The financial results and position of foreign operations whose functional currency is different from the Group's presentation currency are translated as follows:

— assets and liabilities are translated at year-end exchange rates prevailing at that reporting date;

— income and expenses are translated at average exchange rates for the period; and

— retained earnings are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations are transferred directly to the Group's foreign currency translation reserve in the Statement of Financial Position. These differences are recognised in the profit or loss in the period in which the operation is disposed.

Employee Benefits

Provision is made for the company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. Those cashflows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cashflows.

Equity-settled compensation

The Group operates equity-settled share-based payment employee share and option schemes. The fair value of the equity to which employees become entitled is measured at grant date and recognised as an expense over the vesting period, with a corresponding increase to an equity account. The fair value of shares is ascertained as the market bid price. The fair value of options is ascertained using a Black–Scholes pricing model which incorporates all market vesting conditions. The number of shares and options expected to vest is reviewed and adjusted at each reporting date such that the amount recognised for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

l. **Provisions**

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

m. **Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the Statements of Financial Position.

n. **Revenue and Other Income**

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. Any consideration deferred is treated as the provision of finance and is discounted at a rate of interest that is generally accepted in the market for similar arrangements. The difference between the amount initially recognised and the amount ultimately received is interest revenue.

Sale of goods and services

Revenue from the sale of goods is recognised at the point of delivery as this corresponds to the transfer of significant risks and rewards of ownership of the goods and the cessation of all involvement in those goods.

Revenue recognition relating to the provision of services is determined with reference to the stage of completion of the transaction at reporting date and where outcome of the contract can be estimated reliably. Stage of completion is determined with reference to the services performed to date as a percentage of total anticipated services to be performed. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent that related expenditure is recoverable.

Interest

Interest revenue is recognised using the effective interest rate method, which, for floating rate financial assets, is the rate inherent in the instrument.

Dividends

Dividend revenue is recognised when the right to receive a dividend has been established. Dividends received from associates and joint venture entities are accounted for in accordance with the equity method of accounting.

Rental income

Investment property revenue is recognised on a straight-line basis over the period of lease term so as to reflect a constant periodic rate of return on the net investment. Contingent rental income is recognised as income in the periods in which it is earned.

Government Grants

Job Credit Scheme

Cash grants received from the Singapore government in relation to the Jobs Credit Scheme are recognised as income upon receipt.

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

o. **Borrowing Costs**

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

p. **Goods and Services Tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST. The net amount receivable from, or payable to, the taxation authority is included within receivables or payables in the statement of financial position.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

q. **Non-Current Assets Classified as Held for Sale**

Non-current assets are classified as held for sale where an active program to locate a buyer has been initiated. Non-current assets held for sale are carried at fair value less estimated costs of disposal.

r. **Comparative Figures**

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

		Note	Consolidated Group 2011 $	2010 Restated $
NOTE 2: REVENUE AND OTHER INCOME				
Revenue – Continuing operations				
—	sales		-	-
—	interest received	2a	349	7
—	other revenue		-	-
Total Revenue			349	7
a.	Interest revenue from:			
—	other persons		349	7
			349	7
Other Income – Continuing operations				
—	Debts forgiven		468,690	-
—	Foreign currency translation gain		15,534	221,683
—	Other income		488,635	63,821
			972,859	285,504
Revenue – Discontinued operations				
—	sales		11,262,755	23,959,915
—	interest received	2b	14,188	1,121
—	other revenue		74,100	113,111
Total Revenue			11,351,043	23,820,322
b.	Interest revenue from:			
—	other persons		14,188	1,121
			14,188	1,121
Other Income – Discontinued operations				
—	Profit on disposal of property, plant and equipment		-	17,452
—	Gain on deconsolidation		2,568,243	-
—	Foreign currency translation profit		-	2,121
—	Government Grants – Job Creation Credit, maternity and paid child leave		-	399,272
			2,568,243	418,845

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

NOTE 3: PROFIT / (LOSS) FOR THE YEAR

Profit/(loss) before income tax has been determined after:

a. Expenses

Cost of sales		
— Continuing operations	-	-
— Discontinued operations	1,829,759	2,793,342
	1,829,759	2,793,342
Depreciation of non-current assets – Plant and equipment		
— Continuing operations	270	-
— Discontinued operations	275,410	1,048,184
	275,680	1,048,184
Impairment of goodwill in controlled entities		
— Continuing operations	-	-
— Discontinued operations	-	110,184
	-	110,184
Bad and doubtful debts:		
— Continuing operations – Associated companies	4,044,655	-
— Discontinued operations – trade debtors	-	104,467
	-	104,467
Rental and occupancy on operating leases:		
— Continuing operations	20,360	10,800
— Discontinued operations	1,639,160	3,670,739
	1,659,520	3,681,539
Foreign currency translation losses		
— Continuing operations	20,974	-
— Discontinued operations	-	-
	20,974	-

NOTE 4: DISCONTINUED OPERATIONS

On 15 April 2010, the Company executed an agreement for the sale of several of its operating subsidiaries, subject to regulatory and the Company's shareholders' approval at the general meeting, to the Company's major shareholders, Mr. Ananda Rajah and Ms Pathma Ayadurai (collectively known as "Purchasers"). The operating subsidiaries for the transaction were Atos Wellness Pte Ltd, Inner Harmony Pte Ltd, Atos Academy Pte Ltd, Atos Research Centre Pte Ltd, Atos Consumer Products Pte Ltd and Bodycure International Ltd (collectively known as "Atos Singapore") were valued at an estimate of AUD4.17 million.

The transaction was completed with shareholders' approval at the General Meeting on 21 April 2011. The purchasers settled the transaction with AUD500,000 in cash, release and discharge of various debts owed by the Company to the Purchasers, the sale companies and other third parties at a consideration of AUD3.53 million and selective buyback and cancellation of 48,828,125 shares in the Company held by Mr. Ananda for an agreed value of AUD200,000. The gain on this transaction is AUD 2.92 million.

	Note	Consolidated Group	
		30.06.2011	30.06.2010
Financial information relating to the discontinued operation to the date of disposal is set out below. The gain on disposal of the discontinued operations is included in the profit from discontinued operations in the Income Statement. The financial performance of the discontinued operation to the date of sale is as follows:			
Revenue		8,300,419	11,759,948
Expenses		(8,318,902)	(11,406,742)
Profit before income tax		(18,483)	353,206
Income tax benefit/ (expense)		31,361	(114,696)
Profit attributable to members of the parent entity		12,878	238,510
Profit on sale before income tax	(a)	1,426,056	-
Income tax expense		-	-
Profit on sale after income tax		1,426,056	-
Total profit after tax attributable to the discontinued operations		1,438,934	238,510
The net cash flows of the discontinued divisions which have been incorporated into the statement of cash flows are as follows:			
Net cash inflow/(outflow) from operating activities		425,325	59,963
Net cash inflow/(outflow) from investing activities		(293,987)	(293,263)
Net cash inflow/(outflow) from financing activities		(4,687)	(299,381)
Net cash increase generated by the discontinuing divisions		(136,779)	(532,681)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

NOTE 4: DISCONTINUED OPERATIONS (CONT'D)

(a) Details of sale of subsidiary

Consideration received			-
Cash		500,000	-
Loans Discharged		2,825,516	-
Share Cancellation		200,000	-
Total disposal consideration		3,525,516	-
Less: Net assets at date of disposal	(b)	(2,195,198)	-
Foreign exchange reserve recycled to profit and loss		95,738	-
Profit on sale before income tax		1,426,056	-
Income tax expense		-	-
Profit on sale after income tax		1,426,056	-

(b) The carrying amounts of assets and liabilities as at the date of sale (21 April 2011) were:

	21.04.2011
	$
Plant and equipment	463,310
Inventories	1,336,399
Trade and other receivables	2,453,291
Cash and bank balances	566,037
Goodwill	978,025
Total assets	5,797,062
Trade and other payables	2,222,064
Deferred income	585,886
Financial liabilities	197,591
Provision for taxation	584,585
Deferred taxation	11,738
Total liabilities	3,601,864
Net assets	2,195,198
Less: Non-controlling interests	-
Net assets attributable to members of the parent entity	2,195,198

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

NOTE 4: DISCONTINUED OPERATIONS (CONT'D)

On 12 August 2010, the Board of Directors of Atos Wellness Limited announced that the Company had executed an agreement with a private Singapore investor on the sale of its 51% shareholdings in Body Contours Pte Ltd for approximately AUD 2.49 million (SGD 3.349 million). The transaction was settled partly with AUD708,500 (SGD 900,000) in cash and the remaining consideration through release and discharge of various debts owing by the Company to Body Contours Pte Ltd for a sum of AUD 1.79 million (SGD 2.45 million). The transaction was completed without shareholders' approval on 16 September 2010 as confirmed in the letter from ASX dated 8 September 2010. The management determined the gain to the consolidated entity on disposal of the 51% interest in Body Contours to be $1,129,544.

	Note	Consolidated Group	
		31.06.2011	30.06.2010
Financial information relating to the discontinued operation to the date of disposal is set out below. The gain on disposal of the discontinued operations is included in the profit from discontinued operations in the Income Statement. The financial performance of the discontinued operation to the date of sale is as follows:			
Revenue		3,050,624	12,877,914
Expenses		(3,018,670)	(12,720,965)
Profit before income tax		31,954	156,949
Income tax benefit/ (expense)		4,681	(15,249)
Profit attributable to members of the parent entity		36,635	141,700
Profit on sale before income tax	(a)	1,142,187	-
Income tax expense		-	-
Profit on sale after income tax		1,142,187	141,700
Total profit after tax attributable to the discontinued operations		1,178,822	141,700
The net cash flows of the discontinued divisions which have been incorporated into the statement of cash flows are as follows:			
Net cash inflow/(outflow) from operating activities		798,815	17,078
Net cash inflow/(outflow) from investing activities		(406,389)	(400,618)
Net cash inflow/(outflow) from financing activities		(62,534)	(281,479)
Net cash increase generated by the discontinuing divisions		329,892	(665,019)

(a) Details of sale of subsidiary

Consideration received			
Cash		708,500	-
Loans Discharged		1,785,154	-
Total disposal consideration		2,493,654	-
Less: Net assets at date of disposal	(b)	(1,360,679)	-
Foreign exchange reserve recycled to profit and loss		9,212	-
Profit on sale before income tax		1,142,187	-
Income tax expense		-	-
Profit on sale after income tax		1,142,187	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

NOTE 4: DISCONTINUED OPERATIONS (CONT'D)

(b) The carrying amounts of assets and liabilities as at the date of sale (17 September 2010) were:

	15.09.2010
	$
Plant and equipment	810,520
Inventories	413,682
Trade and other receivables	3,151,646
Cash and bank balances	502,358
Goodwill	381,851
Total assets	5,260,057
Trade and other payables	1,907,906
Deferred income	765,989
Financial liabilities	427,842
Provision for taxation	21,998
Deferred taxation	29,713
Total liabilities	3,153,448
Net assets	2,106,609
Less: Non-controlling interests	(745,930)
Net assets attributable to members of the parent entity	1,360,679

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

	Consolidated Group	
	2011	2010
	$	$
NOTE 5: AUDITORS' REMUNERATION		
Remuneration of the auditor of the parent entity:		
— BDO Audit (WA) Pty Ltd for auditing or reviewing the financial report	22,809	63,436
Remuneration of other auditors of subsidiaries of discontinued operations for:		
— auditing or reviewing the financial report of subsidiaries	29,452	86,513

NOTE 6: EARNINGS PER SHARE

	Consolidated Group	
	2011	2010
	$	$
a. Reconciliation of loss to profit or loss		
Profit/(loss)	(1,043,738)	(382,900)
(Profit)/loss attributable to non-controlling equity interest	(20,548)	122,745
Earnings used to calculate basic EPS	(1,064,286)	(260,155)
b. Reconciliation of earnings to profit or loss from continuing operations		
Profit/(loss)	(3,661,494)	(763,110)
(Profit)/loss attributable to non-controlling equity interest in respect of continuing operations	-	-
Earnings used to calculate basic EPS from continuing operations	(3,661,494)	(763,110)
c. Reconciliation of earnings to profit or loss from discontinuing operations		
Profit from discontinued operations	2,617,756	380,210
(Profit)/loss attributable to non-controlling equity interest in respect of discontinuing operations	(20,548)	122,745
Earnings used to calculate basic EPS from continuing operations	2,597,208	502,955
		No.
d. Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS	181,278,563	190,413,694
Weighted average of options outstanding	-	-
Weighted average of number of ordinary shares outstanding during the year used in calculating dilutive EPS	181,278,563	190,413,694

Potential ordinary shares are not considered dilutive, therefore diluted earnings per share are the same as the basic earnings per share.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

NOTE 7: CASH AND CASH EQUIVALENTS

	Note	Consolidated Group 2011 $	2010 $
Cash at bank and in hand		178,862	977,182
Bank overdrafts used for cash management purposes		-	(10,452)
		178,862	966,730

Reconciliation of Cash

Cash at the end of the financial year as shown in the cash flow statement is reconciled to items in the balance sheet as follows:

	2011 $	2010 $
Cash at bank and in hand	178,862	530,242
Bank overdrafts used for cash management purposes	-	-
	178,862	530,242
Cash at bank and in hand attributable to discontinued operations	-	436,488
	178,862	966,730

NOTE 8: ISSUED CAPITAL

	2011 $	2010 $
Ordinary shares		
Fully paid	5,198,814	5,173,814
Shares issued during the period:		
- 7 September 2009 issued @ $0.02	-	25,000
- 21 April 2011 shares cancelled	(200,000)	-
	4,998,814	5,198,814

NOTE 9: OPERATING SEGMENTS

Segment information

Identification of reportable segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Chief Executive Officer (the chief operating decision maker) in assessing the performance and determining the allocation of resources.

These reports, which are reviewed by the CEO on a monthly basis, consider the business from both geographical and product prospective.

The reportable segments are based on operating segments determined by the similarity of the nature of products, the types of customers and the methods used to dispense the various products and services

Types of products and services by segment

The Group has identified the following reportable segments:

(i) Spa and Beauty Aesthetics – Body Contours Group (incorporating TAS)

This segment is responsible for the sale, marketing and supply of spa products, spa treatments including beauty and aesthetic treatments of facials, massages and slimming treatments.

(ii) Holistic Wellness Spa – Atos Singapore Group

This segment is responsible for the sale, marketing and supply of spa products, spa treatments including beauty using state of the art beauty equipment.

(iii) Therapeutic Spa – Inner Harmony (formerly Inahamani)

This segment is responsible for the sale, marketing and supply of spa products, spa treatments tailored to address individual needs using a holistic approach to ease physical concerns.

Basis of accounting for purposes of reporting by operating segments

Accounting policies adopted

Unless stated otherwise, all amounts reported to the Board of Directors as the chief decision maker with respect to operating segments are determined in accordance with accounting policies that are consistent to those adopted in the annual financial statements of the Group.

Inter-segment transactions

An internally determined transfer price is set for all inter-entity sales. The price is re-set quarterly and is based on what would be realised in the event the sale was made to an external party at arm's length. All such transactions are eliminated on consolidation for the Group's financial statements.

Corporate charges are allocated to reporting segments based on the segments' overall proportion of revenue generation with the Group. The Board of Directors believes this is representative of likely consumption of head office expenditure that should be used in assessing segment performance and cost recoveries.

Inter-segment loans payable and receivable are initially recognised at the consideration received net of transaction costs. If inter-segment loans receivable and payable are not on commercial terms, these are not adjusted to fair value based on market interest rates. This policy represents a departure from that applied to the statutory financial statements.

Segment assets

Where an asset is used across multiple segments, the asset is allocated to the segment that receives the majority of economic value from the asset. In the majority of instances, segment assets are clearly identifiable on the basis of their nature and physical location.

Segment liabilities

Liabilities are allocated to segments where there is direct nexus between the incurrence of the liability and the operations of the segment. Borrowings and tax liabilities are generally considered to relate to the Group as a whole and are not allocated. Segment liabilities include trade and other payables and certain direct borrowings.

Unallocated items

The following items of revenue, expenses, assets and liabilities are not allocated to operating segments as they are not considered part of the core operations of any segment:

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

NOTE 9: OPERATING SEGMENTS (CONT'D)

- impairment of assets and other non-recurring items of revenue or expenses;
- deferred tax assets and liabilities;
- current tax liabilities;
- intangibles assets; and
- discontinuing operations

Comparative information

This is the first reporting period in which AASB 8: Operating Segments has been adopted. Comparative information has been stated to conform to the requirements of the Standard.

(i) Segment performance

	Atos Singapore	Body Contours	Inner Harmony	Consolidated Group	Discontinuing Operations
2011	$	$	$	$	$
Revenue					
External sales	5,289,927	3,041,414	2,770,625	-	11,101,966
Inter-segment sales	160,789	-	-	-	160,789
Other revenue	74,019	81	-	-	74,100
Interest revenue	-	9,129	5,059	-	14,188
Total Segment Revenue	5,524,735	3,050,624	2,775,685	-	11,351,043
Reconciliation of segment revenue to group revenue					
Inter-segment elimination	(160,789)	-	-	-	(160,789)
Total group revenue	5,363,946	3,050,624	2,775,685	-	11,190,253
Segment net profit / (loss) before tax	(135,432)	31,954	116,950	-	13,471
Reconciliation of segment result to group net profit / (loss) before tax					
Unallocated items:					
• Other income				972,858	2,568,243
• Interest income				349	-
• Selling and marketing				-	-
• Employee benefits				(102,310)	-
• Other				(4,532,391)	-
Net (loss) / profit before tax				(3,661,494)	2,581,714

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

NOTE 9: OPERATING SEGMENTS(CONT'D)

2010 (Restated)	Atos Singapore $	Body Contours $	Inner Harmony $	Consolidated Group $	Discontinuing Operations $
Revenue					
External sales	7,188,012	12,518,639	3,999,439	-	23,706,090
Inter-segment sales	253,825	-	-	-	253,825
Other revenue	215,623	264,479	102,273	-	582,375
Interest revenue	776	94,796	-	-	95,572
Total Segment Revenue	7,658,236	12,877,914	4,101,712	-	24,637,862
Reconciliation of segment revenue to group revenue					
Inter-segment elimination	(304,969)	(93,682)	-	-	(398,651)
Total group revenue	7,353,267	12,784,232	4,101,712	-	24,239,211
Segment net profit / (loss) before tax	(1,343,697)	156,949	1,696,903	-	510,155
Reconciliation of segment result to group net profit / (loss) before tax					
Unallocated items:					
• Other income				285,504	-
• Interest income				7	-
• Selling and marketing				(20,000)	-
• Employee benefits				(202,167)	-
• Other				(826,454)	-
Net (loss) / profit before tax				(763,110)	510,155

(ii) **Revenue by Geographical region**

Revenue attributable to external customers is disclosed below, based on the location of the external customers.

	2011 $	2010 **Restated** $
Australia	-	-
Asia	11,101,966	23,706,090
Total revenue	11,101,966	23,706,090

(iii) **Major customers**

No single customer represents 10% or more of the consolidated revenue. Consequently, management believes that the group sales are appropriately diversified.

NOTE 10: EVENTS AFTER THE BALANCE DATE

On 16 August 2011, the Board of Directors of Atos Wellness Limited announced that the Company has signed a Share Sale Agreement with Australian Healthcare Enterprises Pty Ltd ("AHE") and a business sale agreement with Mega Health Pty Ltd to acquire the going concern South Australian Health Distributors (SAHD). The agreement for the acquisition of 100% of the issued shares in AHE provides for a consideration of $300,000 by way of issue of 15,000,000 fully paid ordinary shares in Atos Wellness Ltd. The agreement for the acquisition of business operations of SAHD for $1,000,000 provides for the issue of 50,000,000 ordinary shares in Atos Wellness Ltd.

There were no other material events occurring after the reporting date.