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ASX Ltd
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INDEPENDENT EXPERT'S REPORT ON PROPOSED FITGENES PTY LTD TRANSACTION RECEIVED

Further to the announcement on 1 November 2011 relating to the execution of a Heads of Agreement with Fitgenes Pty Ltd, ("FG") to acquire 100% ownership of FG ("Proposed Transaction"), the Directors of Atos Wellness Ltd (ASX: ATW) ("Company") are pleased to announce that an Independent Expert's Report ("IER") has now been completed by DMR Corporate Pty Ltd. The IER concluded that **the Proposed Transaction is fair and reasonable to the Atos shareholders.** The IER in its entirety is attached to this announcement.

In relation to the previously reported proposed transaction with Australian Healthcare Enterprises Pty Ltd ("AHE") and Mega Health Pty Ltd ("Mega Health") to acquire 100% ownership of AHE and the complete business assets of the going concern South Australian Health Distributors, the Company also advises that the termination of these agreements has been completed amicably.

For further particulars please contact

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DMR CORPORATE

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7 November 2011

The Directors
Atos Wellness Limited
10 Bowman Street
South Perth
Western Australia, 6151

Dear Sirs,

1. Introduction

The directors of Atos Wellness Limited ("Atos" or the "Company") have requested DMR Corporate Pty Ltd ("DMR Corporate") to prepare an independent expert's report in respect of the proposed transaction set out in Section 2 below.

The proposed transaction is permitted by Section 611 of the Corporations Act 2001 ("the Act") and Rule 10.1 of the Listing Rules ("Listing Rule 10.1") of the Australian Securities Exchange ("ASX") provided that the transaction is agreed to by the Atos shareholders.

2. The Proposed Transaction

Atos has entered into an agreement to purchase all of the issued capital of Fitgenes Pty Ltd ("Fitgenes") from its existing shareholders subject to Atos shareholder approval. The consideration payable by Atos to the Fitgenes shareholders is to be satisfied by the issue of 344,300,940 fully paid Atos shares ("the Proposed Transaction").

The formal approval process for the Proposed Transaction is set out in Resolution 5 in the Notice of Meeting to which this report is attached. The Resolutions deal with the following matters:

Resolution 1:	Adoption of remuneration report
Resolution 2:	Re-election of Mark Leong as a director
Resolution 3:	Election of Conrad Crisafulli as a director
Resolution 4:	Election of Ernest Boswarva as a director
Resolution 5:	Approval of the acquisition of all of the shares on issue in Fitgenes and the issue of 344,300,940 new fully paid shares as consideration for the acquisition
Resolution 6:	Approval of the issue of up to 100,000,000 new fully paid Atos shares at an issue price of no less than 2 cents per share by a placement to prospective investors
Resolution 7:	Approval to change the company's name to ATW Limited

Resolution 5 (the Proposed Transaction) is the only resolution that we have been requested to opine on in this independent expert's report.

If the Proposed Transaction is approved, then the Atos shareholdings prior to any new capital raisings will be as follows:

Table 1 - Proposed Capital Structure	Shares On Issue	Shareholder Interests
Ordinary shares - 30 September 2011	141,814,736	29.2%
Proposed Issue to Fitgenes Shareholders		
Key Skills Pty Ltd ATF P&L Beaver Family Trust	74,619,300	15.4%
AltezzaVCP Pty Ltd ATF AVCP 1 Trust	53,528,190	11.0%
Knick Knack Patti Wack Pty Ltd ATF The Patti Family Trust	46,064,520	9.5%
BSD Global Investments Pty Ltd	37,209,450	7.7%
Sunmio Holdings Pty Ltd ATF Spruce Family Super Fund	19,329,570	4.0%
Coughlan Super Pty Ltd ATF S & J Coughlan Super Fund	19,329,570	4.0%
Rajbans Singh Mukhtiar Singh and Rajinder Kaur Massa Singh	14,679,090	3.0%
David Perry Superannuation Fund	12,274,290	2.5%
Peter & Marina Marks	9,664,800	2.0%
Chee Kai Chan	9,664,800	2.0%
Schumann Consulting Pty Ltd ATF Mair Family Trust	9,664,800	2.0%
Fusion Enterprises Pty Ltd	7,731,840	1.6%
BC Superannuation Fund	4,832,400	1.0%
YRG Management Group Pty Ltd ATF The Lim Family Trust	4,832,400	1.0%
Cathy Palmer	4,832,400	1.0%
Citadel Asset Management Pty Ltd ATF Citadel Trust	3,865,920	0.8%
Sandra Jean Beaver ATF The Beaver Family Trust	3,479,310	0.7%
Walter Edward Joseph	1,932,960	0.4%
Christine Annette Houghton	1,932,960	0.4%
Other shareholders	4,832,370	1.0%
Fitgenes Shareholders	344,300,940	70.8%
Share Capital after the Proposed Transaction	486,115,676	100.0%

Source: DMR Corporate analysis

If the Atos shareholders approve the Proposed Transaction, then the Atos shares issued to the Fitgenes shareholders will represent up to 70.8% of Atos's voting power before any new capital raisings.

The Directors of Atos have requested DMR Corporate to prepare an independent expert's report in accordance with ASIC Regulatory Guide 111 – Content of expert reports. ASIC Regulatory Guide 111 requires the Independent Expert to advise shareholders whether the Proposed Transaction is fair and reasonable.

A copy of our report will accompany the Notice of Meeting and will be included as part of the Explanatory Statement to be sent by Atos to its shareholders.

3. Summary Opinion

3.1 Proposed Transaction

In our opinion, the Proposed Transaction set out in Section 2 above is **fair and reasonable** when considered in the context of the interests of the Atos shareholders.

3.2 Our principal reasons for reaching the above opinion are:

Assessment of Fairness

In Section 7.10 we valued the Atos shareholders' interests before the Proposed Transaction in a range of $574,000 to $777,000 (a mid point of $675,500) and in Section 10 we assessed the value of the Atos after the Proposed Transaction in a range of $3,204,000 to $4,274,000 on a control basis.

In Table 14 in Section 11 we assessed the existing Atos shareholders 29.2% minority interest after the completion of the Proposed Transaction in a range of $936,000 to $1,248,000 (a mid point of say $1,091,800).

As the mid point of the value of the Atos shareholders' interests after the completion of the Proposed Transaction ($1,091,800) is greater than the mid point of the value of their interests before the Proposed Transaction ($675,500), we have concluded that **the Proposed Transaction is fair**.

Assessment of Reasonableness

The Proposed Transaction **is considered to be reasonable** as the advantages of proceeding with the transaction outweigh the disadvantages of proceeding with the transaction – Section 13.

Overall Conclusion

After considering all of the information available to us in respect of the Proposed Transaction, we consider that **the Proposed Transaction is fair and reasonable to the Atos shareholders**.

4. Structure of this Report

This report is divided into the following sections:

5. Purpose of the Report

This report has been prepared to meet the following regulatory requirements:

- **Corporations Act 2001**

  Section 606 of the Act contains a general prohibition on the acquisition of shares in a company if, as a result of the acquisition, any person increases his or her voting power in the company from 20% or below to more than 20%.

  Section 611 of the Act contains an exception to the Section 606 prohibition. For an acquisition of shares to fall within the exception, the acquisition must be approved in advance by a resolution passed at a general meeting of the company in which shares will be acquired.

  Atos is seeking shareholder approval for the Proposed Transaction under Section 611 of the Act as the Fitgenes shareholders may increase their interests in Atos from nil to 70.8% if the Proposed Transaction proceeds.

- **ASIC Regulatory Guides**

  This report has been prepared in accordance with the ASIC Regulatory Guides and more particularly:

  RG 111 – Content of Expert Reports ("RG111")

  RG 111.24 An issue of shares by a company otherwise prohibited under S606 may be approved under item 7 of S611 and the effect on the company's shareholding is comparable to a takeover bid. Examples of such issues approved under item 7 of S611 that are comparable to takeover bids under Ch 6 include:

(a) a company issues securities to the vendor of another entity or to the vendor of a business and, as a consequence, the vendor acquires over 20% of the company incorporating the merged businesses. The vendor could have achieved the same or a similar outcome by launching a scrip takeover for the company.

RG111.27 There may be circumstances in which the allottee will acquire 20% or more of the voting power of the securities in the company following the allotment or increase an existing holding of 20% or more, but does not obtain a practical measure of control or increase its practical control over that company. If the expert believes that the allottee has not obtained or increased its control over the company as a practical matter, then the expert could take this outcome into account in assessing whether the issue price is 'reasonable' if it has assessed the issue price as being 'not fair' applying the test in RG111.11.

RG111.10 It has long been accepted in Australian mergers and acquisitions practice that the words 'fair and reasonable' in S640 established two distinct criteria for an expert analysing a control transaction:

(a) is the offer 'fair'; and
(b) is it 'reasonable'?

That is, 'fair and reasonable' is not regarded as a compound phrase.

RG111.11 Under this convention, an offer is 'fair' if the value of the offer price or consideration is equal to or greater than the value of the securities the subject of the offer. This comparison should be made:

(a) assuming a knowledgeable and willing, but not anxious, buyer and a knowledgeable and willing, but not anxious, seller acting at arm's length; and
(b) assuming 100% ownership of the 'target' and irrespective of whether the consideration is scrip or cash. The expert should not consider the percentage holding of the 'bidder' or its associates in the target when making this comparison. For example, in valuing securities in the target entity, it is inappropriate to apply a discount on the basis that the shares being acquired represent a minority or 'portfolio' parcel of shares.

RG111.12 An offer is 'reasonable' if it is fair. It might also be 'reasonable' if, despite being 'not fair', the expert believes that there are sufficient reasons for security holders to accept the offer in the absence of any higher bid before the close of the offer.

ASIC Regulatory Guide 111 requires that the Proposed Transaction be assessed as if it was a takeover of Atos. In assessing a takeover bid Regulatory Guide 111 states that the expert should consider whether the Proposed Transaction is both "fair" and "reasonable".

- **ASX - Listing Rules**

Listing Rule 10.1 requires that a company obtain shareholder approval at a general meeting when the sale or acquisition of a substantial asset is to be made to or from:

(i) a related party;

(ii) a subsidiary;

(iii) a substantial shareholder who is entitled to at least 10% of the voting securities, or a person who was a substantial shareholder entitled to at least 10% of the voting securities at any time in the 6 months before the transaction;

(iv) an associate of a person referred to in paragraphs (i), (ii) or (iii) above;

(v) a person whose relationship to the entity or a person referred to above is such that, in the ASX's opinion, the transaction should be approved by security holders.

Listing Rule 10.2 defines a substantial asset as being an asset whose value, or the value of the consideration for it is, or in ASX's opinion is, 5% or more of the equity interests of the entity as set out in the latest accounts given to the ASX under the listing rules. The value of the acquisition of Fitgenes exceeds 5% of the shareholders' funds of Atos as set out in the 2011 Annual Report given to the ASX (5% of $379,517 = $18,976).

As several Fitgenes directors will become directors of Atos, if the Atos shareholders approve the Proposed Transaction, the acquisition of Fitgenes may be deemed to be from a related party and therefore shareholder approval pursuant to Listing Rule 10.1 must be obtained.

The notice of any meeting of shareholders to approve any transaction referred to in Listing Rule 10.1 shall be accompanied by a report from an independent qualified person who shall state his opinion as to whether the proposed transaction is fair and reasonable to the Non-Associated Shareholders.

- **General**

The Proposed Transaction

The terms "fair" and "reasonable" are not defined in the Act, however guidance as to the meaning of these terms is provided by ASIC in Regulatory Guide 111. For the purpose of this report, we have defined them as follows:

Fairness - the Proposed Transaction is "fair" if the value of the Atos shareholders' minority interests after the Proposed Transaction is greater than the value of their interests before the Proposed Transaction.

Reasonableness - the Proposed Transaction is "reasonable" if it is fair. It may also be "reasonable" if, despite not being "fair" but after considering other significant factors, shareholders should vote in favour of the Proposed Transaction in the absence of a superior proposal being received.

What is fair and reasonable for the Atos shareholders should be judged in all the circumstances of the proposal.

The methodology that we have used to form an opinion as to whether the Proposed Transaction is fair and reasonable, is summarised as:

(i) In determining whether the Proposed Transaction is fair, we have:

- valued the Atos shareholders' controlling interests (100%) in Atos before the Proposed Transaction;

- valued the Atos shareholders' minority interests in Atos after the Proposed Transaction; and
- compared the control values before and the minority values after the Proposed Transaction.

(ii) In determining whether the Proposed Transaction is reasonable, we have analysed and compared the advantages and disadvantages of the Proposed Transaction.

(iii) In determining whether the Proposed Transaction is fair and reasonable to the Atos shareholders, we have considered and concluded upon the results of (i) and (ii) above.

6. Atos - Key Information

6.1 Background

The principal activities of the Company during the 2011 financial year were:

- the distribution and marketing of health care products;
- the operation of a franchise distribution system; and
- the operation of total health care & wellness centres.

During the financial year the Company disposed of its interests in:

- Body Contours Pte Ltd (51%) and its controlled entities on 17 September 2010; and
- Atos Wellness Pte Ltd (Singapore) and its controlled entities together with Inner Harmony Pte Ltd on 21 April 2011.

All of the trading activities of Atos were conducted through Body Contours Pte Ltd and Atos Wellness Pte Ltd and following their disposal Atos does not have any operating business activities.

6.2 Share Capital

At the date of this report Atos had on issue 141,814,736 fully paid ordinary shares. There are no options on issue.

The major shareholders of Atos on 16 September 2011 were as follows:

Table 2 - Atos 10 largest shareholders

Name	Number of Shares Held	% of Capital Held
JP Morgan Nominees Australia Limited – Cash income A/C	51,480,008	36.30
Ayadurai Pathma D/O S	24,414,063	17.22
Retnam Siva Ananda R S	23,164,062	16.33
Etron P L	9,192,449	6.48
HSBC Custody Nominees	5,442,419	3.84
Plattner Josef Anton	2,783,333	1.96
DBS Vickers SEC Singapore	2,348,000	1.66
Capita Entps P L	2,114,909	1.49
Seng Yong Nghee	2,066,667	1.46
EMPL Andreas	1,250,000	0.88
Total	**124,255,910**	**87.62**

Source: Share Register 16 September 2011

As at 16 September 2011 the top 10 shareholders held 87.62% of the issued ordinary capital of Atos.

6.3 Operating Performance

Atos' consolidated statements of comprehensive income for the financial years ended 30 June 2010 and 2011 are as follows:

Table 3 - Statement of Comprehensive Income	Audited Year Ended 30/6/2010 $ Restated	Audited Year Ended 30/6/2011 $
Revenue	7	349
Other income	285,504	972,859
Employee benefits expense	(202,167)	(102,310)
Depreciation and amortisation expense	-	(270)
Finance costs	(22,551)	-
Consultancy fees	(35,676)	(17,835)
Insurance	(24,578)	(23,664)
Impairment of receivables	-	(3,670,502)
Impairment of other assets	-	(374,153)
Rent and occupancy costs	(10,800)	(20,360)
Research costs	-	(25,388)
Selling and marketing	(20,000)	-
Foreign currency translation loss	-	(20,974)
Administrative expenses	(365,679)	(290,686)
Other expenses	(367,170)	(192,560)
Profit / (loss) before income tax	(763,110)	(3,765,494)
Income tax (expense) / benefit	-	-
Loss from continuing operations	(763,110)	(3,765,494)
Profit from discontinued operations	380,210	2,775,080
Loss for year	(382,900)	(990,414)
Foreign exchange loss	(48,271)	(218,415)
Total comprehensive loss	(431,171)	(1,208,829)

6.4 Cash Flow Statements

Atos' cash flow statements for the financial years ended 30 June 2010 and 2011 are presented in Appendix A-1.

6.5 Statements of Financial Position

Atos' statements of financial position as at 30 June 2010 and 2011 are presented in Appendix A-2.

7. Valuation of Atos – Before the Proposed Transaction

7.1 Value Definition

DMR Corporate's valuation of Atos has been made on the basis of fair market value, defined as the price that could be realized in an open market over a reasonable period of time given the current market conditions and currently available information, assuming that potential buyers have full information, in a transaction between a willing, but not anxious seller, and a willing, but not anxious, buyer acting at arm's length.

7.2 Valuation Methodologies

In selecting appropriate valuation methodologies, we considered the applicability of a range of generally accepted valuation methodologies. These included:

- share price history;
- asset based methods;
- capitalisation of future maintainable earnings;
- net present value of future cash flows; and
- comparable market transactions.

7.3 Share Price History

The share price history valuation methodology values a company based on the past trading in its shares. We normally analyse the share prices up to a date immediately prior to the date when a takeover, merger or other significant transaction is announced to remove any price speculation or price escalations that may have occurred subsequent to the announcement of the proposed transaction.

Over the approximate 21-month period between 1 January 2010 and 30 September 2011 there have been 6,428,493 shares traded and this represents approximately 3.4% of the Company's issued capital. On this basis we consider that the trading in the Company's shares is illiquid.

We have reviewed the Atos ASX announcements made since 1 January 2010 through to 30 September 2011 and we have not located any announcements that may have materially affected the trading in the Atos shares during this period. This is evidenced by the very low volumes of shares traded, the low value of the shares traded ($107,453) since 1 January 2010.

A summary of the high, low and closing prices, volumes and values of the Atos shares traded in the period from 1 January 2010 to 30 September 2011 is presented as:

Table 4 -Atos Share Trading History

Date	High	Low	Close	Volume	Value
4-Jan-10	0.019	0.019	0.019	200,000	3,800
6-Jan-10	0.020	0.020	0.020	37,000	740
7-Jan-10	0.018	0.018	0.018	110,000	1,980
12-Jan-10	0.018	0.018	0.018	80,000	1,440
14-Jan-10	0.018	0.018	0.018	1,382,501	24,885
11-Feb-10		Suspension from Official Quotation			
12-Aug-10		Reinstatement to Official Quotation			
13-Aug-10	0.020	0.020	0.020	100,000	2,000
1-Sep-10	0.013	0.013	0.013	258,000	3,354
9-Sep-10	0.013	0.013	0.013	9,500	124
21-Sep-10	0.015	0.012	0.012	120,000	1,440
28-Sep-10	0.012	0.012	0.012	24,000	288
1-Oct-10		Suspension from Official Quotation			
17-Feb-11		Reinstatement to Official Quotation			
1-Mar-11		Suspension from Official Quotation			
9-May-11		Reinstatement to Official Quotation			
10-May-11	0.015	0.015	0.015	9,000	135
12-May-11	0.015	0.015	0.015	1,534,864	23,023
18-May-11	0.014	0.010	0.014	756,136	10,586
19-May-11	0.012	0.012	0.012	8,000	96
20-May-11	0.016	0.015	0.015	166,121	2,492
23-May-11	0.020	0.020	0.020	983,879	19,678
24-May-11	0.020	0.020	0.020	15,687	314
25-May-11	0.020	0.020	0.020	105,000	2,100
31-May-11	0.020	0.020	0.020	313	6
30-Jun-11	0.014	0.012	0.014	54,000	756
20-Jul-11	0.020	0.020	0.020	100,000	2,000
26-Jul-11	0.020	0.020	0.020	50,000	1,000
27-Jul-11	0.020	0.020	0.020	50,000	1,000
28-Jul-11	0.016	0.015	0.015	134,992	2,025
3-Aug-11	0.016	0.016	0.016	40,000	640
5-Aug-11	0.016	0.016	0.016	58,000	928
8-Aug-11	0.016	0.016	0.016	2,000	32
10-Aug-11	0.015	0.015	0.015	8,000	120
11-Aug-11	0.015	0.015	0.015	31,500	473
1-Sep-11		Suspension from Official Quotation			
1-Sep-11		Reinstatement to Official Quotation			
4-Oct-11		Suspension from Official Quotation			
				6,428,493	107,453

As can be seen from the above table, the Atos shares have been suspended for a considerable period of time during the last 21 months and this would have impacted on the liquidity of the shares during this period.

Commentary on Share Prices

In the period from 1 January 2010 to the 30 September 2011, the Atos shares traded in a range of $0.010 to $0.020 with a VWAP[1] of $0.017 per share based on a volume of 6,428,493 shares being traded. The VWAP for the period from 1 January 2011 to 30 September 2011 was $0.016 and the VWAP for the period from 1 July to 30 September 2011 was $0.017.

Based on the above analysis we consider that the Atos shares are valued in a range of $0.016 to $0.017 per share, on a minority interest basis (i.e. excluding a premium for control).

A recent study has indicated that control premiums are generally in a range of 20% to 30%[2]. If this level of control premiums was added to the minority values of $0.016 to $0.017 per share, the share price values, on a control basis would be:

[1] VWAP – volume weighted average price of shares based on daily volumes and daily closing prices.

[2] Control premiums are normally in a range of 20% to 30% above the value of a minority share – RSM Bird Cameron Control Premium Study – September 2010.

Table 5

Minority Value	20% Control Premium	30% Control Premium
$0.016	$0.019	$0.021
$0.017	$0.020	$0.022

After applying a typical level of control premium, the share price history values are in a range of $0.019 to $0.022.

7.4 Asset Based Methods

These methodologies are based on the realisable value of a company's identifiable net assets. Asset based valuation methodologies include:

(a) Net Assets

The net asset valuation methodology involves deriving the value of a company or business by reference to the value of its assets. This methodology is likely to be appropriate for a business whose value derives mainly from the underlying value of its assets rather than its earnings, such as property holding companies and investment businesses. The net assets on a going concern basis does not take account of realisation costs.

(b) Orderly Realisation of Assets

The orderly realisation of assets method estimates the fair market value by determining the amount that would be distributed to shareholders, after payment of all liabilities including realisation costs and taxation charges that arise, assuming the company is wound up in an orderly manner.

(c) Liquidation of Assets

The liquidation method is similar to the orderly realisation of assets method except the liquidation method assumes that the assets are sold in a short time frame.

7.5 Net Assets

The total net assets of Atos as at 30 June 2011, per the audited financial statements, were $379,517 (Appendix A-2) or $0.0027 per share.

These values have been determined for financial reporting purposes using the Australian Accounting Standards, Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board and the Act.

The $0.0027 per share is not a value that shareholders should necessarily expect to receive for their shares and it has not been included in our summary of values as the orderly realisation of assets valuation methodology supersedes it.

7.6 Orderly Realisation of Net Assets

In an orderly realisation the Atos shareholders would be left with cash and a listed corporate shell, which could be used to acquire a new business. In our experience listed shells in the current market have a value between $300,000 to $400,000 and we have added this value to the net asset values above.

We do not consider that there will be any realisation costs to account for in completing this valuation methodology as the Atos assets are cash or a receivable into cash from one party.

We have assessed the value of Atos as at 30 June 2011 on an orderly realisation basis as follows:

Table 6 – Orderly Realisation of Assets

	Note	Audited 30 June 2011 $	Estimated Realisable Values Low $	Estimated Realisable Values High $
CURRENT ASSETS				
Cash and cash equivalents		178,862	178,862	178,862
Trade and other receivables	1	355,676	255,676	355,676
Other current assets	2	7,900	4,000	7,000
TOTAL CURRENT ASSETS		542,438	438,538	541,538
NON CURRENT ASSETS				
Property, plant and equipment	3	2,150	250	500
TOTAL ASSETS		544,588	438,788	542,038
LIABILITIES				
Trade and other payables		155,514	155,514	155,514
Deferred tax liabilities		9,557	9,557	9,557
TOTAL LIABILITIES		165,071	165,071	165,071
NET ASSETS		379,517	273,717	376,967
Add: Value of listed shell			300,000	400,000
			573,717	776,967
Shares on issue - 141,814,736		**Per share:**	**$0.0040**	**$0.0055**

Note 1 – The outstanding unsecured balance represents a receivable in relation to the disposal of Atos Wellness Pte Ltd and its controlled entity Inner Harmony Pte Ltd. A sum of $250,000 has been received by Atos Wellness Ltd since 30 June 2011 and a director has stated that the Company is confident that the remaining balance will be received. We have spoken to Siva Ananda Rajah Retnam and he has confirmed that he owes the monies and that the debt will be paid over the next 2 months.

Note 2 – Prepayments $7,900 – realisable values have been determined by DMR Corporate on a judgemental basis.

Note 3 – Property, plant and equipment $2,150 - realisable values have been determined by DMR Corporate on a judgemental basis.

Based on the above we have valued Atos in a range of $574,000 to $777,000 or $0.0040 to $0.0055 per share.

7.7 Capitalization of Future Maintainable Earnings

This methodology involves capitalising the estimated future maintainable earnings of a business at a multiple which reflects the risks of the business and its ability to earn future profits.

There are different definitions of earnings to which a multiple can be applied. The traditional method is to use net profit after tax – Price Earnings or PE. Another common method is to use Earnings Before Interest and Tax, or EBIT. One advantage of using EBIT is that it enables a valuation to be determined which is independent of the financing and tax structure of the business. Different owners of the same business may have different funding strategies and these strategies should not alter the fundamental value of the business.

Other variations to EBIT include 'Earnings Before Interest, Tax, Depreciation and Amortization' – EBITDA and 'Earnings Before Interest, Tax, and Amortization' – EBITA.

We have concluded that the capitalisation of future maintainable earnings methodology cannot be applied in valuing Atos as it currently has no operating business activities.

7.8 Net Present Value of Future Cash Flows

An analysis of the net present value of the projected cash flows of a business (or discounted cash flow technique) is based on the premise that the value of the business is the net present value of its future cash flows. This methodology requires an analysis of future cash flows, the capital structure, the costs of capital and an assessment of the residual value of the business remaining at the end of the projection period.

As Atos does not have an operating business generating cash flows, we consider that the capitalisation of future cash flows is not an appropriate methodology to use to value Atos.

7.9 Comparable Market Transactions

Atos is basically an investment company and its few assets could be liquidated and the cash could be distributed to shareholders. We do not consider that this valuation methodology can be applied in valuing the Atos shares.

7.10 Conclusion

The applicable valuation methodologies that we have considered are summarised as:

Table 7

VALUATION METHODOLOGY	Section	Low Per Share	High Per Share
Share price history	7.3	$0.019	$0.022
Orderly realisation of net assets	7.6	$0.0040	$0.0055

If a share price of $0.02 was assumed then Atos is capitalised at approximately $2,837,000 and if the value of the net assets was deducted from the market capitalisation this values the intangibles at $2,457,000. This is an excessive valuation for a corporate shell and for this reason, together with the fact that there is an absence of a real market for the Atos shares, we have selected the orderly realisation of net assets methodology as the preferred valuation methodology. Based on the above we consider that the Atos shares are valued in a range of $0.0040 to $0.0055 ($574,000 to $777,000).

8. Fitgenes – Key Information

8.1 Background – Also refer to Appendix B-1 to B-7

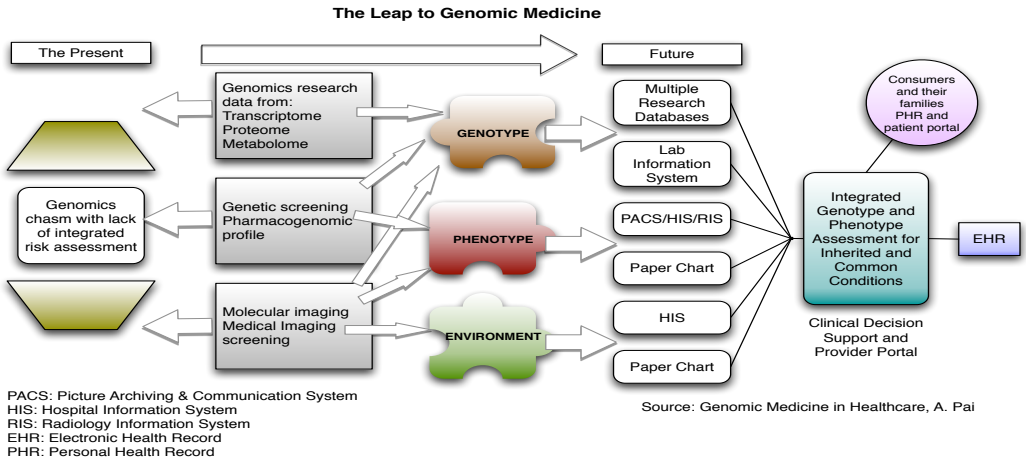
In the half-century since the discovery of the molecular structure of DNA, the building blocks of our genes, massive advances have been made in the understanding of genes and how they are expressed. Scientists now use the term genome to describe the entirety of an organism's hereditary information covering not only the genes but also other sequences existing in chromosomes that control and modulate the expressions of these genes.

Initial expectations from our knowledge of genes focussed on simple diseases that were directly related to a single gene but it soon became clear that organisms were much more complex and that disease or health states could be modulated by how the expression of genes could be regulated. This led to the concept of genotype, the genetic makeup of an individual, and phenotype, the characteristics of an individual resulting from the interaction of the genotype with the environment where the effect of some genes could be influenced by diet, degree of activity and climate.

This complexity has hampered the everyday usage of genetic testing in clinical practice and has raised questions about the clinical utility and validity of some genetic tests.

However, recent developments in genomic research are now demonstrating that healthcare practitioners have a remarkable opportunity to adopt the use of genomics-related technologies to provide personalised healthcare advice to patients covering an expanding range of health issues: nutrition, immunity, cardiovascular health and fitness, fat metabolism and bone health.

With proper implementation, genomics is allowing clinicians to look into a person's future and determine what disease that person is susceptible to and which drugs and interventions hold the highest likelihood for success. It changes healthcare from retrospective, interventional care to prospective, preventative care that is highly personalised and pre-emptive. The true value of genomic medicine requires understanding and incorporating genomic information, both from clinical and research outcome, into a person's health record. This requires a close integration of genetic testing, practitioner interaction with patients and balanced advice to practitioners on the implications of the genetic testing carried out. This paradigm is represented in the following diagram covering the new position of genomic medicine in providing integrated personalised healthcare.



Genomics and genetic testing is increasingly being seen by select healthcare providers overseas as having the potential to:

- Identify an individual's susceptibility to disease (e.g. breast cancer)
- Diagnose a disease
- Predict how a patient will respond to a drug
- Eliminate unnecessary treatments and side effects
- Improve health outcomes
- Decrease healthcare costs.

This is already being implemented by some healthcare providers such as Humana in the US which is integrating certified genetic counsellors in the consultation process, leading to better patient outcomes and better retention of patients.

Fitgenes had closely matched the above paradigm and applied it more to the general practice area in Australia and overseas by developing a comprehensive and integrated software platform that can be used by nutritionists and medical practitioners to interact closely with their patients. The platform enables practitioners to combine the results of genetic testing with health and risk assessments to join with patients in targeting lifestyle-related issues such as:

- Metabolic management;
- Weight management;
- Diabetes;
- Cardiovascular health;
- Chronic inflammation;
- Bone Health; and
- Fitness and exercise.

The Fitgenes philosophy is that by knowing a person's genetic predispositions with regard to fitness, health and nutrition, combined with health and risk assessments, personalised, strategic and targeted interventions can be designed to help them maximise their health potential. Fitgenes distinguishes itself from other companies operating in this field overseas by focussing on preventative/proactive health, not on using personal genetic profiling to diagnose disease states or entering into the prescription medical area. This enables the company to enter the market relatively easily, show demonstrable benefits and focus on the general practice community.

The company is at an early stage of the commercialisation process having gained some hundred practitioners in Australia and Malaysia and is generating revenue in the following areas:

- **Programs** – questionnaire plus DNA testing leading to Genetic Profile Report for practitioners and patients;
- **Education** – training courses required for practitioners to become Certified Fitgenes Practitioners; and
- **Membership** – monthly membership fees levied on Certified Fitgenes Practitioners

8.2 Share Capital

As at 2 November 2011 Fitgenes had 17,812,127 fully paid ordinary shares on issue.

8.3 Profit and Loss Statements

Fitgenes was incorporated on 17 September 2009 and its profit and loss statements for the financial periods ended 30 June 2010 and 2011 are as follows:

Table 8 – Fitgenes Profit and Loss Statements	Unaudited 17/9/2009 to 30/6/2010 $	Unaudited Year Ended 30/6/2011 $
Revenue		
Sales revenues	53,420	205,090
Other income	61,621	101,985
Total sales	115,041	307,075
Cost of goods sold	(34,459)	(73,990)
Gross profit	80,582	233,085
Expenses		
Depreciation	(1,138)	(8,543)
Employment	(105,756)	(156,773)
Finance	(436)	(4,899)
Marketing	(17,662)	(28,806)
Office	(17,378)	(32,401)
Other expenses	(141,472)	(57,409)
Professional	(45,437)	(67,045)
Travel	(16,661)	(22,174)
	(345,940)	(378,050)
Net Profit/(Loss)	**(265,358)**	**(144,965)**

8.4 Net Assets

Fitgenes statements of net assets as at 30 June 2010 and 2011 are as follows:

Table 9 – Fitgenes Net Assets	Unaudited 30 June 2010 $	Unaudited 30 June 2011 $
CURRENT ASSETS		
Cash and cash equivalents	111,539	67,173
Trade and other receivables	12,248	23,689
Inventories	5,275	(3,857)
Other current assets	2,166	809
TOTAL CURRENT ASSETS	131,228	87,814
NON CURRENT ASSETS		
Property, plant and equipment	12,186	30,326
Intangibles	6,944	8,534
TOTAL NON CURRENT ASSETS	19,130	38,860
TOTAL ASSETS	150,358	126,674
CURRENT LIABILITIES		
Trade and other payables	28,428	13,569
Borrowings	3,881	22,459
Provisions	(56,631)	(100,076)
TOTAL CURRENT LIABILITIES	(24,322)	(64,048)

NON CURRENT LIABILITIES		
Trade and other payables	92,823	189,677
TOTAL LIABILITIES	68,501	125,629
NET ASSETS	**81,857**	**1,045**

9. Valuation of Fitgenes

The definition of value and the valuation methodologies considered are the same as stated in Sections 7.1 and 7.2.

9.1 Net Present Value of Future Cash Flows

An analysis of the net present value of the projected cash flows of a business (or discounted cash flow technique) is based on the premise that the value of the business is the net present value of its future cash flows. This methodology requires an analysis of future cash flows, the capital structure and costs of capital and an assessment of the residual value of the business remaining at the end of the projection period.

Fitgenes initially prepared a 3-year projection of its anticipated revenues and expenses and then extended this to a 5-year projection. The projections were provided to us on a 'commercial and in confidence' basis and we cannot disclose the detailed information contained in these documents. We have however reviewed the key assumptions on which these projections were prepared.

The key assumptions made by Fitgenes are as follows:

1. Fitgenes generates its revenues from a network of Certified Practitioners ("CP's")(the CP's are generally doctors, nutritionists or alternative health professionals). The number of CP's drives the monthly level of membership fees, the training revenues and the number of Programs sold each month. The Fitgenes marketing plan is to initially develop its CP networks in Australia and Malaysia and then to expand into other countries as its systems are integrated and refined to meet varying customer needs in different countries.
2. The 5-year projection has a build up to 947 CP's over the 5-year period. We have adjusted the projected monthly number of CP's in the projections to the actual number of CP's signed up to 15 October 2011 and the Fitgenes growth of 15 CP's per month has been accepted for November 2011 to the end of the projection period. We consider that this projection is reasonable as there are presently over 48,000 doctors in Australia (32,000 of these are general practitioners) and there are 22,000 doctors in Malaysia.
3. The projections assume that each CP will sell 5 Programs per month. The projection uses a minimum Program price and no recognition of higher prices for the more advanced Programs has been taken into account in the projections.
4. Expenses in relation to Employment, Office, Marketing, Travel, Research and Development and Other expenses have been allowed for in the projections.
5. Fitgenes is not a capital intensive business as it can be managed with staff in offices at various locations throughout the world. DNA analysis is presently conducted by specialist laboratories contracted by Fitgenes and this form of sub-contracting is expected to continue throughout the projection period.

Whilst we have conducted a general review of the projections, the aim of this review was limited to obtaining an understanding of the structure of the projections and the key underlying assumptions. We have not conducted a detailed verification or audit of the projections. We consider that the projections have been based on reasonable assumptions and we are prepared to use the projection figures in this valuation process.

We estimated the annual taxation expense to ascertain the free cash flows over the 5-year period. A taxation rate of 30% has been used for all 5 years of the projections.

We have allowed for future capital expenditure in respect of new administrative offices in determining the free cash flows over the 5-year projection period.

The terminal value of a business at the end of the cash flow projection period represents the value of the business at that time, which in turn reflects the net present value of cash flows beyond the projection period. There are a number of methods that can be used to determine the terminal value, such as a multiple of final year earnings. The preferred method from a conceptual perspective is to assume a constant growth in net cash flows in perpetuity. The constant growth in perpetuity formula is:

$$\frac{\text{Cash flow in year after end of projection period}}{\text{Discount rate} - \text{growth rate}}$$

The growth rate should reflect the expected ongoing increase in Fitgenes' cash flows into the future. The projected growth rates in the periods to 30 June 2016 are very high due to the low sales base in the 2011/2012 financial year and the expected high increase in sales once the underlying business model has been finally determined, the computer programs have been integrated into the web based model and Fitgenes commences marketing its business in earnest. We consider that the projected increases in sales over the initial 5 years are reasonable, however these rates of growth cannot be expected to continue into the future. For this reason we have assumed a 5% growth rate from the end of the 2016 financial year. In our opinion this is a conservative estimate and does not take account of any marketing or selling to countries other than Australia and Malaysia.

In order to determine the net present value of the projected future cash flows flowing to equity holders, the future cash flows need to be discounted by an appropriate discount rate. The generally acceptable methodology for assessing the appropriate discount rate is the capital asset pricing model ("CAPM") or the weighted average cost of capital ("WACC"). We do not consider that either of these methodologies is appropriate to the Fitgenes projections as there have been limited capital injections into the company, there are no borrowings and the company is an unlisted private company.

In the absence of a company specific discount rate we could use a basket of similar companies in the health care sector, however we have only been able to identify one similar company and it is named Humana Inc and it is listed on the New York Stock Exchange. Humana Inc has a WACC of 20.3%.

We have also considered the cost of alternative sources of equity funding available to Fitgenes. For example a study of the attitudes of the Australian Superannuation Funds to private equity investing conducted by the University of New South Wales found that the funds expected a return of 16.5%[3]. A further example is ING Private Equity Access Limited, which stated in its prospectus that it was targeting returns of 20%.

In the following table we have provided the net present value of the projections based on a series of discount rates to illustrate how the net present values of the Fitgenes business varies as discount rates are varied:

[3] The University of New South Wales – Study of Australian Superannuation Fund Attitudes to Private Equity Investing – April 2008

Table 10

Discount Rate	Net Present Value
20%	$5,012,000
25%	$3,497,000
30%	$2,630,000
35%	$2,078,000

In the period from 1 July 2011 to 15 October 2011 there have been 67 CP's signed up and this represents approximately 16 per month. At the current date there is only one Fitgenes employee signing up CP's and conducting the training programs, however this will change over the next 3 months as the Fitgenes marketing plans start to evolve.

In our opinion a discount rate of 25% to 30% is the most appropriate rate to use to discount the projections to a net present value and we have therefore concluded that the Fitgenes business is valued in a range of $2,630,000 to $3,497,000.

9.2 Net Assets

The unaudited statement of financial position as at 30 June 2011 disclosed net assets of $1,045. The main asset of Fitgenes is its intellectual property, which has been developed over a number of years. As the fair value of this intellectual property is not recorded in the accounting records of Fitgenes, we have concluded that the net asset backing valuation methodology is not an appropriate valuation methodology to use to value Fitgenes.

9.3 Share Price History

The share price history valuation methodology values a company based on the past trading in its shares. We normally analyse the share prices up to a date immediately prior to the date when a takeover, merger or other significant transaction is announced to remove any price speculation or price escalations that may have occurred subsequent to the announcement of the proposed transaction.

Fitgenes is an unlisted private company with only 26 shareholders. Following its incorporation by the three founders, the first capital raising was at a price of $0.10 per share and new issues (including the issue of 5,200,000 in early October 2011) have been on a pro rata basis at $0.10 per share.

Based on a share price of $0.10 per share, Fitgenes is capitalised at $1,781,213, however this valuation is based on a minority share in an unlisted private company. To adjust this valuation to a comparable listed entity valuation, we have to make the following adjustments:

(i) increase the value by 35% to 40% to eliminate the marketability discount (i.e. an investment in an unlisted entity); and
(ii) increase the value by 20% to 30% to account for a control premium.

Following these adjustments, the share price valuation methodology equates to a value of $2,886,000 to $3,242,200 for Fitgenes on a control basis.

Table 11	Low	High	Low	High
			Per Share	
Market capitalisation	$ 1,781,213	$ 1,781,213	$0.10	$0.10
Adjustment to a Listed Company	35%	40%	35%	40%
Value of a Listed Company	$ 2,405,000	$ 2,494,000	$ 0.14	$ 0.14
Control premium	20%	30%	20%	30%
Control Value of a Listed Share	$ 2,886,000	$ 3,242,200	$ 0.16	$ 0.18

9.4 Capitalization of Future Maintainable Earnings

Capitalisation of future maintainable earnings is a methodology commonly used for valuing manufacturing and service companies and, in our experience, is the method most widely used by purchasers of such businesses. This method involves capitalising the earnings of a business at a multiple which reflects the risks of the business and its ability to earn future profits. There are different definitions of earnings to which a multiple can be applied. The traditional method is to use net profit after tax. Another common method is to use EBIT. One advantage of using EBIT is that it enables a valuation to be determined which is independent of the financing and tax structure of the business. Different owners of the same business may have different funding strategies and these strategies should not alter the fundamental value of the business.

An alternative to the use of EBIT is to capitalise EBITDA. The argument in favour of using EBITDA is that it is a proxy for operating cash flows.

Since its incorporation in September 2009, Fitgenes has not operated profitably as it has taken the last 2 years to develop its model, training modules and marketing plans. Now that the model has been refined and the systems are being integrated, the management efforts can be directed to marketing to its referral base of doctors and other health care specialists.

We have concluded that the capitalisation of future maintainable earnings valuation methodology is not an appropriate valuation methodology to use to value Fitgenes.

9.5 Alternate Acquirer

The value that an alternative offeror may be prepared to pay to acquire Fitgenes is a relevant valuation methodology to be considered.

There are no comparable companies to Fitgenes in Australia and the Fitgenes shareholders have not been seeking to dispose of their interests before the company is well established and profitable throughout Australia and the Malaysian markets. Once these markets have been established and the software support proven Fitgenes can then commence to introduce its personalised health care model to other countries.

We have concluded that the alternative acquirer valuation methodology is not an appropriate valuation methodology to use to value Fitgenes.

9.6 Conclusion

The applicable valuation methodologies that we have considered are summarised as:

Table 12

VALUATION METHODOLOGY	Section	Low	High
Net Present Value of Cash Flows	9.1	$2,630,000	$3,497,000
Share price history	9.3	$2,886,000	$3,242,200

We have concluded that Fitgenes should be valued by reference to the net present value of the future cash flows valuation methodology and we have assessed the value of Fitgenes to be in a range of $2,630,000 to $3,497,000 on this basis.

10. Valuation of Atos - After the Proposed Transaction

Based on the values determined in the above Sections we have valued Atos after the Proposed Transaction as follows:

Table 13	Low $	High $	Mid $
Value of Atos - Section 7.10	574,000	777,000	675,500
Value of Fitgenes - Section 9.6	2,630,000	3,497,000	3,063,500
	3,204,000	4,274,000	3,739,000

Both the Atos and Fitgenes valuations are 'control valuations' and the range of $3,204,000 to $4,274,000 represents the control value of Atos after the Proposed Transaction has taken place.

11. Control Premium

A control premium represents the difference between the price that would have to be paid for a share to which a controlling interest attaches and the price at which a share that does not carry with it control of the company could be acquired.

If the Proposed Transaction is approved by shareholders, then the Fitgenes shareholders will control in aggregate 344,300,940 shares or 70.8% of Atos's voting power. Whilst this level of control is likely to be reduced over time as the result of capital raisings likely to be required to fund ongoing growth and expansion, the Proposed Transaction will deliver control of Atos to the Fitgenes shareholders.

In Section 10 above we determined that the control value of Atos after the Proposed Transaction is in a range of $3,204,000 to $4,274,000 – mid point of $3,739,000.

Using the above information we have set out in the following table the control premium implied in the Proposed Transaction:

Table 14 - Control Premium	Low $	High $	Mid $
Value of Atos after Proposed Transaction	3,204,000	4,274,000	3,739,000
Atos Shareholders Interest After the Proposed Transaction - Section 2.3	29.20%	29.20%	29.20%
Shareholders Interest After the Proposed Transaction on a control basis	936,000	1,248,000	1,091,800
Value after eliminating a control premium of 20% to 30% for minority shareholdings held by the Atos shareholders after the Proposed Transaction	719,000	1,040,000	879,500
Atos Shareholder Interests Before the Proposed Transaction	574,000	777,000	675,500
Premium for control	145,000	263,000	204,000
Premium for control	25%	34%	30%

As can be seen from the above table there is a premium of between 25% and 34% being paid to acquire control of Atos.

12. Assessment as to Fairness

In Section 7.10 we valued Atos in a range of $574,000 to $777,000 before the Proposed Transaction, a mid point of $675,500.

In Section 10 we assessed the control value of Atos after the Proposed Transaction to be in a range of $3,204,000 to $4,274,000 and as the Atos shareholders will have a 29.20% interest therein they will be minority shareholders in Atos after the Proposed Transaction.

In Section 11 above we determined that the Atos shareholders minority interests will have a value in the range of $719,000 to $1,040,000, a mid point of say $879,500.

As the mid point of the value of the Atos shareholders interests after the completion of the Proposed Transaction ($879,500) is greater than the mid point of the value of their interests before the Proposed Transaction ($675,500), we have concluded that **the Proposed Transaction is fair.**

13. Other Considerations

Prior to deciding whether to approve or reject the Proposed Transaction the Atos shareholders should also consider the following factors:

- In Section 12 above we concluded that the Proposed Transaction is fair.
- As the Proposed Transaction is fair it is also considered to be reasonable, however we consider that the Atos shareholders should also take into consideration the following matters:

Advantages

- Based on the mid point of the valuation range, the Atos shareholders are receiving a control premium of approximately 30%. Given Atos' relatively limited assets from which no synergistic benefits can be gained, we believe that this is a high premium and therefore of substantial benefit to the Atos shareholders.
- The Fitgenes's model is taking leading edge technology and integrating this into its proprietary data base of technical information to produce personalised reports for each client based on their DNA analysis. We are not aware of any other company that has integrated existing health and lifestyle assessments with DNA analysis to assist an individual via his practitioner to attain a healthy lifestyle to the extent achieved by Fitgenes.
- The Fitgenes model can be introduced to new markets throughout the world with a minimum of capital expenditure and without excessive marketing costs.
- Through joint venture or partnering arrangements it should be possible to quickly adopt a chain of marketing agents in various countries throughout the world.
- The Fitgenes shareholders are receiving 344,300,940 fully paid Atos shares (no cash) in relation to the sale of Fitgenes to Atos, It is therefore in their best interests to ensure that the Fitgenes model works and is profitable.
- Government funding is available in Australia and Malaysia to assist in the commercialisation of the Fitgenes business model and the establishment of off shore subsidiaries to market its technology.
- If the Proposed Transaction is successful we would expect the liquidity in the market for Atos shares to improve.
- If shareholders approve the Proposed Transaction then Atos may not proceed into Administration.

Disadvantages

- The Atos shareholders will lose control of Atos and their equity interests will be substantially diluted.
- Atos shareholders will be exposed to the risks associated with a health technology company as its technology may not be adopted by Australian doctors and the Australian population.

- There may be an emergence of competing technologies or other companies using similar technologies and systems as Fitgenes and the projections may not be achieved.

14. Conclusion as to Fairness and Reasonableness

After reviewing the results of our assessment of the fairness of the Proposed Transaction set out in Section 2 and after considering the 'other considerations' set out in Section 13, we consider that **the Proposed Transaction is both fair and reasonable.**

15. Financial Services Guide

15.1 Financial Services Guide

This Financial Services Guide provides information to assist retail and wholesale investors in making a decision as to their use of the general financial product advice included in the above report.

15.2 DMR Corporate

DMR Corporate holds Australian Financial Services Licence No. 222050, authorizing it to provide general financial product advice in respect of securities to retail and wholesale investors.

15.3 Financial Services Offered by DMR Corporate

DMR Corporate prepares reports commissioned by a company or other entity ("Entity"). The reports prepared by DMR Corporate are provided by the Entity to its members.

All reports prepared by DMR Corporate include a description of the circumstances of the engagement and of DMR Corporate's independence of the Entity commissioning the report and other parties to the transactions.

DMR Corporate does not accept instructions from retail investors. DMR Corporate provides no financial services directly to retail investors and receives no remuneration from retail investors for financial services. DMR Corporate does not provide any personal retail financial product advice directly to retail investors nor does it provide market-related advice to retail investors.

15.4 General Financial Product Advice

In the reports, DMR Corporate provides general financial product advice. This advice does not take into account the personal objectives, financial situation or needs of individual retail investors.

Investors should consider the appropriateness of a report having regard to their own objectives, financial situation and needs before acting on the advice in a report. Where the advice relates to the acquisition or possible acquisition of a financial product, an investor should also obtain a product disclosure statement relating to the financial product and consider that statement before making any decision about whether to acquire the financial product.

15.5 Independence

At the date of this report, none of DMR Corporate, Derek M Ryan nor Mr Paul Lom has any interest in the outcome of the Proposed Transactions, nor any relationship with Atos, Fitgenes or any of their directors.

Drafts of this report were provided to and discussed with the Directors of Atos and its advisers. Certain changes were made to factual statements in this report as a result of the reviews of the draft reports. There were no alterations to the methodology, valuations or conclusions that have been formed by DMR Corporate.

DMR Corporate and its related entities do not have any shareholding in or other relationship with Atos or Fitgenes that could reasonably be regarded as capable of affecting its ability to provide an unbiased opinion in relation to the Proposed Transactions.

DMR Corporate had no part in the formulation of the Proposed Transactions. Its only role has been the preparation of this report.

DMR Corporate considers itself to be independent in terms of Regulatory Guide 112 issued by ASIC on 30 March 2011.

15.6 Remuneration

DMR Corporate is entitled to receive a fee of approximately $30,000 for the preparation of this report. With the exception of the above, DMR Corporate will not receive any other benefits, whether directly or indirectly, for or in connection with the making of this report.

15.7 Complaints Process

As the holder of an Australian Financial Services Licence, DMR Corporate is required to have suitable compensation arrangements in place. In order to satisfy this requirement DMR Corporate holds a professional indemnity insurance policy that is compliant with the requirements of Section 912B of the Act.

DMR Corporate is also required to have a system for handling complaints from persons to whom DMR Corporate provides financial services. All complaints must be in writing and sent to DMR Corporate at the above address.

DMR Corporate will make every effort to resolve a complaint within 30 days of receiving the complaint. If the complaint has not been satisfactorily dealt with, the complaint can be referred to the Financial Ombudsman Service Limited – GPO Box 3, Melbourne Vic 3000.

Yours faithfully

DMR Corporate Pty Ltd

Paul Lom
Director

Derek Ryan
Director

Appendix A-1

Atos Wellness Limited

Cash Flow Statements

	Audited Year Ended 30 June 2010 $	Audited Year Ended 30 June 2011 $
Cash flows from operating activities		
Receipts from operations	23,606,986	9,581,694
Payments to suppliers & employees	(23,278,487)	(11,687,482)
Interest received	1,121	14,537
Interest paid	(100,641)	(56,470)
Income tax paid	(265,124)	(57,159)
Net cash provided by (used in) operating activities	(36,145)	(2,204,880)
Cash flows from investing activities		
Proceeds from sale of plant and equipment	58,809	5,626
Purchase of property, plant & equipment	(1,048,525)	(420,401)
Loans (to) / from other related parties	330,696	1,998,975
Proceeds from disposal of subsidiaries	-	858,500
Net cash disposed on sale of subsidiaries	-	(1,035,630)
Net cash provided by (used in) investing activities	(659,020)	1,407,070
Cash flows from financing activities		
Repayment of borrowings	(1,100,217)	204,938
Proceeds from borrowings	182,240	(123,110)
Net cash provided by (used in) financing activities	(917,977	81,828
Net increase (decrease) in cash held	(1,613,142)	(715,982)
Effect of foreign exchange rates	(121,164)	(71,886)
Cash at start of period	2,701,036	966,730
Cash at end of period	966,730	178,862

Source: Atos 2011 Annual Report

Appendix A-2

Atos Wellness Limited

Statements of Financial Position

	Audited 30 June 2010 $	Audited 30 June 2011 $
CURRENT ASSETS		
Cash and cash equivalents	530,242	178,862
Trade and other receivables	1,150,495	355,676
Inventories	407,747	-
Other current assets	122,866	7,900
Assets classified as held for sale	6,879,055	-
TOTAL CURRENT ASSETS	9,090,405	542,438
NON CURRENT ASSETS		
Trade and other receivables	3,538,738	-
Property, plant & equipment	781,445	2,150
Goodwill	381,851	-
TOTAL NON CURRENT ASSETS	4,702,034	2,150
TOTAL ASSETS	13,792,439	544,588
CURRENT LIABILITIES		
Trade and other payables	3,104,232	155,514
Financial liabilities	256,511	-
Current tax liabilities	24,549	-
Liabilities classified as held for sale	6,546,308	-
TOTAL CURRENT LIABILITIES	9,931,600	155,514
NON CURRENT LIABILITIES		
Trade and other payables	811,418	-
Financial liabilities	205,457	-
Deferred tax liabilities	47,038	9,557
TOTAL NON CURRENT LIABILITIES	1,063,913	9,557
TOTAL LIABILITIES	10,995,513	165,071
NET ASSETS	2,796,926	379,517
EQUITY		
Issued capital	5,198,814	4,998,814
Reserves	402,237	-
Accumulated (loss)	(3,608,335)	(4,619,297)
Parent interest	1,992,716	379,517
Non-controlling interest	804,210	-
TOTAL EQUITY	2,796,926	379,517

Source: Atos 2011 Annual Report

Appendix B-1

Fitgenes Position in the Medical Ecosystem

Summary by Dr M Venning, Director of Valutech Pty Ltd

Introduction

Fitgenes has developed a comprehensive and integrated software platform that can be used by nutritionists and general practitioners to interact closely with their patients (personalized healthcare). The platform enables practitioners to combine the results of genetic testing with health and risk assessments to join with patients in targeting lifestyle-related issues such as:

- Metabolic management;
- Weight management;
- Diabetes;
- Cardiovascular health;
- Chronic inflammation;
- Bone Health; and
- Fitness and exercise.

The Fitgenes philosophy is that by knowing a person's genetic predispositions with regard to fitness, health and nutrition, combined with health and risk assessments, personalised, strategic and targeted interventions can be designed to help them maximise their health potential. Fitgenes distinguishes itself from other companies operating in this field overseas by focussing on preventative/proactive health, not on using personal genetic profiling to diagnose disease states or entering into the prescription medical area. This enables the company to enter the market relatively easily, show demonstrable benefits and focus on the general practice community.

To understand this positioning in the medical ecosystem, it is important to understand developments in genetic profiling and how these developments are being used and misused in the health sector.

Genetic Analysis and Its Application in Medicine

Major progress has been made in our understanding of genetics and how organisms utilize the genetic code in the sixty years since Watson, Crick and Franklin elucidated the structure of DNA. One of the high points was the Human Genome Project which produced a reference sequence of the human genome indicating that the human genome contains around 23,000 protein-coding genes. Of just as great significance was the discovery that only about 1.5% of the genome codes for proteins, while the rest consists of non-coding RNA genes, regulatory sequences controlling gene expression, introns (sections of the genetic code within a gene that are later removed before the final gene product is produced) and noncoding DNA, the function of which remains largely unknown.

The increasing knowledge of the genetic code has resulted in a gradual expansion of genetic testing. Early testing was directed to the screening of newborns to identify genetic disorders that can be treated early in life. In the US, all babies are tested for phenylketonuria (a genetic disorder that causes mental retardation if left untreated) and congenital hyperthyroidism (a disorder of the thyroid gland). Other genetic testing covers:

- Diagnostic testing to identify or rule out a specific genetic or chromosomal condition which is suspected, based on physical signs and symptoms
- Carrier testing to identify people who carry one copy of a gene mutation that, when present in two copies, causes a genetic disorder. Generally offered to those who have a family history of a genetic disorder.
- Prenatal testing to detect changes in a fetus's genes or chromosomes before birth, if there is an increased risk that the baby will have a genetic or chromosomal disorder.
- Preimplantation testing to detect genetic changes in embryos that were created using assisted reproductive techniques such as as IVF.
- Forensic testing to identify an individual for legal purposes covering catastrophe victims, crime suspects and paternity tests
- Predictive and presymptomatic testing where tests are used to detect gene mutations associated with disorders that appear after birth. Predictive testing can identify mutations that increase a person's risk of developing disorders with a genetic basis such as certain types of cancer. Presymptomatic testing can determine whether a person will develop a genetic disorder such as haemochromatosis (iron overload disorder) before any signs or symptoms appear.

Around 160,000 genetic tests were performed in Australia in 2006 with an estimated growth rate of 67% indicating that current annual tests are of the order of 1 million with major growth being in the latter category above[4]. This area of predictive medicine and genomics has seen major developments overseas, particularly in the United States where genetic testing is being used to predict disease and institute preventive measures in order to either prevent the disease altogether or significantly decrease its impact on the patient. The goal is to predict future disease so that health care professionals and the patients themselves can be proactive in instituting lifestyle modifications and increasing physician surveillance.

As understanding of the impact of genetics on health has increased, the use of genetic profiling of patients has been expanded not only to look at its impact on assessing increased risk of developing cancer but also assessing the effectiveness of individuals' immune systems, their response to vaccines and their response to drug therapy (pharmacogenomics). Research has demonstrated that a knowledge of the presence of common genetic variants and a gene expression profile enables healthcare professionals to predict the risk of adverse drug reactions, predict the non-response to a specific drug or to identify the best dose adapted to each patient. If implemented effectively, this approach has enormous potential to reduce treatment costs and improve the effectiveness of therapy.

Direct to Consumer Gene Profiling

However, selecting the appropriate testing system and interpreting these results has shown that there are grounds for concern about the widespread application of genetic testing without providing suitable guidance on the interpretation of the results of these tests. This comes back to the fundamental observation that while genetics can give a clear picture for the more than 6,000 known single gene disorders such as cystic fibrosis, sickle cell anaemia and Huntington's disease, it does not provide the full story for multifactorial or polygenic diseases that are caused by a combination of environmental factors and mutations in multiple genes. For example, different genes that influence breast cancer susceptibility have been found on chromosomes 6, 11, 13, 14, 15, 17 and 22. Because of this, it is much more difficult to analyse genetic causes than with single gene disorders. Other examples of polygenic diseases include heart disease, high blood pressure, Alzheimer's disease, arthritis, diabetes, cancer and obesity. It has been found that there are more than 39 genetic variations that confer susceptibility to diabetes type 2 with some variants being more important than others. For example, the presence of the TCF7L2 genetic variant doubles the risk of developing the disease if the individual is homozygous. Following is a table summarizing genome wide associations studies (GWAS) for some common diseases and traits:

GWAS for Common Diseases and Traits

Phenotype	Number of GWAS loci	Proportion of heritability explained (%)*
Type 1 diabetes	41	~60
Foetal haemoglobin levels	3	~50
Macular degeneration	3	~50
Type 2 diabetes	39	20-25
Crohn's disease	71	20-25
LDL and HDL levels	95	20-25
Height	180	~12

LDL, low-density lipoprotein, HDL, high-density lipoprotein
Source: E.S. Lander, Nature 2011[5]

Although this complexity was highlighted a decade ago6, the impact of this on the expanding use of genetic profiling in the consumer sector is relatively recent. In 2002, the Body Shop was selling genetic tests by the company Sciona in some of its stores in the UK. Sciona was claiming that by testing genes they could advise their customers about what they should eat. There was public opposition to the process by a number of groups in the UK and within months, not only the Body Shop, but twelve other high-street retailers had decided not to sell unregulated genetic profiling tests.

[4] Report of the Australian Genetic Testing Survey, 2006 (released March 2009)
[5] Initial impact of sequencing of the human genome. E.S. Lander, Nature 470, 187-197, (10 February 2011)
[6] Genetic markers to predict polygenic disease: a new problem for social genetics, D.J. Galton and G.A.A. Ferns, QJM 92(4): 223-232, 1999

Sciona relocated to the US and together with a number of other companies commenced direct-to-consumer (DTC) genome profiling tests that claimed to provide information about a person's genetic risk of 20-40 common polygenic diseases. The tests, costing from $400 up to $2,000 could be bought on the internet and, because of the direct link with the consumer, consultation with a health care provider was not a pre-requisite.

Eventually, this led to concerns that DTC gene profiling was inappropriate. In many diseases, having a faulty gene does not necessarily mean someone will get the disease. Common, complex polygenic diseases as those noted above are affected not only by heredity, but also by external causes such as lifestyle and environment. Genes alone are not perfect predictors of future health as it is clear that individuals with both the high risk form of the gene and those without are all candidates for a disease such as heart disease. In fact, multiple factors in the environment, particularly smoking, diet and exercise, prior infections and pollution can play important roles and can be more important than genetic make-up. As a result, without proper medical and health assessments undertaken by trained practitioners, genetic profiling on its own can be quite misleading.

These concerns were raised with regulatory authorities in the US and led to the US Government Accountability Office (GAO) being asked to investigate the claims being made by DTC marketers. GAO's report in 2006 concluded that all the tests it assessed mislead consumers by making predictions that are medically unproven and so ambiguous that they do not provide meaningful information to consumers[7]. By 2010 a Congressional Committee was looking at the issue and in parallel with this, the Food and Drug Administration (FDA) was holding meetings on the oversight of laboratory tests for genetic profiling and their interpretation. During 2010, the FDA wrote to 19 providers of genetic tests or of the equipment providing the profiles noting that the companies were marketing a genetic test that, according to the FDA, meets the definition of a device and that these tests had not received FDA clearance[8]. The regulatory issue is quite complex but it appears that if the genetic tests promoted by the 19 companies make health claims, they are subject to FDA regulation. However, if no health claims are made, then the tests are not subject to FDA regulation[9]. As a result of this, companies are working with the FDA on gaining clearance, but this is not likely to be resolved until 2013.

Some companies are continuing to provide genetic profiling services direct to the consumer, but other companies wishing to be more closely linked to the medical community are abiding by FDA requirements and delaying the delivery of DTC services.

Integration into Healthcare

Despite the above peripheral issue, the broader medical community and the companies providing the integrated information services in support have high expectations for the impact that increasing genetic knowledge will have on the provision of health services: predictive medicine, therapeutic intervention, response to medication, prognosis and cure. However, the community understands that this will require an integration of information from diverse sources.

The genetic makeup of individuals, the genotype, will provide a range of information on the capabilities and risks to health of that individual. How that individual's genetic constitution interacts with the environment must be assessed through a health and fitness assessment undertaken by trained practitioners and this is known as the phenotype. Finally, the environment of the individual must be assessed to determine how it can be changed or manipulated to maximize the benefits to the individual based on his genotype and phenotype. An example of this might be that an individual has colorectal cancer (phenotype). A practitioner knows that from the literature, about 35-40% of colorectal cancers have a KRAS mutation that would make the usual therapies using Erbitux or Vectibix ineffective (genotype). Once the patient has a genetic profile test, the practitioner is able to decide on the most effective therapies available for the patient.

[7] Nutrigenetic Testing: Tests Purchased from Four Web Sites Mislead Consumers, GAO Publications GAO-06-977T of July 27, 2006

[8] http://www.genomicslawreport.com/index.php/2010/07/21/14-more-fda-letters/#more-3999

[9] http://www.thedailybeast.com/newsweek/blogs/the-human-condition/2010/08/05/dna-dilemma-the-full-interview-with-the-fda-on-dtc-genetic-tests.html

In the US, a number of healthcare groups and their information systems advisers are establishing integrated personalized healthcare systems that can integrate data on genotype, phenotype and the environment from a range of sources such as genomics research, genetic screening, molecular imaging and medical imaging to provide assessments for inherited and common conditions which can then be incorporated into electronic health records and then used by practitioners to advise patients and their families on the most appropriate actions to improve their health. One example of this is the diagram in Section 8.1 of this report, which has been modified from a presentation by IBM[10].

Note that in this model, the critical issue is the interface between the multiplicity of complex information coming from a range of sources which must be interpreted for the patient not by the patient. Furthermore, the patient does not have direct access to the genetic information.

Current Usage of Genetic Profiling

To understand the current usage of genetic profiling in the market, it is important to look at a number of examples.

Humana is one of the largest publically traded health and supplemental benefits companies in the US with approximately 10.2 million medical members. In 2007, Humana identified that a subset of high-cost molecular tests was growing significantly faster than other tests (more than 20% per annum) and that these tests could have a significant impact on patient care. Humana contracted with DNA Direct to administer the company's Genetic Guidance Program[11] to ensure appropriate genetic testing, to direct testing to participating laboratories and to deliver healthcare provider education. The program was launched in July 2009 for Humana's commercial members and was expanded to include Humana Medicare in early 2011. The program is used by doctors in consultation with Accredited Genetic Counsellors provided by DNA Direct to utilise genetic testing to identify an individual's susceptibility to disease, diagnose a disease, predict how a patient will respond to a drug, eliminate unnecessary treatments and side effects, improve health outcomes and decrease healthcare costs.

Humana has found that the use of the counselors has helped reduce by 20% the number of genetic tests due to inappropriate utilization.

Humana has also found that appropriate utilization of high value genetic tests such as Oncotype Dx genetic test for susceptibility to breast cancer recurrence has provided significant savings.

Humana introduced the Genetic Guidance Program because there was a clear lack of healthcare provider knowledge with 98% of physicians believing genetics influences drug therapy, but only 10% feeling that they were adequately informed about the tests[12]. There was also a lack of experts with only about 2,400 certified genetic counselors in the US and less than 500 clinical geneticists. There were also concerns about the limited regulatory oversight by the FDA and CMS (Centers for Medicare and Medicaid Services). Humana's experience in the program has determined that there are clear policies on the selection of tests, that there is consistent use of genetic counselors through DNA Direct to advise physicians and patients, that wherever possible tests are carried out by associated organisations and that an integrated approach provides more consumer/physician/patient satisfaction[13].

Genomic Health Inc. is a California-based molecular diagnostics company seeking to improve the quality of cancer treatment decisions through genomic-based clinical laboratory services. The company offers a molecular based test OcotypeDx, which analyses the expression patters of a panel of 21 genes and provides a likelihood of breast cancer recurrence in women with newly diagnosed early stage breast cancer. In addition, the test is also able to predict the benefits from certain types of chemotherapy. It is therefore possible to screen for and differentiate women with a specific type of breast tumour who may not benefit from chemotherapy. The company also provides a colon cancer genomic assay and is developing tests for prostate cancer, non-small cell lung cancer, renal cancer and melanoma.

[10] Genomic Medicine in Healthcare – The Tip of the Iceberg, A. Pai, Electronic Healthcare, Vol. 8 No. 1, 2009
[11] http://apps.humana.com/marketing/documents.asp?file=1417832
[12] National Pharmacogenomics Physician Survey: Who are the Physicians adopting pharmacogenomics and how does knowledge impact adoption? E.J. Stanek et al, Abstract of Presentation at the 59th Annual American Society of Human Genetics (ASHG) Meeting, October 2009.
[13] http://www.dnadirect.com/static/dnaweb/video/webinars/webinar_02062011.wmv

Genzyme Genetics offers a comprehensive range of genetic testing for single gene disorders covering a range of diseases and provides a support service to physicians and healthcare providers through in-house pathologists, cytogeneticists and molecular geneticists.

Pathway Genomics is a California-based company that provides physicians with genetic testing reports on diet and exercise, drug response, carrier status and complex health conditions. The company operates through physicians who need to be registered with Pathway and who provide the test kit. In addition, the eventual genetics report will be provided to the physician who can also provide authorization to make the report available to the individual. Pathway is responsible for the testing, interpretation and reporting of the genetic profiling.

GeneLink Biosciences, Inc. is a genomics-based biotechnology company engaged in genetic profile development, product development, business development and support services for its subsidiaries and distribution partners. It sells proprietary genetic assessments and products linked to personalized health, beauty and wellness applications. Its DNA assessments provide information that "enables the customization of nutritional products, skincare products and health maintenance regimens genetically matched to an individual customer's needs. The products, both DNA profiling and beauty products, are not sold over the web but through distributors and GeneWize, a direct-selling network marketing nutritional supplements, skin care and "gene-modulating" weight management products. Until recently, GeneWize was a subsidiary of GeneLink but has been acquired by Capsalus Corp.

Navigenics offers a Health Compass package which includes 24/7 access to genetic counselors, ongoing, secure, personlised updates for an entire year, adding new condition predispositions, new markers, new clinical therapies, other wellness strategies and easy-to-use relevant health information.

Consumers sign up for Navigenics' services through a physician or corporate wellness program, a saliva collection kit is sent by mail, a certified laboratory analyses the DNA and an email is sent when the results are ready. Results are accessed online through a secure account and a report is presented.

Genetic counselors are available at any point in the process and can work with the physician to develop personalized health strategies. The test covers genetic risk markers associated with some 28 health conditions and 12 classes of medications. The company services the US and 13 other countries including Australia. In some locations a licensed physician is required to order the test and in some, only the ordering physician receives the results. Outside these instances, Navigenics appears to go out of its way to avoid being seen as creating a doctor-patient relationship.

23andMe appears to offer the ultimate in DTC genetic profiling with a direct link between the company and the consumer although it does suggest that sharing the information with the consumer's doctor will "help your doctor understand your risk areas". For a test price of $99 plus a year commitment to a personal genomic service (a further $108) can gain insight into "your traits from baldness to muscle performance and discover risk factors for 97 diseases" as well as drug sensitivity. The wording on the web site for the company indicates that it is walking a fine line with regard to possible regulation by the FDA and from its actions is clearly seeking to operate outside this regulation with the inherent problems associated with DTC testing noted above.

deCODE Genetics is an Iceland-based company developing DNA-based tests and personal genome scans to better understand individual risk and empower prevention. The company had developed a number of DNA-based risk assessment tests for breast cancer, prostate cancer, glaucoma, type 2 diabetes and heart attack. The company also offers a complete scan for individuals for 47 conditions and traits costing $1,100. In 2009, the US-based parent company was declared bankrupt and sold its core business to US investors which have continued to support the operation in Iceland.

Knome is an American personal genomics company that sells human whole genome and exome analysis and sequencing services to researchers and consumers. Its services differ from those of 23andMe, Navigenics and deCODE Genetics above by sequencing the whole genome rather than querying around 500,000 single variations in the genome using specialized chips developed by companies such as Illumina. Its major clients are pharmaceutical researchers, clinical researchers and physicians and families with particular interests in understanding health risks, carrier risks and pharmacogenomics profile. The company is very clear in differentiating itself from the DTC genetic profile companies and is seen more as research rather than consumer oriented.

Illumina is a developer, manufacturer and marketer of life science tools and integrated systems for large-scale analysis of genetic variation and function. Because of this, Illumina was approached by the FDA in 2009 and again in 2010 with regard to the use of Illumina microarrays in genetic profiling. Some of the arrays used in commercial DNA profiling were labeled for research use and this raised concerns that the arrays had not been approved in line with FDA regulations. Illumina is currently working with the FDA to resolve these issues.

Interleukin Genetics is a US-based genetics-focused personalized health company that develops genetic tests for sale to the personalized health market through DTC test products to provide guidance on individuals interested in improving health and wellness. It is also developing tests linked to a partner company's products for marketing and sales into medical and dental channels. Products include a weight management genetic test, a periodontal genetic susceptibility test and a heart health genetic test sold by Alticor under its GENSONA brand. Alticor has a controlling interest in Interleukin Genetics and is the parent company of Amway Corp. It is marketing Interleukin Genetics tests linked to nutritional products sold by Amway through its subsidiary Nutrilite, the nutrition division of Alticor, and Metagenics, a nutrigenomics company in which Alticor has a controlling share. Metagenics, which has offices in Australia, sells nutritional supplements and formulas based on studies of how "nutrition can influence genetic expression for good health".

In addition to the above six companies, the FDA has sought clarification from a further 13 companies as to whether the testing systems they are using should be subject to FDA regulation. Most of these companies are DTC testing companies providing testing on one or a range of health states (Graceful Earth, DNATraits, Cygene Direct, Consumer Genetics, Matrix Genomics, The Genetic Testing Laboratories, Enterolab, BioMarker Pharmaceuticals, DNA Dimensions, HealthCheckUSA and EasyDNA). The remaining two companies SeqWright provides genomic services to the Medical Sector and Pharmaceutical Industry and Sequenom provides array technology for genetic analysis. It is interesting to note that Pathway Genomics and GeneLink Biosciences were not the subject of correspondence from the FDA possibly because they operate only though physicians or affiliated distributors.

Fitgenes and Its Positioning in the Market

Fitgenes has adopted the broad paradigm presented in the diagram above of applying assessments of an individual's genotype, phenotype and general environment to an integrated assessment of the health and wellbeing of the individual but has focused its attention at the general practice level with a clear emphasis on improving doctor/patient interaction to establish a long-term program to improve patient health and wellbeing.

The key points are:

1. The practitioner (medical physician or nutritionist) is the key point of contact between the individual and Fitgenes. He organizes the testing and communicates the results of that testing to the patient.
2. Genetic tests are performed by accredited laboratories. Testing can be undertaken to look for up to 50 genes and variants which have been proven by scientific research to play a key role in inflammation and immunity, nutrition, cardiovascular health, body fat metabolism, taste and appetite and bone health. The results of these tests are provided to the practitioner for discussion with the patient.
3. The number of genetic tests to be performed does not need to be exhaustive as research has shown that a disease state can not be wholly attributed to genetic factors, but some gene variants can have a significant effect under certain conditions. The Fitgenes system can be modified to include new tests as scientific developments are made.
4. The Fitgenes system is a comprehensive and integrated software platform that enables practitioners to combine the results of genetic testing with health and risk assessments to join with patients in targeting lifestyle–related issues such as:
   - Metabolic management;
   - Weight management;
   - Diabetes;
   - Cardiovascular health;
   - Chronic inflammation;
   - Bone health; and
   - Fitness and exercise.
5. The Fitgenes system requires close interaction between practitioner and patient both before and after genetic testing to assess the patient's phenotype (levels of exercise, mental attitude and nutrition) and then to implement an intervention program to maximize health potential.

6. The process established using the Fitgenes system is not a one-step process, but requires a gradual implementation focusing on key issues in a programmed way to improve health and wellness. This not only improves practitioner/patient interaction (personalized healthcare) but also ensures customer retention by the practitioner.
7. Fitgenes distinguishes itself from other companies operating in this field overseas by operating through health professionals, by focusing on preventative/proactive health and not on using personal genetic profiling to diagnose disease states or entering into the prescription medical area. This will enable the company to enter the market relatively easily, show demonstrable benefits to both the practitioners and patients and provide a range of decision support systems not currently available in the general practice community.

Appendix C

Atos Wellness Limited

Sources of Information

- The Explanatory Memorandum which this report accompanies
- Audited financial statements of Atos for the financial years ended 30 June 2009, 2010 and 2011
- Atos's announcements to the ASX since 1 January 2010
- Atos share price summaries supplied by Capital IQ and Commonwealth Securities
- ASIC historical extracts for Atos and Fitgenes
- Listing of Atos's top 20 shareholders as at 16 September 2011
- Copy of Patent Application filed by Fitgenes on 13 July 2011
- Fitgenes business plan and projections for FY 2012 to 2014
- Fitgenes extended projections for FY 2012 to 2016
- Fitgenes's unaudited financial statements for the financial periods ended 30 June 2010 and 2011
- Heads of Agreement between Atos and Fitgenes dated 24 August 2011
- Australian and Malaysian health statistics showing the number of doctors in each country
- Numerous press releases, research papers and published brochures relating to genetic testing, genetics in the workplace, personalised medicine, nutrigenomics, genomic medicine in healthcare and anti-ageing medicine
- Draft Notice of General Meeting re the Proposed Transactions

Appendix D

Declarations, Qualifications and Consents

1. Declarations

This report has been prepared at the request of the directors of Atos pursuant to Section 611 of the Act and Chapter 10 of ASX listing rules to accompany the notice of meeting of shareholders to approve the Proposed Transaction. It is not intended that this report should serve any purpose other than as an expression of our opinion as to whether or not the Proposed Transaction is fair and reasonable.

This report has also been prepared in accordance with the Accounting Professional and Ethical Standards Board professional standard APES 225 – Valuation Services.

The procedures that we performed and the enquiries that we made in the course of the preparation of this report do not include verification work nor constitute an audit in accordance with Australian Auditing Standards.

2. Qualifications

Mr Derek M Ryan and Mr Paul Lom, directors of DMR Corporate prepared this report. They have been responsible for the preparation of many expert reports and are involved in the provision of advice in respect of valuations, takeovers and capital reconstructions and reporting on all aspects thereof.

Mr Ryan has had over 40 years experience in the accounting profession and he is a Fellow of the Institute of Chartered Accountants in Australia. He has been responsible for the preparation of many expert reports and is involved in the provision of advice in respect of valuations, takeovers and capital reconstructions and reporting on all aspects thereof.

Mr Lom is a Chartered Accountant and a Registered Company Auditor with more than 35 years experience in the accounting profession. He was a partner of KPMG and Touche Ross between 1989 and 1996, specialising in audit. He has extensive experience in business acquisitions, business valuations and privatisations in Australia and Europe.

DMR Corporate has been assisted with technical support from Valutech Pty Ltd ("Valutech"). Valutech is a company specialising in market research on high technology products. It was established in 1992 by Dr Maurice Venning who has a background of over 25 years in technology assessment and advisory roles with the Federal Government, large companies, consulting companies and universities.

3. Consent

DMR Corporate consents to the inclusion of this report in the form and context in which it is included in the Explanatory Memorandum.