ATW Holdings Limited

ABN 85 100 531 191

and

Controlled Entities

2013

ANNUAL REPORT

ATW HOLDINGS Limited ABN 85 100 531 191 and Controlled Entities

INDEX

CORPORATE INFORMATION

This annual report covers the consolidated entity comprising ATW Holdings Ltd and controlled entities.
The presentation currency is Australian dollars.

DIRECTORS

Conrad Crisafulli	Executive Chairman
Robert Mair	Non-Exec Director
John Driscoll	Non-Exec Director

COMPANY SECRETARY
Ian Gregory

REGISTERED OFFICE
C/- Altezza Partners Pty Ltd
Level 6 360 Queen Street
Brisbane
Queensland 4000
Tel: +61 (07) 3010 8588
Fax: +61 (07) 3229 7641
ACN: 133 692 547

STOCK EXCHANGE
The company's shares are listed on the ASX Limited
CODE: ATW
The company's shares are listed on the Berlin-Bremen Stock Exchange TICKER SYMBOL: MZW
GERMAN SECURITIES CODE NUMBER : 726156

WEBSITE
N/A

SHARE REGISTER
Security Transfer Registrars Pty Ltd
770 Canning Highway
Applecross WA 6153
Tel: (08) 9315 2333
Fax: (08) 9315 2233
e-mail: registrar@securitytransfer.com.au

AUDITORS
BDO Audit (WA) Pty Ltd
38 Station Street
Subiaco WA 6005

BANKERS
Westpac Banking Corporation
109 St Georges Terrace
Perth WA

SOLICITORS
Cooper Legal
Level 15, 251 Adelaide Terrace,
Perth WA 6000

DIRECTORS' REPORT

Your directors present their report on the company and its controlled entities for the financial year ended 30 June 2013.

Directors

The names of directors in office at any time during or since the end of the year are:

Conrad Crisafulli	Executive Chairman
Robert Mair	Non-Executive Director
John Driscoll	Non-Executive Director (appointed 17 October 2012)
Ernest Boswarva	Non-Executive Director (ceased 17 October 2012)

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Principal Activities

The Company does not have an operating business, having divested its major investment in Atos Wellness Pte Ltd Singapore group in April 2011.

Operating Results

The consolidated loss of the Company after providing for income tax amounted to $476,107 (2012: loss of $599,361).

Dividends Paid or Recommended

No dividends have been paid or declared during the period and no dividend is recommended by the directors.

Review of Activities

As previously announced to the market, on 2 April 2012, the Company signed:

1. a Sale and Purchase Agreement to acquire 100% ownership of the issued capital of Fitgenes Pty Ltd ("Fitgenes Transaction") for a consideration of the issue of 14,762,970 fully paid shares in the Company (post a proposed ATW Holdings Limited 70 : 1 share consolidation); and
2. a Share Sale Agreement with Siva Ananda Rajah S/O Retnam for the sale of the Company's 49% equity interest in Medec International Pty Ltd ("Medec Transaction") for a total consideration of between $114,500 and $199,500. The sale is subject to a number of conditions and the agreement is subject to approval by the Company's shareholders in general meeting. The agreement was amended on 1 April 2012 to provide for a single fixed payment of $50,000 in lieu of the previous Contingent Consideration.

Both these transactions are scheduled to be put to shareholders for approval at the next shareholders meeting.

An Independent Experts' Report, prepared by DMR Corporate Pty Ltd, on the proposed acquisition of Fitgenes, was released to the market on 10 November 2011. Subsequently, an updated Independent Expert's Report was released to the market on 2 April 2012 to also include the proposed Medec Transaction. These reports concluded that the proposed transactions were fair and reasonable to the shareholders of ATW Holdings Limited.

Due to the time elapsed since the previous Independent Expert's Report was released to the market on 2 April 2012, the Company has once again engaged DMR Corporate Pty Ltd to update this document, this is to ensure the market is informed in a timely manner leading into the next shareholders meeting and in consideration of a retail prospectus being released.

Much of the activity in the last six months of the reporting period has been directed at preparing for the drafting of the retail prospectus, including:

- refining the capital raising strategy and growth plans, including locking in third party contractual arrangements in respect to Fitgenes channel and expansion capabilities;
- assessing a number of other businesses and technologies that are complementary to Fitgenes and provide additional revenue opportunities and contribute towards building Company shareholder value;
- negotiating key legal and transactional service provider engagements and preliminary workflow planning and scheduling;
- preparing for required due diligence activities and population of an online data room;
- engaging with possible security brokers and underwriters to support the retail prospectus process;
- revising and updating the Company's corporate governance and other key charters and policy documentation;
- negotiating and updating contracts for existing Company directors and Fitgenes key management personnel;
- identifying and engaging with possible candidates to fulfil additional key management and director roles through and post the retail raise; and
- ensuring the Company continues to maintain all ASX, ASIC and other compliance activities.

In respect to the Fitgenes business itself, a number of milestones have been reached during the last six months of the reporting period including:

- PracwarePro™, Fitgenes flagship cloud based software for independent practitioners to allow them to deliver the company's gene based personalised health programs, was released during February 2013 to much acclaim;
- Fitgenes partnered with a Hong Kong based group and conducted its first practitioner certification training in that country during March 2013, they have also been preparing for the launch of Fitgenes into China;
- The independent allied health and general practitioner network was grown to over 400, and together that network delivered 1,359 gene based personalised health programs during the financial year ending 30 June 2013;
- Fitgenes welcomed the first US based practitioners into the independent practitioner network – so impressed with the Fitgenes product these practitioners flew to Australia to undertake the Fitgenes certification training;
- As part of Fitgenes Commercialisation Australia Grant project, the Women's Health Initiative study was launched in Australia – this study will conclude December 2013, upon which a prominent Melbourne university will analyse and publish a report based on the de-identified patient data and results;
- Also under the Commercialisation Australia Grant project, the Autism Initiative study was launched towards the end of the previous fiscal year – this study will conclude March 2014, and once again a prominent Melbourne university will analyse and publish a report based on the de-identified patient data and results; and
- Fitgenes completed the preliminary architectural design and commenced development of the PracwareUltra™ cloud based software system. PracwareUltra™ will include all the functionality of PracwarePro™ along with the extended and comprehensive practice management capability required to operate a complete 'genome centric' personalised health clinic, which Fitgenes envisions as the future of personalised and preventative healthcare.

Significant Change in State of Affairs

There have been no significant changes in the state of affairs of the Company during the year excepting that disclosed in the Review of Activities above and the After Reporting Date Events below.

After Reporting Date Events

In anticipation of the successful ASX re-compliance of the ATW Holdings Limited, and generation of revenue, the Company, in conjunction with the Board of Fitgenes, has undertaken the following activities:

- During September 2013, ATW Holdings Limited entered into a joint venture agreement with the Fitgenes channel partner in Hong Kong to incorporate a jointly held entity to operate the Fitgenes business in that market, a prime deliverable of the joint venture is the establishment of a Fitgenes branded clinic and discussions are underway with a local general practitioner to facilitate this outcome;
- During November 2013, ATW Holdings Limited has incorporated a 100% subsidiary called Fitgenes Perth Pty Ltd which is establishing a Fitgenes branded healthcare clinic to promote and deliver the Fitgenes genome based personalised health programs.

There have been no other significant after reporting date events.

Future Developments, Prospects and Business Strategies

As mentioned in sections under "Significant Changes in State of Affairs" and "After Reporting Date Events" above, the Company has embarked on a significant restructuring of its business including preparing for the acquisition of Fitgenes Pty Ltd, establishment of a joint venture agreement for Hong Kong and the incorporation of Fitgenes Perth Pty Ltd. Of note is that the Hong Kong joint venture provides a precedent for expansion into other foreign markets, and the Fitgenes Perth Pty Ltd subsidiary provides a precedent for the establishment of a number of other Company owned healthcare clinics.

These initiatives are designed to generate commercial revenue into ATW Holdings Limited to reduce its reliance on the Fitgenes Pty Ltd loan account to fund operations (refer Going Concern note, page 26) in the lead up to a successful retail capital raising, and will also begin the strategic growth plan agreed with the Board of Fitgenes Pty Ltd that will be fully implemented upon a successful retail capital raise and acquisition of that entity.

While the generation of commercial revenue via these initiatives is seen as a positive step, the successful acquisition of Fitgenes Pty Ltd and executing on a significant growth strategy remains reliant on the Company achieving a successful retail capital raise and re-complying with Chapters 1 and 2 of the ASX Listing Rules, the Company is currently preparing a Prospectus to facilitate this process.

Environmental Issues

The consolidated group's operations are not subject to significant environmental regulation under the law of the Commonwealth or State. The consolidated group's operations are not subject to the National Greenhouse gas and energy data reporting requirements.

Information on directors

Conrad Crisafulli	—	**Executive Chairman**
Qualifications	—	Bachelor of Engineering (Hons) University of Western Australia
Experience	—	Conrad Crisafulli has extensive experience in all aspects of technology commercialisation. In January 2009, he stepped down from the role of Director for IP Commercialisation at Curtin University of Technology where, over 5 years, he established a successful technology commercialisation business. Prior to that he was managing director of TechStart Australia Pty Ltd (a boutique venture capital firm) and was involved in several of its investee companies. Mr Crusafilli has been a director of several other start-up technology ventures. He was chair of medical device development and marketing company Medevco Pty Ltd until its recent trade sale to ASX-listed Allied Healthcare Group Ltd.
Interest in Shares and Options	—	Nil shares in ATW Holdings Limited.
Directorships held in other listed entities	—	None
Robert Mair	—	**Non-Executive Director**
Qualifications	—	Master of Accounting; MBA; Dip FS
Experience	—	Robert has extensive industry experience including venture capital, corporate and consumer banking and technology based businesses. Robert has been involved in a number of business start-ups, turnarounds, restructures, and international expansions and possesses skills across finance, accounting, and business management (with a particular focus on business systemisation and commercialisation). In addition to being a Certified Practicing Accountant (CPA), Robert also holds an MBA (Bond University), a Masters of Accounting (Bond University) and a Diploma of Finance Services (Financial Planning).
Interest in Shares and Options	—	Nil shares in ATW Holdings Limited
Directorships held in other listed entities	—	None
John Driscoll	—	**Non-Executive Director** (Appointed 17 October 2012)
Qualifications	—	Bachelor of Business (Accounting); ICAA
Experience	—	John is a qualified Chartered Accountant (CA) with extensive public practice and general accounting experience, both in Australia and internationally including two years in investment banking in London. John specialises in SME tax structuring, planning and compliance (Income Tax, FBT, GST, Payroll Tax and Stamp Duty), SMSF, BSA Audits, Business valuation for purchase/sale and Company Secretariat. John leverages these skills to provide high quality outsourced CFO services to a number of client organisations.
Interest in Shares and Options	—	Nil shares in ATW Holdings Limited.
Directorships held in other listed entities	—	None

Information on directors (cont'd)

Ernest Boswarva	—	**Non-Executive Director** (Ceased 17 October 2012)
Qualifications	—	B.Proc; B.Comm (Hons) ; LLM; MBA
Experience	—	Mr Boswarva has extensive legal and commercial experience gained in the international oil industry over his 28 year career in both upstream and downstream production, including both line and support roles within the industry up to director level. Mr Boswarva has vast international experience and has been involved in many transactions including cross cultural negotiating experience in North and South America, Europe, Middle East, Africa and Asia and has lived and worked in Africa, Iran and Malaysia. He is an admitted lawyer of the Supreme Court of New South Wales and an attorney of the High Court of South Africa. Mr Boswarva was Chief Legal Counsel of the largest oil company in South Africa for a number of years with responsibility for all corporate legal advice including corporate governance. He is also a graduate of the Australian Institute of Company Directors. Mr Boswarva is currently a director of ASX listed company Syngas Limited, BioSyngas Pty Ltd and Release Energy Pty Ltd.
Interest in Shares and Options	—	Nil shares in ATW Holdings Limited.
Directorships held in other listed entities	—	Syngas Limited

Company Secretary

The following person held the position of company secretary at the end of the financial year:

Ian Gregory — Bachelor of Business, FCIS, FCSA, F FIN, MAICD. Ian was appointed as Company Secretary of ATW Holdings Limited on 12 December 2007. He has over 30 years' experience in the provision of company secretarial and business administration services in a variety of industries, including exploration, mining, mineral processing, oil and gas, banking, insurance and aquaculture. Ian is a consulting Company Secretary and provides services to a number of listed and private companies.

Ian was a Company Secretary of the Iluka Resources Limited Group for 6 years and prior to that the Company Secretary of IBJ Australia Bank Limited, the Australian operations of the Industrial Bank of Japan for 12 years. He was also Company Secretary of the Griffin Coal Mining group of companies for 4 years.

Ian is a Past Chairman of the Western Australian Branch Council of the Institute of Chartered Secretaries and Administrators.

REMUNERATION REPORT (AUDITED)

This report details the nature and amount of remuneration for each key management person of ATW Holdings Limited. This report has been audited in accordance with Section 308(3C) of the Corporations Act.

Remuneration policy

The remuneration policy of ATW Holdings Limited has been designed to align key management personnel objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long-term incentives based on key performance areas affecting the consolidated group's financial results. The Board of ATW Holdings Limited believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best key management personnel to run and manage the Company, as well as create goal congruence between directors, executives and shareholders.

There is no formal remuneration committee. The functions that would have been carried out by a remuneration committee are performed as follows:

- The remuneration of executive directors and senior executives is determined by the Board.
- A maximum amount of remuneration for non-executive directors is fixed by shareholders in general meeting and the Board determines the remuneration of each non-executive. In determining the allocation of remuneration to each non-executive director, the Board takes account of the time demands made on the directors together with such factors as fees paid to other corporate directors and to the responsibilities undertaken by them. Currently, the Chairman receives $43,600 per year and directors $32,700 per year, including superannuation.
- When the Board as a whole considers the remuneration of a particular director, that director will take no part in the decision-making process or discussions.
- Each member of the Board has committed to spending sufficient time to enable them to carry out their duties as a director of the Company.

There are no schemes for retirement benefits other than superannuation for non-executive directors. There is no policy on prohibiting transactions in associated products, which limit the economic risk to directors and executives of participating in unvested entitlements under equity based remuneration scheme. The Company does not currently have an unvested equity based remuneration scheme.

There is no direct link between remuneration paid to any of the other directors and corporate performance such as bonus payments for achievements of certain key performance indicators.

The directors and executives are entitled to receive a superannuation guarantee contribution required by law, which is currently 9.25% and do not receive any other retirement benefits, except as disclosed. They may also elect to sacrifice part of their salary and fees towards superannuation. Upon retirement executive directors and executives are paid employee benefit entitlements accrued to date of entitlement.

The Company employs a small number of executives. Remuneration levels for executives are competitively set to attract the most qualified and experienced individuals, in the context of prevailing market conditions at the relevant time.

The Constitution and the ASX Listing Rules specify that the aggregate remuneration of non-executive directors shall be determined from time to time by a general meeting. An amount not exceeding the amount determined is then divided between the directors as agreed. The latest determination was at the Annual General Meeting held on 30 November 2004 when shareholders approved an aggregate remuneration of $150,000 per year, which made allowance for additional directors when deemed necessary.

Service contracts

Due to the current restructuring of the Company, the Company has not entered into service contracts with each key management person and positions are capable of termination on 1 month's notice. The Company retains the right to terminate the positions immediately by making payment equal to one month's pay in lieu of notice. The key management personnel are also entitled to receive on termination of employment their entitlements of accrued annual and long service leave, together with any equivalent of superannuation benefits.

Names and positions held of economic and parent entity key management personnel in office at any time during the financial year are:

Key Management Persons	Position
Conrad Crisafulli	Executive Chairman
Robert Mair	Non-Executive Director
John Driscoll	Non-Executive Director (appointed 17 October 2012)
Ernest Boswarva	Non-Executive Director (ceased 17 October 2012)
Ananda Rajah	Chief Executive Officer (ceased 25 October 2013)

Nil options in ATW Holdings Limited are issued to any Key Management Person.

Key Management Personnel Remuneration

2012

Key Management Person		Short-term Benefits			Post-employment Benefits	Share-based Payment		Total	Performance Related
		Directors Fees	Salary and commission	Non-cash benefits	Super-annuation	Equity	Options	Total	
		$	$	$	$	$	$	$	%
C Crisafulli	#	32,245	17,550	-	-	-	-	49,795	-
E Boswarva	&	20,000	3,250	-	1,800	-	-	25,050	-
R Mair	%	3,604	-	-	-	-	-	3,604	-
L Halvorson	$	10,833	22,000	-	2,415	-	-	35,248	-
A Raja	@	-	1	-	-	-	-	1	-
J Plattner	*	9,554	-	-	860	-	-	10,414	-
M Leong	^	26,350	-	-	-	-	-	26,350	-
		102,586	42,801	-	5,075	-	-	150,462	-

Appointed 27 September 2011
& Appointed 31 October 2011
% Appointed 21 May 2012
$ Resigned 31 October 2012
@ Resigned 25 October 2013
* Resigned 27 September 2011
^ Resigned 21 May 2012

Key Management Personnel Remuneration
2013

Key Management Person		Short-term Benefits			Post-employment Benefits	Share-based Payment		Total	Performance Related
		Directors Fees	Salary and commission	Non-cash benefits	Super-annuation	Equity	Options	Total	
		$	$	$	$	$	$	$	%
C Crisafulli		43,600	2,500	-	-	-	-	46,100	-
R Mair		32,700	-	-	-	-	-	32,700	-
J Driscoll	**	23,026	-	-	-	-	-	23,026	-
A Raja	@	-	-	-	-	-	-	-	-
E Boswarva	&	9,250	-	-	1,287	-	-	10,087	
		108,576	2,500	-	1,287	-	-	112,363	-

** Appointed 17 October 2012
@ Resigned 25 October 2013
& Resigned 17 October 2012

This is the end of the audited remuneration report.

Meetings of Directors

During the financial year, 4 meetings of directors (including committees of directors) were held. Attendances by each director during the year were as follows:

	Directors' Meetings	
	Number eligible to attend	**Number attended**
Conrad Crisafulli	4	4
Robert Mair	4	4
John Driscoll	4	4
Ernest Boswarva	-	-

Indemnifying Officers or Auditor

During or since the end of the financial year the company has given an indemnity or entered into an agreement to indemnify, or paid or agreed to pay insurance premiums as follows:

The company has indemnified the directors and officers against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of director or officer of the company and has paid insurance premium for directors' and officers' liability insurance coverage in a controlled entity during the year. The amount of premiums paid during the year was $26,129.

Options

At the date of this report, there were nil unissued shares under options (2012: Nil).

Proceedings on Behalf of Company

No person has applied for leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

The company was not a party to any such proceedings during the year.

Non-audit Services

The board of directors is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The directors are satisfied that the services disclosed below did not compromise the external auditor's independence for the following reasons:

- all non-audit services are reviewed and approved by the board prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- the nature of the services provided do not compromise the general principles relating to auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board.

There were no fees for non-audit services paid / payable to the external auditor during the year ended 30 June 2013.

Auditor's Independence Declaration

The lead auditor's independence declaration as required under section 307C of the Corporation Act 2001 for the year ended 30 June 2013 has been received and can be found on page 12.

Auditor

BDO Audit (WA) Pty Ltd continues in office in accordance with Section 327 of the Corporation Act 2001.

Signed in accordance with a resolution of the Board of Directors.

Conrad Crisafulli, Chairman

Dated this 20th day of November 2013.

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Australia

DECLARATION OF INDEPENDENCE BY CHRIS BURTON TO THE DIRECTORS OF ATW HOLDINGS LIMITED

As lead auditor of ATW Holdings Limited for the year ended 30 June 2013, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- any applicable code of professional conduct in relation to the audit.

This declaration is in respect of ATW Holdings Limited and the entities it controlled during the period.

C Burton

Chris Burton

Director

BDO Audit (WA) Pty Ltd

Perth, 20 November 2013

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR YEAR ENDED 30 JUNE 2013

	Note	Consolidated Group	
		2013	**2012**
		$	**$**
Revenue	2	436	14
Employee benefits expense		(112,363)	(150,462)
Depreciation and amortisation expense		(701)	(806)
Management and consultancy fees		(220,349)	(142,560)
Insurance		(26,130)	(25,536)
Impairment of receivables	3	-	(20,000)
Rent and occupancy costs		(3,346)	(6,754)
Legal fees		(9,508)	(65,619)
Administrative expenses		(104,146)	(167,209)
Other expenses		-	(30,000)
Profit / (Loss) before income tax		(476,107)	(608,932)
Income tax (expense) / benefit	4	-	9,557
Loss for the year		(476,107)	(599,361)
Profit / (Loss) is attributable to:			
Owners of ATW Holdings Limited		(476,107)	(599,361)
		(476,107)	(599,361)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR YEAR ENDED 30 JUNE 2013

	Consolidated Group	
	2013	**2012**
	$	**$**
Profit / (Loss) for the year	**(476,107)**	**(599,361)**
Other comprehensive income/(loss)	-	-
Other comprehensive loss for the year	(476,107)	(599,361)
Total comprehensive loss for the year	(476,107)	(599,361)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2013

	Note	Consolidated Group	
		2013	2012
		$	$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	8	26,106	61,649
Trade and other receivables	9	24,231	7,921
Other current assets	13	12,188	17,709
TOTAL CURRENT ASSETS		62,524	87,279
NON-CURRENT ASSETS			
Property, plant and equipment	12	643	1,344
TOTAL NON-CURRENT ASSETS		643	1,344
TOTAL ASSETS		63,167	88,623
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	14	391,032	308,467
TOTAL CURRENT LIABILITIES		391,032	308,467
NON-CURRENT LIABILITIES			
Borrowings	14	226,271	-
Deferred tax liabilities	4	-	-
TOTAL NON-CURRENT LIABILITIES		226,271	-
TOTAL LIABILITIES		617,303	308,467
NET (LIABILITIES)/ ASSETS		(554,136)	(219,844)
EQUITY			
Contributed equity	15	5,140,629	4,998,814
Accumulated losses		(5,694,765)	(5,218,658)
TOTAL (DEFICIENCY)/ EQUITY		(554,136)	(219,844)

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR YEAR ENDED 30 JUNE 2013

	Contributed equity $	Accumulated Losses $	Foreign Currency Translation Reserve	Total $
Consolidated Group				
Balance at 1 July 2011	4,998,814	(4,619,297)	-	379,517
Total comprehensive loss for the year	-	(599,361)	-	(599,361)
Sub-total	4,998,814	(5,218,658)	-	(219,844)
Transactions with owners in their capacity as owners:	-	-	-	-
Balance at 30 June 2012	4,998,814	(5,218,658)	-	(219,844)
Total comprehensive loss for the year	-	(476,107)	-	(476,107)
Sub-total	4,998,814	(5,694,765)	-	(695,951)
Transactions with owners in their capacity as owners:	-	-	-	-
Shares Issued	141,815	-	-	141,815
Balance at 30 June 2013	5,140,629	(5,694,765)	-	(554,136)

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

CONSOLIDATED STATEMENT OF CASH FLOWS FOR YEAR ENDED 30 JUNE 2013

	Note	Consolidated Group	
		2013	2012
		$	$
Cash Flows From Operating Activities			
Receipts from customers		-	1,186
Payments to suppliers and employees		(404,065)	(612,913)
Interest received		436	14
Net cash flows provided by / (used in) operating activities	19a	(403,629)	(611,713)
Cash flows from Investing Activities			
Loans (to)/from other related parties		226,271	(20,000)
Proceeds from disposal of subsidiaries		-	350,000
Proceeds from deposit received on disposal of associated company		-	164,500
Net cash flows provided by / (used in) investing activities		226,271	494,500
Cash flows from Financing Activities			
Proceeds from issue of shares		141,815	-
Net cash flows provided by / (used in) financing activities		141,815	-
Net increase/(decrease) in cash held		(35,543)	(117,213)
Effect of foreign exchange rates			-
Cash at beginning of financial period		61,649	178,862
Cash at end of financial period	8	26,106	61,649

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

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

This financial report includes the consolidated financial statements and notes of ATW Holdings Limited and controlled entities ('Consolidated Group' or 'Group'). The financial report was authorised for issue on 20 November 2013.

Basis of Preparation

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

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

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

a. **Principles of Consolidation**

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of ATW Holdings Limited (parent entity) as at 30 June 2013 and the results of all subsidiaries for the year then ended. ATW Holdings Limited and its subsidiaries together are referred to in this financial report as the group or the consolidated entity.

Subsidiaries are all entities (including special purpose entities) over which the group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are de-consolidated from the date that control ceases.

A list of controlled entities is contained in Note 11 to the financial statements.

The acquisition method of accounting is used to account for business combinations by the group (refer to note 1(i)).

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated income statement, Statement of comprehensive income, statement of changes in equity and balance sheet respectively.

(i) *Business Combinations*

The acquisition method of accounting is used to all account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the fair values of the assets transferred, liabilities incurred and the equity issued by the group. The consideration transferred also includes the fair value of any asset or liability resulting from a contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Acquisition - related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fairly values at the acquisition date. On an acquisition-by acquisition basis, the group recognises and non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

The excess of the consideration transferred and the amount of any non-controlling interest in the acquiree over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than fair value of the net identifiable assets of the subsidiary acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in profit or loss as a bargin purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financer under comparable terms and

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

conditions. Contingent consideration is classified either equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

Measuring goodwill

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

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

Share-based payment awards

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

Contingent liabilities

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

Non-controlling interest

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

Transaction costs

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

(ii) *Subsidiaries*

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

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

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

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

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

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

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

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

b. **Income Tax**

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

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

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

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

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

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

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

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

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

Tax Consolidation

ATW Holdings Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation. As a consequence, these entities are taxed as a single entity and the deferred tax assets and liabilities of these entities are set off in the consolidated financial statements.

c. **Inventories**

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

d. **Property, Plant and Equipment**

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

Plant and equipment

Plant and equipment are measured on the cost basis.

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

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

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

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

Depreciation

The depreciable amount of all fixed assets including buildings and capitalised lease assets, but excluding freehold land, is depreciated on a straight-line basis over the asset's useful life to the consolidated group commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

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

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

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

e. **Leases**

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

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

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

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

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

f. **Financial Instruments**

Recognition and Initial Measurement

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

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

Classification and Subsequent Measurement

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

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

Classification and Subsequent Measurement (cont'd)

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

b. less principal repayments;

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

d. less any reduction for impairment.

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

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

i. *Financial liabilities*

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

ii. *Loans and receivables*

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

Fair Value

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

Impairment

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

Derecognition

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

g. **Impairment of Assets**

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

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

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

h. **Investments in Associates**

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

i. **Interests in Joint Ventures**

The consolidated group's interests in joint venture entities are brought to account using the equity method of accounting in the consolidated financial statements. The parent entity's interests in joint venture entities are brought to account using the cost method. Details of the consolidated group's interests are shown at Note 10.

j. **Goodwill**

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

k. **Foreign Currency Transactions and Balances**

Functional and presentation currency

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

Transaction and balances

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

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

Group companies

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

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

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

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

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

l. **Employee Benefits**

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

m. **Cash and Cash Equivalents**

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

n. Revenue and Other Income

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

Sale of goods and services

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

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

Interest

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

Dividends

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

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

o. Receivables

Collectability of receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written-off by reducing the carrying amount directly. Debts are impaired when there is objective evidence that the debt will not be able to collect all amounts according to their original terms. The amount of an impairment loss is recognised in profit or loss within other expenses.

o. Trade and Other Payables

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the Group during the reporting period which remains unpaid. The balance is recognised as a current liability with the amount being normally paid within 30 days of recognition of the liability.

p. Borrowing Costs

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

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

q. Goods and Services Tax (GST)

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

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

r. Comparative Figures

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

Significant Accounting Judgements, Estimates and Assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements and estimates on historical experience and on other various factors it believes to be reasonable under the circumstances, the result of which form the basis of the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions and conditions.

Management has identified the following critical accounting policies for which significant judgements, estimates and assumptions are made. Actual results may differ from these estimates under different assumptions and conditions and may materially affect financial results or the financial position reported in future periods.

Further details of the nature of these assumptions and conditions may be found in the relevant notes to the financial statements.

(i) *Significant Accounting Judgements*

Impairment of Non-Financial Assets other than Goodwill

The Group assesses impairment of all assets at each reporting date by evaluating conditions specific to the Group and to the particular asset that may lead to impairment. These include product, technology, economic and political environments and future product expectations. If an impairment trigger exists the recoverable amount of the asset is determined. There was no impairment during the financial year ended 30 June 2013 (2012: $Nil).

Taxation

The group is subject to income taxes in Australia. There are many transactions and calculations undertaken during the ordinary course of business for which ultimate tax determination is uncertain. The group estimates its tax liabilities based on the group's understanding of the tax law. Where the final outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

Judgement is also required in assessing whether deferred tax assets and certain deferred tax liabilities are recognised on the statement of financial position. Deferred tax assets, including those arising from un-recouped tax losses, capital losses and temporary differences, are recognised only when it is considered more likely than not that they will be recovered, which is dependent on the generation of sufficient future taxable profits. Deferred tax liabilities arising from temporary differences in investments, caused principally by retained earnings held in foreign tax jurisdictions, are recognised unless repatriation of retained earnings can be controlled and are not expected to occur in the foreseeable future.

Assumptions about the generation of future taxable profits and repatriation of retained earnings depend on management's estimates of future cash flows. These depend on estimates of future sales volumes, operating costs, restoration costs, capital expenditure, dividends and other capital management transactions. Judgements are also required about the application of income tax legislation. These judgements and assumptions are subject to risk and uncertainty, hence there is a possibility that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets and deferred tax liabilities recognised on the balance sheet and the amount of other tax losses and temporary differences not yet recognised. In such circumstances, some or all of the carrying amounts of recognised deferred tax assets and liabilities may require adjustment, resulting in a corresponding credit or charge to profit or loss.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the consolidated group will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

The Directors have taken the view that it is not yet certain whether the losses will be available post restructuring and as such have not recognised any deferred taxes.

(ii) Going Concern

The financial report has been prepared on a going concern basis. The directors continue to monitor the on-going funding requirements of the Group and will seek further equity funding where necessary. The company and its controlled entities incurred a loss of $476,107 (2012: $599,361) and a negative cash flow from operating activities of $403,629 (2012: negative cash flow $611,713) for the year ended 30 June 2013. The Group has a net working capital deficit of $551,779 (2012: net working capital $221,188) as at 30 June 2013.

The directors nevertheless believe it is appropriate to prepare the financial statements on a going concern basis for the following reasons.

- The Company disposed of its operating undertaking, at a profit, in April 2011. The company has now entered into an agreement, subject to shareholder and regulatory approvals, to acquire 100% of the capital of Fitgenes Pty Ltd. The ASX has ruled that its approval for this transaction is subject to the company re-complying with Chapters 1 and 2 of the Listing Rules. As outlined in the Directors Report. Fitgenes and the company have embarked on a programme to perfect such re-compliance.
- During September 2013, the Company entered into a joint venture agreement with the Fitgenes channel partner in Hong Kong to incorporate a jointly held entity to operate the Fitgenes business in that market, a prime deliverable of the joint venture is the establishment of a Fitgenes branded clinic and discussions are underway with a local general practitioner to facilitate this outcome. It is anticipated that this entity will start to generate revenue during the first half of calendar year 2014.
- During November 2013, the Company has incorporated a 100% subsidiary called Fitgenes (Perth) Pty Ltd which is establishing a Fitgenes branded clinic to promote and deliver the Fitgenes genome based personalised health programs. It is anticipated that this entity will start to generate revenue during the first half of calendar year 2014.

The loan agreement with Fitgenes, which is non-repayable until ATW completes a retail capital raising and re-complies with Chapters 1 and 2 of the ASX Listing Rules, along with the establishment of commercially focused subsidiaries, provide the basis for the board's view that the Group remains a going concern. The short term cash requirements will be funded via establishment of commercial revenue generated by the recently established 100% subsidiary of ATW Holdings Limited and the Fitgenes loan agreement. Once the transaction is approved, including by all regulatory authorities, and following successful completion of the retail capital raising, cash flow projections will be as per those developed for the Fitgenes business.

Should the Group not be able to complete the above transaction or raise additional working capital as required then it may not be able to settle its debts as and when they fall due and realise its assets at the values included in the Statements of Financial Position.

The financial report does not include any adjustments relating to the recoverability and classification of recorded amounts that might be necessary should ATW Holdings Limited not be able to continue as a going concern.

	Consolidated Group	
	2013	2012
	$	$
NOTE 2: REVENUE AND OTHER INCOME		
Revenue		
— interest received	436	14
Total Revenue	436	14
NOTE 3: EXPENSES		
Profit/(loss) before income tax has been determined after:		
— Depreciation of non-current assets – Plant and equipment	701	806
	701	806
Bad and doubtful debts:		
— Continuing operations – Associated companies	-	20,000
	-	20,000
Rental and occupancy on operating leases:		
— Continuing operations	3,346	6,754
	3,346	6,754

NOTE 4: INCOME TAX

	Consolidated Group 2013 $	2012 $
Accounting (loss) before tax from continuing operations	(476,107)	(608,932)
Consolidated profit/(loss) loss before tax	(476,107)	(608,932)
A. Numerical reconciliation of income tax expense to prima facie tax payable		
Prima facie tax payable on (loss) before income tax at 30% (2012: 30%)	(142,832)	(182,680)
Sundry non-deductible expenses for Australian tax consolidated group	-	23,837
Deferred tax assets not brought to account	142,832	158,843
Recoupment of prior year tax losses not previously brought to account	-	-
Difference in international tax rates and exchange rates	-	-
Under/(over) provision in respect of prior years	-	(9,557)
Income tax expense/(benefit)	-	(9,557)
Income tax attributable to discontinued operations	-	-
Income tax attributable to continuing operations	-	(9,557)
B. Income tax expense		
Current tax	-	-
Under/(over) provision in respect of prior years	-	(9,557)
Deferred income tax:		
Relating to origination and reversal on temporary differences	-	-
Income tax expense/(benefit)	-	(9,557)
Income tax expense attributable to discontinued operations	-	-
Income tax expense/(benefit) reported in statement of comprehensive income	-	(9,557)
C. Assets		
Deferred tax assets not brought to account, the benefits of which will only be realised if the conditions for deductibility set out in Note 1(b) occur:		
Australian Operations		
— temporary differences	17,137	18,591
— tax losses: operating losses	1,196,835	1,023,325
— tax losses: capital losses	-	893,922
Total	1,213,972	1,935,838

Use of tax losses are subject to satisfying Income Tax Assessment Act tests in the year of recoupment which is uncertain.

NOTE 5: KEY MANAGEMENT PERSONNEL COMPENSATION

	Consolidated Group 2013 $	Consolidated Group 2012 $
a. Remuneration		
Short-term	111,076	145,387
Post-employment	1,287	5,075
	112,363	150,462

b. Key Management Personnel Compensation

Detailed information on key management personnel remuneration has been included in the Remuneration Report section of the Directors report.

There were no options on issue during the year ended 30 June 2013.

c. Number of Shares held by Key Management Personnel

	Balance 1.7.2012	Granted as Compensation	Options Exercised	Net Change* Other	Balance 30.6.2013
Conrad Crisafulli	-	-	-	-	-
Robert Mair	-	-	-	-	-
John Driscoll (appointed 17 October 2012)	-	-	-	-	-
Ananda Rajah (ceased 25 October 2013)	24,310,913	-	-	-	24,310,913
Ernest Boswarva (ceased 17 October 2012)	-	-	-	-	-
Total	24,310,913	-	-	-	24,310,913

c. **Number of Shares held by Key Management Personnel (Cont'd)**

		Balance 1.7.2011	Granted as Compensation	Options Exercised	Net Change* Other	Balance 30.6.2012
Conrad Crisafulli	**	-	-	-	-	-
Ernest Boswarva	&	-	-	-	-	-
Robert Mair	!	-	-	-	-	-
Mark Leong	^	540,000	-	-	540,000	-
Ananda Rajah	@	24,310,913	-	-	24,310,913	-
Josef Plattner	#	9,192,449	-	-	9,192,449	-
Lloyd Halvorson	$	151,000	-	-	151,000	-
Total		34,194,362	-	-	34,194,362	

** Appointed 27 September 2011
& Appointed 31 October2011
! Appointed 21 May 2012
^ Resigned 21 May 2012
@ Resigned 25 October 2013
# Resigned 27 September 2011
$ Resigned 31 October 2011

* Net Change Other refers to shares purchased or sold during the financial year and the cancellation of shares held by Ananda Rajah in the comparative period following the disposal of Atos Singapore Pte Ltd and its controlled entities.

	Consolidated Group	
	2013	2012
	$	$
NOTE 6: AUDITORS' REMUNERATION		
Remuneration of the auditor of the parent entity:		
— BDO Audit (WA) Pty Ltd for auditing or reviewing the financial report	25,367	79,139
Remuneration of other auditors of subsidiaries of discontinued operations for:		
— auditing or reviewing the financial report of subsidiaries	-	-

	Consolidated Group	
	2013	**2012**
	$	**$**
NOTE 7: EARNINGS PER SHARE		
a. Reconciliation of loss to profit or loss		
Profit/(loss)	(476,107)	(599,361)
(Profit)/loss attributable to non-controlling equity interest	-	-
Earnings used to calculate basic EPS	(476,107)	(599,361)
b. Reconciliation of earnings to profit or loss from continuing operations		
Profit/(loss)	(476,107)	(599,361)
(Profit)/loss attributable to non-controlling equity interest in respect of continuing operations	-	-
Earnings used to calculate basic EPS from continuing operations	(476,107)	(599,361)
	No.	**No.**
c. Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS	259,922,224	141,814,736
Weighted average of options outstanding	-	-
Weighted average of number of ordinary shares outstanding during the year used in calculating dilutive EPS	259,922,244	141,814,736

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

	Note	Consolidated Group	
		2013	2012
		$	$
NOTE 8: CASH AND CASH EQUIVALENTS			
Cash at bank and in hand		26,106	61,649
		26,106	61,649
Reconciliation of Cash			
Cash at the end of the financial year as shown in the cash flow statement is reconciled to items in the balance sheet as follows:			
Cash at bank and in hand		26,106	61,649
		26,106	61,649
NOTE 9: TRADE AND OTHER RECEIVABLES			
CURRENT			
Trade receivables		-	-
Allowance for impairment of receivables	9a	-	-
		-	-
Other receivables		24,231	7,921
		24,231	7,921
NON CURRENT			
Amounts receivable from:			
— Associated companies		3,584,231	3,584,231
— Allowance for impairment – associated companies	9a(ii)	(3,584,231)	(3,584,231)
		-	-

The amounts receivable from other related companies have been fully impaired. The ultimate recoupment of these receivables is dependent on upon the generation of sufficient future cash flows from the sale of the products of the Consolidated Group and the respective related companies.

NOTE 9: TRADE AND OTHER RECEIVABLES (CONT'D)

a. **Allowance for Impairment of Receivables**

Current trade and term receivables are non-interest bearing loans and generally on 30-day terms. Non-current trade and term receivables are assessed for recoverability based on the underlying terms of the contract. An allowance for impairment is recognised when there is objective evidence that an individual trade or term receivable is impaired. These amounts have been included in the other expenses item.

Movement in the provision for impairment of receivables is as follows:

		Opening Balance 1 July 2011	Charge for the Year	Amounts Written Off	Closing Balance 30 June 2012
	Consolidated Group				
(i)	Current trade receivables	-	-	-	-
(ii)	Non-current associated companies	3,584,231	20,000	(20,000)	3,584,231
		3,584,231	20,000	(20,000)	3,584,231

		Opening Balance 1 July 2012	Charge for the Year	Amounts Written Off	Closing Balance 30 June 2013
	Consolidated Group				
(i)	Current trade receivables	-	-	-	-
(ii)	Non-current associated companies	3,584,231	-	-	3,584,231
		3,584,231	-	-	3,584,231

Impaired assets are provided for in full.

NOTE 10: ASSOCIATED COMPANIES (CONT'D)

d. Ownership interest in Medec International Pty Ltd at that company's reporting date was 49% (2012: 49%) of ordinary shares. The reporting date of Medec International Pty Ltd is 30 June. This reporting date coincides with the entity's holding company. There were no transactions during the financial year.

NOTE 11: OTHER FINANCIAL ASSETS

a. **Controlled Entities**	**Country of Incorporation**	**Percentage Owned ***	
		2013	**2012**
Legal Parent Entity:			
ATW Holdings Limited	Australia		
Subsidiaries of ATW Holdings Limited			
Swandale Holdings Pty Ltd	Australia	100	100
Learange Holdings Pty Ltd	Australia	100	100
Letchworth House Pty Ltd #	Australia	100	100

 # Letchworth House Pty Ltd was placed into voluntary administration on 4 July 2009

The carrying value of the financial assets have been written-off in previous reporting periods.

	Note	Consolidated Group	
		2013	**2012**
		$	**$**
NOTE 12: PROPERTY, PLANT AND EQUIPMENT			
Plant and equipment			
At cost		2,272	2,420
Accumulated depreciation		(1,629)	(1,076)
		643	1,344

Movements in Carrying Amounts

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year are as follows:

		2013	2012
Balance at the beginning of year		1,344	2,150
Additions		-	-
Disposals		-	-
Depreciation expense		(701)	(806)
		643	1,344

	Note	Consolidated Group	
		2013	2012
		$	$
NOTE 13: OTHER ASSETS			
CURRENT			
Prepayments		12,188	17,709
		12,188	17,709

	Note	Consolidated Group	
		2013	2012
		$	$
NOTE 14: TRADE AND OTHER PAYABLES			
CURRENT			
Unsecured liabilities:			
Trade payables		4,561	81,967
Accrued expenses and sundry payables	14a	221,972	62,000
Borrowings	14b	226,271	-
Deposit for disposal of equity accounted investment	14c	164,500	164,500
		617,303	308,467

a. The Accrued expenses and sundry payables includes an amount of $151,794 for deferred Director Fees. The Directors have entered into an agreement with the Company to defer their Director Fees until such time as ATW completes a retail capital raising and re-complies with Chapters 1 and 2 of the ASX Listing Rules.

b. The Borrowings of $226,271 represents an unsecured loan facility from Fitgenes Pty Ltd. This loan bears no interest and is non-repayable until ATW completes a retail capital raising and re-complies with Chapters 1 and 2 of the ASX Listing Rules.

c. The deposit for disposal of Medec International Pty Ltd was paid in accordance with the share and purchase agreement executed by the Board with Mr. Ananda Rajah dated 29 December 2011 and is subject to shareholder approval at a forth coming general meeting.

	Consolidated Group	
	2013	**2012**
	$	**$**
NOTE 15: ISSUED CAPITAL		
Ordinary shares		
Fully paid	4,998,814	4,998,814
Shares issued/(cancelled) during the period:		
- Rights Issue (17 July 2012)	48,930	-
- Fitgenes Issuance (1 October 2012)	92,885	-
	5,140,629	4,998,814

The company has no specified level of authorised capital and the shares have no par value.

a. **Ordinary shares**	**No. of shares**	**No. of shares**
At the beginning of the reporting year	141,814,736	141,814,736
Shares issued/(cancelled) during the period:	141,815,005	-
At reporting date	283,629,741	141,814,736

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held.

At shareholders' meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

NOTE 15: ISSUED CAPITAL (CONT'D)

b. **Capital Management**

Management controls the capital of the group in order to maintain an acceptable debt to equity ratio, provide the shareholders with adequate returns and ensure that the group can fund its operations and continue as a going concern.

During the period that ATW Holdings Limited is preparing for a retail capital raise and the acquisition of Fitgenes Pty Ltd,, to fund operations the Company has entered into an unsecured, nil-interest loan agreement with Fitgenes Pty Ltd. This loan facility is not re-payable until such time as ATW completes the retail capital raising and re-complies with Chapters 1 and 2 of the ASX Listing Rules.

The Company has also recently established commercially focused agreements and subsidiaries that are expected to start generating revenue during the financial year ending 30 June 2014 (refer Going Concern note, page 26).

The group's debt and capital includes ordinary share capital, and financial liabilities, supported by financial assets.

There are no externally imposed capital requirements.

Management effectively manages the group's capital by assessing the group's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distribution to shareholders and share issues.

The gearing ratio's for the year ended 30 June 2013 and 30 June 2012 are as follows:

	Note	Consolidated Group	
		2013	**2012**
		$	**$**
Total borrowings		-	-
Less cash and cash equivalents	8	(26,106)	(61,649)
Net Debt		(26,106)	(61,649)
Total equity		(554,136)	(219,844)
Total capital		(580,242)	(281,493)
Gearing Ratio		N/A	N/A

NOTE 16: RESERVES

Foreign Currency Translation Reserve

The foreign currency translation reserve records exchange differences arising on translation of the financial statements of foreign controlled entities.

Refer to the statement of changes in equity for movements in reserves.

There are no capital and leasing commitments at 30 June 2013 (2012: $Nil).

NOTE 17: CONTINGENT LIABILITIES

The Company is continuing to defend a claim for a liquidated sum of $40,000 in respect of the sale by a former subsidiary of a 'Caloriefit' machine and the Company's defence is that it was not a party as at the date of the sale contract, being 21 September 2009.

There are no other contingent liabilities as at 30 June 2013 (2012: $Nil).

NOTE 18: OPERATING SEGMENTS

The Group does not have any operating businesses, having divested its major investments in Atos Wellness Pte Ltd Singapore group in April 2011. Accordingly, the Group no longer has any operating segments.

NOTE 19: CASH FLOW INFORMATION

	Consolidated Group	
	2013	**2012**
	$	**$**
(a) **Reconciliation of Cash Flow from Operations with Profit/(Loss) after Income Tax**		
Loss after income tax	(476,107)	(599,361)
Non-cash flows in profit		
Depreciation	701	806
Impairment of receivables	-	20,000
Changes in assets and liabilities, net of effects of purchase and disposal of subsidiaries		
(Increase) / decrease in receivables	(16,310)	(2,245)
(Increase) / decrease in other assets	5,521	(9,809)
Increase / (decrease) in payables	82,566	(11,547)
Increase / (decrease) in deferred tax liabilities	-	(9,557)
Net cash provided by (used in) operating activities	(403,629)	(611,713)

NOTE 20: SHARE BASED PAYMENTS

There are no share-based payment arrangements existing at 30 June 2013:
Included under employee benefits expense in the income statement is $nil (2012: $nil)

No shares were issued during the year that were granted as compensation (2012: nil).

NOTE 21: EVENTS AFTER THE REPORTING DATE

In anticipation of the successful ASX re-compliance of the ATW Holdings Limited, and generation of revenue, the Company, in conjunction with the Board of Fitgenes, has undertaken the following activities:

- During September 2013, ATW Holdings Limited entered into a joint venture agreement with the Fitgenes channel partner in Hong Kong to incorporate a jointly held entity to operate the Fitgenes business in that market, a prime deliverable of the joint venture is the establishment of a Fitgenes branded clinic and discussions are underway with a local general practitioner to facilitate this outcome;
- During November 2013, ATW Holdings Limited has incorporated a 100% subsidiary called Fitgenes (Perth) Pty Ltd which is establishing a Fitgenes branded clinic to promote and deliver the Fitgenes genome based personalised health programs.

There has been no other significant after reporting date events.

	Consolidated Group	
	2013 $	2012 $
NOTE 22: RELATED PARTY TRANSACTIONS		
Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.		
Transactions with related parties:		
(ii) Key Management Personnel		
Deposit received for sale of Medec International Pty Ltd		
- Ananada Rajah	164,500	164,500
Consulting fee paid to a related entity of Robert Mair and John Driscoll		
- Fitgenes Pty Ltd	-	5,000
Non-recourse, interest free loan incurred to a related entity of Robert Mair and John Driscoll		
- Fitgenes Pty Ltd	226,271	-
Consulting fee paid to a related entity of Conrad Crisafulli		
- CW Crisafulli ATF CW&BN Crisafulli Family Trust	2,500	-
Equity capital to/(from) associated entities	(92,885)	-
-Fitgenes Pty Ltd		

NOTE 23: FINANCIAL RISK MANAGEMENT

a. **Financial Risk Management Policies**

The group's financial instruments consist mainly of deposits with banks, local money market instruments, short-term investments, accounts receivable and payable, loans to and from subsidiaries, bank loans, leases and hire purchases.

The main purpose of non-derivative financial instruments is to raise finance for group operations.

i. Treasury Risk Management

Senior executives of the Group meet on a regular basis to analyse financial risk exposure and to evaluate treasury management strategies in the context of the most recent economic conditions and forecasts.

The committee's overall risk management strategy seeks to assist the consolidated group in meeting its financial targets, whilst minimising potential adverse effects on financial performance.

The finance committee operates under policies approved by the board of directors. Risk management policies are approved and reviewed by the Board on a regular basis. These include the use of credit risk policies and future cash flow requirements.

ii. Financial Risk Exposures and Management

The main risks the group is exposed to through its financial instruments are liquidity risk and credit risk.

Liquidity risk

The group manages liquidity risk by monitoring forecast cash flows and ensuring that adequate unutilised borrowing facilities are maintained.

Credit risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements.

There are no material amounts of collateral held as security at 30 June 2013.

Credit risk is managed on a group basis and reviewed regularly by senior executives. It arises from exposures to customers as well as through certain derivative financial instruments and deposits with financial institutions.

The senior executives monitor credit risk by actively assessing the rating quality and liquidity of counter parties:

— only banks and financial institutions with an 'A' rating are utilised;

— all potential customers are rated for credit worthiness taking into account their size, market position and financial standing; and

— customers that do not meet the group's strict credit policies may only purchase in cash or using recognised credit cards.

The credit risk for counterparties included in trade and other receivables at 30 June 2013 is detailed below:

The consolidated group does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the consolidated group.

Price risk

The group is not materially exposed to commodity price risk.

NOTE 23: FINANCIAL RISK MANAGEMENT (CONT'D)

b. **Maturities of financial liabilities**

The tables analyse the group's and the parent entity's financial liabilities into relevant maturity groupings based on their contractual maturities of all non-derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

Contractual maturities of financial liabilities	Less than 6 months	6 – 12 months	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total contractual cash flows	Carrying Amount
Group – at 30 June 2013	**$**	**$**	**$**	**$**	**$**	**$**	**$**
Trade and sundry payables	391,032	-	-	-	-	391,032	391,032
Borrowings	226,271	-	-	-	-	226,271	226,271
	617,303	-	-	-	-	617,303	617,303

Contractual maturities of financial liabilities	Less than 6 months	6 – 12 months	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total contractual cash flows	Carrying Amount
Group – at 30 June 2012	**$**	**$**	**$**	**$**	**$**	**$**	**$**
Trade and sundry payables	308,467	-	-	-	-	308,467	308,467
Borrowings	-	-	-	-	-	-	-
	308,467	-	-	-	-	308,467	308,467

Aggregate fair values and carrying amounts of financial assets and financial liabilities at balance date.

Consolidated Group	**2013**		**2012**	
	Carrying Amount	**Fair Value**	**Carrying Amount**	**Fair Value**
	$	**$**	**$**	**$**
Financial Assets				
Cash	26,106	26,106	61,649	61,649
Loans and receivables	24,231	24,231	7,921	7,921
	30,337	30,337	69,570	69,570
Financial Liabilities				
Trade & sundry payables	391,032	391,032	308,467	308,467
Borrowings	226,271	226,271	-	-
	617,303	617,303	308,467	308,467

The carrying amounts of assets and liabilities on the Consolidated Group statement of financial position approximate their fair values.

NOTE 23: FINANCIAL RISK MANAGEMENT (CONT'D)

c. **Sensitivity Analysis**

Interest Rate Risk, Foreign Currency Risk and Price Risk

The group has performed sensitivity analysis relating to its exposure to interest rate risk, foreign currency risk and price risk at reporting date. This sensitivity analysis demonstrates the effect on the current year results and equity which could result from a change in these risks.

Interest Rate Sensitivity Analysis

At 30 June 2013, the group is not materially exposed directly to fluctuations in interest rates.

Foreign Currency Risk Sensitivity Analysis

As at 30 June 2013, the group is not exposed directly to fluctuations in foreign currency. Accordingly, there is no material quantifiable change in profit or equity as a result of fluctuations in exchange rates.

Price Risk Sensitivity Analysis

As at 30 June 2013, the group is not exposed directly to fluctuations in commodity prices. Accordingly, there is no material quantifiable change in profit or equity as a result of fluctuations in commodity prices.

The above interest rate, foreign exchange rate and price risk sensitivity analysis has been performed on the assumption that all other variables remain unchanged.

NOTE 24: PARENT COMPANY INFORMATION

	2013 $	2012 $
Parent Entity		
Assets		
Cash	26,106	61,649
Trade and other receivables	24,231	7,921
Property, plant & equipment	643	1,344
Other assets	12,188	17,709
	63,167	88,623
Liabilities		
Trade and sundry payables	617,303	308,467
	617,303	308,467
Equity		
Issued capital	20,781,305	20,639,490
Reserves	339,005	339,005
Accumulated losses	(21,674,446)	(21,198,339)
	(554,136)	(219,844)
Financial Performance		
Profit/(loss) for the year	(476,107)	(599,361)
Other comprehensive income	-	-
	(476,107)	(599,361)

(i) The parent entity had no material contingent assets or contingent liabilities at 30 June 2013 other than those disclosed at Note 17.

NOTE 25: NEW ACCOUNTING STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

Reference	Title	Nature of Change	Application date of standard	Impact on ATW's financial statements	Application date for ATW
AASB 9 (issued December 2009 and amended December 2010)	Financial Instruments	Amends the requirements for classification and measurement of financial assets. The available-for-sale and held-to-maturity categories of financial assets in AASB 139 have been eliminated. AASB 9 requires that gains or losses on financial liabilities measured at fair value are recognised in profit or loss, except that the effects of changes in the liability's credit risk are recognised in other comprehensive income.	Periods beginning on or after 1 January 2015	Adoption of AASB 9 is only mandatory for the year ending 30 June 2016. The Group has not yet made an assessment of the impact of these amendments.	1 July 2015
AASB 10 (issued August 2011)	Consolidated Financial Statements	Introduces a single 'control model' for all entities, including special purpose entities (SPEs), whereby all of the following conditions must be present: • Power over investee (whether or not power used in practice) • Exposure, or rights, to variable returns from investee • Ability to use power over investee to affect the Group's returns from investee. • Introduces the concept of 'defacto' control for entities with less than 50% ownership interest in an entity, but which have a large shareholding compared to other shareholders. This could result in more instances of control and more entities being consolidated.	Annual reporting periods commencing on or after 1 January 2013	When this standard is first adopted for the year ended 30 June 2014, there will be no impact on transactions and balances recognised in the financial statements because the Group does not have any special purpose entities. The 'Entity' does not have 'defacto' control of any entities with less than 50% ownership interest in an entity.	1 July 2013
AASB 11 (issued August 2011)	Joint Arrangements	Joint arrangements will be classified as either 'joint operations' (where parties with joint control have rights to assets and obligations for liabilities) or 'joint ventures' (where parties with joint control have rights to the net assets of the arrangement).	Annual reporting periods commencing on or after 1 January 2013	When this standard is first adopted for the year ended 30 June 2014, there will be no impact on transactions and balances recognised in the financial statements because the Group has not entered into any joint arrangements.	1 July 2013

NOTE 25: NEW ACCOUNTING STANDARDS AND INTERPRETATIONS NOT YET ADOPTED (CONT'D)

Reference	Title	Nature of Change	Application date of standard	Impact on ATW's financial statements	Application date for ATW
AASB 12 (issued August 2011)	Disclosure of Interests in Other Entities	Combines existing disclosures from AASB 127 *Consolidated and Separate Financial Statements*, AASB 128 *Investments in Associates* and AASB 131 *Interests in Joint Ventures*. Introduces new disclosure requirements for interests in associates and joint arrangements, as well as new requirements for unconsolidated structured entities.	Annual reporting periods commencing on or after 1 January 2013	As this is a disclosure standard only, there will be no impact on amounts recognised in the financial statements. However, additional disclosures will be required for interests in associates and joint arrangements, as well as for unconsolidated structured entities.	1 July 2013
AASB 13 (issued September 2011)	Fair Value Measurement	AASB 13 establishes a single framework for measuring fair value of financial and non-financial items recognised at fair value in the statement of financial position or disclosed in the notes in the financial statements. Additional disclosures required for items measured at fair value in the statement of financial position, as well as items merely disclosed at fair value in the notes to the financial statements. Extensive additional disclosure requirements for items measured at fair value that are 'level 3' valuations in the fair value hierarchy that are not financial instruments	Annual reporting periods commencing on or after 1 January 2013	When this standard is adopted for the first time for the year ended 30 June 2014, additional disclosures will be required about fair values.	1 July 2013
AASB 119 (reissued September 2011)	Employee Benefits	Employee benefits expected to be settled (as opposed to due to settled under current standard) wholly within 12 months after the end of the reporting period are short-term benefits, and therefore not discounted when calculating leave liabilities. Annual leave not expected to be used wholly within 12 months of end of reporting period will in future be discounted when calculating leave liability.	Annual periods commencing on or after 1 January 2013	When this standard is first adopted for 30 June 2014 year end, annual leave liabilities will be recalculated on 1 July 2012 as long-term benefits because they are not expected to be settled wholly within 12 months after the end of the reporting period. This will result in a reduction of the annual leave liabilities recognised on 1 July 2012, and a corresponding increase in retained earnings at that date	1 July 2013

NOTE 25: NEW ACCOUNTING STANDARDS AND INTERPRETATIONS NOT YET ADOPTED (CONT'D)

Reference	Title	Nature of Change	Application date of standard	Impact on ATW's financial statements	Application date for ATW
AASB 2010-8 (issued December 2010)	Amendments to Australian Accounting Standards – Deferred Tax: Recovery of Underlying Assets (AASB 112)	For investment property measured using the fair value model, deferred tax assets and liabilities will be calculated on the basis of a rebuttable presumption that the carrying amount of the investment property will be recovered through sale.	Periods commencing on or after 1 January 2012	The Group does not have any investment property measured using the fair value model. There will therefore be no impact on the financial statements when these amendments are first adopted.	1 July 2012
AASB 2011-4 (issued July 2011)	Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements	Amendments to remove individual key management personnel (KMP) disclosure requirements from AASB 124 to eliminate duplicated information required under the *Corporation Act 2001.*	Annual periods commencing on or after 1 July 2013	When this standard is first adopted for the year ended 30 June 2014 the Group will show reduced disclosures under Key Management Personnel note to the financial statements.	1 July 2013
AASB 2011-9 (issued Septembe r 2011)	Amendments to Australian Accounting Standards - Presentation of Items of Other Comprehensive Income	Amendments to align the presentation of items of other comprehensive income (OCI) with US GAAP. Various name changes of statements in AASB 101 as follows: • 1 statement of comprehensive income – to be referred to as 'statement of profit or loss and other comprehensive income' • 2 statements – to be referred to as 'statement of profit or loss' and 'statement of comprehensive income'. • OCI items must be grouped together into two sections: those that could subsequently be reclassified into profit or loss and those that cannot.	Annual periods commencing on or after 1 July 2012	When this standard is first adopted for the year ended 30 June 2013, there will be no impact on amounts recognised for transactions and balances for 30 June 2013 (and comparatives).	1 July 2012

NOTE 25: NEW ACCOUNTING STANDARDS AND INTERPRETATIONS NOT YET ADOPTED (CONT'D)

Reference	Title	Nature of Change	Application date of standard	Impact on ATW's financial statements	Application date for ATW
Interpretation 20 (issued November 2011)	Stripping Costs in the Production Phase of a Surface Mine	Clarifies that costs of removing mine waste materials (overburden) to gain access to mineral ore deposits during the production phase of a mine must be capitalised as inventories under AASB 102 *Inventories* if the benefits from stripping activity is realised in the form of inventory produced. Otherwise, if stripping activity provides improved access to the ore, stripping costs must be capitalised as a non-current, stripping activity asset if certain recognition criteria are met.	Annual periods commencing on or after 1 January 2013	The Group does not operate a surface mine. There will therefore be no impact on the financial statements when this interpretation is first adopted.	1 July 2013
AASB 2012-5 (issued June 2012)	Annual Improvements to Australian Accounting Standards 2009-2011 Cycle	Non-urgent but necessary changes to IFRSs (IAS1, IAS 16 & IAS 32)	Periods commencing on or after 1 January 2013	When this standard is first adopted for the year ended 30 June 2013, there will be no material impact.	I July 2013
IFRS (issued December 2011)	Mandatory Effective Date of IFRS 9 and Transition Disclosures	Entities are no longer required to restate comparatives on first time adoption. Instead, additional disclosures on the effects of transition are required.	Annual reporting periods commencing on or after 1 January 2015	As comparatives are no longer required to be restated, there will be no impact on amounts recognised in the financial statements. However, additional disclosures will be required on transition, including the quantitative effects of reclassifying financial assets on transition.	1 July 2015

NOTE 26: COMPANY DETAILS

The registered office of the company is:

C/- Altezza Partners Pty Ltd
Level 6 360 Queen Street
BRISBANE QLD 4000

The principal place of business is:

ATW Holdings Limited
C/- Altezza Partners Pty Ltd
Level 6 360 Queens Street
BRISBANE QLD 4000

DIRECTORS' DECLARATION

In the directors' opinion:

(a) The financial statements and notes (and remuneration disclosures that are contained in the Remuneration Report in the Directors Report at pages 3 to 11), set out on pages 13 to 49, are in accordance with the Corporations Act 2001 and:

(i) complying with the Accounting Standards and the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and

(ii) giving a true and fair view of the consolidated entity's financial position as at 30 June 2013 and of its performance for the year ended on that date of the company and the consolidated group and

(b) there are reasonable grounds to believe that the ATW Holdings Limited will be able to pay its debts as and when they become due and payable.

(c) The Company has included in the notes to the financial statements an explicit and unreserved statement of compliance with International Financial Reporting Standards.

This declaration is made in accordance with a resolution of the Board of Directors.

C. Crisafulli

Conrad Crisafulli, Chairman

Dated this 20th day of November 2013.

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INDEPENDENT AUDITOR'S REPORT

To the members of ATW Holdings Limited

Report on the Financial Report

We have audited the accompanying financial report of ATW Holdings Limited, which comprises the consolidated statement of financial position as at 30 June 2013, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. Because of the matter discussed in the Basis for Disclaimer of Auditor's Opinion Paragraph, we were not able to complete an audit in accordance with Auditing Standards.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of ATW Holdings Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Basis for Disclaimer of Auditor's Opinion

A limitation of scope in our work existed for the reasons described below.

Comparatives

Our audit report in relation to the financial statements of ATW Holdings Limited as at 30 June 2012 expressed a disclaimer of opinion arising from a limitation of scope on the financial statements. We were still unable to obtain sufficient appropriate audit evidence to satisfy ourselves regarding the comparative.

Medec International Pty Ltd, Medec International Management Pty Ltd and Medec Systems GmbH

During the year ended 30 June 2013, ATW Holdings Limited held a 49% interest in Medec International Pty Ltd and its subsidiaries Medec International Management Pty Ltd and Medec Systems GmbH. Medec International Pty Ltd and its subsidiaries have not been subject to an audit for the current and prior year.

ATW Holdings Limited has not included the results of Medec International Pty Ltd and its subsidiaries in its consolidated financial statements for the current and prior financial years and we have been unable to perform any audit procedures in relation to these entities, nor have we been able to assess the impact of the exclusion of these entities on the consolidated financial statements of the Group.

Due to the matters in the preceding paragraphs, we are unable to perform sufficient appropriate audit procedures to ensure the consolidated financial statements of ATW Holdings Limited correctly include the financial results of Medec International Pty Ltd and its controlled entities for the year ended 30 June 2013.

Disclaimer of Auditor's Opinion

In our opinion, because of the existence of the limitation on the scope of our work, as described in the preceding paragraphs, and the effects of such adjustments, if any, as might have been determined to be necessary had the limitation not existed, we are unable to and do not express an opinion as to whether the financial report of ATW Holdings Limited is in accordance with the Corporations Act 2001, including:

(a) giving a true and fair view of the consolidated entity's financial position as at 30 June 2013 and of its performance for the year ended on that date;

(b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

(c) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1(r) (ii) to the Financial Statements, which indicates that company incurred made a loss of $476,107 and negative cash flows from operating activities of $403,629 during the year ended 30 June 2013. These condition, along with other matters as set forth in Note 1(r) (ii), indicate the existence of a material uncertainty which may cast significant doubt about the consolidated entity's ability to continue as a going concern and whether they will realise its assets, extinguish its liabilities and meet its commitments in the normal course of business at amounts stated at the financial statements.

Emphasis of Matter

We further draw attention to Note 17 to the financial statements, which describes the uncertainty related to the outcome of the lawsuit filed against the entity. Our opinion is not further qualified in respect of this matter.

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2013. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of ATW Holdings Limited for the year ended 30 June 2013 complies with section 300A of the *Corporations Act 2001*.

BDO Audit (WA) Pty Ltd

BDO

C Burton

Chris Burton

Director

Perth, 20 November 2013

ADDITIONAL INFORMATION FOR LISTED PUBLIC COMPANIES

The following additional information is required by the Australian Stock Exchange Ltd in respect of public companies only.

1. Shareholdings

a. **Distribution of shareholders at 12 October 2013**

Category (size of holding)	Number Shareholders	Number Ordinary Shares
1 – 1000	5	1,703
1001 – 5000	126	489,933
5001 – 10,000	62	517,471
10,000 – 100,000	98	3,295,285
100,000 – and over	60	279,325,349
Total on register	**351**	**283,629,741**

b. The number of shareholdings held in less than marketable parcels is 257 parcels of 2,259,594 ordinary shares.

c. **20 Largest Shareholders – Ordinary Shares**

	Name	Number of Ordinary Fully Paid Shares Held	% Held of Issued Ordinary Capital
1.	Fitgenes Pty Ltd	92,885,160	32.75
2.	JP Morgan Nom Aust Ltd Cash Income A/c	62,831,290	22.15
3.	Ayadurai Pathma D/O S	48,828,126	17.22
4.	Retnam Siva Ananda R S	23,164,062	8.17
5.	Etron PL Plattner S/F A/c	9,192,449	3.24
6.	HSBC Custody Nom Aust	5,898,239	2.08
7.	DBS Vickers Sec Singapore Client Account	4,696,000	1.66
8.	Plattner Josef Anton	2,783,333	0.98
9.	Capita Entps PL Ad Super A/c	2,114,909	0.75
10.	Maine Phirose	2,100,000	0.74
11.	Seng Yong Nghee	2,066,667	0.73
12.	Tromso PL	2,050,000	0.72
13.	Lim Serene Serene Lim Fam A/c	1,950,000	0.69
14.	EMPL Andreas	1,250,000	0.44
15.	AH Khee	1,250,000	0.44
16.	Leaver, Graham Alan	1,208,000	0.43
17.	DMG & Prtnrs Sec Pte Ltd Clients A/c	1,200,000	0.42
18.	Rajah Siva Ananda A/L Retnam A/c	1,146,851	0.40
19.	Leaver, Anne Marie	1,090,000	0.38
20	Seels, Christopher	715,500	0.25
	Top 20 Total	**268,420,586**	**94.64**

d. The names of the substantial shareholders listed in the holding company's register as at 20 November 2013 are:

	Ordinary Shares	
	Number	Percentage
Fitgenes Pty Ltd	92,885,160	32.75
JP Morgan Nom Aust Ltd Cash Income A/c	62,831,290	22.15
Ayadurai Pathma D/O S	48,828,126	17.22
Retnam Siva Ananda R S	23,164,062	8.17

e. **Voting Rights**

The voting rights attached to each class of equity security are as follows:

Ordinary Shares

- Each ordinary share is entitled to one vote when a poll is called, otherwise each member present at a meeting or by proxy has one vote on a show of hands

2. The name of the company secretary is Ian Gregory.

3. The address of the principal registered office in Australia is C/- Altezza Partners Pty Ltd, Level 6 360 Queen Street, Brisbane, Queensland, Telephone (07) 3010 8588.

4. Registers of securities are held at the following addresses:

Western Australia Security Transfer Registrars Pty Ltd

770 Canning Highway

Applecross WA 6153

5. **Stock Exchange Listings**

Quotation has been granted for all the ordinary shares of the company on all Member Exchanges of the Australian Securities Exchange Limited. Stock Code: ATW.

6. **Unquoted Securities**

N/A

COPORATE GOVERNANCE PRINCIPLES AND RECOMMENDATIONS

The directors are focused on fulfilling their responsibilities individually, and as a Board, are committed to protecting and enhancing shareholder value and adopting best practice governance policies and practices. That involves recognition of, and the need to adopt, principles of good corporate governance. The Board supports the guidelines on the "Corporate Governance Principles and Recommendations" established by the ASX Corporate Governance Council.

Given the size and structure of the Company, the nature of its business activities, the stage of its development and the cost of strict and detailed compliance with all of the recommendations, it has adopted a range of modified systems, procedures and practices which it considers will enable it to meet the principles of good corporate governance.

The Company's practices are mainly consistent with those of the guidelines and where they do not correlate with the recommendations in the guidelines the Company considers that its adopted practices are appropriate to it. At the end of this statement a table is included detailing the recommendations with which the Company does not strictly comply.

The following section addresses the Company's practices in complying with the principles during the year under review.

BOARD CHARTER

The business of the Company is managed under the direction of the Board of Directors. The Board is accountable to shareholders of the Company for the performance of the Company.

The Board has primary responsibility to shareholders for the sustainability and relevance of the Company by guiding and monitoring its business and affairs.

Each Director of the Company will act in good faith in the best interests of the Company and collectively oversee and appraise the strategies, major policies, processes and performance of the company using care and diligence to ensure that the Company's long term sustainability is assured.

Directors will not misuse their position on the Board to advance personal interests nor to represent particular constituencies. Directors will not use information available to them as Board members to advance personal interests or agendas.

Directors are required to inform the board of any conflicts or potential conflicts of interest they may have in relation to particular items of business. Directors must absent themselves from discussion or decisions on those matters.

The Company's Constitution and Australian corporation laws specify the minimum and maximum number of directors of the Company.

The Directors must elect one of their number as Chairman.

Principle 1 – Lay solid foundations for management and oversight

Role and Responsibilities of the Board

The Board is the governing body of the Company. The Board and the company act within a statutory framework – principally the Corporations Act and also the constitution of the Company. Subject to this statutory framework, the Board has the authority and the responsibility to perform the functions, determine the policies and control the affairs of the ATW Holdings Limited group.

The Board must ensure that ATW Holdings Limited acts in accordance with prudent commercial principles, and satisfies shareholders – consistent with maximizing the Company's long term value.

The primary responsibilities of the Board include:

- Overseeing the Company, including its control and accounting systems;
- Providing input to the direction, strategies and financial objectives of the Company and ensuring appropriate resources are available;
- Approving and monitoring the implementation of policies and strategies and the achievement of those financial objectives;
- Ensuring the preparation of accurate financial reports and statements and approving and monitoring such financial and other reporting;
- Review and adoption of budgets for the financial performance of the Company and monitoring the results on a regular

basis to assess performance including approving and monitoring the progress of major capital expenditure, capital management, acquisitions and divestitures;

- Appointing and removing the Chief Executive Officer and monitoring performance of the Chief Executive Officer and ratifying the appointment and the removal of senior executives and ensuring appropriate resources are available to senior executives;
- Establish proper succession plans for management of the Company;
- Ensuring that the Company has implemented adequate systems of risk management and internal control, codes of conduct and legal compliance together with appropriate monitoring of compliance activities.

Role and Responsibilities of Senior Executives

The Company has established the functions reserved to senior executives. Those who have the opportunity to materially influence the integrity, strategy and operation of the Company and its financial performance are considered to be senior executives. The functions delegated to senior executives are:

- Managing and administering the day-to-day operations of the Company;
- Making recommendations to the Board on corporate strategy, risk management, internal control, codes of conduct and legal compliance;
- Supervising other staff and represent them to the Board;
- Exercising such specific and express powers as are delegated to them by the Board from time to time.

Evaluation of the performance of Senior Executives.

The Board monitors the performance of senior executive on an on-going basis and conducts an evaluation of the performance of senior executives as and when the Board considers appropriate. A formal evaluation of the performance of senior executives was not carried out in the financial year ended 30 June 2013.

Availability to public

The maters reserved for the Board and the matters delegated to senior executives are included in the Company's annual report which is announced to the ASX.

Principle 2 – Structure the board to add value

Composition of the Board

The Director's Report in the annual report contains details of the directors' skill, experience and education. The Board seeks to establish a Board that consists of directors with an appropriate range of experience, skill, knowledge and vision to enable it to operate the Company's business with excellence. To maintain this, the Company's policy is that executive directors should serve at least 3 years and at the completion of the initial 3 years, the position of the director is reviewed.

The Board comprises three non-executive directors. The Company currently has no operations and no executive staff on its payroll. To the extent required, the day-to-day management of the Company has been conducted by the Chairman, who has thus been operating effectively as an Executive Chairman, though not remunerated as such. Details of the directors are set out in the Directors' Report.

The recommendations of best practice are that a majority of the directors and in particular the chairperson should be independent. An independent director is one who:

- is not a substantial shareholder of the Company or an officer or otherwise associated directly or indirectly with a substantial shareholder of the Company;
- has not within the last 3 years been employed in an executive capacity by the Company or another Group member or been a director after ceasing to hold such employment;

- has not within the last 3 years been a principal of a material professional adviser or a material consultant to the Company or another Group member, or an employee materially associated with such a service provider;
- is not a material supplier or customer of the Company or another Group member, or an officer of, or otherwise associated directly or indirectly with a material supplier or customer;
- has no material contractual relationship with the Company or any other Group member other than as a director of the Company; and
- is free from any interest and any business or other relationship which could or could reasonably be perceived to materially interfere with the director's ability to act in the best interests of the Company.

Of the three (3) Board members, Mr. Robert Mair and Mr John Driscoll do not meet these criteria, however, the Board believes that this composition is appropriate as the Company works through the current period of transition. Mr Conrad Crisafulli does meet these criteria.

The roles of Chairman and Chief Executive Officer are exercised by different individuals, providing for clear division of responsibility at the head of the Company. Their roles and responsibilities, and the division of responsibilities between them, are clearly understood and there is regular communication between them.

The performance of the Board, its committees (if any) and the individual directors is assessed on an on-going basis by the Chairman of the Board. The performance of the Chairman of the Board is assessed on an on-going basis by the Board as a whole. A formal evaluation of the performance of the Board, or of individual directors, was not carried out in the financial year ended 30 June 2013.

Nomination of Other Board Members

Membership of the Board of directors is reviewed on an on-going basis by the Chairman of the Board to determine if additional core strengths are required to be added to the Board in light of the nature of the Company's businesses and its objectives. The Board does not believe that at this point in the Company's development it is necessary to appoint additional directors and consequently, the Board has not established a nomination committee.

Independent Advice

Each of the directors is entitled to seek independent advice at the Company's expense to assist them to carry out their responsibilities. However, prior approval of the Chairman is required which approval will not be unreasonably withheld.

Availability to public

The Board's policy for nomination and appointment of directors is included in the Company's annual report which is announced to the ASX.

Principle 3 – Promote ethical and responsible decision making

In pursuit of the highest ethical standards, the Company has adopted a Code of Conduct which establishes the standards of behaviour required of directors and employees in the conduct of the Company's affairs which comprise inter alia:

- Practices necessary to maintain confidence in the Company's integrity;
- Practices necessary to take into account their legal obligations and the expectations of their stakeholders;
- Responsibility and accountability of individuals for reporting and investigating reports of unethical practices.

The terms of the code of conduct are:

Directors, officers, employees and consultants to the Company are required to observe high standards of behaviour and business ethics in conducting business on behalf of the Company and they are required to maintain a reputation of integrity on the part of both the Company and themselves. The Company does not contact with or otherwise engage any person or party where it considers integrity may be compromised.

Directors are required to disclose to the Board actual or potential conflicts of interest that may or might reasonably be thought to exist between the interests of the director or the interests of any other party in so far as it affects the activities of the Company and to act in accordance with the Corporations Act if conflict cannot be removed or if it persists. That involves taking no part in the decision making process or discussions where that conflict does arise.

Each director and senior executive is required to advise the Chairman of the Board of any reports of unethical practices by any director, executive or employee to the Company. The Chairman of the Board will investigate the matter and report back to the Board as a whole.

Diversity Policy and Measurable Objectives

The Company has an Equal Employment Opportunity and Diversity Policy. This Policy does not include measureable objectives as the Board believes that the Company will not be able to successfully meet these given the size and stage of development of the Company. Given the size of the Company the Directors do not consider it appropriate to set measurable objectives in relation to diversity. Notwithstanding this the Company strives to provide the best possible opportunities for current and prospective employees of all backgrounds in such a manner that best adds to overall shareholder value and which reflects the values, principles and spirit of the Company's Equal Employment Opportunity and Diversity Policy.

For the 2013 financial year, the Company had no female team members out of a total of zero employees, and no women in senior executive positions or women on the Board out of the three contracted Directors. However, The Company is preparing for shareholder approval to expand the Board at the next shareholders' meeting including the appointment of a female Director.

Availability to public

The code of conduct and the policy for trading in the securities of the Company is included in the Company's annual report which is announced to the ASX.

Principle 4 – Safeguard integrity in financial reporting

No audit committee has been established. The directors play an active role in monitoring the daily affairs of the Company. Meetings were held throughout the year between the Directors and the Company's external auditors to discuss ongoing activities and to discuss any proposed changes prior to their implementation and to seek advice in relation thereto. As a result of the scale of operations it has not been considered necessary to form sub-committees.

Each Board member has access to the external auditor and the auditor has access to each Board member.

In the event of the resignation of external auditors, the Board will appoint a new external auditor which is subsequently ratified by shareholders in General Meeting. In all other cases an external auditor is nominated by a shareholder of the Company and is appointed by shareholders in General Meeting. An external auditor can be removed by shareholders in General Meeting. The Board does not have a policy for the rotation of external audit engagement partners.

Availability to public

The above policies and procedures are included in the Company's annual report which is announced to the ASX.

Principle 5 – Make timely and balanced disclosure

The Company has in place a continuous disclosure policy which aims to ensure timely compliance with the Company's continuous disclosure obligations under the Corporations Act 2001 (Cth) and ASX Listing Rules and ensure officers and employees of the Company understand these obligations.

All directors, executives and staff are required to abide by all legal requirements, the Listing Rules of the Australian Securities Exchange and the highest standards of ethical conduct. This includes compliance with the continuous disclosure requirement of the listing rules.

The Company Secretary is the person responsible for overseeing and co-coordinating disclosure of information to ASX as well as communicating with the ASX.

Availability to public

The above policy and procedures are included in the Company's annual report which is announced to the ASX.

Principle 6 – Respect the rights of shareholders

The Company has a positive communication policy to promote effective communication with shareholders and actively promote shareholder involvement in the Company's Annual General Meeting.

The Board seeks to inform shareholders of all major developments affecting the Company by:

- preparing half-yearly and yearly financial reports and announcing these reports to the ASX;
- preparing quarterly cash flow reports and reports as to activities and announcing these reports to the ASX;
- making announcements in accordance with the listing rules and the continuous disclosure obligations;
- annually, and more regularly if required, holding a general meeting of shareholders and forwarding to them the notice of meeting and proxy form, and
- voluntarily releasing other information which it believes is in the interest of shareholders.

The Annual General Meeting enables shareholders to receive the reports and participate in the meeting by attendance or by written communication. The Board seeks to notify all shareholders so they can be fully informed annually for voting on the appointment of directors and so as to enable them to have discussion at the Annual General Meeting with the directors and/or auditor of the Company, who attends the Annual General Meeting. The Annual General Meeting is held each year at a convenient time and place.

Availability to public

The above policy is included in the Company's annual report which is announced to the ASX.

Principle 7 – Recognise and manage risk

The Board is conscious of the need to continually maintain a system of risk management and controls to manage all of the assets and affairs of the Company. The Company has established a policy for the oversight of material business risks and the management of material business risks. Risk management is a process of continuous improvement that is integrated into existing practices or business processes. The terms of these risk management policies are:

- Liaise with internal and external stakeholders as appropriate at each stage of the risk management process and concerning the process as a whole;
- Define the basic parameters within which risks must be managed and set the scope for the rest of the risk management process;
- Identify the risks to be managed;
- Identify and evaluate existing controls. Determine consequences and likelihood and hence the level of risk. The analysis would consider the range of potential consequences and how these occur;
- Compare estimated levels of risk against pre-established criteria and consider the balance between potential benefits and adverse outcomes. This enables decisions to be made about the extent and nature of treatments required and about priorities;

- Develop and implement specific cost-effective strategies and action plans for increasing potential benefits and reducing potential costs. Allocate responsibilities to those best placed to address the risk and agree on target date of action;
- The Chairman and Chief Executive Officer are responsible for the implementation and maintenance of sound risk management. In carrying out this responsibility, senior managers review the adequacy of internal controls to ensure that they are operating effectively and are appropriate for achieving corporate goals and objectives;
- The Board is responsible for oversight and for providing corporate assurance or the adequacy of risk management procedures;
- Managers at all levels are to create an environment where managing risk forms the basis of all activities.

Risk management includes asset risk, operational risk, personnel, health and safety risk, currency fluctuation risk, amongst others. The Company identifies and manages those risks on a case by case and overall corporate basis.
The Board has required management to design and implement a risk management and internal control system to manage the Company's material business risks and requires management to report to it on whether those risks are being managed effectively.
The Board has received assurance from the Chairman and the Acting Chief Financial Officer that the declaration under section 295A of the Corporation Act is founded on an appropriate system of risk management and internal control suitable for a small company, which is operating effectively in all material respects in relation to financial reporting risks.

Availability to public

The above policy is included in the Company's annual report which is announced to the ASX.

Principle 8 – Remunerate Fairly and Responsibly

There is no formal remuneration committee. The functions that would have been carried out by a remuneration committee are performed as follows:

- The remuneration of executive directors and senior executives is determined by the Board as a whole.
- A maximum amount of remuneration for non-executive directors is fixed by shareholders in General Meeting and can be varied in that same manner. The Board as a whole determines the remuneration of each non-executive director. In determining the allocation of remuneration to each non-executive director, the Board takes account of the time demands made on the directors together with such factors as fees paid to other corporate directors and to the responsibilities undertaken by them.
- When the Board as a whole considers the remuneration of a particular director, that director will take no part in the decision making process or discussions.
- Each member of the Board has committed to spending sufficient time to enable them to carry out their duties as a director of the Company. One third of the directors retire annually in accordance with the Constitution and the retiring directors are able to seek re-election by shareholders if they wish.

There are no schemes for retirement benefits other than superannuation for non-executive directors. The Company does not currently have an unvested equity based remuneration scheme.
Directors are prohibited from entering into transactions which limit the risk of participating in unvested entitlements under any equity based remuneration scheme.

Availability to public

The above policy is included in the Company's annual report which is announced to the ASX.

TABLE OF DEPARTURES AND EXPLANATIONS (FROM THE RECOMMENDATIONS OF THE ASX CORPORATE GOVERNANCE COUNCIL		
“Recommendation” Ref (“Principle No” Ref followed by Recommendation Ref)	**Departure**	**Explanation**
1.2 and 2.5	A formal Board evaluation process has not been put in place.	Evaluation of the Board is carried out on a continuing and informal basis. The Company will put a formal process in place as and when the level of operations justifies it.
2.1	A majority of the Board should be independent directors.	The Board believes that the existing composition is appropriate as the Company works through the current period of transition.
2.4	A separate Nomination Committee has not been formed.	The Board comprises three members each of whom has valuable contributions to make in fulfilling the role of a Nomination Committee member. A director will excuse himself where there is a personal interest or conflict.
3.2 and 3.3	The Diversity Policy should include measurable objectives for achieving gender diversity and these should be disclosed in the annual report.	The Board believes that given the size and stage of development of the Company measurable objectives would not be able to be successfully met as the Company works through the current period of transition.
4.1, 4.2 and 4.3	No formal Audit Committee has been established or formal charter prepared.	Given the size and nature of the Company, its business interests and the ongoing level of involvement of all directors, it is not considered necessary that a formal Audit Committee be established or a formal charter prepared.
6.1	The Company should maintain a website.	During the current period of transition the Company doesn’t have a website. The Company will reinstate its website as soon as practicable.
8.1 and 8.2	No formal Remuneration Committee has been established	Given the size and nature of the Company, its business interests and the ongoing level of involvement of all directors it is not considered necessary to establish a Remuneration Committee.