

ATW HOLDINGS LIMITED

ACN 100 531 191

Notice of Annual General Meeting and Explanatory Memorandum

**For the Annual General Meeting of the Company to be held
at the offices of BDO Australia, 38 Station Street, Subiaco WA 6008
on 7 April 2014 at 3.00pm (WST)**

The Independent Expert has concluded that the Fitgenes Transaction, the subject of Resolution 7, and the Medec Transaction, the subject of Resolution 11, are FAIR AND REASONABLE to Shareholders.

All Shareholders should refer to the Independent Expert's report which is in Schedule 2 of this Notice.

This notice of Annual General Meeting should be read in its entirety. If Shareholders are in any doubt as to how they should vote, they should seek advice from their professional advisor prior to voting.

Please contact the Company Secretary on +61 (0) 419 961 926 if you wish to discuss any matter concerning the Meeting.

ATW HOLDINGS LIMITED
ACN 100 531 191

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of the Shareholders of ATW Holdings Limited will be held at the offices of BDO Australia, 38 Station Street, Subiaco WA 6008 on 7 April 2014 at 3.00pm (Western Standard Time).

The Explanatory Memorandum to this Notice of Meeting provides additional information on matters to be considered at the Annual General Meeting. The Explanatory Memorandum and Proxy Form form part of this Notice of Meeting.

Shareholders are urged to vote by attending the Annual General Meeting in person or by returning a completed Proxy Form. Instructions on how to complete a Proxy Form are set out in the Explanatory Memorandum.

Proxy Forms must be received by no later than 48 hours prior to the Meeting.

Terms and abbreviations used in this Notice and Explanatory Memorandum are defined in the Schedule 1 to the Explanatory Memorandum.

AGENDA

ORDINARY BUSINESS

FINANCIAL STATEMENTS AND REPORTS

To receive and consider annual financial report of the Company for the financial year ended 30 June 2013 together with the declaration of the Directors, the Directors' report, the remuneration report and the auditor's report, in accordance with the Constitution.

1 ADOPTION OF REMUNERATION REPORT

To consider, and if thought fit, to pass as a **non-binding ordinary resolution**:

"That, for the purpose of Section 250R(2) of the Corporations Act and for all other purposes, approval is given for the adoption of a Remuneration Report as contained in the Company's annual financial report for the financial year ended 30 June 2013."

Note: this Resolution will be decided as if it were an ordinary (majority) resolution, but under section 250R(3) of the Corporations Act the vote is advisory only and does not bind the Directors or the Company. Votes must not be cast on this resolution by key management personnel and closely related parties.

2 RE-ELECTION OF ROBERT MAIR AS DIRECTOR

To consider, and if thought fit, to pass the following as an **ordinary resolution**:

"That, for the purposes of clause 11.3 of the Constitution and for all other purposes, Robert Mair, a Director who will retire by rotation at the close of the Annual General Meeting, and being eligible, offers himself for election, is re-elected as a Director of the Company."

3 ELECTION OF DR CARRIE HILLYARD AS DIRECTOR

To consider, and if thought fit, to pass the following as an **ordinary resolution**:

“That, for the purposes of clause 11.12 of the Constitution and for all other purposes, Dr Carrie Hillyard, having been appointed to fill a casual vacancy and being eligible, offers herself for election, is elected as a Director of the Company.”

4 ELECTION OF DR JOHN HURRELL AS DIRECTOR

To consider, and if thought fit, to pass the following as an **ordinary resolution**:

“That, for the purposes of clause 11.12 of the Constitution and for all other purposes, Dr John Hurrell, having been appointed to fill a casual vacancy and being eligible, offers himself for election, is elected as a Director of the Company.”

SPECIAL BUSINESS

5 CONSOLIDATION OF CAPITAL

To consider, and if thought fit, to pass with or without amendment the following as an **ordinary resolution**:

“Subject to the passing of Resolutions 6 to 10 (inclusive) and subject to the Company receiving applications for Shares exceeding the minimum subscription amount under the Prospectus on the terms and conditions as described in the Explanatory Memorandum, for the purposes of Section 254H of the Corporations Act, Listing Rule 2.1 Condition 2 and Listing Rule 7.20 and for all other purposes, the issued capital of the Company be consolidated on the basis that approximately every seventy (70) Shares be consolidated into one (1) Share subject to any adjustment required as a result of the Entitlement Offer; and where this consolidation results in a fraction of a Share being held by a Shareholder, the Directors be authorised to round that fraction up to the nearest whole Share, with the Consolidation taking effect as described in the Explanatory Memorandum.”

6 CHANGE TO NATURE AND SCALE OF ACTIVITIES

To consider, and if thought fit, to pass with or without amendment the following as an **ordinary resolution**:

“Subject to the passing of Resolutions 5 and 7 to 10 (inclusive), for the purposes of ASX Listing Rule 11.1.2 and for all other purposes, approval is given for the Company to make a significant change to the nature and scale of the Company’s activities, as set out in the Explanatory Memorandum.”

7 ACQUISITION OF FITGENES PTY LTD

To consider, and if thought fit, to pass with or without amendment the following as an **ordinary resolution**:

“Subject to the passing of Resolutions 5, 6 and 8 to 10 (inclusive), for the purposes of ASX Listing Rule 7.1 and for all other purposes, Shareholders approve:

- (a) the acquisition of all of the issued share capital of Fitgenes Pty Ltd from Fitgenes Shareholders pursuant to the share purchase agreement dated 14 December 2011 (as amended) (**Fitgenes Purchase Agreement**); and
- (b) in consideration for the acquisition of the Fitgenes Shares, the issue of 14,762,970 Shares to the Fitgenes Shareholders (on a post Consolidation basis) in accordance with the Fitgenes Purchase Agreement on the terms set out in the Explanatory Memorandum.”

Independent Expert’s Report: Shareholders should carefully consider the Independent Expert’s Report (attached as Schedule 2). The Independent Expert’s Report considers the fairness and reasonableness of the Fitgenes Transaction and concludes that it is FAIR AND REASONABLE to Shareholders.

8 PARTICIPATION BY ROBERT MAIR IN ISSUE OF CONSIDERATION SHARES

To consider, and if thought fit, to pass with or without amendment the following as an **ordinary resolution**:

“Subject to the passing of Resolutions 5 to 7, 9 and 10 (inclusive), for the purposes of Chapter 2E of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, Shareholders approve Robert Mair, or his nominees, participating in the issue of Consideration Shares the subject of Resolution 7 on the terms set out in the Explanatory Memorandum.”

Note: A detailed summary of the proposed terms of the issue is contained in the Explanatory Memorandum. If approval is given under ASX Listing Rule 10.11, approval is not required under ASX Listing Rule 7.1.

9 PARTICIPATION BY ALTEZZA VCP PTY LTD IN ISSUE OF CONSIDERATION SHARES

To consider, and if thought fit, to pass with or without amendment the following as an **ordinary resolution**:

“Subject to the passing of Resolutions 5 to 8 and 10 (inclusive), for the purposes of Chapter 2E of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, Shareholders approve Altezza VCP Pty Ltd, being a related party of certain Directors of the Company, or its nominees, participating in the issue of Consideration Shares the subject of Resolution 7 on the terms set out in the Explanatory Memorandum.”

Note: A detailed summary of the proposed terms of the issue is contained in the Explanatory Memorandum. If approval is given under ASX Listing Rule 10.11, approval is not required under ASX Listing Rule 7.1.

10 ISSUE OF SECURITIES UNDER PROSPECTUS

To consider, and if thought fit, to pass with or without amendment the following as an **ordinary resolution**:

“Subject to the passing of Resolutions 5 to 9 (inclusive), for the purposes of ASX Listing Rule 7.1 and for all other purposes, Shareholders approve the issue of up to 24,278,213 Shares (on a post Consolidation basis) under the Prospectus at an issue price of at least 21 cents each,

on the terms set out in the Explanatory Memorandum”.

11 SALE OF EQUITY HOLDING IN MEDEC INTERNATIONAL PTY LTD

To consider, and if thought fit, to pass with or without amendment the following as an **ordinary resolution**:

*“For the purposes of ASX Listing Rule 10.1 and for all other purposes, Shareholders approve the disposal by the Company of its 49% shareholding in Medec International Pty Ltd on the terms and conditions set out in the share sale agreement dated 29 December 2011 (as amended) (**Medec Sale Agreement**) and on the terms set out in the Explanatory Memorandum.”*

Independent Expert’s Report: Shareholders should carefully consider the Independent Expert’s Report (attached as Schedule 2). The Independent Expert’s Report considers the fairness and reasonableness of the Medec Transaction and concludes that it is FAIR AND REASONABLE to Shareholders.

12 ISSUE OF NOTES

To consider, and if thought fit, to pass with or without amendment the following as an **ordinary resolution**:

“For the purposes of ASX Listing Rule 7.1 and for all other purposes, Shareholders approve the issue of up to 2,500,000 Notes, including the term allowing for the conversion of each Note into Company Shares on the occurrence of the transactions contemplated by Resolution 7 and Resolution 10, on the terms set out in the Explanatory Memorandum”.

13 PARTICIPATION BY ALTEZZA VCP PTY LTD IN ISSUE OF NOTES

To consider, and if thought fit, to pass with or without amendment the following as an **ordinary resolution**:

“Subject to the passing of Resolution 12, for the purposes of Chapter 2E of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, Shareholders approve Altezza VCP Pty Ltd, being a related party of certain Directors of the Company, or its nominees, participating in the issue of Notes on the terms set out in the Explanatory Memorandum.”

14 PARTICIPATION BY BIONETWORKS PTY LTD IN ISSUE OF NOTES

To consider, and if thought fit, to pass with or without amendment the following as an **ordinary resolution**:

“Subject to the passing of Resolution 12, for the purposes of Chapter 2E of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, Shareholders approve Bionetworks Pty Ltd, being a related party of certain Directors of the Company, or its nominees, participating in the issue of Notes on the terms set out in the Explanatory Memorandum.”

15 CHANGE OF NAME

To consider, and if thought fit, to pass with or without amendment the following as a **special**

resolution:

*“That subject to the passing of Resolutions 5 to 9 (inclusive), with effect from the date that ASIC alters the details of the Company’s registration in accordance with section 157 of the Corporations Act, the name of the Company be changed to **“Fitgenes Limited”**.”*

16 ADOPTION OF NEW CONSTITUTION

To consider, and if thought fit, to pass with or without amendment the following as a **special resolution:**

“That the constitution tabled at the Annual General Meeting, and signed by the chairman of the meeting for the purposes of identification be approved and adopted as the constitution of the Company in substitution for and to the exclusion of the Company’s existing constitution with effect from the close of the Annual General Meeting.”

17 APPROVAL OF THE ATW EXECUTIVE AND EMPLOYEE SHARE OPTION PLAN (ESOP)

To consider, and if thought fit, to pass with or without amendment the following as an **ordinary resolution:**

“That, for the purposes of Listing Rule 7.2, Exception 9, and for all other purposes, the Company Executive and Employee Share Option Plan be approved on the terms and conditions summarised in the Explanatory Memorandum.”

18 ISSUE OF OPTIONS TO DIRECTORS UNDER THE ESOP

To consider, and if thought fit, to pass with or without amendment the following as an **ordinary resolution:**

“That, for the purposes of Chapter 2E of the Corporations Act, ASX Listing Rule 10.14 and for all other purposes, (a) the issue of up to 2,500,000 Options to the Directors of the Company, or their related parties or nominees, which are to be granted under the ESOP on the terms set out in the Explanatory Memorandum, be approved; and (b) the issue of any Shares to the Directors of the Company, or their related parties or nominees, on exercise of the Options be approved.”

Note: A detailed summary of the proposed terms of the issue is contained in the Explanatory Memorandum. If approval is obtained under ASX Listing Rule 10.14, approval is not required under ASX Listing Rule 7.1 or ASX Listing Rule 10.11. Waivers from ASX Listing Rules 10.15A.5 and 10.15A.8 (as they apply to ASX Listing Rule 10.14) have been granted by ASX to permit the Company not to state the name of a proposed new non-executive director who is to be issued 500,000 of the Options.

By order of the Board of Directors

Mr Robert Mair
Director
ATW Holdings Limited
26 February 2014

Notes

- (a) A Shareholder who is entitled to attend and cast a vote at the Meeting is entitled to appoint a proxy.
- (b) The proxy need not be a shareholder of the Company. A Shareholder who is entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise.
- (c) If you wish to appoint a proxy and are entitled to do so, then complete and return the **attached** proxy form.
- (d) KMP (or their closely related parties) (as defined in the Corporations Act) appointed as a proxy must not vote on a resolution connected directly or indirectly with the remuneration of KMP if the proxy is undirected unless:
 - (i) the proxy is the person chairing the Meeting; and
 - (ii) the proxy appointment expressly authorises the person chairing the meeting to vote undirected proxies on that resolution.
- (e) If the proxy form specifies the way the proxy is to vote on a particular resolution the proxy need not vote on a show of hands but if the proxy does so, it must vote as specified in the proxy form.
- (f) If the proxy has two or more appointments that specify different ways to vote on the resolution the proxy must not vote on a show of hands.
- (g) If the proxy is the chair of the Meeting, the proxy must vote on a poll or must vote the way specified in the proxy form.
- (h) If the proxy is not the chair of the Meeting the proxy need not vote on the poll, but if the proxy does so, the proxy must vote as specified in the proxy form.
- (i) If the proxy form specifies the way the proxy is to vote on a particular resolution and the proxy is not the chair of the meeting and a poll is demanded and either:
 - (i) the proxy is not recorded as attending; or
 - (ii) the proxy does not vote,the chair of the meeting is deemed the proxy for that resolution.
- (j) A corporation may elect to appoint a representative, rather than appoint a proxy, under the Corporations Act in which case the Company will require written proof of the representative's appointment which must be lodged with or presented to the Company before the Meeting.
- (k) The Company has determined under regulation 7.11.37 Corporations Regulations 2001 that for the purpose of voting at the Meeting or adjourned meeting, securities are taken to be held by those persons recorded in the Company's register of shareholders as at 3.00pm on 5 April 2014.
- (l) If you have any queries on how to cast your votes call the Company Secretary on +61 (0) 419 961 926 during business hours.

VOTING PROHIBITION AND EXCLUSION STATEMENTS

Under Listing Rule 14.11, the Company will disregard any votes cast on the following Resolutions by the following persons:

Resolution	Persons excluded from voting
Resolution 1 – Adoption of Remuneration Report	<p>A member of the KMP or a closely related party of the KMP unless:</p> <ul style="list-style-type: none"> (a) the person does so as a proxy appointed under the proxy voting form; and (b) the vote is not cast on behalf of a member of the KMP or a closely related party of the KMP. <p>If you are a KMP or closely related relative of a KMP (or acting on behalf of them) and purport to cast a vote that will be disregarded by the Company, you may be liable for an offence for breach of voting restrictions that apply to you under the Corporations Act.</p>
Resolution 6 – Change to nature and scale of activities	The Company will disregard any votes cast on this Resolution by any person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, and any Associates of those persons.
Resolution 7 – Acquisition of Fitgenes	The Company will disregard any votes cast on each of these Resolutions by a person who may participate in the proposed issue or any person who may obtain a benefit if the relevant Resolution is passed other than in their capacity as a holder of ordinary securities, and Associates of those persons.
Resolution 8 – Issue of Consideration Shares to Robert Mair	The Company will disregard any votes cast on this Resolution by Robert Mair or any nominee and Associate of Robert Mair.
Resolution 9 – Issue of Consideration Shares to Altezza VCP Pty Ltd	The Company will disregard any votes cast on this Resolution by Altezza VCP Pty Ltd or any nominee and Associate of Altezza VCP Pty Ltd.
Resolution 10 – Issue of Shares under Prospectus	The Company will disregard any votes cast on this Resolution by any person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, and any Associates of those persons.
Resolution 11 – Sale of Medec International Pty Ltd	The Company will disregard any votes cast on this Resolution by Siva Ananda Rajah S/o Retnan or any nominees and Associates of Siva Ananda Rajah S/o Retnan.
Resolution 12 – Issue of Notes	The Company will disregard any votes cast on this Resolution by Altezza VCP Pty Ltd or any nominee and Associate of Altezza VCP Pty Ltd and Bionetworks Pty Ltd or any nominee and Associate of Bionetworks Pty Ltd and John Hurrell or any nominee and Associate of

Resolution	Persons excluded from voting
	John Hurrell and any other related parties or any nominee and Associate of any other related parties to whom Notes may be issued.
Resolution 13 – Issue of Notes to Altezza VCP Pty Ltd	The Company will disregard any votes cast on this Resolution by Altezza VCP Pty Ltd or any nominee and Associate of Altezza VCP Pty Ltd.
Resolution 14 – Issue of Notes to Bionetworks Pty Ltd	The Company will disregard any votes cast on this Resolution by Bionetworks Pty Ltd or any nominee and Associate of Bionetworks Pty Ltd.
Resolution 17 – approval of ESOP	The Company will disregard any votes cast on this Resolution by a Director (except one who is unable to participate in the ESOP) and any Associates of the Directors.
Resolution 18 – Issue of Options to the Directors	The Company will disregard any votes cast on this Resolution by any Director (except one who is unable to participate in the ESOP) or any nominee and Associate of the Directors.

However, the Company need not disregard a vote if it is cast by:

- (a) a person as proxy for a person who is entitled to vote, under the directions on the proxy voting form; or
- (b) the person chairing the Meeting as proxy for a person who is entitled to vote, under a direction on the proxy form to vote as the proxy decides.

ATW HOLDINGS LIMITED
ACN 100 531 191
EXPLANATORY MEMORANDUM

1 INTRODUCTION

This Explanatory Memorandum has been prepared for the information of Shareholders in connection with the business to be conducted at the Annual General Meeting to be held at the offices of BDO Australia, 38 Station Street, Subiaco WA 6008 on 7 April 2014 at 3.00pm (Western Standard Time). The purpose of this Explanatory Memorandum is to provide information to Shareholders in deciding how to vote on the Resolutions set out in the Notice.

This Explanatory Memorandum should be read in conjunction with, and forms part of, the accompanying Notice.

A Proxy Form is located at the end of Explanatory Memorandum.

The Explanatory Memorandum includes the following information to assist Shareholders in deciding how to vote on Resolutions:

Action to be taken by Shareholders

Resolution 1 – Adoption of Remuneration Report

Resolution 2 – Re-election of Robert Mair

Resolution 3 – Election of Dr Carrie Hillyard as Director

Resolution 4 – Election of Dr John Hurrell as Director

Resolution 5 – Consolidation of Capital

Resolution 6 – Change to Nature and Scale of Activities

Resolution 7 – Acquisition of Fitgenes Pty Ltd

Resolution 8 – Participation by Mr Robert Mair in issue of Consideration Shares

Resolution 9 – Participation by Altezza VCP Pty Ltd in issue of Consideration Shares

Resolution 10 – Issue of securities under Prospectus

Resolution 11 – Sale of equity holding in Medec International Pty Ltd

Resolution 12 – Issue of Notes

Resolution 13 – Participation by Altezza VCP Pty Ltd in issue of Notes

Resolution 14 – Participation by Bionetworks Pty Ltd in issue of Notes

Resolution 15 – Change of name to 'Fitgenes Limited'

Resolution 16 – Adoption of New Constitution

Resolution 17 – Approval of Company Executive and Employee Share Option Plan (**ESOP**)

Resolution 18 – Issue of Options to Directors under ESOP

2 ACTION TO BE TAKEN BY SHAREHOLDERS

Shareholders should read the Notice and this Explanatory Memorandum carefully before deciding how to vote on the Resolutions.

All Shareholders are invited and encouraged to attend the Annual General Meeting. If a Shareholder is unable to attend in person, they can appoint a representative (or "proxy") to attend on their behalf by signing and returning the Proxy Form (attached to the Notice) to the Company in accordance with the instructions on the Proxy Form. The Company encourages Shareholders completing a Proxy Form to direct the proxy how to vote on each Resolution.

The Proxy Form must be received no later than 48 hours before the commencement of the Annual General Meeting, i.e. by no later than 3.00pm (WST) on 5 April 2014. Any Proxy Form received after that time will not be valid for the Meeting.

A Proxy Form may be lodged in accordance with the instructions thereon.

Eligibility to vote

The Directors have determined that, for the purposes of voting at the Annual General Meeting, Shareholders are those persons who are the registered holders of Shares at 3.00pm (WST) on 5 April 2014.

ORDINARY BUSINESS

FINANCIAL STATEMENTS AND REPORTS

In accordance with the Corporations Act and the Company's Constitution, the business of the Annual General Meeting will include receipt and consideration of the annual financial report of the Company for the financial year ended 30 June 2013 together with the declaration of the directors, the directors' report, the remuneration report and the auditor's report (*Annual Financial Statements*).

There is no requirement for Shareholders to approve the Annual Financial Statements.

In addition to taking questions at the Annual General Meeting, written questions to the Chairman about the management of the Company, or to the Company's auditor, BDO Audit (WA) Pty Ltd, about:

- the preparation and content of the auditor's report;
- the conduct of the audit;
- accounting policies adopted by the Company in relation to the preparation of the Annual Financial Statements; and
- the independence of the auditor in relation to the conduct of the audit,

may be submitted no later than 5 business days before the meeting date to the registered office of ATW Holdings Limited at Level 6, 360 Queen Street, Brisbane QLD 4000 or by fax to the ATW Holdings Limited registered office at +61 7 3229 7641 or to ATW Holdings Limited at PO Box 906, Brisbane, QLD 4001.

As required under section 250PA of the Corporations Act, at the Annual General Meeting, the Company will make available those questions directed to the auditor received in writing at least 5 business days prior to the Meeting, being questions which the auditor considers relevant to the content of the auditor's report or the conduct of the audit of the annual financial report for the year ended 30 June 2013. The Chairman of the meeting will allow a reasonable opportunity for the auditor to respond to the questions set out on this list.

1 RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

Section 250R(2) of the Corporations Act provides that the Company is required to put the Remuneration Report to the vote of Shareholders. The Directors' Report contains the Remuneration Report which sets out the remuneration policy for the Company and reports the remuneration arrangements in place for the executive Directors, specified executives and non-executive Directors. The Directors' Report can be found within the Company's annual report.

Section 250R(3) of the Corporations Act provides that Resolution 1 is advisory only and does not bind the Directors of the Company. A failure of Shareholders to pass Resolution 1 will not require the Directors to alter any of the arrangements in the Remuneration Report.

However, if the Remuneration Report receives a 'no' vote of 25% or more at this Annual General Meeting, Shareholders should be aware that if there is a 'no' vote of 25% or more at the next annual general meeting the consequences are that it may result in the re-election of the Board.

The Chairman will allow a reasonable opportunity for Shareholders as a whole to ask about, or make comments on the Remuneration Report.

The Directors unanimously recommend that Shareholders vote in favour of passing Resolution 1.

2 RESOLUTION 2 – RE-ELECTION OF ROBERT MAIR AS A DIRECTOR

Refer to Schedule 7 for details of the experience and qualifications of Robert Mair. Mr Mair is also a director of Fitgenes.

The Directors (excluding Mr Mair) recommend that Shareholders vote in favour of passing Resolution 2.

3 RESOLUTION 3 – ELECTION OF DR CARRIE HILLYARD AS A DIRECTOR

Refer to Schedule 7 for details of the experience and qualifications of Dr Carrie Hillyard. Dr Hillyard is also a director of Fitgenes.

The Directors (excluding Dr Hillyard) recommend that Shareholders vote in favour of passing Resolution 3.

4 RESOLUTION 4 – ELECTION OF DR JOHN HURRELL AS A DIRECTOR

Refer to Schedule 7 for details of the experience and qualifications of Dr John Hurrell.

The Directors (excluding Dr Hurrell) recommend that Shareholders vote in favour of passing Resolution 4.

OVERVIEW OF THE CHANGE OF NATURE AND SCALE OF THE COMPANY'S ACTIVITIES AND ACQUISITION OF FITGENES PTY LTD

1 Background

ATW Holdings Limited is a public company which has been listed on ASX since October 2003.

Prior to April 2011, the Company was involved in the energy medicine and complementary health and wellness products business. This main undertaking of the Company was sold in April 2011.

Since April 2011 the Company has not had a main undertaking. The Directors were advised by ASX that if the Company identified investment opportunities that would result in a change to the nature or scale of the Company's activities, Shareholder approval for the acquisition or investment would be required under ASX Listing Rule 11.1 and that ASX may require the Company to satisfy the requirements of Chapters 1 and 2 of the ASX Listing Rules as though it was applying to be listed on ASX for the first time, during which time the Company's securities may be suspended from quotation.

2 Overview of change of nature and scale of the Company's activities, and the Fitgenes Transaction

Following the sale of the majority of its energy medicine and complementary health and wellness business in April 2011, the Company undertook a strategic review and reviewed numerous potential acquisitions and investment opportunities.

After undertaking due diligence on Fitgenes Pty Ltd ACN 139 521 010 (**Fitgenes**), and its underlying business, and as detailed in the announcements of the Company dated 21 December 2011, 15 February 2012, 2 April 2012 and 11 February 2013, the Company entered an agreement with the Fitgenes Shareholders on 14 December 2011 whereby it agreed to acquire all of the issued share capital of Fitgenes (as amended by two separate deeds of variation). Refer to Schedule 4 for further details of the key terms of the Fitgenes Purchase Agreement.

The Company now seeks Shareholder approval to formally acquire Fitgenes and change the scale of its business in the health and wellness sector. In order to effect the changes a number of ancillary Shareholder approvals are also sought.

3 Overview of Fitgenes

Fitgenes is an Australian proprietary limited company that was incorporated on 17 September 2009 after over a decade of research and development into the role of genetics in personalised healthcare and wellness. Fitgenes was formed to leverage advances in the field of genetics, particularly following the completion of the Human Genome Project in 2003, to develop and deliver a range of genetics-based, personalised, preventative healthcare and wellness programs.

Key points of differentiation between Fitgenes and its competitors include:

- emphasis on personalised health and wellness programs, not predicting disease

states;

- highly-scalable cloud-based expert systems;
- multiple revenue streams; and
- practitioner education, training and support.

(a) **Emphasis on personalised health and wellness programs, not predicting disease states**

Fitgenes takes a holistic approach by considering an individual's genetic profile in the context of their medical, nutritional and behavioural profile to deliver truly personalised and preventative health programs.

The programs include a range of targeted interventions, including nutrigenomic, nutritional, exercise and lifestyle, that may be recommended to the patient to assist them to achieve their health goal.

Many of the interventions arising out of Fitgenes' programs lend themselves to practitioner direction and ongoing support. This creates a closer relationship between practitioners and their clients and creates additional income streams for practitioners – both of which encourage practitioners to promote Fitgenes' programs.

(b) **Highly-scalable cloud-based expert systems**

Fitgenes has highly-scalable cloud-based expert systems, which allow Fitgenes practitioners¹ anywhere in the world to readily access the following:

- genetic profiling reports for any of their clients;
- completed phenotype and other questionnaires for any of their clients;
- recommended interventions for any of their clients;
- further information on recommended interventions for any of their clients;
- further information on other interventions that are available; and
- training material for Fitgenes programs.

These cloud-based expert systems also allow Fitgenes practitioners to interact more broadly with Fitgenes.

(c) **Multiple revenue streams**

Where most competitors are focused on simply selling genetic tests, Fitgenes has focused on multiple revenue streams, including:

- core program charges for genetic profiling and personalised interventions;

¹ Fitgenes practitioners are degree qualified allied health care professionals (such as naturopaths, nutritionists or dieticians) or integrative general practitioners, who have been trained and accredited by Fitgenes to deliver genome-based personalised health programs for patients using Fitgenes genetic profiling and targeted nutrition, health and exercise interventions

- other charges for premium and add-on programs such as women's and executive health.
- practitioner training and accreditation fees; and
- practitioner subscriptions to access content and on-going professional development relevant to their clients;

(d) **Practitioner education, training and support**

All practitioners involved in delivering Fitgenes' programs are required to:

- participate in the program themselves by having their own genetic profiles and personalised interventions done;
- complete induction training (delivered by Fitgenes) and be accredited as a Fitgenes Certified Practitioner™;
- complete on-going professional development courses; and
- subscribe to Fitgenes Pracware™².

Fitgenes has over 400 practitioners across Australia, New Zealand, Malaysia, Singapore, Hong Kong and the USA who are part of a growing community of practitioners, which allows them to improve their offering to their patients.

(e) **Corporate health and wellness**

Corporate health and wellness represents a significant market opportunity for Fitgenes, and the company has made significant advances with a number of large corporate organisations and major insurance groups to position Fitgenes to deliver personalised, preventative healthcare programs directly into the workplace.

(f) **Distribution Arrangements**

The Fitgenes business model allows the company to work directly with practitioner clinics while also utilising a channel distribution approach to leverage into other geographic and demographic markets, for example Hong Kong.. This allows Fitgenes to scale without significant capital expenditure and improves its profitability.

Channel distributors are strategically selected based on:

- location and geographical coverage;
- alignment with Fitgenes (programs, philosophy and purpose, and values);
- willingness to promote Fitgenes' programs;
- ability to access a broad customer base;
- ability to scale to meet customer demand; and

² Pracware is a software platform which was designed and developed specifically for Fitgenes to allow practitioners to deliver timely treatment programs for their patients based on the latest information and technology available in the field of Nutrigenetics and personalised genetic profiling

- independence (for example, from competitor or non-complementary products).

Distributors play a key role in identifying, securing and servicing the practitioners that deliver Fitgenes' programs.

Fitgenes currently has non-exclusive distribution partners in Queensland, Victoria, Western Australia, Malaysia, Singapore and Hong Kong and is in discussions with a number of additional channel partners as part of its expansion plans for the Asia-Pacific region and the US market.

(g) **Commercialisation Australia Grant**

Fitgenes previously successfully secured an Australian government Commercialisation Australia grant of A\$475,000 (which required matching funding) in relation to a A\$950,000 program to extend the existing Fitgenes' programs specifically in the area of women's health. All of the objectives of this grant have been achieved or exceeded and the women's health program is now fully integrated into the Fitgenes product and service offering.

(h) **Intellectual Property**

Fitgenes has filed two patent applications in relation to its key innovations. These are being progressed internationally through the patent cooperation treaty arrangements.

Fitgenes has also registered a number of trademarks to protect and enhance its marketing messages.

Important aspects of Fitgenes' expert systems are effectively protected by a combination of copyright and trade secret management.

Ongoing research and development will lead to further intellectual property advances. Further patent and trademark filings are anticipated.

4 Board and management changes

Pursuant to the terms of the Fitgenes Purchase Agreement, the Board of ATW Holdings Limited was to be re-constituted with new directors nominated by Fitgenes. Robert Mair and John Driscoll (both of whom are directors of Fitgenes) were appointed as Directors. John Driscoll subsequently resigned as a Director on 5 December 2013 but will remain as Chief Financial Officer of the Company.

Dr Carrie Hillyard (who is also a director of Fitgenes) and Dr John Hurrell have also been appointed as Directors. Conrad Crisafulli will remain as a Director.

Refer to Schedule 7 for details of the experience of Dr Hillyard and Dr Hurrell.

5 Consideration

The consideration payable by the Company under the Fitgenes Purchase Agreement consists of the issue to the Fitgenes Shareholders of 14,762,970 new Shares (**Consideration Shares**) in proportion to their respective shareholdings in Fitgenes as set out in Schedule 5. The number of Consideration Shares to be issued by the Company in exchange for 100% of the share capital of Fitgenes was agreed between the respective boards of the Company and Fitgenes during the original negotiations which took place from mid to late 2011.

6 Conditions Precedent

The obligation of the Company and the Fitgenes Shareholders to complete the sale and purchase of Fitgenes was subject to a number of conditions which are detailed in Schedule 4. The only conditions which remain to be satisfied are:

- (a) the Company obtaining shareholder approval (the subject of Resolution 7); and
- (b) ASX approval, noting that ASX will require the Company to re-comply under Chapter 1 and Chapter 2 of the ASX Listing Rules.

7 Notes

The Company is proposing to raise additional capital by way of an issue of securities under prospectus (**IPO**).

Prior to undertaking the IPO, the Company is proposing to raise up to \$2,000,000 by way of the issue of the Notes (the terms of issue of which are summarized in Schedule 8), although oversubscriptions up to an additional \$500,000 may be accepted. The maximum aggregate amount to be raised under the Notes is therefore \$2,500,000 (**Maximum Note Cap**).

The funds raised will be applied to:

- (a) costs associated with completing the acquisition of Fitgenes;
- (b) development and expansion of the existing practitioner network;
- (c) establishment and fit-out costs associated with leasehold clinics;
- (d) further product development;
- (e) due diligence and other transaction-related costs associated with potential acquisitions;
- (f) marketing expenses;
- (g) costs of the Capital Raising;
- (h) administration;
- (i) working capital; and
- (j) loans to Fitgenes.

The Notes do not bear interest and the Company is required to convert them to Shares upon completion of the IPO.

The conversion price of each Note will be the lower of:

- (i) 20% discount to the cash price payable per Share under the IPO; and
- (j) the cash price payable for the issue of Shares at a pre-money valuation cap of \$5,300,000.

The Company may at its discretion and before conversion repay Notes at par value. The holder of a Note may only require repayment in an event of default, being an unremedied material breach of the Note terms, winding up, insolvency or liquidation of the Company.

The Notes may be transferred by their holders to a person to whom the Noteholder could

transfer Shares under the Company's constitution.

If the IPO is not completed by 31 December 2015 and the Notes have not converted to Shares, then the Company will cease to be the Issuer under the Notes and will have no further liability or obligation in respect of the Notes. On that date Fitgenes will assume liability for the Notes as Issuer, in consideration of which the Company will transfer to Fitgenes all title, rights and interest in all assets that utilise or are otherwise associated with Fitgenes' intellectual property and all liabilities of the Company to Fitgenes and Fitgenes to the Company will be extinguished.

9 IPO

In addition to the Notes outlined above, which may result in the issue of up to 15,173,883³ Shares upon conversion, the Company will undertake the IPO to raise up to \$5,000,000 (before costs) by the issue of up to 24,278,213⁴ Shares (on a post Consolidation basis) each at an issue price of at least \$0.21 per Share⁵ to investors under the Prospectus (described in paragraph 14 below). The Company expects to appoint lead managers shortly in respect of the IPO.

10 Revised capital structure

The Company's share structure following ASX re-compliance, completion of the Consolidation, the acquisition of Fitgenes, the issue and conversion of the Notes and the IPO, is set out in Schedule 11.

11 Pro forma balance sheet

An unaudited pro forma balance sheet of the Company as at 30 June 2013 is set out below (assuming all Resolutions are passed, the Fitgenes Transaction completes and all Shares, Notes and Options the subject of Resolutions 7 to 10, 12 to 14 and 17 and 18 are issued):

	Audited balance sheet as at 30 June 2013 (\$)	Unaudited pro forma balance sheet as at 30 June 2013 (\$)
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	26,106	7,573,268
Trade and other receivables	24,231	365,410
Other current	12,188	97,404

³ This assumes the passing of all Resolutions, conversion of the Notes in full and a successful raising of \$5,000,000 at an issue price of \$0.21 per Share under the Prospectus

⁴ This assumes the passing of all Resolutions, conversion of the Notes in full and a successful raising of \$5,000,000 at an issue price of \$0.21 per Share under the Prospectus

⁵ The ASX Listing requirements, with which the Company must comply, provide for a minimum issue price of \$0.20 cents per Share. However, the Directors have modelled the number of Shares to be issued under the Resolutions in this Notice using a range of \$0.21 per Share to \$0.30 per Share, based on their expectations of the pre-capital raising value of the Company

assets		
TOTAL CURRENT ASSETS	62,525	8,036,083
NON-CURRENT ASSETS		
Property, plant and equipment	643	2,093
Intangible assets	0	310,231
Investments	0	868,440
Goodwill	0	2,177,069
TOTAL NON-CURRENT ASSETS	643	3,357,833
TOTAL ASSETS	63,168	11,393,916
LIABILITIES		
CURRENT LIABILITIES		
Trade and other payables	391,033	555,433
TOTAL CURRENT LIABILITIES	391,033	555,433
NON-CURRENT LIABILITIES		
Borrowings	226,271	0
Deferred tax liabilities	0	0
TOTAL NON-CURRENT LIABILITIES	226,271	0
TOTAL LIABILITIES	617,304	555,433
NET (LIABILITIES)/ ASSETS	-554,136	10,838,483
EQUITY		
Contributed equity	5,140,629	17,049,436
Accumulated losses	-5,694,765	-6,210,953
TOTAL (DEFICIENCY)/ EQUITY	-554,136	10,838,483

12 Risks

By acquiring Fitgenes and focusing its activities in the health and wellness sector, there are factors, both specific to the Company and of a general nature in the sector, which may affect the future operating and financial performance of the Company and the value of its securities. A non-exhaustive summary of the risk factors that could affect the financial performance of the Company and the value of its securities given the proposed acquisition of Fitgenes is in

Schedule 3.

13 Directors' recommendation

The Directors (other than Robert Mair, who abstains from making a recommendation due to his position as director and shareholder of Fitgenes, and Carrie Hillyard, who abstains from making a recommendation due to her position as director of Fitgenes) consider that the acquisition of Fitgenes and the Capital Raising are in the best interests of the Company and unanimously recommend that Shareholders vote in favour of Resolutions 5 to 10 (inclusive).

14 Plans for the Company if the acquisition of Fitgenes is not completed

If the acquisition of Fitgenes is not completed, the Company will continue with its current activities and continue to look for an alternative transaction or acquisitions to add value to the Company.

15 Prospectus and proposed timetable

The Company intends to lodge a prospectus (**Prospectus**) in the second quarter of 2014 with ASIC in order to facilitate:

- (a) the IPO; and
- (b) the Company re-complying with Chapters 1 and 2 of the Listing Rules.

Trading on ASX of the Shares will remain suspended until such time as the Company:

- (a) completes the acquisition of Fitgenes; and
- (b) satisfies Chapters 1 and 2 of the Listing Rules.

It is proposed that the Consolidation will be undertaken during this period of suspension. Once the Company is satisfied that it has received applications under the IPO in order to satisfy the minimum raising amount of \$3,000,000 (or such higher amount as the Directors may determine), the Company will notify ASX (via an announcement on the ASX platform) that it intends to proceed with the Consolidation in accordance with the timetable for the Consolidation process set out in section 5.6 of the Explanatory Memorandum.

Following the Consolidation, the Company will proceed to issue the Shares under the Capital Raising and also issue the Consideration Shares before seeking to have its Shares re-quoted on ASX. The Company expects re-quotations to occur in the second quarter of 2014.

The dates above are indicative only and are subject to change.

16 Impact of change of nature and scale of the Company's activities and the Fitgenes Transaction on the Company

The change of nature and scale will result in the Company pursuing the development of the Fitgenes' business.

Completion under the Fitgenes Purchase Agreement will result in the Company acquiring 100% of the issued share capital of Fitgenes and accordingly the Fitgenes' business.

The Fitgenes Transaction will result in various advantages and disadvantages to the Company which Shareholders should consider prior to exercising their vote. Shareholders are particularly directed to the section titled 'Overview of change of nature and scale of the

Company's activities and acquisition of Fitgenes' (above) and Appendices A-1 to A-7 of the Independent Expert's Report attached as Schedule 2 for a detailed assessment of the Fitgenes' business and its underlying technology.

17 Advantages

The Directors (other than Robert Mair and Carrie Hillyard who abstain themselves for the reasons set out in paragraph 13 above) consider that the key advantages to the Company of the change of the Company's business activities and the Fitgenes Transaction are as follows:

- (a) the industry sector is attractive for incumbent companies such as Fitgenes in that there are very few direct competitors to Fitgenes and there are several practical and technical barriers to market entry;
- (b) based on the mid point of the valuation range used in the Independent Expert's Report, Shareholders are receiving an aggregate control premium of between \$680,000 and \$792,000. Given that the Company has relatively limited assets from which no synergistic benefits can be gained, this represents a significant premium and is therefore of benefit to Shareholders;
- (c) Fitgenes integrates leading edge technology and its proprietary data base of technical information to produce personalised reports for each client based on their DNA analysis.
- (d) Fitgenes operates a platform technology, which allows it to potentially be introduced to new markets throughout the world without significant capital expenditure;
- (e) through joint venture or partnering arrangements it should be possible to quickly adopt a chain of Fitgenes' marketing agents in various countries throughout the world;
- (f) the Fitgenes Shareholders will receive 14,762,970 Shares in the Company (no cash), and therefore will have a significant vested interest in the future success of the Company;
- (g) government funding is available to assist in the commercialisation of Fitgenes' services and products and the establishment of offshore subsidiaries to market its services and products;
- (h) the completion of the Fitgenes Transaction should improve the liquidity in the market for the Shares; and
- (i) the completion of the Fitgenes Transaction is likely to prevent the Company from proceeding into administration.

Shareholders are also directed to section 13 of the Independent Expert's Report (pages 25 and 26 of that report).

18 Disadvantages

The Directors (other than Robert Mair and Carrie Hillyard who abstain themselves for the reasons set out in paragraph 13 above) consider that the key disadvantages to the Company of the change of the Company's business activities and the Fitgenes Transaction are as follows:

- (a) Shareholders will lose control of the Company and their equity interests will be substantially diluted;
- (b) Shareholders will continue to be exposed to the risks associated with the healthcare sector;
- (c) Shareholders will be exposed to the risks associated with investing in a relatively early stage company;
- (d) there may be an emergence of competitors and the current projections for Fitgenes business may not be achieved; and
- (e) notwithstanding the outlook for the Fitgenes' business in the opinion of the Directors and the Independent Expert, there is nevertheless a risk that the business of Fitgenes may not be commercially successful and that, in the event that losses are incurred by Fitgenes, the price of a Share in the Company may fall.

Shareholders are also directed to section 13 of the Independent Expert's Report (page 26 of that report).

SPECIAL BUSINESS

5 RESOLUTION 5 – CONSOLIDATION OF CAPITAL

5.1 Introduction

Resolution 5 seeks Shareholder approval for the consolidation of the number of Shares on issue through the conversion of every seventy (70) ordinary shares in the Company into one (1) ordinary Share.

The Consolidation is required so that the Company can comply with Chapters 1 and 2 of the ASX Listing Rules and obtain re-quotations of its Shares on the Official List of ASX.

If this Resolution is passed, the number of Shares on issue will be reduced from 283,629,741 to approximately 4,052,645 (subject to rounding, see section 5.3), with effect from as soon as practicable following the Meeting).

As from the effective date of this Resolution 5 (being the date of the Annual General Meeting), all holding statements for Shares will cease to have any effect, except as evidence of entitlement to a certain number of post Consolidation Shares. After the Consolidation becomes effective, the Company will arrange for new holding statements to be issued to Shareholders.

For the avoidance of doubt, the issue of Shares under Resolution 7 (Fitgenes Acquisition), resolutions 8 and 9 (issue of Shares to related parties) and Resolution 10 (IPO) are based on the post Consolidation share capital.

5.2 Legal requirements

Section 254H of the Corporations Act provides that a company may, by a resolution passed in a general meeting of shareholders, convert all or any of its shares into a larger or smaller number of shares.

5.3 Fractional entitlements and taxation

Fractional entitlements, which will occur where a Shareholder holds a number of Shares which cannot be evenly divided by 70, will be rounded up to the nearest whole Share.

As the share Consolidation applies equally to all Shareholders of the Company, individual shareholdings will be reduced in the same ratio as the total number of shares (subject only to the rounding of fractions). It follows that the Consolidation will have no material effect on the percentage interest of each individual Shareholder in the Company.

Similarly, the aggregate value of each Shareholder's holding (and the Company's market capitalisation) should not change – other than minor changes as a result of rounding - as a result of the share Consolidation alone (that is, assuming no other impacts occur). However, the price per share can be expected to increase to reflect the reduced number of Shares on issue.

5.4 Taxation

Whilst the Company does not believe that there are any tax consequences as a result of the

Consolidation, Shareholders are advised to seek their own advice. The Company does not accept any responsibility for the consequences to individual Shareholders as a result of the Consolidation.

The Consolidation will be undertaken in accordance with section 254H of the Corporations Act. Subject only to rounding, there will be no change to the proportionate interests held by each Shareholder in the Company as a result of the Consolidation.

Accordingly, the Company is of the view that no capital gains tax event will occur as a result of the Consolidation and therefore there will be no taxation implications arising for Shareholders. However, Shareholders should seek their advice based on their individual circumstances.

5.5 Effect on Capital structure

The effect which the Consolidation will have on the capital structure of the Company is set out in the table in paragraph 10 of the 'Overview of change of nature and scale of the Company's activities and acquisition of Fitgenes' (above).

5.6 Timetable

The indicative timetable for the Consolidation is as follows:

Event	Date
General Meeting to approve the Consolidation	7 April 2014
Notification to ASX of results of General Meeting	7 April 2014
Last day for trading pre-Consolidation securities	8 April 2014
Trading in post-Consolidation securities would ordinarily commence on a deferred settlement basis	9 April 2014
Last day to register securities on a pre-Consolidation basis	15 April 2014
First day for Company to send notice to Shareholders of change of shareholdings as a result of the Consolidation First day for Company to register securities on a post-Consolidation basis and for the issue of holding statements	16 April 2014
Despatch day Deferred settlement market would ordinarily end Last day for securities to be entered into the holders' security holdings and for Company to send notice to each security holder	22 April 2014

5.7 Directors' recommendation

The Directors unanimously recommend that Shareholders vote in favour of Resolution 5.

6 RESOLUTION 6 – CHANGE OF NATURE AND SCALE OF ACTIVITIES

6.1 Background

Resolution 6 seeks Shareholder approval for the proposed change in the nature and scale of

the Company's activities.

As outlined in the section titled 'Overview of change of nature and scale of the Company's activities and acquisition of Fitgenes' (above), the Company has entered into the Fitgenes Purchase Agreement pursuant to which it has agreed to purchase the entire issued share capital of Fitgenes.

If the Shareholders do not approve the proposed change in the nature and scale of the Company's activities by passing Resolution 6, the Company will not be able to complete the acquisition of Fitgenes. It will therefore continue with its current activities and continue to look for an alternative transaction or acquisitions to add value to the Company.

Resolution 6 is an ordinary resolution. Resolution 6 is subject to the approval of Resolutions 5, 7, 8, 9 and 10.

6.2 Re-compliance with Chapters 1 and 2 of the Listing Rules

Assuming Shareholders approve Resolution 6, the Company must comply with Chapters 1 and 2 of the ASX Listing Rules.

ASX Listing Rule 11.1 provides that where a company proposes to make a significant change, either directly or indirectly, to the nature or scale of its activities, it must provide full details to ASX before it makes the change. ASX Listing Rule 11.1.2 gives ASX the authority to require the company to get the approval of its shareholders before making the change to the nature or scale of its activities.

ASX has notified the Company that, prior to changing the nature and scale of its business, it must procure the approval of Shareholders. The change in the scale of the Company will be effected by the Fitgenes Transaction. In accordance with ASX Listing Rule 11.1.3, the Company must re-comply with the admission requirements set out in Chapters 1 and 2 of the Listing Rules as if the Company were applying for admission to the Official List of ASX. The Company will therefore lodge the Prospectus to satisfy this requirement.

Details of the Fitgenes' business to be acquired by the Company and the proposed changes to the Company's objectives, activities and operations are set out throughout this Explanatory Memorandum.

6.3 Directors' recommendation

The Directors unanimously recommend that Shareholders vote in favour of Resolution 6.

A voting exclusion statement is included in the Notice.

7 RESOLUTION 7 – FITGENES ACQUISITION

7.1 Introduction

On 14 December 2011 the Company entered into the Fitgenes Purchase Agreement (as amended by deeds of variation 24 July 2012 and 31 December 2012). The key terms of the Fitgenes Purchase Agreement are set out in Schedule 4.

Resolution 7 seeks Shareholder approval for:

- (a) the acquisition by the Company of all of the issued share capital of Fitgenes pursuant to the Fitgenes Purchase Agreement; and
- (b) the authority for the issue of a total of 14,762,970 new Shares (**Consideration Shares**) (expected to be between 25.34% and 31.73% of the issued shares of ATW⁶) to the Fitgenes Shareholders in proportion to their shareholdings in Fitgenes.

The number of Consideration Shares to be issued by the Company in exchange for 100% of the share capital of Fitgenes was agreed between the respective boards of the Company and Fitgenes during the original negotiations which took place from mid to late 2011.

The approval of the issue of the Consideration Shares to the Fitgenes Shareholders is conditional upon the Company obtaining the approval of ASX to the reinstatement of its Shares to quotation. The Consideration Shares to be issued pursuant to this Resolution 7 may also be subject to ASX imposed escrow.

An aggregate of 3,108,365 (expected to be between 5.33% and 6.68% of the issued shares of ATW⁷) of the Consideration Shares are being issued to related parties of ATW (see Resolutions 8 and 9).

Resolution 7 is an ordinary resolution. Resolution 7 is subject to the approval of Resolutions 5, 6, 8, 9 and 10.

7.2 ASX Listing Rule 7.1

ASX Listing Rule 7.1 provides that a company must not, except in certain circumstances, issue or agree to issue during any 12 month period any equity securities, or other securities with rights to conversion to equity (such as an option), if the number of those securities exceeds 15% of the number of securities in the same class on issue at the commencement of that 12 month period.

The issue of the Consideration Shares represents more than 15% of the Company's securities for the purposes of ASX Listing Rule 7.1. The Company is seeking Shareholder approval of the issue of the Consideration Shares so that the Company does not exceed its 15% capacity under ASX Listing Rule 7.1. Accordingly, Shareholder approval is sought in accordance with ASX Listing Rule 7.3.

7.3 Information Required under ASX Listing 7.3

For the purposes of ASX Listing Rule 7.3, the following information is provided about the issue:

- the maximum number of securities to be issued is 14,762,970 Shares (on a post

⁶ This assumes the passing of all Resolutions, conversion of the Notes in full and a successful raising of \$5,000,000 at an issue price of \$0.21 (25.34%) or \$0.30 (31.73%) per Share under the Prospectus

⁷ This assumes the passing of all Resolutions, conversion of the Notes in full and a successful raising of \$5,000,000 at an issue price of \$0.21 (5.33%) or \$0.30 (6.68%) per Share under the Prospectus

Consolidation basis);

- the Consideration Shares will be issued upon successful completion of the Fitgenes Transaction (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules) and it is intended that issue will occur on the same date;
- the Consideration Shares will be issued to the Fitgenes Shareholders (or their nominees) in the proportions detailed in Schedule 5. Some of the Consideration Shares will be issued to related parties of the Company and accordingly the issue of those Shares to the related parties are subject to separate approvals for the purposes of Listing Rule 10.11 pursuant to Resolution 8 and 9;
- the Consideration Shares will rank pari passu with existing Shares; and
- no funds will be raised by the issue of the Shares. The Shares will be issued as consideration for the Fitgenes Shares.

A voting exclusion statement is included in the Notice.

7.4 Independent Expert's Report

To assist Shareholders to assess the Fitgenes Transaction, DMR Corporate Pty Ltd (**Independent Expert**) was appointed to prepare an Independent Expert's Report, the purpose of which is to state whether or not, in the opinion of the Independent Expert, the proposed issue of Shares, under Resolution 7, to the Fitgenes Shareholders is 'fair' and 'reasonable' to Shareholders not associated with the Fitgenes Transaction.

The Independent Expert's Report concludes that the Fitgenes Transaction is both fair and reasonable to the Shareholders for the following reasons:

- (a) the principal reason for it being fair is that the mid point of the value of ATW Shareholders' interests after the completion of the Fitgenes Transaction is greater than before the completion of the Fitgenes Transaction; and
- (b) the principal reason for it being reasonable is that the advantages of proceeding with the Fitgenes Transaction outweigh the disadvantages of proceeding with the Fitgenes Transaction.

It is recommended that Shareholders read the Independent Expert's Report in full, as set out in Schedule 2.

7.5 Directors' recommendation

The Board (other than Robert Mair) recommends that Shareholders vote in favour of Resolution 7.

Robert Mair declines to make a recommendation as he is a director of Fitgenes and a Fitgenes Shareholder and as such he has a material personal interest in the outcome of the Resolution.

8 RESOLUTION 8 – PARTICIPATION BY ROBERT MAIR IN ISSUE OF CONSIDERATION SHARES

8.1 Introduction

The Company seeks Shareholder approval for the issue of up to 1,339,124 Shares to Robert Mair as part of the Fitgenes Transaction contemplated by Resolution 7.

Resolution 8 is an ordinary resolution. Resolution 8 is subject to the approval of Resolutions 5, 6, 7, 9 and 10.

8.2 Requirement for Shareholder approval

Robert Mair is a related party for the purpose of Chapter 10 of the ASX Listing Rules and Chapter 2E of the Corporations Act because he is a Director of the Company.

The issue of Shares to Robert Mair will constitute the giving of a financial benefit to a related party under section 229(3)(e) of the Act and consequently, approval under section 208 of the Act is sought by the Company. Listing Rule 10.11 also requires the approval of Shareholders before Shares can be issued to a related party. The Company seeks the approval of Shareholders to issue Shares to Robert Mair under both Chapter 2E and Listing Rule 10.11.

If Shareholder approval is obtained under Listing Rule 10.11, Shareholder approval is not required under Listing Rule 7.1 and the proposed issue will not be included in the 15% annual limit permitted by Listing Rule 7.1.

The nature of the relationship with the Company and the financial benefit proposed to be given are set out in the following table.

Related party and associates	Nature of relationship	Nature of financial benefit
Robert Mair Mair Family Trust	Robert Mair is a Director of the Company. Robert Mair is a trustee and beneficiary of the Mair Family Trust. As at the date of this Notice, neither Mr Mair, nor his Associates, hold any Shares in the Company.	1,339,124 Shares.

8.3 Information required by Listing Rule 10.13

The following information is given under Listing Rule 10.13 in relation to the securities that are proposed to be issued to Robert Mair.

Related party	Robert Mair
Maximum number of securities to be issued	1,339,124 Shares (expected to be between 2.30% and 2.88% of the issued shares of ATW ⁸). Under Resolution 18 it is proposed to issue 500,000 Options to Mr Mair. Assuming the passing of all Resolutions and the exercise of the Options in full, the Mair Family Trust and Mr Mair are expected to collectively hold between 3.78% and 4.43% of the fully diluted share capital of the Company ⁹ . Mr Mair does hold 40 shares in Altezza VCP Pty Ltd (being one third of the issued capital), although Altezza VCP Pty Ltd only holds Shares in ATW legally, as trustee for a number of different trusts, and the details of Mr Mair's maximum beneficial shareholding is set out above.
Date the Company will issue the securities	The Company will issue the Shares to Mr Mair upon successful completion of the Fitgenes Transaction or such further period as may be permitted by an ASX waiver which the Company intends to apply for to enable such shares to be issued.
Relationship to Company	As set out in the table above.
Issue price of the securities	Nil cash consideration. The Shares are being issued in exchange for Fitgenes Shares.
Terms of issue	Ordinary shares which will rank equally with all existing ordinary shares then on issue and the Company will seek quotation of the shares on ASX.
Intended use of funds	No funds will be raised from the issue.

8.4 Directors' recommendation

The Directors (other than Robert Mair) recommend that Shareholders approve the issue.

Robert Mair declines to make a recommendation to Shareholders in relation to Resolution 8 as he has a material personal interest in the outcome of the Resolution.

A voting exclusion statement is included in the Notice.

9 RESOLUTION 9 – PARTICIPATION BY ALTEZZA VCP PTY LTD IN ISSUE OF CONSIDERATION SHARES

9.1 Introduction

The Company seeks approval for the issue of up to 3,050,365 Shares (which includes 1,281,124 of the 1,339,124 shares held on trust for the Mair Family Trust outlined in the Explanatory Memorandum to Resolution 8 above) to Altezza VCP Pty Ltd, as part of the

⁸ This assumes the passing of all Resolutions, conversion of the Notes in full and a successful raising of \$5,000,000 at an issue price of \$0.21 (2.30%) or \$0.30 (2.88%) per Share under the Prospectus

⁹ This assumes the passing of all Resolutions, conversion of the Notes in full and a successful raising of \$5,000,000 at an issue price of \$0.21 (3.78%) or \$0.30 (4.43%) per Share under the Prospectus

Fitgenes Transaction contemplated by Resolution 7. Altezza VCP Pty Ltd will be issued the Shares in its capacity as trustee of a number of separate trusts and will therefore hold the Shares as legal but not beneficial owner.

Resolution 9 is an ordinary resolution. Resolution 9 is subject to the approval of Resolutions 5, 6, 7, 8 and 10.

9.2 Requirement for Shareholder approval

Altezza VCP Pty Ltd is a related party for the purpose of Chapter 10 of the Listing Rules because it is controlled by Robert Mair, a Director of the Company, and John Driscoll, who was a Director of the Company within the six months preceding this Notice of Meeting.

The issue of Shares to Altezza VCP Pty Ltd will constitute the giving of a financial benefit to a related party under section 229(3)(e) of the Act and consequently, approval under section 208 of the Act is sought by the Company. Listing Rule 10.11 also requires the approval of Shareholders before Shares can be issued to a related party. The Company seeks the approval of Shareholders to issue Shares to Altezza VCP Pty Ltd under both Chapter 2E and Listing Rule 10.11.

If Shareholder approval is obtained under Listing Rule 10.11, Shareholder approval is not required under Listing Rule 7.1 and the proposed issue will not be included in the 15% annual limit permitted by Listing Rule 7.1.

The nature of the relationship with the Company and the financial benefit proposed to be given are set out in the following table.

Related party and its associates	Nature of relationship	Nature of financial benefit
Altezza VCP Pty Ltd	<p>Altezza VCP Pty Ltd is controlled by Robert Mair and John Driscoll. Robert Mair is a Director of the Company, and John Driscoll was a Director of the Company within the six months preceding this Notice of Meeting.</p> <p>As at the date of this Notice, neither Altezza VCP Pty Ltd, nor its Associates, hold any Shares in the Company.</p>	3,050,365 Shares.

9.3 Information required by Listing Rule 10.13

The following information is given under Listing Rule 10.13 in relation to the securities that are proposed to be issued to Altezza VCP Pty Ltd.

Related party	Altezza VCP Pty Ltd
Maximum number of securities to be issued	3,050,365 Shares (expected to be between 5.24% and 6.56% of the issued shares of ATW ¹⁰). Under Resolution 13 it is proposed to issue 150,000 Notes to Altezza VCP Pty Ltd. Assuming the passing of all Resolutions and the conversion of the Notes in full, Altezza VCP Pty Ltd will hold a maximum of 7.99% of the issued shares of the Company ¹¹ .
Date the Company will issue the securities	The Company will issue the Shares to Altezza VCP Pty Ltd upon successful completion of the Fitgenes Transaction or such further period as may be permitted by an ASX waiver which the Company intends to apply for to enable such shares to be issued.
Relationship to Company	As set out in the table above.
Issue price of the securities	Nil cash consideration. The Shares are being issued in exchange for 2,629,626 of Fitgenes Shares.
Terms of issue	Ordinary shares which will rank equally with all existing ordinary shares then on issue and the Company will seek quotation of the shares on ASX.
Intended use of funds	No funds will be raised from the issue.

9.4 Directors' recommendation

The Directors (other than Robert Mair) recommend that Shareholders approve the issue.

Robert Mair declines to make a recommendation to Shareholders in relation to Resolution 9 as he has a material personal interest in the outcome of the Resolution.

A voting exclusion statement is included in the Notice.

10 RESOLUTION 10 – ISSUE OF SECURITIES UNDER PROSPECTUS

10.1 Introduction

Resolution 10 seeks Shareholder approval to issue up to 24,278,213¹² Shares (on a post Consolidation basis) to investors pursuant to a prospectus to be filed with the ASIC. Completion of the Capital Raising is a condition precedent to the Company re-complying with

¹⁰ This assumes the passing of all Resolutions, conversion of the Notes in full and a successful raising of \$5,000,000 at an issue price of \$0.21 (5.24%) or \$0.30 (6.56%) per Share under the Prospectus

¹¹ This assumes the passing of all Resolutions, conversion of the Notes in full and a successful raising of \$5,000,000 at an issue price of \$0.30 per Share under the Prospectus.

¹² The actual number of Shares to be issued under the Prospectus will be dependent on the issue price per Share, which will be determined on the basis of the value of ATW at the relevant time. The maximum 24,278,213 Shares will only be issued in the event that the issue price is \$0.21 per Share. The examples in this Notice are based on an issue price of \$0.21 to \$0.30 per Share, which is the price range within which the Directors' expect the Shares under the Prospectus to be issued. See Schedule 10 for a detailed breakdown of the number of Shares to be issued under the Prospectus at different issue prices.

Chapters 1 and 2 of the ASX Listing Rules.

The effect of passing Resolution 10 will be to allow the Directors to issue securities in accordance with the Resolution without those securities being included in the Company's 15% limit under ASX Listing Rule 7.1.

Resolution 10 is an ordinary resolution. Resolution 10 is subject to the approval of Resolutions 5 to 9 (inclusive).

10.2 Information required by ASX Listing Rule 7.3

For the purposes of ASX Listing Rule 7.3, the following information is provided about the issue:

- (a) the maximum number of securities to be issued is 24,278,213¹³ Shares (on a post Consolidation basis);
- (b) the securities will be issued upon successful completion of the Fitgenes Transaction (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that issue will occur on the same date;
- (c) the Shares will be issued to subscribers under the Prospectus and will have an issue price of at least \$0.21 each;
- (d) a maximum of \$5,000,000 will be raised by the issue of the Shares under the Prospectus. Funds raised from the issue of the Shares will be used for the purposes set out in paragraph 7 of the section titled 'Overview of change of nature and scale of the Company's activities and acquisition of Fitgenes' (above); and
- (e) a voting exclusion statement is included in the Notice.

10.3 Directors' recommendation

The Board unanimously recommends that Shareholders vote in favour of Resolution 10.

11 RESOLUTION 11 – SALE OF MEDEC INTERNATIONAL PTY LTD

11.1 Introduction

Resolution 11 seeks Shareholder approval for the disposal of all of the shares held by the Company in Medec International Pty Ltd, being 49% of all of the shares on issue in Medec International Pty Ltd, (**Medec Shares**) to Siva Ananda Rajah S/O Retnam (**Medec Buyer**) pursuant to the terms of a share sale agreement entered into by the Company on 29 December 2011 as amended by a deed of variation dated 31 January 2012 and a further deed of variation dated 1 April 2012 (together **Medec Sale Agreement**).

The consideration amount for the Medec Shares, being \$164,500, was negotiated between the Company and the Medec Buyer based on:

¹³ See note 11.

- (a) the settlement of a \$114,500 loan payable by the Company to the Medec Buyer; and
- (b) a cash payment from the Medec Buyer to the Company of \$50,000¹⁴.

The Company's board at the time of the negotiations agreed these amounts in the interest of value creation for the ATW Shareholders, and the Medec Buyer agreed due the value he placed on the acquisition of the Medec Shares.

There was no 'business valuation' undertaken at the time of the transaction.

The key terms of the Medec Sale Agreement is set out in Schedule 6.

Resolution 11 is an ordinary resolution.

11.2 Requirement for Shareholder approval

ASX Listing Rule 10.1 provides that the Company cannot dispose of a substantial asset to a substantial holder without the approval of Shareholders. On the date on which the Medec Sale Agreement was entered into by the Company (29 December 2011), the Medec Buyer was a substantial holder of securities in the Company as he held 23,164,062 Shares, which represented 16.33% of the voting securities.

Under ASX Listing Rule 10.2, an asset is substantial if its value is 5% or more of the equity interest of the Company in the latest accounts given to ASX under the ASX Listing Rules. The Directors have resolved that the Medec Shares were a substantial asset for the purpose of ASX Listing Rule 10.2 on the date on which the share sale agreement was entered into by the Company.

11.3 Independent Expert's Report

To assist Shareholders to assess the Medec Transaction, the Independent Expert considered whether the Medec Transaction is 'fair' and 'reasonable' to Shareholders not associated with the Medec Transaction.

The Independent Expert's Report concludes that the Medec Transaction is both fair and reasonable to the Shareholders for the following reasons:

- (a) the principal reason for it being fair is that the minimum consideration being paid by the Medec Buyer for the Medec Shares is greater than the value of Medec; and
- (b) the principal reason for it being reasonable is that the advantages of proceeding with the Medec Transaction outweigh the disadvantages of proceeding with the Medec Transaction.

It is recommended that Shareholders read the Independent Expert's Report in full, as set out in Schedule 2.

11.4 Advantages of the Transaction

The Directors are of the view that the following non-exhaustive list of advantages may be

¹⁴ Note – the summary set out reflects the provisions of the original sale agreement dated 29 December 2011 as amended by two separate deeds of variation, dated 31 January 2012 and 1 April 2012 respectively. The Company has received the cash payment from the Medec Buyer.

relevant to a Shareholder's decision on how to vote on the proposed resolution to dispose of the Medec Shares:

- (a) the IER values the Medec Shares in a range of nil to \$11,000;
- (b) the Medec Shares have never generated any dividends to the Company;
- (c) the forward strategy for the growth of the Company does not envisage the involvement of the Medec Shares;
- (d) Medec has a history of losses;
- (e) there is no evidence that Medec can return to profitability in the near future, and consequently any prospect of dividends for the Company from the Medec Shares is also low; and
- (f) to the extent that Medec will require restructuring and/or recapitalisation, this burden will not fall on the Company.

11.5 Disadvantages of the Transaction

The Directors are of the view that the following non-exhaustive list of disadvantages may be relevant to a Shareholder's decision on how to vote on the proposed resolution to dispose of the Medec Shares:

- (a) notwithstanding the history of not receiving any dividends from the Medec Shares, the Company will no longer hold any revenue generating assets in the immediate term; and
- (b) the disposal of the Medec Shares by the Company will mean that the only assets of the Company will be cash assets unless and until the Fitgenes Transaction is completed.

11.6 Directors' recommendation

The Board unanimously recommends that Shareholders vote in favour of Resolution 11.

A voting exclusion statement is included in the Notice.

12 RESOLUTION 12 – ISSUE OF NOTES

12.1 Introduction

Resolution 12 seeks Shareholder approval to issue up to 2,500,000 Notes converting to Shares.

The effect of passing Resolution 12 will be to allow the Notes to convert to Shares without those securities being included in the Company's 15% limit under ASX Listing Rule 7.1.

Resolution 12 is an ordinary resolution. Resolution 12 is subject to the approval of Resolutions 5 to 9 (inclusive).

12.2 Information required by ASX Listing Rule 7.3

For the purposes of ASX Listing Rule 7.3, the following information is provided about the

issue:

- (a) the maximum number of Notes to be issued is 2,500,000;
- (b) the Notes will be issued no later than 3 months after the date of this Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules);
- (c) the face value of each Note is \$1.00 and the Notes will convert into Shares upon successful completion of the Fitgenes Transaction. The number of Shares into which the Notes will convert will be determined by dividing the total number of Notes on issue at the time of the IPO by the lower of:
 - (i) a 20% discount to the cash price payable per Share under the IPO; and
 - (ii) the cash price payable for the issue of Shares at a pre-money valuation cap of \$5,300,000 (which is the value of the Company the Directors have assumed for the purposes of the Notes).

The number of Shares to be issued on conversion of the Notes will be adjusted in the event of a reorganisation of the capital of the Company (such as a subdivision or a consolidation) or if there is a bonus issue or rights issue undertaken by the Company;

- (d) the Notes will be offered to investors under the exemptions as set out in Section 708 of the *Corporations Act 2001*, including Altezza VCP Pty Ltd and Bionetworks Pty Ltd (the subject of Resolutions 13 and 14 respectively);
- (e) the key terms of the Notes are set out in Schedule 8;
- (f) a maximum of \$2,500,000 will be raised by the issue of the Notes. Funds raised from the issue of the Notes will be used for the purposes set out in paragraph 7 of the section titled 'Overview of change of nature and scale of the Company's activities and acquisition of Fitgenes' (above); and
- (g) a voting exclusion statement is included in the Notice.

12.3 Additional information

- (a) As at the date of this Notice, the Company is still in the process of seeking to find subscribers for \$2,250,000 of the Notes. With the exception of the Notes which are subject of the approvals in Resolutions 13 and 14, it is not envisaged that any of the Notes will be issued to related parties of the Company.
- (b) In the event that the capital raising under the Prospectus is successful, the Notes will be convertible into shares in ATW at a discount of 20% to the issue price under the Prospectus. Assuming that all 2,500,000 Notes are issued, and full conversion of

the Notes, the Noteholders would hold the following proportion of the issued shares of ATW¹⁵:

- (i) 26.04%, based on an issue price of \$0.21 per Share under the Prospectus;
or
- (ii) 23.84%, based on an issue price of \$0.30 per Share under the Prospectus.

12.4 Directors' recommendation

The Board unanimously recommends that Shareholders vote in favour of Resolution 12.

13 RESOLUTION 13 – PARTICIPATION BY ALTEZZA VCP PTY LTD IN ISSUE OF NOTES

13.1 Introduction

The Company seeks approval for the issue of up to 150,000 Notes to Altezza VCP Pty Ltd. Altezza VCP Pty Ltd will be issued the Notes in its capacity as trustee of a number of separate trusts and will therefore hold the Notes, and any Shares on conversion of such Notes, as legal but not beneficial owner.

Resolution 13 is an ordinary resolution. Resolution 13 is subject to the approval of Resolution 12.

13.2 Requirement for Shareholder approval

Altezza VCP Pty Ltd is a related party for the purpose of Chapter 10 of the Listing Rules because it is controlled by Robert Mair, a Director of the Company, and John Driscoll, who was a Director of the Company within the six months preceding this Notice of Meeting.

The issue of Notes to Altezza VCP Pty Ltd will constitute the giving of a financial benefit to a related party under section 229(3)(e) of the Act and consequently, approval under section 208 of the Act is sought by the Company. Listing Rule 10.11 also requires the approval of Shareholders before Shares can be issued to a related party. The Company seeks the approval of Shareholders to issue Notes to Altezza VCP Pty Ltd under both Chapter 2E and Listing Rule 10.11.

If Shareholder approval is obtained under Listing Rule 10.11, Shareholder approval is not required under Listing Rule 7.1 and the proposed issue will not be included in the 15% annual limit permitted by Listing Rule 7.1.

The nature of the relationship with the Company and the financial benefit proposed to be given are set out in the following table.

¹⁵ This assumes the passing of all Resolutions, conversion of the Notes in full and a successful raising of \$5,000,000 under the Prospectus

Related party and its associates	Nature of relationship	Nature of financial benefit
Altezza VCP Pty Ltd	<p>Altezza VCP Pty Ltd is controlled by Robert Mair and John Driscoll.</p> <p>Robert Mair is a Director of the Company, and John Driscoll who was a Director of the Company within the six months preceding this Notice of Meeting.</p> <p>As at the date of this Notice, neither Altezza VCP Pty Ltd, nor its Associates, hold any Shares in the Company.</p>	150,000 Notes.

13.3 Information required by Listing Rule 10.13

The following information is given under Listing Rule 10.13 in relation to the securities that are proposed to be issued to Altezza VCP Pty Ltd.

Related party	Altezza VCP Pty Ltd
Maximum number of securities to be issued	<p>150,000 Notes, assuming full conversion on a successful capital raising, this would represent:</p> <p>(a) 910,433 Shares, being 1.56% of the issued shares of ATW%, based on an issue price of \$0.21 per Share under the Prospectus; or</p> <p>(b) 665,647 Shares, being 1.43% of the issued shares of ATW%, based on an issue price of \$0.30 per Share under the Prospectus.</p> <p>Assuming completion of the Fitgenes Transaction and full conversion of the Notes, Altezza VCP will hold:</p> <p>(c) 3,960,798 of Shares in total, being 6.80% of the issued shares of ATW%, based on an issue price of \$0.21 per Share under the Prospectus; or</p> <p>(d) 3,716,012 of Shares in total, being 7.99% of the issued shares of ATW%, based on an issue price of \$0.30 per Share under the Prospectus.</p> <p>Under Resolution 18 it is also proposed to issue 500,000 Options to Robert Mair.</p>
Date the Company will issue the securities	The Notes will be issued no later than 3 months after the date of this Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules).
Relationship to Company	As set out in the table above.
Issue price of the securities	\$1 per Note.
Terms of issue	As set out in Schedule 8.

Related party	Altezza VCP Pty Ltd
Intended use of funds	As set out in paragraph 7 of the section titled 'Overview of change of nature and scale of the Company's activities and acquisition of Fitgenes'.

13.4 Directors' recommendation

The Directors (other than Robert Mair) recommend that Shareholders approve the issue.

Robert Mair declines to make a recommendation to Shareholders in relation to Resolution 13 as he has a material personal interest in the outcome of the Resolution.

A voting exclusion statement is included in the Notice.

14 RESOLUTION 14 – PARTICIPATION BY BIONETWORKS PTY LTD IN ISSUE OF NOTES

14.1 Introduction

The Company seeks approval for the issue of up to 100,000 Notes to Bionetworks Pty Ltd.

Resolution 14 is an ordinary resolution. Resolution 14 is subject to the approval of Resolution 12.

14.2 Requirement for Shareholder approval

Bionetworks Pty Ltd is a related party for the purpose of Chapter 10 of the Listing Rules because it is controlled by Carrie Hillyard.

The issue of Notes to Bionetworks Pty Ltd will constitute the giving of a financial benefit to a related party under section 229(3)(e) of the Act and consequently, approval under section 208 of the Act is sought by the Company. Listing Rule 10.11 also requires the approval of Shareholders before Shares can be issued to a related party. The Company seeks the approval of Shareholders to issue Notes to Bionetworks Pty Ltd under both Chapter 2E and Listing Rule 10.11.

If Shareholder approval is obtained under Listing Rule 10.11, Shareholder approval is not required under Listing Rule 7.1 and the proposed issue will not be included in the 15% annual limit permitted by Listing Rule 7.1.

The nature of the relationship with the Company and the financial benefit proposed to be given are set out in the following table.

Related party and its associates	Nature of relationship	Nature of financial benefit
Bionetworks Pty Ltd	Bionetworks Pty Ltd is controlled by Carrie Hillyard. Carrie Hillyard is a Director of the Company. As at the date of this Notice, neither Bionetworks Pty Ltd, Dr Hillyard, nor their respective Associates, hold any Shares in	100,000 Notes.

Related party and its associates	Nature of relationship	Nature of financial benefit
	the Company.	

14.3 Information required by Listing Rule 10.13

The following information is given under Listing Rule 10.13 in relation to the securities that are proposed to be issued to Bionetworks Pty Ltd.

Related party	Bionetworks Pty Ltd
Maximum number of securities to be issued	100,000 Notes , assuming full conversion on a successful capital raising, this would represent: (a) 606,955 Shares, being 1.04% of the issued shares of ATW%, based on an issue price of \$0.21 per Share under the Prospectus; or (b) 443,765 Shares, being 0.95% of the issued shares of ATW%, based on an issue price of \$0.30 per Share under the Prospectus. Bionetworks does not hold any other securities in the Company. Under Resolution 18 it is proposed to issue 500,000 Options to Carrie Hillyard. Assuming the passing of all Resolutions and the exercise of the Options, Bionetworks Pty Ltd and Dr Hillyard are expected to collectively hold between 1.82% (\$0.21) and 1.93% (\$0.30) the fully diluted share capital of the Company ¹⁶ .
Date the Company will issue the securities	The Notes will be issued no later than 3 months after the date of this Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules).
Relationship to Company	As set out in the table above.
Issue price of the securities	\$1 per Note.
Terms of issue	As set out in Schedule 8.
Intended use of funds	As set out in paragraph 7 of the section titled 'Overview of change of nature and scale of the Company's activities and acquisition of Fitgenes'.

14.4 Directors' recommendation

The Directors (other than Carrie Hillyard) recommend that Shareholders approve the issue.

Carrie Hillyard declines to make a recommendation to Shareholders in relation to Resolution 14 as she has a material personal interest in the outcome of the Resolution.

A voting exclusion statement is included in the Notice.

¹⁶ This assumes the passing of all Resolutions, conversion of the Notes in full and a successful raising of \$5,000,000 at an issue price of \$0.21 (1.82%) or \$0.30 (1.93%) per Share under the Prospectus

15 RESOLUTION 15 – CHANGE OF NAME

15.1 Introduction

Resolution 15 seeks Shareholder approval to change the name of the Company to 'Fitgenes Limited' with effect on and from completion of this Annual General Meeting.

The Directors consider that the proposed new name of the Company reflects the coming together of two complementary healthcare businesses.

15.2 Requirement for Shareholder approval

As this Resolution 15 is a special resolution it must be passed by at least 75% of the votes cast by Shareholders entitled to vote on the Resolution. Resolution 15 is subject to the approval of Resolutions 5 to 9 (inclusive).

15.3 Directors' Recommendation

The Directors unanimously recommend Shareholders vote in favour of Resolution 15.

The Directors consider a change of name is appropriate as a result of the proposed merger of Fitgenes and the Company.

16 RESOLUTION 16 – ADOPTION OF NEW CONSTITUTION

16.1 Background

Resolution 16 seeks Shareholder approval to adopt a new constitution of the Company.

Since the Existing Constitution was originally adopted there have been a number of significant developments in corporate governance principles and general corporate and commercial practice for ASX listed companies.

Under the Corporations Act, a company may elect to either amend parts of its constitution or replace the entire document. Given the scale and number of changes to the Corporations Act and Listing Rules since the adoption of the Existing Constitution, the Directors consider that it is preferable in the circumstances to repeal the existing document and replace it with the New Constitution, which is drafted in a modern, clear style, rather than to amend and insert specific updates. The New Constitution proposed to be adopted pursuant to this resolution is available via the Company's profile on the ASX website (www.asx.com.au).

As this Resolution 16 is a special resolution it must be passed by at least 75% of the votes cast by Shareholders entitled to vote on the Resolution.

16.2 Changes to the constitution

The proposed New Constitution is broadly consistent with the provisions of the Existing Constitution. A number of amendments are also proposed in the New Constitution to ensure it is as clear and concise as possible. There have been no fundamental changes to Shareholders' rights, such as the right to vote, to participate in dividends or rights in the event of a winding up.

Shareholders will have an opportunity to ask questions about the New Constitution at the Annual General Meeting or by contacting the Company Secretary in advance of the Annual General Meeting.

If this resolution is passed, the Existing Constitution will be repealed in its entirety and replaced with the New Constitution

The principal differences between the Existing Constitution and the New Constitution are outlined in the table in Schedule 9.

16.3 Directors' Recommendation

The Directors unanimously recommend Shareholders vote in favour of Resolution 16.

17 RESOLUTION 17 – APPROVAL OF ATW EXECUTIVE AND EMPLOYEE SHARE OPTION PLAN

17.1 Background

The Company proposes to adopt the ATW Executive and Employee Share Option Plan (**Proposed ESOP**) to provide eligible executives, consultants and employees with an opportunity to be issued options (**Options**) to acquire fully paid ordinary shares in ATW for the purpose of:

- (a) providing the eligible executives, employees and consultants (**Eligible Participants**) with an opportunity to share in the growth in the value of the Company;
- (b) encouraging the Eligible Participants to improve the long-term performance of the Company and returns to Shareholders; and
- (c) assisting in the recruitment, reward and retention of high quality executives and employees.

The Board considers the grant of the Options under the Proposed ESOP an important and cost effective component of the Company's overall remuneration structure which will create an alignment between the interests of key employees and Shareholders.

17.2 Requirement for Shareholder approval

ASX Listing Rule 7.1 prohibits an entity from issuing or agreeing to issue equity securities in any 12 month period which amount to more than 15% of its ordinary securities without the approval of holders of its ordinary securities.

However ASX Listing Rule 7.2, exception 9(b), provides that ASX Listing Rule 7.1 does not apply in relation to, among other things, an issue under an employee incentive scheme if within 3 years before the date of the issue the holders of the entity's ordinary securities approve the issue of securities under the scheme as an exception to Listing Rule 7.1.

The ASX Listing Rules define "employee incentive scheme" as:

- (a) a scheme for the issue or acquisition of equity securities in an entity to be held by, or for the benefit of, participating employees or non-executive directors of the entity or a related entity; or
- (b) a scheme which, in ASX's opinion, is an employee incentive scheme.

Under the ASX Listing Rules, equity securities include options over issued or unissued shares in an entity. The Proposed ESOP is therefore an employee incentive scheme for the purposes of the ASX Listing Rules.

If this Resolution is passed, Options issued under the Proposed ESOP during the next 3 years will be excluded in determining the 15% limit under Listing Rule 7.1. This would assist the Company should it require additional fundraising flexibility.

The following information is provided for the purposes of Listing Rule 7.2, Exception 9(b):

- (c) a full copy of the Proposed ESOP is in Schedule 10;
- (d) no Options have been issued under the Proposed ESOP to date;
- and
- (e) a voting exclusion statement is included in this Notice.

17.3 Other information

If the Options are exercised, this will have a diluting effect on existing Shareholders' holdings. If the Options are exercised at a time when the prevailing Share price is higher than the relevant exercise price, the value of Shares may decrease.

17.4 Directors' Recommendation

The Directors abstain, in the interests of corporate governance, from making a recommendation in relation to this resolution.

18 RESOLUTION 18 – ISSUE OF OPTIONS TO DIRECTORS

18.1 Background

Subject to approval of Resolution 17, Resolution 18 seeks Shareholder approval to issue 2,500,000 Options in aggregate to the Directors. The Options will be issued for nil consideration. The Options shall be issued under and subject to the terms of the Proposed ESOP. As at the date of this notice, the only Eligible Participants are the Directors of the Company and no Options have been issued by the Company.

Once approval is obtained pursuant to Listing Rule 10.14, the Company is entitled to rely on Listing Rule 10.12, Exception 4 as an exception to any requirement that may otherwise apply requiring shareholder approval under Listing Rule 10.11. Similarly, approval will not be required under Listing Rule 7.1.

Approval is sought for the grant of 2,500,000 Options to the Directors, as detailed below:

- (a) the Options will be granted as follows:

- (i) 500,000 to Mr Crisafulli (Non-executive Chairman);
 - (ii) 500,000 to Mr Mair (Director);
 - (iii) 500,000 to Dr Hillyard (Director);
 - (iv) 500,000 to Dr Hurrell (Non-executive Director); and
 - (v) 500,000 to one (1) additional director to be appointed prior to release of the Prospectus (the current Directors are in discussions with potential candidates) (Non-executive Director). Waivers from ASX Listing Rules 10.15A.5 and 10.15A.8 (as they apply to ASX Listing Rule 10.14) have been granted by ASX to permit the Company not to state the name of the proposed new non-executive director who is to be issued 500,000 of the Options in this Notice. Any other director appointments will not be entitled to participate in the issue of Options without prior shareholder approval under ASX Listing Rule 10.14 at the relevant time.
- (b) each Option is to acquire one Share;
 - (c) the Options are issued for nil consideration and accordingly no funds will be raised;
 - (d) the exercise price to acquire a Share will be not less than 110% of the issue price per Share to investors under the Prospectus, per Option. It is intended that Options will be issued on the date of the issue of securities under the Prospectus (Issue Date);
 - (e) Options issued will vest on the Issue Date under the Prospectus. There are no conditions to vesting; and
 - (f) no loan is to be made to the Directors in connection with the Options.

The other general terms for each of the Options to be issued to the Directors are on the same terms as the Options to be issued to other Eligible Participants under the Proposed ESOP (as set out in Schedule 10).

The following information is provided for the purposes of Listing Rule 10.15A.8:

- (g) details of any securities issued under the ESOP will be published in each annual report of the Company relating to a period in which securities have been issued; and
- (h) subject to paragraph 18.1(a)(v) above, any additional persons who become entitled to participate in the ESOP after this Resolution 18 has been approved will not participate until approval is obtained under ASX Listing Rule 10.14.

18.2 Financial Benefit – Details and reasons

Approval has been sought for the giving of a financial benefit to each person issued options under Resolution 18, as related parties, under section 208 Corporations Act. Section 229(3)(e) Corporations Act provides that the 'issuing of securities or granting of an option to a related party' (which includes a director of an entity) is an example of the giving of a financial benefit.

The amount, terms and value (subject to the stated assumptions) of the Options are set out above.

The Options are designed to align the rewards payable to the Directors with strong future share price performance. The relevant Options will only provide value to the Directors in the event that the future price of Shares in the Company exceeds the Exercise Price of the Options and, as such, will provide no financial value to the Directors on the issue of the Options.

The Directors believe the issue of Options to the Directors is reasonable having regard to the circumstances of the Company, the roles and responsibilities of the Directors in each case and the nature of the Company's operations. In particular, the issue of Options is necessary to attract and retain suitably qualified directors with relevant experience.

18.3 Remuneration

Excluding the value of the Options, the Directors currently receive the following emoluments for their respective positions. The amount stated is per annum comprising salary, superannuation contributions and known short and long-term incentive payments for the 2013/2014 financial year:

- (a) Mr Crisafulli - \$43,600 (Chairman Fee);
- (b) Mr Mair - \$32,700 (Director Fee);
- (c) Dr Hillyard - \$32,700 (Director Fee);
- (d) Dr Hurrell - \$32,700 (Director Fee);
- (e) Incoming director - \$32,700 (Director Fee).

18.4 Existing interests and the potential dilutionary effect on other shareholders

Set out below is a table summarising the interests of the subject directors and the effect the exercise of the Options would have relative to other Shareholders' interests (assuming the passing of all Resolutions, conversion of the Notes in full and a successful raising of \$5,000,000 under the Prospectus but no other issues or reconstructions of capital or exercise of other options).

	Mr Crisafulli	Mr Mair	Dr Hillyard	Dr Hurrell	Incoming director
The total number of shares on issue in the capital of the Company ¹⁷	58,267,711	58,267,711	58,267,711	58,267,711	58,267,711

¹⁷ This assumes the passing of all Resolutions, conversion of the Notes in full and a successful raising of \$5,000,000 at an issue price of \$0.21 per Share under the Prospectus

	Mr Crisafulli	Mr Mair	Dr Hillyard	Dr Hurrell	Incoming director
Shares currently held by Director ¹⁸	Nil	1,794,340 ¹⁹	606,955	Nil	Nil
% of shares currently held by Director	0%	3.08%	1.04%	0%	0%
Options to be issued under Resolution 18	500,000	500,000	500,000	500,000	500,000
Existing options held by Director	Nil	Nil	Nil	Nil	Nil
Shares that will be held following the exercise of all Options held by Director	500,000	2,294,340	1,106,955	500,000	500,000
The total number of shares on issue in the capital of the Company if all Options are issued	60,767,711	60,767,711	60,767,711	60,767,711	60,767,711
% of Shares that would be held assuming no other options were exercised	0.82%	3.78%	1.82%	0.82%	0.82%

18.5 Directors' Recommendation

The Directors abstain, in the interests of good corporate governance, from making a recommendation in relation to this resolution.

A voting exclusion statement is included in the Notice.

¹⁸ Includes indirect interests and assumes full conversion of any Notes to be issued to the relevant Director (directly or indirectly) and an issue price of \$0.21 per Share under the Prospectus

¹⁹ This is comprised of Mr Mair's beneficial interest in the Shares to be issued under Resolution 8 and a 50% beneficial interest in the Notes to be issued under Resolution 13 and assumes full conversion of those Notes and an issue price of \$0.21 per Share under the Prospectus

SCHEDULE 1 – DEFINITIONS

In this Notice and Explanatory Memorandum:

Annual General Meeting or Meeting	means the meeting convened by this Notice.
Associate	means: <ul style="list-style-type: none">(a) any person who is a director or secretary;(b) a related body corporate of the person or a director or secretary of a related body corporate;(c) any person with whom a party has an agreement, arrangement or understanding whether or not formal, in writing or enforceable:<ul style="list-style-type: none">(i) because of which one of those persons has or will have power to exercise control or substantially influence the exercise of voting power attached to securities for the purpose of controlling or influencing the composition of the board or the conduct of its affairs;(ii) under which one of those persons will or may acquire or be required by the other to acquire securities in which the other has a relevant interest;(iv) under which one of those persons may be required to dispose of securities at the other's discretion; or(v) is acting in concert with the party or proposing to become associated with them.
ASIC	means the Australian Securities and Investments Commission.
ASX	means ASX Limited or the Australian Securities Exchange operated by ASX Limited, as the context requires.
Board	means the board of Directors.
Chairman	means the Chairman of the Company.
Consolidation	means the consolidation of the issued Shares of the Company existing at the date of this notice on a 1 for 70 basis (rounded up to the nearest whole number), which consolidation is proposed to become effective on the date the resolution is passed.
Company or ATW	means ATW Holdings Limited (ACN 100 531 191).
Consideration Shares	means the 14,762,970 Shares proposed to be issued to the Fitgenes Shareholders in accordance with the terms of the Fitgenes Purchase Agreement.
Corporations Act	means the <i>Corporations Act 2001</i> (Cth) as amended.
Director	means a director of the Company.
EST	means Eastern Standard Time, being the time in Brisbane, Queensland.
Existing Constitution	means the current constitution of the Company.
Explanatory Memorandum	means the explanatory memorandum accompanying the Notice.
Fitgenes	means Fitgenes Pty Ltd (ACN 139 521 010)
Fitgenes Purchase	means the share purchase agreement dated 14 December 2011

Agreement	(as amended by deeds of variation dated 24 July 2012 and 31 December 2012) for the acquisition of all of the issued share capital of Fitgenes from the Fitgenes Shareholders.
Fitgenes Shareholders	means a holder of a Fitgenes Share, as detailed in Schedule 5.
Fitgenes Shares	means a fully paid ordinary share in the capital of Fitgenes.
Fitgenes Transaction	means the proposed acquisition by the Company of all of the share capital of Fitgenes in accordance with the terms of the Fitgenes Purchase Agreement.
IER	means the independent expert's report prepared by DMR Corporate Pty Limited.
Independent Expert	means DMR Corporate Pty Ltd.
IPO	the capital raising under the Prospectus outlined in Resolution 10.
KMP	means key management personnel and closely related parties (as defined in the Corporations Act).
Listing Rules	means the listing rules of the ASX.
Medec	means Medec International Pty Ltd (ACN 079 053 268).
Medec Buyer	means Mr Siva Ananda Rajah S/O Retnam.
Medec Sale Agreement	means the share sale agreement dated 29 December 2011 (as amended by deeds of variation dated 31 January 2012 and 1 April 2012) for the disposal by the Company of its 49% shareholding in Medec.
Medec Shares	means a fully paid ordinary share in the capital of Medec.
Medec Transaction	means the proposed disposal by the Company of all of its Medec Shares in accordance with the terms of the Medec Sale Agreement.
New Constitution	means the constitution that is proposed to be adopted as the new constitution of the Company pursuant to Resolution 16 as detailed in the Explanatory Memorandum.
Notes	means the converting notes to be issued on the terms set out in Schedule 8.
Notice	means the notice of Annual General Meeting.
Official List	means the official list of ASX.
Options	means the options to acquire fully paid ordinary shares in ATW to be granted to certain executives, consultants and employees of the Company, under the terms of the Proposed ESOP.
Proposed ESOP	means the Company's proposed Executive and Employee Share Option Plan, a copy of which is included in Schedule 10.
Prospectus	has the meaning given in paragraph 14 of the section titled 'Overview of change of nature and scale of the Company's activities and acquisition of Fitgenes'.
Proxy Form	means the proxy form attached to this Notice.
Resolutions	means the resolutions being proposed at this meeting as set out in the Notice of Meeting.
Share	means a fully paid ordinary share in the capital of the Company.
Shareholder	means a holder of a Share.

WST

means Western Standard Time, being the time in Perth, Western Australia.

SCHEDULE 2 – INDEPENDENT EXPERT’S REPORT

See overleaf.

DMR CORPORATE

DMR

DMR Corporate Pty Ltd	A.C.N. 063 564 045
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Melbourne	Telephone (03) 9629 4277
Victoria 3000	Facsimile (03) 9629 4598
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3 December 2013

The Directors
ATW Holdings Limited
Level 6, 360 Queen Street
Brisbane, QLD 4000

Dear Sirs,

1. Introduction

The directors of ATW Holdings Limited (“ATW” or the “Company”) have requested DMR Corporate Pty Ltd (“DMR Corporate”) to prepare an independent expert's report in respect of the proposed transactions set out in Section 2 below.

The proposed transactions are permitted by Section 611 and Chapter 2E of the Corporations Act 2001 (“the Act”) together with Rule 10.1 of the Listing Rules (“Listing Rule 10.1”) of the Australian Securities Exchange (“ASX”), provided that the transactions are agreed to by the ATW shareholders.

2. The Proposed Transactions

2.1 Acquisition of Fitgenes

ATW entered into an agreement to purchase all of the issued capital of Fitgenes Pty Ltd (“Fitgenes”) from its existing shareholders, subject to ATW shareholder approval. Various Regulatory and corporate issues have delayed the ATW shareholder approval and the following proposed resolutions will correct this situation. The consideration payable by ATW to the Fitgenes shareholders is to be satisfied by the issue of 14,762,970 fully paid ATW shares (“the Proposed Fitgenes Transaction”) on a post consolidation basis.

2.2 Sale of the 49% Interest in Medec International Pty Ltd (“Medec International”)

In December 2011, ATW signed an agreement to dispose of its 49% interest in Medec International to Siva Ananda Rajah S/O Retnam (“Rajah”), a substantial shareholder in ATW (“the Proposed Medec International Transaction”) for \$164,500.

2.3 The formal approval process for the Proposed Fitgenes Transaction and the Proposed Medec International Transaction (collectively “Proposed Transactions”) is set out in the following resolutions:

Resolution 5: Approve that the issued capital of the Company be consolidated on the basis that every seventy (70) shares be consolidated into one (1) share.

Resolution 7: Approve the acquisition of all of the issued share capital of Fitgenes from the Fitgenes shareholders pursuant to the share purchase agreement dated 14 December 2011 and in consideration for the acquisition of the Fitgenes shares, the issue of 14,762,970 new fully paid ATW shares to the Fitgenes shareholders on a post consolidation basis.

We have been requested to opine on the Proposed Transactions in this independent expert's report.

If the Proposed Fitgenes Transaction is approved, then the ATW shareholdings prior to, and following, may be as follows:

Table 1 - Proposed Capital Structure	ATW Issued Shares		Shares on Issue After Proposed Consolidation	Shareholder Interests
Ordinary shares - 12 September 2013				
Non-Associated Shareholders	190,744,581	67.3%	2,725,455	14.5%
Fitgenes Pty Ltd	92,885,160	32.7%	1,327,190	7.1%
	<u>283,629,741</u>	<u>100.0%</u>	<u>4,052,645</u>	<u>21.5%</u>
Proposed Issue to Fitgenes Shareholders				
Key Skills Pty Ltd atf P&I Beaver Family Trust			2,885,281	15.3%
Altezzavcp Pty Ltd atf Avcp 1 Trust			2,069,757	11.0%
Knick Knack Patti Wack Pty Ltd atf The Patti Family Trust			1,781,161	9.5%
BSD Global Investments Pty Ltd			1,438,765	7.6%
Summio Holdings Pty Ltd atf Spruce Family Super Fund			747,410	4.0%
Coughlan Superannuation Pty Ltd atf S & J Coughlan Superannuation Fund			747,410	4.0%
Rajbans Singh Mukhtiar Singh & Rajinder Kaur Massa Singh			567,591	3.0%
Rajbans Singh Mukhtiar Singh & Rajinder Kaur Massa Singh			522,000	2.8%
David Perry atf David Perry Superannuation Fund			474,606	2.5%
Altezzavcp Pty Ltd atf Avcp 2 Trust			435,000	2.3%
Peter Marks & Marina Marks			373,705	2.0%
Chee Kai Chan			373,705	2.0%
Altezzavcp Pty Ltd atf Mair Family Trust			373,705	2.0%
Fusion Enterprises Pty Ltd			298,964	1.6%
Bernie And Cindy Schulz atf BC Superannuation Fund			186,853	1.0%
YRG Management Group Pty Ltd atf The Lim Family Trust			186,853	1.0%
Cathy Palmer			186,853	1.0%
Investions Pty Ltd			174,000	0.9%
Octani Capital Pty Ltd atf Citadel Trust			149,482	0.8%
Altezzavcp Pty Ltd atf The Beaver Family Trust			134,534	0.7%
Sharon Palmer			116,000	0.6%
Walter Edward Joseph			74,741	0.4%
Christine Annette Houghton			74,741	0.4%
D Hunter Holdings Pty Ltd atf D Hunter Investment Trust			58,000	0.3%
Tracey Porst			58,000	0.3%
Schumann Consulting Pty Ltd atf Mair Family Trust			58,000	0.3%
Wayne Peter Dyson & Susan Margaret Dyson			37,371	0.2%
Cathy Palmer atf Les Sandles			37,371	0.2%
Altezzavcp Pty Ltd atf Arq Consulting Trust			37,371	0.2%
Luke Beaver And Davinia Mehta			37,371	0.2%
Jonathan Baker			29,000	0.2%
Stephen Shaw And Lynda Shaw			14,948	0.1%
Matthew Shaw And Fiona Shaw			14,948	0.1%
Belinda Shaw			7,474	0.0%
Fitgenes Current Shareholders			<u>14,762,970</u>	<u>78.5%</u>
Share Capital After the Proposed Fitgenes Transaction			<u>18,815,615</u>	<u>100.0%</u>

Source: DMR Corporate analysis

If the ATW shareholders approve the Proposed Fitgenes Transaction, then the Fitgenes shareholders will increase their interests in ATW from 32.7% to up to 78.5%.

The Directors of ATW have requested DMR Corporate to prepare an independent expert's report in accordance with ASIC Regulatory Guide 111 – Content of expert reports. ASIC Regulatory Guide 111 requires the Independent Expert to advise shareholders whether the Proposed Transactions are fair and reasonable. A copy of our report will accompany the Notice of Meeting and will be included as part of the Explanatory Statement to be sent by ATW to its shareholders.

3. Summary Opinions

3.1 Proposed Fitgenes Transaction

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

Our principal reasons for reaching the above opinion are:

Assessment of Fairness

In Section 7.8 we valued the ATW shareholders' interests before the Proposed Fitgenes Transaction in a range of Nil to \$58,000 (a mid point of \$29,000) and in Section 10 we assessed the value of the ATW after the Proposed Fitgenes Transaction in a range of \$5,863,000 to \$9,144,000 on a control basis.

In Table 13 in Section 11 we assessed the proposed ATW shareholders 14.5% minority interest after the completion of the Proposed Fitgenes Transaction and a capital raising of \$2,000,000, in a range of \$680,000 to \$792,000 (a mid point of say \$736,000).

As the mid point of the value of the ATW shareholders' interests after the completion of the Proposed Fitgenes Transaction (\$736,000) is greater than the mid point of the value of their interests before the Proposed Fitgenes Transaction (\$29,000), we have concluded that **the Proposed Fitgenes Transaction is fair.**

Assessment of Reasonableness

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

Overall Conclusion

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

3.2 Proposed Medec International Transaction

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

Our principal reasons for reaching the above opinion are:

Assessment of Fairness

In Section 15.2 we valued the ATW shareholders' interests in Medec International in a range of nil to \$11,000.

As the consideration of \$164,500 offered by Rajah is greater than our valuation of Medec International, we consider that **the Proposed Medec International Transaction is fair.**

Assessment of Reasonableness

The Proposed Medec International Transaction **is considered to be reasonable** as the advantages of proceeding with the transaction outweigh the disadvantages of proceeding with the transaction – Section 17.

Overall Conclusion

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

4. Structure of this Report

This report is divided into the following sections:

<u>Section</u>		<u>Page</u>
5	Purpose of the Report	4
6	ATW – Key Information	8
7	Valuation of ATW – Before the Proposed Fitgenes Transaction	11
8	Fitgenes – Key Information	14
9	Valuation of Fitgenes	19
10	Valuation of ATW – After the Proposed Fitgenes Transaction	23
11	Control Premium	24
12	Assessment as to Fairness of Proposed Fitgenes Transaction	25
13	Other Considerations in relation to the Proposed Fitgenes Transaction	25
14	Conclusion as to Fairness and Reasonableness of the Proposed Fitgenes Transaction	26
15	Medec International	27
16	Assessment as to Fairness of Proposed Medec International Transaction	29
17	Other Considerations of the Proposed Medec International Transaction	29
18	Conclusion as to Fairness and Reasonableness of Proposed Medec International Transaction	29
19	Financial Services Guide	30
 <u>Appendix</u>		
A-1 to A-7	Fitgenes Position in the Medical Ecosystem	32
B	Sources of Information	39
C	Declarations, Qualifications and Consents	40

5. Purpose of the Report

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

- **Corporations Act 2001**

Section 606 of the Act contains a general prohibition on the acquisition of shares in a company if, as a result of the acquisition, any person increases his or her voting power in the company that is above 20% and below 90%.

Section 611 of the Act contains various exceptions to the Section 606 prohibition however the Proposed Fitgenes Transaction does not meet any of the specified exceptions and therefore the acquisition must be approved in advance by a resolution passed at a general meeting of the company.

ATW is seeking shareholder approval for the Proposed Fitgenes Transaction under Section 611 of the Act as the Fitgenes shareholders may increase their interests in ATW from 32.7% to 78.5% if the Proposed Fitgenes Transaction proceeds.

- **ASIC Regulatory Guides**

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

RG 111 – Content of Expert Reports (“RG111”)

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

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

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

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

- (a) is the offer ‘fair’; and
- (b) is it ‘reasonable’?

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

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

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

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

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

- **ASX - Listing Rules**

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

- (i) a related party;
- (ii) a subsidiary;
- (iii) a substantial shareholder who is entitled to at least 10% of the voting securities, or a person who was a substantial shareholder entitled to at least 10% of the voting securities at any time in the 6 months before the transaction;
- (iv) an associate of a person referred to in paragraphs (i), (ii) or (iii) above;
- (v) a person whose relationship to the entity or a person referred to above is such that, in the ASX's opinion, the transaction should be approved by security holders.

Listing Rule 10.2 defines a substantial asset as being an asset whose value, or the value of the consideration for it is, or in ASX's opinion is, 5% or more of the equity interests of the entity as set out in the latest accounts given to the ASX under the listing rules. The value of the acquisition of Fitgenes exceeds 5% of the shareholders' funds of ATW as set out in the 2013 Annual Report (NIL) and the acquisition is therefore subject to Listing Rule 10.1 approval by ATW shareholders.

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

The sale of the 49% interest in Medec International for \$164,500 exceeds 5% of the shareholders' funds of ATW as set out in the 2013 Annual Report. As the sale of this interest is to a substantial shareholder in ATW, approval pursuant to Listing Rule 10.1 must be obtained.

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

5.2 General

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

Proposed Fitgenes Transaction:

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

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

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

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

- (i) In determining whether the Proposed Fitgenes Transaction is fair, we have:
 - valued the ATW shareholders’ controlling interests (67.3%) in ATW before the Proposed Fitgenes Transaction;
 - valued the ATW shareholders’ minority interests (14.5%) in ATW after the Proposed Fitgenes Transaction; and
 - compared the control values before and the minority values after the Proposed Fitgenes Transaction.
- (ii) In determining whether the Proposed Fitgenes Transaction is reasonable, we have analysed and compared the advantages and disadvantages of the Proposed Fitgenes Transaction.
- (iii) In determining whether the Proposed Fitgenes Transaction is fair and reasonable to the ATW shareholders, we have considered and concluded upon the results of (i) and (ii) above.

5.3 Proposed Medec International Transaction

Fairness - the Proposed Medec International Transaction is “fair” if the consideration paid by Rajah is greater than the value of ATW’s 49% interest in Medec International.

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

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

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

- (i) In determining whether the Proposed Medec International Transaction is fair, we have:
 - valued the ATW interests (49%) in Medec International;
 - compared the consideration being paid by Rajah (\$164,500) with the value of the ATW interests being sold.

- (ii) In determining whether the Proposed Medec International Transaction is reasonable, we have analysed and compared the advantages and disadvantages of the Proposed Medec International Transaction.
- (iii) In determining whether the Proposed Medec International Transaction is fair and reasonable to the ATW shareholders, we have considered and concluded upon the results of (i) and (ii) above.

6. ATW - Key Information

6.1 Background

During the 2013 financial year there were no principal operating activities as the Company continues to resolve outstanding issues and/or disputes with third parties, to meet regulatory requirements, to consummate the acquisition of Fitgenes, to obtain shareholder approval for the disposal of Medec International, to issue a prospectus and to get the Company relisted on the ASX.

6.2 Share Capital

At the date of this report ATW had on issue 283,629,741 fully paid ordinary shares. There are no options on issue.

The major shareholders of ATW on 12 September 2013 were as follows:

Name	Number of Shares Held	% of Capital Held
Fitgenes Pty Ltd	92,885,160	32.75%
JP Morgan Nominees Australia Ltd	51,480,008	18.15%
Ayadurai Pathma	24,414,063	8.61%
Pathma D/O Sivaguru Ayadurai	24,414,063	8.61%
Retnam Siva Ananda	23,164,062	8.17%
JP Morgan Nominees Australia	11,386,082	4.01%
Etron P L	9,192,449	3.24%
HSBC Custody Nominees	5,442,419	1.92%
Plattner Josef Anton	2,783,333	0.98%
DBS Vickers SEC Singapore	2,348,000	0.83%
Total	247,509,639	87.27%

Source: Share Register 12 September 2013

As at 12 September 2013 the top 10 shareholders held 87.27% of the issued ordinary capital of ATW.

6.3 Operating Performance

ATW's audited consolidated statements of comprehensive income for the financial years ended 30 June 2012 and 2013 were as follows:

Table 3 - Statement of Comprehensive Income	Year Ended 30 June 2012 Audited \$	Year Ended 30 June 2013 Audited \$
Revenue	14	436
Employee benefits expense	(150,462)	(112,363)
Depreciation and amortisation expense	(806)	(701)
Consultancy fees	(142,560)	(220,349)
Insurance	(25,536)	(26,130)
Impairment of receivables	(20,000)	-
Rent and occupancy costs	(6,754)	(3,346)
Legal Fees	(65,619)	(9,508)
Administrative expenses	(167,209)	-
Other expenses	(30,000)	(104,146)
Profit / (loss) before income tax	<u>(608,932)</u>	<u>(476,107)</u>
Income tax (expense) / benefit	9,557	-
Loss for year	<u>(599,375)</u>	<u>(476,107)</u>
Total comprehensive loss	<u>(599,375)</u>	<u>(476,107)</u>

Auditors Report – ATW shareholders should be aware that the Auditors report for the 2013 financial year included the following comments:

A limitation of scope disclaimer was included in the 30 June 2013 audit report indicating that the auditors were still unable to obtain sufficient appropriate audit evidence to satisfy themselves regarding the comparative figures.

The auditors also noted that the Medec International (an entity in which ATW currently holds a 49% interest) was not audited for the current and prior year. Consequently the auditors were unable to perform sufficient appropriate audit procedures to ensure the consolidated financial statements of ATW correctly recorded the financial results of Medec International for the year ended 30 June 2013.

The auditors also noted that ATW had incurred a loss of \$476,107 and it incurred negative cash flows from operating activities of \$403,629 and these matters may cast significant doubt about the entity's ability to continue as a going concern.

These conditions, along with other factors noted in Note 1.r.(ii) to the 2013 Annual Report, indicate the existence of a material uncertainty which may cast significant doubt about ATW's ability to continue as a going concern and whether ATW will be able to realise its assets, extinguish its liabilities and meet its commitments in the normal course of business at amounts stated in the financial statements.

6.4 Cash Flow Statements

ATW's audited cash flow statements for the financial years ended 30 June 2012 and 2013 were as follows:

Table 4 - Consolidated Statement of Cash Flows	Year Ended 30 June 2012 Audited \$	Year Ended 30 June 2013 Audited \$
Cash flows from operating activities		
Receipts from operations	1,186	-
Payments to suppliers & employees	(612,913)	(404,065)
Interest received	14	436
Net cash provided by (used in) operating activities	<u>(611,713)</u>	<u>(403,629)</u>
Cash flows from investing activities		
Loans(to)/from other related parties	(20,000)	226,271
Proceeds from disposal of subsidiaries	350,000	-
Proceeds from deposit received on disposal of associated company	164,500	-
Net cash provided by (used in) investing activities	<u>494,500</u>	<u>226,271</u>
Cash flows from financing activities		
Proceed from share issues	-	141,815
Net cash provided by (used in) financing activities	<u>-</u>	<u>141,815</u>
Net increase (decrease) in cash held	(117,213)	(35,543)
Cash at start of period	178,862	61,649
Cash at end of period	<u>61,649</u>	<u>26,106</u>

6.5 Statements of Financial Position

ATW's audited statements of financial position as at 30 June 2012 and 2013 were as follows:

Table 5 - Statement of Financial Position	30-Jun 2012 Audited \$	30-Jun 2013 Audited \$
CURRENT ASSETS		
Cash and cash equivalents	61,649	26,106
Trade and other receivables	7,921	24,231
Other current assets	17,709	12,188
TOTAL CURRENT ASSETS	<u>87,279</u>	<u>62,525</u>
NON CURRENT ASSETS		
Property, plant & equipment	1,344	643
TOTAL NON CURRENT ASSETS	<u>1,344</u>	<u>643</u>
TOTAL ASSETS	<u>88,623</u>	<u>63,168</u>
CURRENT LIABILITIES		
Trade and other payables	143,967	226,533
Deposit for disposal of equity accounted investment	164,500	164,500
TOTAL CURRENT LIABILITIES	<u>308,467</u>	<u>391,033</u>
NON-CURRENT LIABILITIES		
Borrowings from Fitgenes	-	226,271
TOTAL NON-CURRENT LIABILITIES	<u>-</u>	<u>226,271</u>
TOTAL LIABILITIES	<u>308,467</u>	<u>617,304</u>
NET (LIABILITIES)/ ASSETS	<u>(219,844)</u>	<u>(554,136)</u>
EQUITY		
Contributed equity	4,998,814	5,140,629
Accumulated (loss)	(5,218,658)	(5,694,765)
TOTAL EQUITY	<u>(219,844)</u>	<u>(554,136)</u>

7. Valuation of ATW – Before the Proposed Fitgenes Transaction

7.1 Value Definition

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

7.2 Valuation Methodologies

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

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

7.3 Asset Based Methods

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

(a) Net Assets

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

(b) Orderly Realisation of Assets

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

(c) Liquidation of Assets

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

7.3.2 Net Assets

The total net assets of ATW as at 30 June 2013, per the audited financial statements, were a negative \$554,136.

This effectively means that on a net asset basis the ATW shares have a NIL value.

7.3.3 Orderly Realisation of Net Assets

In an orderly realisation the ATW shareholders would be left with cash and a listed corporate shell, which could be used to acquire a new business. In our experience listed shells in the current market have a value between \$300,000 to \$450,000 and we have added this value to the net asset values.

We do not consider that there will be any realisation costs to account for in completing this valuation methodology as the ATW assets are predominately in cash or have been received since balance date.

We have assessed the value of ATW as at 30 June 2013 on an orderly realisation basis as follows:

Table 6 - Orderly Realisation of Assets		30-Jun 2013 Audited \$	Estimated Realisable Values Low \$	Estimated Realisable Values High \$
	Note			
CURRENT ASSETS				
Cash and cash equivalents		26,106	26,106	26,106
Trade and other receivables	1	24,231	24,231	24,231
Other current assets	2	12,188	5,000	10,000
TOTAL CURRENT ASSETS		<u>62,525</u>	<u>55,337</u>	<u>60,337</u>
NON CURRENT ASSETS				
Property, plant & equipment	3	643	-	-
TOTAL NON CURRENT ASSETS		<u>643</u>	<u>-</u>	<u>-</u>
TOTAL ASSETS		<u>63,168</u>	<u>55,337</u>	<u>60,337</u>
CURRENT LIABILITIES				
Trade and other payables		226,533	226,533	226,533
Deposit for disposal of equity accounted investment	4	164,500	-	-
TOTAL CURRENT LIABILITIES		<u>391,033</u>	<u>226,533</u>	<u>226,533</u>
NON-CURRENT LIABILITIES				
Borrowings from Fitgenes		226,271	226,271	226,271
TOTAL NON-CURRENT LIABILITIES		<u>226,271</u>	<u>226,271</u>	<u>226,271</u>
TOTAL LIABILITIES		<u>617,304</u>	<u>452,804</u>	<u>452,804</u>
NET (LIABILITIES)/ ASSETS		<u>(554,136)</u>	<u>(397,467)</u>	<u>(392,467)</u>
Add: Value of listed shell	5		300,000	450,000
			<u>(97,467)</u>	<u>57,533</u>
		Say:	Nil	58,000

Note 1 – Trade and other receivables – balance represents GST monies received since 30 June 2013.

Note 2 – Prepayments \$12,188 - realisable values have been determined by DMR Corporate on a judgemental basis.

Note 3 - Property, plant and computer equipment \$643 - realisable values have been determined by DMR Corporate on a judgemental basis.

Note 4 – In December 2008 ATW agreed to a management buy-out of 51% of Medec International Pty Ltd and 100% of Medec Hong Kong Limited, Medec GmbH and Medec International Pty Ltd thereby discontinuing its operations in these businesses. The 30 June 2009 financial statements fully impaired the remaining 49% interest as there was a substantial deficiency of net assets at that date.

On 29 December 2011 ATW entered into a sale agreement to dispose of its 49% interest in Medec International Pty Ltd (together with its 60% interest in Medec Systems GmbH) to Siva Ananda Rajah S/O Retnam (an ATW shareholder) for the sum of \$114,500. This sum together with a further \$50,000 has been paid by Ananda (total \$164,500) pending shareholder approval for the sale of the 49% interest in Medec International Pty Ltd.

Note 5 – Our analysis of prices paid for listed shells indicates a range of \$200,000 to \$500,000 over the 2005 to 2012 years. Prices vary according to net assets in the shell, percentage of interests acquired, spread of shareholders and future costs to be incurred in getting accounting, secretarial and audits up to date. Companies in our sample included Metabolic, Mark Sensing, Austral Waste, Bondi Mining, Ruskin, Namberry, Sunbase China, Beauty Health Group and Teys.

Based on the above analysis, we have valued ATW in a range of Nil to \$58,000 or Nil to \$0.0002 per share.

7.4 Share Price History

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

As the Company's shares have been delisted by the ASX there is no market for the ATW shares that we could rely on to utilise this valuation methodology. For this reason we consider that the share price valuation methodology is not applicable.

7.5 Capitalization of Future Maintainable Earnings

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

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

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

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

7.6 Net Present Value of Future Cash Flows

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

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

7.7 Comparable Market Transactions

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

7.8 Conclusion

The orderly realisation of net assets valuation methodology is the only methodology that shows a positive value for ATW and its shares. These values are detailed in Section 7.3.3 above and they are in a range of Nil to \$58,000.

ATW has only been able to continue out of liquidation or administration through the continued support of Fitgenes which had been funding all of the ASX listing fees and its corporate overheads at the same time it is cleaning up the corporate structure and settling outstanding issues and disputes.

8. Fitgenes – Key Information

8.1 Background

Corporate

Fitgenes is an Australian organisation pioneering a new genre of nutrigenetic and nutrigenomic education and clinical practice for healthcare Practitioners, through the integration of personalised genetic profiling, nutrition and exercise physiology, to create truly personalised health and wellness programs.

These health programs are supported by scientific and evidence-based research and are delivered through the growing community of Practitioners who participate in the detailed Fitgenes certification and education programs.

In 2009 Fitgenes was incorporated to commercialise the intellectual property developed as a result of over two decades of research and development by Dr Paul Beaver, now Fitgenes Director (Science).

Fitgenes leverages the use of technology to provide a ‘high tech, high touch’ approach to delivering products and services via the company’s community of Certified Practitioners (“CPs”) throughout Australia, New Zealand, the USA and South East Asia.

The Fitgenes business model is designed to leverage existing distribution channels into international markets such that high levels of support are maintained for CPs and their patients.

Over the past 2 years this model has been refined and the business model going forward will involve the creation of specialised clinics manned with specialist CPs working directly under the control of Dr Paul Beaver and his team.

Technology – Also refer to Appendix A-1 to A-7

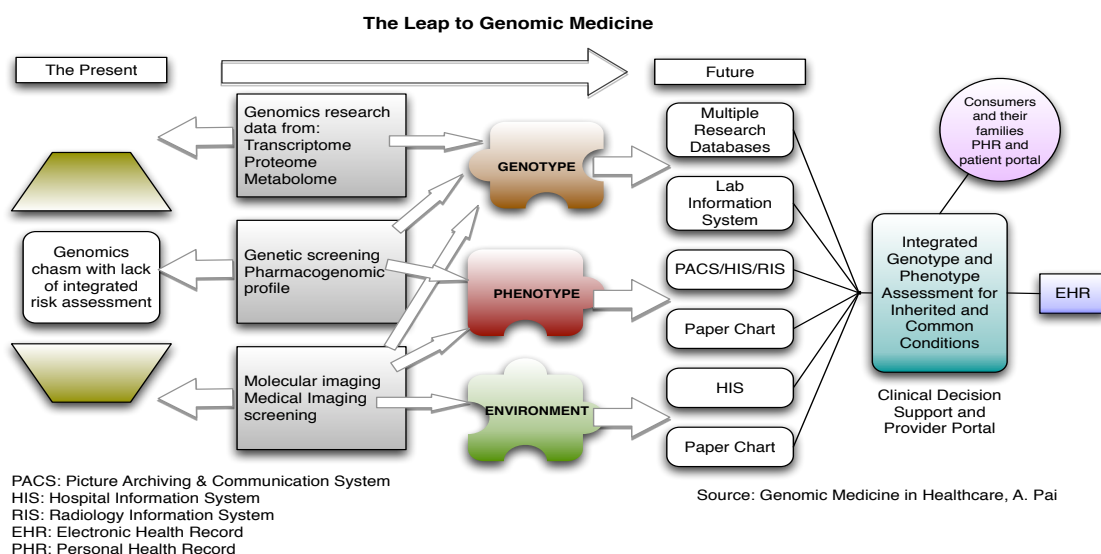
In the half-century since the discovery of the molecular structure of DNA, the building blocks of our genes, massive advances have been made in the understanding of genes and how they are expressed. Scientists now use the term genome to describe the entirety of an organism's hereditary information covering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

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

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

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

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



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

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

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

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

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

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

The company is at an early stage of the commercialisation process having gained approximately 400 practitioners in Australia, New Zealand, Malaysia, Singapore, Hong Kong and America and is generating revenue in the following areas:

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

8.2 Share Capital

As at 12 September 2013 Fitgenes had 12,726,698 fully paid ordinary shares on issue and the shareholders were:

Table 7		
	Shareholder	Shares
	Key Skills Pty Ltd atf P&I Beaver Family Trust	2,487,311
	Altezzavcp Pty Ltd atf Avcp 1 Trust	1,784,273
	Knick Knack Patti Wack Pty Ltd atf The Patti Family Trust	1,535,484
	BSD Global Investments Pty Ltd	1,240,315
	Sunnio Holdings Pty Ltd atf Spruce Family Super Fund	644,319
	Coughlan Superannuation Pty Ltd atf S & J Coughlan Superannuation Fund	644,319
	Rajbans Singh Mukhtiar Singh & Rajinder Kaur Massa Singh	489,303
	Rajbans Singh Mukhtiar Singh & Rajinder Kaur Massa Singh	450,000
	David Perry atf David Perry Superannuation Fund	409,143
	Altezzavcp Pty Ltd atf Avcp 2 Trust	375,000
	Peter Marks & Marina Marks	322,160
	Chee Kai Chan	322,160
	Altezzavcp Pty Ltd atf Mair Family Trust	322,160
	Fusion Enterprises Pty Ltd	257,728
	Bernie And Cindy Schulz atf BC Superannuation Fund	161,080
	YRG Management Group Pty Ltd atf The Lim Family Trust	161,080
	Cathy Palmer	161,080
	Investions Pty Ltd	150,000
	Octani Capital Pty Ltd atf Citadel Trust	128,864
	Altezzavcp Pty Ltd atf The Beaver Family Trust	115,977
	Sharon Palmer	100,000
	Walter Edward Joseph	64,432
	Christine Annette Houghton	64,432
	D Hunter Holdings Pty Ltd atf D Hunter Investment Trust	50,000
	Tracey Porst	50,000
	Schumann Consulting Pty Ltd atf Mair Family Trust	50,000
	Wayne Peter Dyson & Susan Margaret Dyson	32,216
	Cathy Palmer atf Les Sandles	32,216
	Altezzavcp Pty Ltd atf Arq Consulting Trust	32,216
	Luke Beaver And Davinia Mehta	32,216
	Jonathan Baker	25,000
	Stephen Shaw And Lynda Shaw	12,886
	Matthew Shaw And Fiona Shaw	12,886
	Belinda Shaw	6,443
		12,726,698

8.3 Profit and Loss Statements

Fitgenes was incorporated on 17 September 2009 and its profit and loss statements for the financial periods ended 30 June 2012 and 2013 are detailed below.

In 2012 and 2013 Fitgenes received substantial grants from the Australian Government. These grant monies were used:

- To develop the PracwarePro software which is Fitgenes flagship cloud based software for CPs to allow them to deliver the Company's gene based personalised health programs. Released during February 2013.
- 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.

Table 8 – Fitgenes Profit and Loss Statements	Year Ended	Year Ended
	30 June	30 June
	2012	2013
	Audited	Management
	\$	\$
Revenue		
Sale of goods	290,068	432,658
Consulting income	-	200,000
Interest revenue	6,105	7,166
Grant income	208,035	241,664
	<u>504,208</u>	<u>881,488</u>
Cost of goods sold	(102,030)	(149,030)
Gross profit	<u>402,178</u>	<u>732,458</u>
Expenses		
Depreciation	(29,487)	(84,720)
Employment	(99,451)	(193,195)
Finance	(6,731)	(9,724)
Other expenses	(62,687)	(124,936)
Professional	(323,521)	(181,757)
Rent	(3,455)	(1,799)
Subcontractors	(183,733)	(348,746)
Telephone and IT	(30,582)	(46,261)
Travel	(50,855)	(24,982)
	<u>(790,502)</u>	<u>(1,016,120)</u>
Net Profit/(Loss) before income tax	<u>(388,324)</u>	<u>(283,662)</u>
Income tax (expense) / benefit	129,897	225,416
Loss for year	<u>(258,427)</u>	<u>(58,246)</u>

8.4 Net Assets

Fitgenes statements of net assets as at 30 June 2012 and 2013 are as follows:

Table 9 – Fitgenes Net Assets	30-Jun	30-Jun
	2012	2013
	Audited	Management
	\$	\$
CURRENT ASSETS		
Cash and cash equivalents	408,524	47,331
Trade and other receivables	207,545	320,641
Inventories	-	320
Other current assets	77,603	99,216
TOTAL CURRENT ASSETS	<u>693,672</u>	<u>467,508</u>
NON CURRENT ASSETS		
Property, plant and equipment	2,089	1,450
Investments	-	92,915
Loan to ATW Holdings Limited	-	226,271
Intangibles	134,804	310,231
TOTAL NON CURRENT ASSETS	<u>136,893</u>	<u>630,867</u>
TOTAL ASSETS	<u>830,565</u>	<u>1,098,375</u>
CURRENT LIABILITIES		
Trade and other payables	229,896	288,698
Provisions	3,351	-
Other current liabilities	110,000	(16,942)
TOTAL CURRENT LIABILITIES	<u>343,247</u>	<u>271,756</u>
NON CURRENT LIABILITIES		
Trade and other payables	-	35,917
TOTAL LIABILITIES	<u>343,247</u>	<u>307,673</u>
NET ASSETS	<u>487,318</u>	<u>790,702</u>

9. Valuation of Fitgenes

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

9.2 Net Present Value of Future Cash Flows

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

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

The key assumptions made by Fitgenes in the preparation of its cash flow model are as follows:

1. Fitgenes generates its revenues from a network of Certified Practitioners ("CPs")(CPs are generally doctors, nutritionists or alternative health professionals). The number of CPs drives the monthly level of membership fees, the training revenues and the number of Programs/Profiles sold each month.
2. Approximately 412 CPs have passed through the Fitgenes training courses and the model assumes that there will be 10 new CPs added each month together with a 1% growth factor from the first month. At the end of the 5-year period the model assumes the addition of 18 new CPs each month.

In the 2013 financial year ("FY") there were 103 CPs trained and in the current FY there have been 51 CPs trained through to 25 November 2013.

Of the total trained CPs, statistics indicate that there are approximately 17% of this total number that are termed as 'active' CPs. These active CPs purchase approximately 2.3 gene profiling kits per month. Both of these historical figures have been used in the model.

3. The 5-year model has a build up to 1,225 CPs over the 5-year period. We consider that this projected number of CPs is reasonable as there are presently over 48,000 doctors in Australia (32,000 of these are general practitioners) and there are 22,000 doctors in Malaysia.
4. The model uses Program/Profile prices based on current sales figures and no recognition of higher prices for the more advanced Programs has been taken into account in the 5-year model.
5. Expenses in relation to Employment, Office, Marketing, Travel, Research and Development and Other expenses have been allowed for in the projections. We have reviewed these projections and in our opinion they are reasonable.
6. Fitgenes is not a capital intensive business as it can be managed with staff in offices at various locations throughout the world. DNA analysis is presently conducted by specialist laboratories contracted by Fitgenes and this form of sub-contracting is expected to continue throughout the 5-year period covered by the model.
7. The model also assumes that R& D claims will be available on a similar basis to the last 3 years and the R&D grants have been accounted for as 'other income'.
8. Fitgenes has also been working towards ATW starting the first company owned and operated clinic and the effective licence fee has been determined to be 5% of the clinic's monthly income. This fee is conservative and commercially should be in a range of 8% to 10% inclusive of royalty and marketing fees.
9. The 5-year model assumes initial capital of \$500,000. Fitgenes is already in the process of raising \$250,000, which is being done through ATW, however if the Proposed Resolutions are not approved by shareholders then these monies will revert to Fitgenes (and Fitgenes shares will be issued to the subscribers instead of ATW shares) to enable the business plan to be implemented.

Whilst we have conducted a general review of the projections, the aim of this review was limited to obtaining an understanding of the structure of the projections and the key underlying assumptions. We have not conducted a detailed verification or audit of the projections. We consider that the model assumptions are reasonable and we are prepared to use the model figures in this valuation process. In some instances we have adjusted some of the assumptions based on actual performance over the last 18 months.

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

The Fitgenes business revolves around the training of CPs who work from their existing premises and it is the CPs that supply all support services, overhead costs etc. so no capital expenditure is required.

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

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

The growth rate should reflect the expected ongoing increase in Fitgenes' cash flows into the future. We consider that the projected increases in various assumptions over the initial 5 years are reasonable, however these rates of growth cannot be expected to continue into the future. For this reason we have assumed a 5% growth rate from the end of the 5-year model period. In our opinion this is a conservative estimate and does not take account of any marketing or selling to countries other than Australia.

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

We have obtained the 2014 Capital Markets Report from Pepperdine University and in Table 1 – page 8 of that report they have identified median private capital market rates of return for companies classified as Venture Capital (Seed) to Venture Capital (Later Stage) and Angel (Seed) to Angel (Later Stage) in a range of 25% to 30%.

In the following table we have provided the net present value of the projections after the capital cost of \$500,000 based on a series of discount rates to illustrate how the net present values of the Fitgenes business varies as discount rates are varied:

Discount Rate	Net Present Value
20%	\$9,436,000
25%	\$5,926,000
30%	\$3,969,000
35%	\$2,759,000

In our opinion a discount rate range of 25% to 30% is the most appropriate rate to use to discount the projections to a net present value and we have therefore concluded that the Fitgenes business is valued in a range of \$3,969,000 to \$5,926,000 – mid point of 25% and 30% discount figures is \$4,950,000.

9.3 Net Assets

The management statement of financial position as at 30 June 2013 disclosed net assets of \$790,702. The main asset of Fitgenes is its intellectual property (\$310,231), which has been developed over a number of years. As the current fair value of this intellectual property is not recorded in the accounting records of Fitgenes, we have concluded that the net asset backing valuation methodology is not an appropriate valuation methodology to use to value Fitgenes.

9.4 Share Price History

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

Fitgenes is an unlisted private company with only 34 shareholders. ATW has recently issued a Terms Sheet for the issue of convertible notes to Bionetworks Pty Ltd and Altezza VCP Pty Ltd to raise \$250,000. If the Proposed Transaction does not proceed then the convertible notes will convert into fully paid Fitgenes shares based on the following formula:

- the lower of:
 - (i) 80% of the price of shares offered to investors at the next Fitgenes liquidity round of capital raisings or a Fitgenes liquidity event; and
 - (ii) at a pre money valuation of \$4,500,000 for Fitgenes.

As there are currently 12,726,698 shares on issue this is at a price of \$0.354 per share.
- The conversion will occur at the same date as the Fitgenes liquidity event or 31 December 2015, whichever is the earlier.

Based on the above capital raising we consider that Fitgenes has a minimum value of \$4,500,000.

9.5 Capitalization of Future Maintainable Earnings

Capitalisation of future maintainable earnings is a methodology commonly used for valuing manufacturing and service companies and, in our experience, is the method most widely used by purchasers of such businesses. This method involves capitalising the earnings of a business at a multiple which reflects the risks of the business and its ability to earn future profits. There are different definitions of earnings to which a multiple can be applied. The traditional method is to use net profit after tax. Another common method is to use EBIT. One advantage of using EBIT is that it enables a valuation to be determined which is independent of the financing and tax structure of the business. Different owners

of the same business may have different funding strategies and these strategies should not alter the fundamental value of the business.

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

Since its incorporation in September 2009, Fitgenes has developed its model, training modules and marketing plans and it is now poised to commence the commercialisation of its intellectual property. To achieve commercialisation capital now needs to be raised and the business plan implemented.

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

9.6 Alternate Acquirer

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

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

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

9.7 Conclusion

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

VALUATION METHODOLOGY	Section	Low	High
Net Present Value of Future Cash Flows	9.3	\$3,969,000	\$5,926,000
Share price history	9.4	\$4,500,000	\$4,500,000

We have concluded that Fitgenes should be valued in a range of \$4,500,000 to \$5,926,000 – mid point \$5,213,000.

10. Valuation of ATW - After the Proposed Fitgenes Transaction

If the Proposed Transaction is approved by the ATW shareholders, then the ATW board of directors will open the first company controlled Fitgenes clinic in the first quarter of 2014. This will be followed by a roll out of 22 clinics across Australia over a 5-year period.

ATW/Fitgenes has prepared a model for the projected operations of the proposed clinics over the 5-year period. The projections were provided to us on a 'commercial and in confidence' basis and we cannot disclose the detailed information contained in these documents. We have however reviewed the key assumptions on which these projections were prepared.

The key assumptions made by ATW/Fitgenes in the preparation of its cash flow model, after the acquisition of Fitgenes, are as follows:

1. The opening of the first clinic in the first 3 months and then adding 1 new clinic in the second half of year 1. In the second, third, fourth and fifth years 5 clinics are planned to be opened in each year. Each clinic will begin operations with one CP and then increase to 2 CPs as the business grows.
2. As the CPs in these clinics will specialise in the Fitgenes profiling and wellness programs it is anticipated that the revenues will arise from 'consultancy services' as well as the gene profiling, pathology testing and sale of supplements.
3. The model uses current consultancy rates for the industry, Program/Profile prices based on current sales figures and no recognition of higher prices for the more advanced Programs has been taken into account in the 5-year model.
4. Expenses in relation to Employment, Office, Marketing and Other expenses have been allowed for in the projections. We have reviewed these projections and in our opinion they are reasonable.
5. The establishment of the clinics is not a capital intensive business as it can be managed from leased premises with CPs and staff working from the clinic.
6. A licence fee of 5% of the clinic's monthly income has been included in the model. Normal fees for the services provided by a franchisor to a franchisee would be in a range of 8% to 10% inclusive of a marketing fee.
7. The annual taxation expense was then determined from the free cash flows over the 5-year period. A taxation rate of 30% has been used for all 5 years of the projections.
8. The 5-year model assumes initial capital of \$2,000,000 and the establishment of the clinics in the ATW entity will only proceed if the initial capital of \$2,000,000 is raised by ATW, the public offering is successful and ATW gets readmitted to the ASX.
9. Other assumptions re growth rates and discount rates as used in our evaluation of the Fitgenes model are also applicable to this model.
10. A consolidated model was then prepared for the combined Fitgenes and ATW businesses to advise shareholders what the new ATW entity may look like if they approve the Proposed Transactions.

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

In the following table we have provided the net present value of the consolidated projections after deducting the capital cost of \$2,000,000 based on a series of discount rates to illustrate how the net present values of the combined ATW and Fitgenes businesses varies as discount rates are varied:

Discount Rate	Net Present Value
20%	\$15,007,000
25%	\$9,144,000
30%	\$5,863,000
35%	\$3,825,000

In our opinion a discount rate range of 25% to 30% is the most appropriate rate to use to discount the projections to a net present value and we have therefore concluded that the combined ATW and Fitgenes businesses are valued in a range of \$5,863,000 to \$9,144,000 – mid point \$7,500,000

11. Control Premium

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

If the Proposed Transaction is approved by shareholders, then the Fitgenes shareholders could control in aggregate 14,762,970 shares or 78.5% of ATW's voting power. Fitgenes currently holds 92,885,160 ATW shares (1,327,190 ATW shares after the proposed consolidation) and if the Proposed Fitgenes Transaction is implemented we have been advised that these shares will then be sold on market with the funds retained by ATW for working capital purposes.

The Proposed Fitgenes Transaction will however deliver control of ATW to the Fitgenes shareholders.

In Section 10 above we determined that the control value of ATW after the Proposed Transaction is in a range of \$5,863,000 to \$9,144,000 – mid point of \$7,500,000. Using the above information we have set out in the following table the control premium implied in the Proposed Transaction:

	Low \$	High \$	Mid \$
Value of ATW after Proposed Transaction - Section 10	5,863,000	9,144,000	7,503,500
ATW Shareholders Interest After the Proposed Transactions - Sections 2.1 and 2.2	14.50%	14.50%	14.50%
Shareholders Interest After the Proposed Transaction on a control basis	<u>850,000</u>	<u>1,326,000</u>	<u>1,088,000</u>
Value after eliminating a control premium of 25% to 30% for minority shareholdings held by the ATW shareholders after the Proposed Transaction	680,000	850,000	765,000
ATW Shareholder Interests Before the Proposed Transaction	-	58,000	29,000
Premium for control	<u>680,000</u>	<u>792,000</u>	<u>736,000</u>
Premium for control	680,000	792,000	736,000

As can be seen from table 13 above, there is now a substantial premium of between \$680,000 and \$792,000 being paid to acquire control of ATW.

12. Assessment as to Fairness of the Proposed Fitgenes Transaction

In Section 7.8 we valued ATW in a range of Nil to \$58,000 before the Proposed Fitgenes Transaction, a mid point of \$29,000.

In Section 10 we assessed the control value of ATW after the Proposed Fitgenes Transaction to be in a range of \$5,863,000 to \$9,144,000 and as the ATW shareholders will have a 14.5% interest therein they will be minority shareholders in ATW after the Proposed Fitgenes Transaction.

In Section 11 above we determined that the ATW shareholders minority interests will have a value in the range of \$680,000 to \$792,000, a mid point of say \$736,000.

As the mid point of the value of the ATW shareholders interests after the completion of the Proposed Fitgenes Transaction (\$736,000) is greater than the mid point of the value of their interests before the Proposed Fitgenes Transaction (\$29,000), we have concluded that **the Proposed Fitgenes Transaction is fair.**

13. Other Considerations in relation to the Proposed Fitgenes Transaction

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

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

Advantages

- The Proposed Transaction was negotiated in the second half of the 2011 calendar year with the Fitgenes shareholders to receive approximately 70.8% of ATW's issued capital. Since that date 2 Fitgenes directors have joined the ATW board and Fitgenes has funded the ATW annual operating expenses as ATW was financially unable to fund these expenses.

In the intervening period Fitgenes has also received Australian government funding in excess of \$400,000 and these grant monies have been spent on the design and development of the new PracwarePro software, developing commercially viable products with new profiles in 'Women's Health' and 'Autism' sectors.

Fitgenes has also developed a revised business model incorporating company owned clinics as a lead into franchising the Fitgenes software products plus 20+ years of database history to CPs. Despite these achievements and the subsequent growth in the value of Fitgenes throughout the last 2 years, the Fitgenes directors have honoured the original terms of merger and not endeavoured to seek an alternative, quicker and easier merger partner.

- Based on the mid point of the valuation range, the ATW shareholders could receive a control premium in a range of \$680,000 to \$792,000. Given ATW's relatively limited assets from which no synergistic benefits can be gained, we believe that this is a very high premium and therefore of substantial benefit to

the ATW shareholders.

- The Fitgenes' model is taking leading edge technology and integrating this into its proprietary data base of technical information to produce personalised reports for each client based on their DNA analysis. We are not aware of any other company that has integrated existing health and lifestyle assessments with DNA analysis to assist an individual via his practitioner to attain a healthy lifestyle to the extent achieved by Fitgenes.
- The Fitgenes model can be introduced to new markets throughout the world with a minimum of capital expenditure and without excessive marketing costs.
- Through joint venture or partnering arrangements it should be possible to quickly adopt a chain of marketing agents in various countries throughout the world.
- The Fitgenes shareholders will receive 14,762,970 fully paid ATW shares (following the ATW share consolidation) in relation to the sale of Fitgenes to ATW. It is therefore in the Fitgenes shareholders best interests to ensure that the Fitgenes model works and is profitable.
- Government funding is available in Australia and Malaysia to assist in the commercialisation of the Fitgenes business model and the establishment of off shore subsidiaries to market its technology.
- If the Fitgenes business meets its 3-5 year projections for anticipated revenues and expenditures, then we would expect the liquidity in the market for ATW shares to improve.
- If the ATW shareholders approve the Proposed Fitgenes Transaction then Fitgenes will have the cash resources to enable ATW to get relisted on the ASX.
- If shareholders approve the Proposed Fitgenes Transaction then ATW may not proceed into Administration.

Disadvantages

- The ATW shareholders will lose control of ATW and their equity interests will be substantially diluted.
- ATW shareholders will be exposed to the risks associated with a health technology company, as its technology may not be adopted by Australian doctors and the Australian population.
- There may be an emergence of competing technologies or other companies using similar technologies and systems as Fitgenes and the Fitgenes projections may not be achieved.

14. Conclusion as to Fairness and Reasonableness of the Proposed Fitgenes Transaction

After reviewing the results of our assessment of the fairness of the Proposed Fitgenes Transaction set out in Section 12 and after considering the 'other considerations' set out in Section 13, we consider that **the Proposed Fitgenes Transaction is both fair and reasonable.**

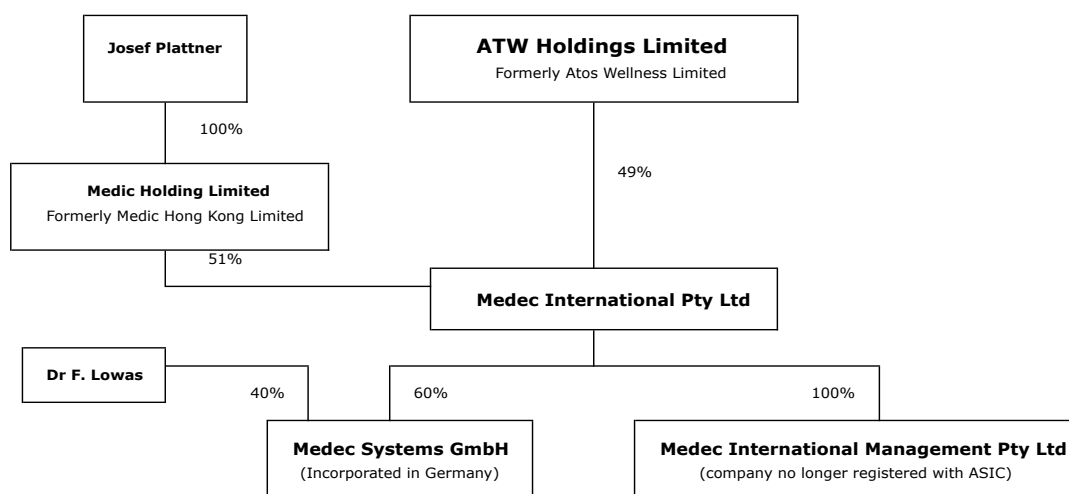
15. Medec International

15.1 Background

This company was originally incorporated as Everfield Holdings Pty Ltd on 24 June 1997 and it changed its name to Medec International in May 2003.

In December 2008 ATW divested itself of several subsidiaries (Medec Hong Kong Limited, Medec Systems GmbH, Medec International Management Pty Ltd and a 51% interest in Medec International Pty Ltd) through a management buy-out of equity interests.

Following this management buy-out the corporate structure of Medec International became:



The auditor's report attached to the 2010 Annual Report included the following comments:

“At 31 December 2008, Atos Wellness Limited divested part of its shareholding in Medec Hong Kong Limited, Medec Systems GmbH, Medec International Pty Ltd and Medec International Management Pty Ltd, with the exception of Medec International Pty Ltd of which it divested 51% of its shareholding. As part of the management buy-out of these companies, Medec International Pty Ltd became the holding company of Medec Hong Kong Limited, Medec Systems GmbH and Medec International Management Pty Ltd. Medec Hong Kong Limited, Medec Systems GmbH, Medec International Pty Ltd and Medec International Management Pty Ltd have not been subject to an audit for this reporting period and we have been unable to conduct alternative audit procedures to conclude on whether the results for this period or the profit that results on disposal of these entities is complete. In addition, in relation to the entities not subject to an audit, we have been unable to determine whether any contingent liabilities, commitments, warranties or guarantees exist within the entities for which Atos Wellness Limited may be liable.”

The auditor's report attached to the 2011 Annual Report included the following comments:

“During the year ended 30th June 2011, Atos Wellness 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.

Atos Wellness Limited has not included the results of Medec International Pty Ltd and its subsidiaries in its consolidated financial statements for the current year 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.”

15.2 Valuation of Medec International

We requested background and financial information from directors and former directors of ATW, Medec International, Medec Hong Kong Limited, Medec International Management Pty Ltd and Medec Systems GmbH and they have advised that:

- At the date of the management buy-out of (December 2008) Medec International had practically ceased trading and some of its old clients had started to buy products directly from Medec Systems GmbH.
- During the 2011 calendar year aged debtors owing EUR 125,000 to Medec Systems GmbH had defaulted and the directors were considering the appointment of an Administrator or Receiver by 31 December 2011 unless additional funding became available. At 31 December 2011, Medec Systems GmbH had a deficiency of net assets and ATW advised that they were unable to provide any additional any financial support.
- As at 31 December 2011 Medec Systems GmbH had a new product in the process of development, however they were unable to fund the completion of its development and the marketing costs to commercialise this product.

The new product being developed by Medec Systems GmbH has synergistic benefits with Rajah's business interests in Singapore and for this reason Rajah expressed an interest in providing interim funding to Medec Systems GmbH on the basis that an agreement could be reached for him to acquire all of ATW's interests in Medec International and Medec Systems GmbH.

In December 2011 Rajah agreed to pay ATW the following amounts in consideration for the transfer of its shares in Medec International to Rajah:

- \$114,500, which is to be offset against the amount of \$114,500 owed by ATW to Rajah; and
- a subsequent payment of up to a further \$85,000 paid in eight monthly installments of \$10,000 each, beginning 1 April 2012, followed by one final installment of \$5,000, provided that the payment of each such installment is contingent upon Medec Systems GmbH being a going concern on the date each such installment is due.
- The old related party receivables in the books of Medec International should be written off as they are uncollectable (one related party is no longer registered with ASIC and the others are insolvent or the proof of debts can no longer be substantiated).
- The remaining balance of \$131,000 for research and development should be written off.

After reviewing a draft 31 December 2011 balance sheet for Medec International and writing off the related party balances that the former directors and the current directors consider are unrecoverable or not payable and the old capitalized research and development costs, there are net assets of between nil and \$22,500 as at 31 December 2011. As ATW has a 49% interest in Medec International this values their interest in a range of nil to \$11,000.

16. Assessment as to Fairness of the Proposed Medec International Transaction

In Section 15.2 we summarized the terms of the agreement for the transfer of the ATW shares in Medec International to Rajah and the minimum consideration is \$114,500. Subsequent negotiations with Rajah resulted in an additional \$50,000 consideration being paid for the 49% equity interest in Medec International.

In Section 15.2 we stated that the ATW interests in Medec International were in a range of nil to \$11,000 as at 31 December 2011.

As the consideration of \$164,500 exceeds our valuation of the ATW interests in Medec International, we consider that the Proposed Medec International Transaction is fair.

17. Other Considerations of the Proposed Medec International Transaction

Prior to deciding whether to approve or reject the Proposed Medec International Transaction, the ATW shareholders should also consider the following factors:

- In Section 16 above we concluded that the Proposed Medec International Transaction is fair.
- As the Proposed Medec International Transaction is fair, it is also considered to be reasonable, however we consider that the ATW shareholders should also take into consideration the following matters:

Advantages

- The directors had placed a nil value on the ATW interests in Medec International and the proposed sale to Rajah will extinguish a \$164,500 liability from the ATW balance sheet.
- The ATW audit report has been qualified for several years as audited financial statements and financial information for Medec International could not be obtained. The sale of the ATW interests in Medec International to Rajah will stop this qualification in future years.
- The sale will clean up the ATW corporate structure and equity investments and enable the Proposed Fitgenes Transaction to proceed.

Disadvantages

- We can see no disadvantages with the proposed sale of the 49% interest in Medec International.

18. Conclusion as to Fairness and Reasonableness of the Proposed Medec International Transaction

After reviewing the results of our assessment of the fairness of the Proposed Medec International Transaction set out in Section 16 and after considering the 'other considerations' set out in Section 17, we consider that **the Proposed Medec International Transaction is both fair and reasonable.**

19. Financial Services Guide

19.1 Financial Services Guide

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

19.2 DMR Corporate

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

19.3 Financial Services Offered by DMR Corporate

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

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

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

19.4 General Financial Product Advice

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

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

19.5 Independence

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

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

DMR Corporate and its related entities do not have any shareholding in or other relationship with ATW or Fitgenes that could reasonably be regarded as capable of

affecting its ability to provide an unbiased opinion in relation to the Proposed Transactions.

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

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

19.6 Remuneration

DMR Corporate is entitled to receive a fee of approximately \$28,000 for the preparation of this report. With the exception of the above, DMR Corporate will not receive any other benefits, whether directly or indirectly, for or in connection with the making of this report.

19.7 Complaints Process

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

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


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

Yours faithfully

DMR Corporate Pty Ltd



Paul Lom
Director



Derek Ryan
Director

Fitgenes Position in the Medical Ecosystem

Summary by Dr M Venning, Director of Valutech Pty Ltd

Introduction

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

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

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

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

Genetic Analysis and Its Application in Medicine

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

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

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

Around 160,000 genetic tests were performed in Australia in 1906 with an estimated growth rate of 67% indicating that current annual tests are of the order of 1 million with major growth being in the latter category above¹. This area of predictive medicine and genomics has seen major developments overseas, particularly in the United States where genetic testing is being used to predict disease and institute preventive measures in order to either prevent the disease altogether or significantly decrease its impact on the patient. The goal is to predict future disease so that health care professionals and the patients themselves can be proactive in instituting lifestyle modifications and increasing physician surveillance.

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

Direct to Consumer Gene Profiling

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

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

LDL, low-density lipoprotein, HDL, high-density lipoprotein

Source: E.S. Lander, Nature 2011²

Although this complexity was highlighted a decade ago³, the impact of this on the expanding use of genetic profiling in the consumer sector is relatively recent. In 2002, the Body Shop was selling genetic tests by the company Sciona in some of its stores in the UK. Sciona was claiming that by testing genes they could advise their customers about what they should eat. There was public opposition to the process by a number of groups in the UK and within months, not only the Body Shop, but twelve other high-street retailers had decided not to sell unregulated genetic profiling tests.

¹ Report of the Australian Genetic Testing Survey, 2006 (released March 2009)

² Initial impact of sequencing of the human genome. E.S. Lander, Nature 470, 187-197, (10 February 2011)

³ Genetic markers to predict polygenic disease: a new problem for social genetics, D.J. Galton and G.A.A. Ferns, QJM 92(4): 223-232, 1999

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

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

These concerns were raised with regulatory authorities in the US and led to the US Government Accountability Office (GAO) being asked to investigate the claims being made by DTC marketers. GAO's report in 2006 concluded that all the tests it assessed mislead consumers by making predictions that are medically unproven and so ambiguous that they do not provide meaningful information to consumers⁴. By 2010 a Congressional Committee was looking at the issue and in parallel with this, the Food and Drug Administration (FDA) was holding meetings on the oversight of laboratory tests for genetic profiling and their interpretation. During 2010, the FDA wrote to 19 providers of genetic tests or of the equipment providing the profiles noting that the companies were marketing a genetic test that, according to the FDA, meets the definition of a device and that these tests had not received FDA clearance⁵. The regulatory issue is quite complex but it appears that if the genetic tests promoted by the 19 companies make health claims, they are subject to FDA regulation. However, if no health claims are made, then the tests are not subject to FDA regulation⁶. As a result of this, companies are working with the FDA on gaining clearance, but this is not likely to be resolved until 2013.

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

Integration into Healthcare

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

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

⁴ Nutrigenetic Testing: Tests Purchased from Four Web Sites Mislead Consumers, GAO Publications GAO-06-977T of July 27, 2006

⁵ <http://www.genomicslawreport.com/index.php/2010/07/21/14-more-fda-letters/#more-3999>

⁶ <http://www.thedailybeast.com/newsweek/blogs/the-human-condition/2010/08/05/dna-dilemma-the-full-interview-with-the-fda-on-dtc-genetic-tests.html>

In the US, a number of healthcare groups and their information systems advisers are establishing integrated personalized healthcare systems that can integrate data on genotype, phenotype and the environment from a range of sources such as genomics research, genetic screening, molecular imaging and medical imaging to provide assessments for inherited and common conditions which can then be incorporated into electronic health records and then used by practitioners to advise patients and their families on the most appropriate actions to improve their health. One example of this is the diagram in Section 8.1 of this report, which has been modified from a presentation by IBM⁷.

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

Current Usage of Genetic Profiling

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

Humana is one of the largest publically traded health and supplemental benefits companies in the US with approximately 10.2 million medical members. In 2007, Humana identified that a subset of high-cost molecular tests was growing significantly faster than other tests (more than 20% per annum) and that these tests could have a significant impact on patient care. Humana contracted with DNA Direct to administer the company's Genetic Guidance Program⁸ to ensure appropriate genetic testing, to direct testing to participating laboratories and to deliver healthcare provider education. The program was launched in July 2009 for Humana's commercial members and was expanded to include Humana Medicare in early 2011. The program is used by doctors in consultation with Accredited Genetic Counselors provided by DNA Direct to utilise genetic testing to identify an individual's susceptibility to disease, diagnose a disease, predict how a patient will respond to a drug, eliminate unnecessary treatments and side effects, improve health outcomes and decrease healthcare costs.

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

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

Humana introduced the Genetic Guidance Program because there was a clear lack of healthcare provider knowledge with 98% of physicians believing genetics influences drug therapy, but only 10% feeling that they were adequately informed about the tests⁹. There was also a lack of experts with only about 2,400 certified genetic counselors in the US and less than 500 clinical geneticists. There were also concerns about the limited regulatory oversight by the FDA and CMS (Centers for Medicare and Medicaid Services). Humana's experience in the program has determined that there are clear policies on the selection of tests, that there is consistent use of genetic counselors through DNA Direct to advise physicians and patients, that wherever possible tests are carried out by associated organisations and that an integrated approach provides more consumer/physician/patient satisfaction¹⁰.

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

⁷ Genomic Medicine in Healthcare – The Tip of the Iceberg, A. Pai, Electronic Healthcare, Vol. 8 No. 1, 2009

⁸ <http://apps.humana.com/marketing/documents.asp?file=1417832>

⁹ National Pharmacogenomics Physician Survey: Who are the Physicians adopting pharmacogenomics and how does knowledge impact adoption? E.J. Stanek et al, Abstract of Presentation at the 59th Annual American Society of Human Genetics (ASHG) Meeting, October 2009.

¹⁰ http://www.dnadirect.com/static/dnaweb/video/webinars/webinar_02062011.wmv

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

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

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

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

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

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

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

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

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

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

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

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

Fitgenes and Its Positioning in the Market

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

The key points are:

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

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

ATW Holdings Limited**Sources of Information**

- The Explanatory Memorandum which this report accompanies;
- Annual financial statements of ATW for the financial years ended 30 June 2010, 2011, 2012 and 2013;
- ATW's announcements to the ASX since 1 January 2012;
- ASIC historical extracts for ATW and Fitgenes;
- Listing of ATW's top 20 shareholders as at 12 September 2013;
- Heads of Agreement between ATW and Fitgenes dated 24 August 2011;
- Management financial statements for Fitgenes for the financial years ended 30 June 2012 and 2013;
- Share registers for ATW and Fitgenes as at 12 September 2013;
- Draft balance sheet for Medec International as at 31 December 2011;
- Scientific review of the Fitgenes technological platform by Dr. M. Venning in 2011;
- Draft Notice of General Meeting re the Proposed Transactions.

Declarations, Qualifications and Consents

1. Declarations

This report has been prepared at the request of the directors of ATW pursuant to Section 611 and Chapter 2E of the Act together with Chapter 10 of ASX listing rules to accompany the notice of meeting of shareholders to approve the Proposed Transactions. It is not intended that this report should serve any purpose other than as an expression of our opinion as to whether or not the Proposed Transactions are fair and reasonable.

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

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

2. Qualifications

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

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

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

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

3. Consent

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

SCHEDULE 3 – RISK FACTORS

1 Strategy Execution Risks

The Company may have difficulties in effectively executing its planned growth strategies. Corporate growth could expose the Company to additional and unforeseen costs, including regulatory and other costs associated with operation in industries in which it previously has not operated, and may strain financial and management resources.

2 Capital Adequacy Risks

The Company's capital requirements depend on numerous factors. The Company may require further financing in addition to amounts raised under the Prospectus. Any additional equity financing will dilute existing Shareholders, and debt financing, if available, may involve restrictions on financing and operating activities. The Company's ability to raise additional funds will be subject to, among other things, factors beyond the control of the Company and its Directors including cyclical factors affecting the economy and share markets generally. Any material restriction on the Company's ability to source capital may have an adverse effect on the Company, including forcing it to alter, delay or reduce the scope of its operations, or preventing it from pursuing market opportunities or acquisitions. The Directors can give no assurance that the Company will be able to secure any additional funding or be able to secure funding on terms favourable to the Company.

3 Acquisitions Risks

As part of its corporate strategy, the Company may make acquisitions of, or significant investments into, complementary companies in Australia or other parts of the world. Any such acquisitions will be accompanied by risks commonly encountered in making such acquisitions.

4 Revenue Risks

The sales revenue of the Company may be impacted by a range of factors, including product range, customer expectations (e.g. price, accessibility, service offering), competitive positioning, product lifecycle and industry lifecycle.

5 Key Personnel Risks

The Company currently employs or engages as consultants a number of key management and scientific personnel. As a lean team, the Company is potentially exposed to bottlenecks with the availability of individuals, particularly those with specific knowledge of expertise. The Company has structured its employment and consultancy practices with an emphasis on recruiting and retaining suitably qualified and experienced personnel and building a culture of knowledge sharing and skills transfer. Where possible and appropriate, the Company also limits the ability of key personnel to join a competitor or compete directly with the Company. Each of these factors may affect the Company's operational/financial performance.

6 Specific Regulatory Risks

The Company and its joint venture partners may be exposed to changes in legal and administration regimes, practices and government policies on matters relevant to the health and wellness industry.

7 International Risks

The Company carries on a part of its business outside of Australia and intends to continue to do so. Financial transactions in overseas jurisdictions are subject to fluctuations in foreign exchange markets. Accordingly, some transactions will occur in the currencies of those countries, and may exceed the budgeted amount if there are adverse currency fluctuations against the Australian dollar. The Company has no plans at this stage to hedge its foreign currency payments.

Also, the legal and cultural attitudes toward contractual rights and obligations may vary from country to country, which may affect the Company's ability to enforce agreements and protect its rights and interests in assets in such jurisdictions.

8 Liability Risks

The Company provides no guarantee that unforeseen adverse events, manufacturing delays/defects, service delivery issues or other product/service issues, such as data security breaches or issues with delivery of services by third parties, will not arise. Such events could expose the Company to liability claims or litigation, resulting in monetary damages being awarded against the Company. In such event, the Company's liability may exceed the Company's insurance coverage.

9 Intellectual Property Risks

The acquisition of Fitgenes will result in the Company owning a substantial stable of intellectual property. The Fitgenes intellectual property comprises pending patent applications and trade secrets. The Company intends to continue to develop the Fitgenes intellectual property post-acquisition, including making further patent applications in the future. The prospect of attaining patent protection is highly uncertain and involves complex and continually evolving factual and legal questions, which may result in the Company's patent applications not proceeding to issued patents and, if issued, may not be of commercial benefit to the Company, or may not afford the Company adequate protection from competing products. Even if the Company succeeds in obtaining patent protection for its products, its patents could be partially or wholly invalidated following challenges by third parties. The legal and cultural attitudes toward intellectual property rights may vary from country to country, which may affect the issue and/or protection of intellectual property rights. Insofar as the Company relies on rights derived from licensing agreements with third parties, there is no guarantee that such rights will be secured in a manner which meets all of the future needs of the Company. If a third party accuses the Company of infringing its intellectual property rights, the Company may incur significant costs (including management and technical personnel time) in defending such action, whether or not it ultimately prevails. In addition, parties making claims against the Company may be able to obtain injunctive or other equitable relief that could restrict or prevent the Company from operating.

10 Development Risks

Product/service development is inherently associated with risk. There is no assurance that products/services will be identified. Even if identified, many of the other risks outlined in this Schedule may mean that products or services are not commercially viable or may otherwise preclude the Company and its joint venture partners from successfully exploiting the products or services.

11 Expenditure Program Risks

The Company has not yet entered into contracts for a number of the material items covered by the Company's expenditure program (for example, but not limited to, certain clinical testing and lease-

related expenditures), nor does it have binding quotations in relation to such items. Rather, the Directors have determined that following the successful close of the Offer, the Company will be well positioned to negotiate the exact terms for such contracts. While the Directors are confident the Company will be able to source suitable suppliers, there is a risk that the Company may not be able to source those suppliers at the estimated expenditure.

12 Profitability Risks

The profitability of the Company may be impacted by a range of factors, including changes in the underlying cost structures of products/services and changes in the market pricing of products/services, which may impact on the financial performance of the Company.

13 Healthcare Reimbursement Risks

In both domestic and foreign markets, sales of products/services are likely to depend in part upon reimbursements from third party health care payor organisations, including government agencies, private health care insurers and other health care payors such as health maintenance organisations and self-insured employee plans. There is considerable pressure to reduce the cost of health care, and government and other third party payors are increasingly attempting to contain health care costs by limiting both coverage and the level of reimbursement. No assurance can be given that reimbursement will be provided by such payors at all or without substantial delay, or, if such reimbursement is provided, that the approved reimbursement amounts will be sufficient to enable the Company to operate on a profitable basis.

14 Clinical Presence Risks

The establishment of new clinical operations of the Company and its joint venture partners may be affected by a range of factors, including difficulties or delays in identifying and contracting on clinics and delays in construction and fit out.

15 Rapid Changes, Innovations and New Discoveries

The Company and its joint venture partners operate in, or may operate in, industry sectors which may be exposed to rapid changes, innovations and new discoveries which may materially impact the operational/financial performance of the Company.

16 Clinical Trial Risks

The Company's product/service offerings are expected to evolve over time. Accordingly, the Company expects to be conducting clinical trials, of one form or another, from time-to-time. Clinical trials of the Company's products/services may fail for a number of reasons, including lack of efficacy or adverse side effects. Failure can occur at any stage of the trials, which may result in the Company having to reassess, repeat or abandon clinical trials.

17 Counterparty Risks

The Company has established a number of contractual relationships, including joint venture partnerships, licensing contracts, outsourcing contracts and supply contracts and intends to continue to establish additional contractual relationships. The Company relies on its ability to enter into and maintain various contractual relationships, and relies on its counterparties to fulfil their contractual responsibilities. Any failure by the Company's counterparties to adequately or fully comply with their

contractual responsibilities or any financial default or insolvency of a counterparty, could adversely impact the operational/financial performance of the Company.

18 Competitive Risks

Personal health and wellness incorporates a broad array of highly fragmented and highly competitive industry sectors, and includes companies with significantly greater financial, technical, human, research and development, and marketing resources than the Company. Several entities around the world compete with the Company and may discover and develop products or services in advance of and/or which are more effective than those offered by the Company. As a consequence, the Company's current and future product/service offerings may become obsolete or uncompetitive, resulting in adverse effects on the operational/financial performance or market position of the Company.

19 Occupational Health and Safety Risks

The Company is committed to providing a healthy and safe environment for its personnel, contractors and visitors. While the health and wellness industry is a relatively safe environment, the Company does provide appropriate instructions, equipment, preventative measures, first aid information and training to all stakeholders through its occupational, health and safety management systems.

20 Labour Risks

The Company's and its joint venture partners' operations may be adversely affected by labour disputes or changes in relevant labour laws, including significant labour disputes, work stoppages or increased employee expenses, which may disrupt operations and affect the profitability of the activities undertaken by the Company and its joint venture partners.

21 Infectious Disease Risks

The Company's and its joint venture partners' results may be adversely affected by the loss of productivity and increased costs arising from any effect of infectious diseases, such as HIV/AIDS, on the Company's and its joint venture partners.

SCHEDULE 4 – KEY TERMS OF FITGENES PURCHASE AGREEMENT²⁰

1 Acquisition of Fitgenes

At Completion, the Company will acquire 100% of the issued capital of Fitgenes Pty Ltd by issuing a total of 14,762,970 new Shares to the Fitgenes Shareholders in the proportions set out in Schedule 5.

2 Completion

Completion is to occur on the satisfaction or waiver of the conditions precedent detailed below.

3 Conditions precedent

The obligation of the Company and the Fitgenes Shareholders to complete the Fitgenes Purchase Agreement is subject to and conditional upon:

- (a) the Company obtaining shareholder approval (the subject of Resolution 3);
- (b) the termination by Fitgenes of all other purchase agreements;
- (c) Fitgenes carrying out due diligence on the Company to its reasonable satisfaction; and
- (d) the relevant parties obtaining all other necessary ASIC and ASX approvals.

With the exception of the conditions in paragraphs (a) and (d) above, there are no other conditions to be satisfied as at the date of this Notice.

The conditions are required to be satisfied on or before 31 December 2013.

4 Board and management

Under the Fitgenes Purchase Agreement, the Directors of the Company were to be replaced by new directors nominated by Fitgenes. The appointments of Mr Mair and Mr Driscoll have already taken place.

5 Warranties

The Fitgenes Shareholders and directors provided warranties in favour of the Company in relation to the usual commercial matters, including due authorisation, accuracy of information, the subject shares, group structure, the legal entity, the business and assets, accounts and financial position, contracts, intellectual property, taxation and employees.

6 Governing law

The Fitgenes Purchase Agreement is governed by the laws of Queensland.

²⁰ Note – the summary set out in this Schedule 3 reflects the provisions of the original purchase agreement dated 14 December 2011 as amended by two separate deeds of variation dated 24 July 2012 and 31 December 2012. In addition, seven parties entered into deeds of accession on 29 September 2012 pursuant to which they acceded to the terms of the original purchase agreement (as amended).

SCHEDULE 5 – FITGENES SHAREHOLDERS

The Consideration Shares will be issued to the parties listed below:

Holder Name	Designation	Fitgenes Shares	Consideration Shares
ALTEZZAVCP PTY LTD (ACN 141 734 125)	ARQ CONSULTING TRUST	32,216	37,371
ALTEZZAVCP PTY LTD (ACN 141 734 125)	AVCP 1 TRUST	1,784,273	2,069,756
ALTEZZAVCP PTY LTD (ACN 141 734 125)	AVCP 2 TRUST	375,000	435,000
ALTEZZAVCP PTY LTD (ACN 141 734 125)	MAIR FAMILY TRUST	322,160	373,705
ALTEZZAVCP PTY LTD (ACN 141 734 125)	BEAVER FAMILY TRUST	115,977	134,533
BELINDA SHAW		6,443	7,474
BERNIE AND CINDY SCHULZ	BC SUPERANNUATION FUND	161,080	186,853
BSD GLOBAL INVESTMENTS PTY LTD (ACN 105 562 856)		1,240,315	1,438,765
CATHY PALMER		161,080	186,853
CATHY PALMER	LES SANDLES	32,216	37,371
CHEE KAI CHAN		322,160	373,706
CHRISTINE ANNETTE HOUGHTON		64,432	74,741
COUGHLAN SUPERANNUATION PTY LTD (ACN 130 598 462)	S&J COUGHLAN SUPERANNUATION FUND	644,319	747,410
D HUNTER HOLDINGS PTY LTD A.C.N. 151 665 711	D HUNTER INVESTMENT TRUST	50,000	58,000
DAVID PERRY	DAVID PERRY SUPERANNUATION FUND	409,143	474,606
FUSION ENTERPRISES PTY LTD (ACN 069 085 347)		257,728	298,964
INVESTIONS PTY LTD A.C.N. 007 190 856		150,000	174,000

Holder Name	Designation	Fitgenes Shares	Consideration Shares
JOHNATHAN BAKER		25,000	29,000
KEY SKILLS PTY LTD (ACN 060 651 381)	P&L BEAVER FAMILY TRUST	2,487,311	2,885,281
KNICK KNACK PATTI WACK PTY LTD (ACN 130 246 463)	THE PATTI FAMILY TRUST	1,535,484	1,781,161
LUKE BEAVER AND DAVINIA MEHTA		32,216	37,371
MATTHEW SHAW AND FIONA SHAW		12,886	14,948
OCTANI CAPITAL PTY LTD (ACN 139 782 808)	CITADEL TRUST	128,864	149,482
PETER MARKS & MARINA MARKS		322,160	373,706
RAJBANS SINGH MUKHTIAR SINGH & RAJINDER KAUR MASSA SINGH		489,302	567,590
RAJBANS SINGH MUKHTIAR SINGH & RAJINDER KAUR MASSA SINGH		450,000	522,000
SCHUMANN CONSULTING PTY LTD (ACN 101 191 379)	MAIR FAMILY TRUST	50,000	58,000
SHARON PALMER		100,000	116,000
STEPHEN SHAW AND LYNDA SHAW		12,886	14,948
SUNMIO HOLDINGS PTY LTD (ACN 091 612 467)	SPRUCE FAMILY SUPER FUND	644,319	747,410
TRACEY PORST		50,000	58,000
WALTER EDWARD JOSEPH		64,432	74,741
WAYNE PETER DYSON & SUSAN MARGARET DYSON		32,216	37,371
YRG MANAGEMENT GROUP PTY LTD (ACN 102 973 517)	LIM FAMILY TRUST	161,080	186,853
TOTAL		12,726,698	14,762,970

SCHEDULE 6 – KEY TERMS OF MEDEC SALE AGREEMENT²¹

1 Disposal of Medec Shares

At Completion, the Company will dispose of the Medec Shares in exchange for total consideration from the Buyer of \$164,500, made up of the following elements²²:

- (a) the up-front payment of \$114,500, which has been offset against \$114,500 owing by the Company to the Buyer; and
- (b) a subsequent cash payment of a further \$50,000.

2 Completion

Completion is to occur on the satisfaction or waiver of the conditions precedent detailed below.

3 Conditions precedent

The obligation of the Company and the Buyer to complete the Medec Sale Agreements is subject to and conditional upon:

- (a) the Company obtaining shareholder approval (the subject of Resolution 11);
- (b) approval of the transaction by Medec International Pty Ltd shareholders (secured at the annual general meeting of Medec International Pty Ltd on 22 December 2011); and
- (c) the relevant parties obtaining all other necessary approvals (e.g. ASIC, ASX etc).

With the exception of the condition in paragraph (a) above, there are no other conditions to be satisfied as at the date of this Notice.

4 Warranties

The Company provided warranties in favour of the Buyer as to its capacity, power and authority to enter into the Medec Sale Agreements and its title to the Medec Shares only.

5 Governing law

The Medec Sale Agreements are governed by the laws of Western Australia.

²¹ Note – the summary set out in this Schedule 5 reflects the provisions of the original sale agreement dated 29 December 2011 as amended by two separate deeds of variation dated 31 January 2012 and 1 April 2012

²² The Company has received the consideration as at the date of this Notice

SCHEDULE 7 – DIRECTOR BIOGRAPHIES

Dr Carrie Hillyard

Non-Executive Chair

- Bachelor of Science (BSc) (Joint Hons)
- Doctor of Philosophy – Biochemistry (PhD)
- Fellow of the Australian Academy of Technological Sciences and Engineering (FTSE)
- Fellow of the Australian Institute of Company Directors (FAICD)

Dr Carrie Hillyard is a co-founder of CM Capital and led the Life Sciences practice for over 10 years, investing and taking an active role in pharmaceutical, diagnostics and medical device companies. She has served as a non-executive director on the boards of a number of investee companies, taking several public.

Carrie is the inventor of a number of patents and has been involved in the complete product lifecycle, including medical research in London and developing, licensing and commercialising new products.

Carrie has been a member of a number of Federal and State government boards and advisory bodies, providing advice on the development of the biotechnology and venture capital industries. These include the IR&D Board and the Queensland Government's Smart State Council. She currently serves on the boards of the Mater Medical Research Institute, FizzioFit Pty Ltd, CM Capital and is chairman of UniQuest Pty Ltd. Carrie was a recipient of a Centenary medal, the inaugural Biotechnology Star award from Women in Technology and the Excellence Award for outstanding contribution to the biotechnology industry, from AusBiotech.

Mr Robert Mair

Robert Mair (CPA)

- CEO and Corporate Secretary
- Member of Certified Practising Accountants Australia
- Master of Business Administration (Entrepreneurship) (MBA)
- Master of Accounting (M.Acc)
- Diploma of Financial Services (Dip Fin Svcs)

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 modeling, systemization and commercialisation.

With this experience in business start-ups, expansions and debt/equity funding (including early stage and venture capital investing), Robert has skills across the obstacles and challenges facing technology based and rapid growth businesses. Robert is also founding partner of Altezza Partners (www.altezzapartners.com.au).

Dr John Hurrell

Non-Executive Director

- Ph.D in Biochemistry and Chemistry from the University of Melbourne
- Fulbright Fellow at Harvard Medical School

Dr. Hurrell has over 25 years international leadership experience in the diagnostics industry. Until recently Dr. Hurrell was Vice President and General Manager of Focus Diagnostics, a subsidiary of Quest Diagnostics Inc. Quest Diagnostics is the world's leading provider of diagnostic testing, information and services to the healthcare sector. Whilst at Focus he managed a high revenue multi segment business (reference laboratory, diagnostics products and clinical trials testing) with revenues growing multiple-fold since 2006. He identified, launched and implemented a new strategic direction in Molecular Diagnostics that is currently exceeding the initial investment expectations. John took over the Products business in January 2010 and grew the business significantly over the ensuing 24 months.

Dr Hurrell has been instrumental in building and improving the value of a number of life science and healthcare companies and is recognised for developing, rescuing and launching products that have generated in excess of \$6 billion in revenues over a 20 year period. In these positions, Dr Hurrell has collaborated in joint ventures developing new biopharma/biodiagnostic technologies, and taken many products from concept through R&D and into full product launch following global regulatory approvals. Dr. Hurrell has dual US/Australian citizenships.

SCHEDULE 8 – Summary of Terms of Issue of Notes

Full Terms of Issue available on the Company's Website. Terms capitalised but not defined in the below summary have the meaning given to them in the Terms of Issue.

Issuer	ATW Holdings Limited ACN 100 531 191
Issue price	\$1.00 per Note.
Term	If, by 31 December 2015 (Long Stop Date), the Company has not undertaken an IPO, then its obligations under the Notes are transferred to Fitgenes and it ceases to have any obligations under the Notes.
Interest rate	No interest is payable on the Notes.
Conversion	<p>If, at any time prior to the Long Stop Date, the Company undertakes an IPO, it must by written notice to the Noteholders require that each Noteholder convert all of the Notes then held by that Noteholder into Shares on the Conversion Date.</p> <p>Subject to the Terms of Issue, in the event that Company is required to convert in accordance the Terms of Issue, the conversion of Notes to Shares will be calculated in accordance with the following formula:</p> <p style="padding-left: 40px;">The number of Shares to be issued will be equal to the number of Notes subject to a Conversion Notice divided by the conversion price. The conversion price will be equal to the lower of:</p> <ul style="list-style-type: none"> • the cash price payable for the issue or transfer per Share under the IPO, discounted by 20%; and • the cash price payable per Share for the issue or transfer of Shares at a pre-money valuation cap of the Company of \$5,300,000.
Redemption	The Company may repay the Notes prior to 31 December 2015 at its sole discretion, but is under no obligation to do so.
Ranking	<p>Notes are unsecured obligations of the Company, and rank equally without any preference among themselves.</p> <p>The rights of Noteholders are subordinated in right of payment to the claims of all other creditors of the Company in the event of a liquidation of the Company (other than persons, including other Noteholders, whose claims against the Company are unsecured and unsubordinated).</p> <p>The rights of Noteholders rank ahead of all Shareholders of the Company in the event of winding up.</p>
Participation rights	Notes carry no right to vote at any meeting of Shareholders and no right to participate in dividends paid by the Company.

SCHEDULE 9 – Summary of principal differences between the Existing Constitution and the New Constitution

Subject	Summary of amendments	Old rule	New rule
Exercising powers	A new rule has been included in the New Constitution which states that the Company may exercise any power, take any action or engage in any conduct permitted under the Corporations Act. The Existing Constitution does not contain a similar provision.	No similar provision	1.4
Preference share rights	<p>The New Constitution sets out the specific rights attaching to any preference shares issued by the Company. The Company does not currently have any preference shares on issue.</p> <p>If the Company does issue preference shares in the future, the New Constitution states that they will confer on the holder rights including the right to:</p> <ul style="list-style-type: none"> (a) receive a preferential dividend and any additional amount specified in the terms of issue; (b) participate with the ordinary shares in profits and assets of the Company, including on a winding up; (c) vote at any general meeting of the company, but only in limited circumstances. 	No similar provision	2.2
Alteration of share capital	The New Constitution expressly permits the Company to resolve to convert or reclassify shares from one class to another subject to the Corporations Act. The Existing Constitution does not contain a similar provision.	No similar provision	2.3
Calls on shares	<p>The New Constitution contains provisions relating to calls on partly paid shares which are broadly similar to the Existing Constitution. The Company does not currently have any partly paid shares on issue.</p> <p>However, new rules have been included which specify:</p> <ul style="list-style-type: none"> (a) that the Company must give at least 30 business days notice of a call on a partly paid share; and (b) that in a proceeding to recover a call, it will be conclusive evidence of the debt if the Company establishes that: <ul style="list-style-type: none"> (i) the name of the defendant is entered in the register of members as the holder of the relevant share; (ii) the resolution making the call is recorded in the minute book; and (iii) notice of the call was given to the defendant. 	5	5
Forfeiture and lien	The New Constitution contains provisions relating to forfeiture and lien which are broadly similar to the Existing Constitution.	4 and 8	6 and 7
Sale, reissue or other disposal of shares by the Company	The New Constitution contains provisions relating to the sale, reissue or other disposal of a share in connection with a forfeiture or lien which are broadly similar to the Existing Constitution. However, the provisions of the New Constitution extend to the Company's dealings with unmarketable parcels of shares.	4.7 to 4.11	9
Interest and costs payable	<p>The New Constitution provides that if an amount called or otherwise payable for a share is not paid, the person who owes that money must pay:</p> <ul style="list-style-type: none"> (c) interest on the unpaid amount at a rate fixed by the directors or if no rate is fixed, at a rate per annum 2% higher than the rate prescribed for unpaid judgments in the Supreme Court of 	4.1 and 5.9	10

Subject	Summary of amendments	Old rule	New rule
	<p>Queensland; and</p> <p>(d) all costs the Company incurs due to the failure to pay or the late payment.</p> <p>Interest accrues daily and costs may be capitalised monthly or at any other intervals the Directors decide.</p> <p>The Existing Constitution contains similar requirements to pay interest and costs but specifies a default rate of interest not exceeding 20% per annum.</p>		
Transfer and transmission of shares	<p>The New Constitution contains provisions relating to transfer and transmission of shares which are broadly similar to the Existing Constitution, except that the Company will be permitted to charge a fee for registering a transfer of shares subject to the Listing Rules.</p> <p>The Company will still be precluded from charging a fee in most circumstances, although the Listing Rules do allow an entity to charge a reasonable fee in certain limited circumstances (e.g. where the Company issues a special transaction statement).</p>	6 and 7	12, 14
Unmarketable parcel	<p>The New Constitution permits the Company to sell a share that is part of an 'unmarketable parcel' (i.e. a parcel of shares with a value of less than \$500). The Existing Constitution does not contain a similar provision.</p> <p>The purpose of the new provisions is to facilitate the management of the Company's share register and give Shareholders with unmarketable parcels the ability to dispose of their shares efficiently.</p> <p>Under the new provisions:</p> <p>(e) once in every 12 month period, the Directors may give written notice to a holder of an unmarketable parcel stating that the Company intends to sell the parcel;</p> <p>(f) the Company must not sell an unmarketable parcel if the holder gives notice that it wishes to retain it;</p> <p>(g) the Company must pay the costs of the sale but otherwise the Directors may decide the manner, time and terms of the sale;</p> <p>(h) the Company must hold the proceeds of any sale on trust for the previous holder; and</p> <p>(i) the Company's power to sell lapses following the announcement of a takeover (as defined in the Listing Rules).</p>	No similar provision	13
Proportional takeover bids	<p>The New Constitution permits the Company to prohibit registration of transfers relating to an offer made under a proportional takeover bid unless a resolution has been passed approving the bid.</p> <p>The New Constitution does not regulate the withdrawal of offers and rescission of contracts where shareholders have rejected a resolution. The Directors consider that these matters are adequately regulated by the Corporations Act.</p> <p>The rules in the New Constitution relating to proportional takeover bids will lapse unless they are renewed by special resolution in each three year period.</p>	No similar provision	15
General meetings	<p>The quorum for general meetings has been reduced from three in the Existing Constitution to two in the New Constitution.</p>	10.5	16.7
Direct voting	<p>The New Constitution gives the Board the power to permit members to vote 'directly' on resolutions determined by poll.</p> <p>This is an alternative to members having to appoint proxies or representatives to vote on their behalf as permitted by the Existing Constitution.</p>	No similar provision	18

Subject	Summary of amendments	Old rule	New rule
Executive officers	The New Constitution includes broadly similar provisions to the Existing Constitution for the appointment of executive directors and secretaries whereas the Existing Constitution only provides for the appointment of a managing director.	13.36	23
Indemnity and insurance	The New Constitution contains broadly similar provisions to the Existing Constitution relating to the indemnity and insurance provided to Directors and officers. The New Constitution also permits the Company to extend the indemnity to any auditor or former auditor of the Company or a related body corporate.	22	24
Dividends	The provisions in relation to dividends have been updated to reflect the current state of the law. Under the Existing Constitution, dividends are to be paid out of the Company's profits. From 28 June 2010, changes to the Corporations Act prohibit a Company paying a dividend unless: (j) the company's assets exceed its liabilities immediately before the dividend is declared and the excess is sufficient for the payment of the dividend; (k) the payment of the dividend is fair and reasonable to the company's shareholders as a whole; and (l) the payment of the dividend does not materially prejudice the company's ability to pay its creditors. In order to reflect these changes, the New Constitution provides that the Directors may: (m) pay any interim and final dividends that, in their judgment, the financial position of the company justifies; (n) rescind a decision to pay a dividend if they decide, before the payment date, that the company's financial position no longer justifies the payment; and (o) pay any dividend required to be paid under the terms of issue of a share. The New Constitution also provides that dividends may be paid by cash, electronic transfer or any other method as the Board determines and will be paid proportionate to the amount paid up on each share.	17	25
Winding up	The winding up provisions of the New Constitution have been expanded to provide greater detail on distributing surplus assets and dividing property in accordance with the Corporations Act.	21	27
Inspection of records	The New Constitution includes an express power to grant a Director or former Director continuing access to materials which relate to the period during which the Director or former Director was a Director of the Company. The Existing Constitution does not contain a similar provision.	No similar provision	28
Notices	Under the New Constitution a notice from the Company properly addressed and posted is taken to be given and received on the day after its posting (as opposed to three days under the Existing Constitution).	19	30

SCHEDULE 10 – ESOP

Executive and employee share option plan

ATW Holdings Limited ACN 100 531 191

The Plan involves the grant of Options to Eligible Participants on the terms in this document.

1 DEFINITIONS AND INTERPRETATION

1.1 Definitions

In this document:

Term	Definition
Acceptance Form	means an acceptance of an Offer completed and signed by an Eligible Participant (and any Permitted Nominee) in the form attached to the Offer.
ASIC	means the Australian Securities and Investments Commission.
ASX	means ASX Limited ACN 008 624 691 or the securities exchange operated by it (as the case requires).
Bidder	means a person who proposes to acquire (together with their associates) all of the ordinary shares in the Company.
Board	means the Company's board of Directors.
Borrower	means an Eligible Participant and, where appropriate, a Permitted Nominee, who elects to exercise whole or part of the Loan Options granted to him or her and makes a request for the Company to provide a Loan and, in the event of his or her death after the grant to him or her of a Loan, his or her executors, administrators or other legal personal representatives.
Business Day	means a business day as defined in the Listing Rules.
Change of Control Trigger Event	means: <ul style="list-style-type: none">(a) a person acquires voting power (within the meaning of section 610 Corporations Act) in more than 50% of the ordinary shares in the Company;(b) an order of the court made for the purposes of section 411(4)(b) Corporations Act, in connection with a members' scheme of arrangement to effect a change of Control of the Company, is lodged with ASIC under section 411(10) Corporations Act; or(c) the Company disposes of the whole or a substantial part of its assets or undertaking.(d) an event set out in paragraph (a), (b) or (c) is, in the opinion of the Board, likely to occur in the near future and the Board decides to nominate a date on which a Change of Control Trigger Event is taken to have occurred.
Company	means ATW Holdings Limited ACN 100 531 191.

Term	Definition
Constitution	means the Company's constitution.
Consultant	means any person who acts in an advisory capacity for, or is engaged in the provision of services to, the Group.
Control	has the meaning given to the term in section 50AA Corporations Act.
Corporations Act	means <i>Corporations Act 2001</i> (Cth).
Director	means a director of the Company.
Disposal Restriction	means a restriction, set out in an Offer, on the creation of a Security Interest in, or the transfer, assignment, disposal or otherwise dealing with, a Share issued on exercise of an Option.
Eligible Participant	means any person who is designated by the Board to be an Eligible Participant under rule 3.
Employee	means an employee of a member of the Group.
Encumbrance	means: <ul style="list-style-type: none"> (a) any mortgage, charge, pledge or lien, and any security interest or a preferential or adverse interest of any kind; (b) a title retention arrangement; (c) a right of any person to purchase, occupy or use assets (including under a hire purchase agreement, option, licence, lease, or agreement to purchase); (d) a right to set-off or right to withhold payment of a deposit or other money; (e) an easement, restrictive covenant, caveat or similar restriction over property (except, in the case of land, a covenant noted on the certificate of title to the land concerned); (f) an agreement to create any of the items referred to in paragraphs (a) to (e) above or to allow any of those items to exist; or (g) a notice under section 255 <i>Tax Act</i> (1936), subdivision 260-A in schedule 1 <i>Taxation Administration Act 1953</i> (Cth), or any similar legislation.
Equity Interests	has the meaning ascribed to that term in the Listing Rules and as set out in the latest accounts provided to the ASX under the Listing Rules.
Exercise Date	means the date after which an Eligible Participant may exercise an Option as set out in the Offer.
Exercise Period	means the period from the Exercise Date to the Expiry Date.
Exercise Price	means the price payable on exercise of an Option to acquire the underlying Share, as set out in rule 5.2.
Expiry Date	means the date on or by which a Participant must exercise an Option before that Option expires as set out in the Offer.
Group	means the Company and its Related Bodies Corporate.
Interest Rate	means the Statutory Interest Rate as defined in section 136 of the <i>Fringe Benefits Assessment Act 1986</i> (Cth) and as published each year by the Commissioner of Taxation.

Term	Definition
Listing Rules	means the Listing Rules of ASX and any other rules of ASX which are applicable while the Company is admitted to the Official List of ASX, each as amended or replaced from time to time, except to the extent of any express written waiver by ASX.
Loan	means the amount of money lent to the Optionholder as approved under clause 11 and, where the context permits, includes any interest charged on the Loan in accordance with clause 11.2.
Loan Options	means any Option (as defined in this document) and any option to acquire a Share held by an Eligible Participant or their Permitted Nominee.
Loan Scheme	means the employee loan scheme as set out in clause 11.
Loan Shares	means those Shares issued to the Borrower using funds provided from a Loan that has not yet been repaid.
Maturity Date	has the meaning given to it in clause 11.3.
Notice of Exercise	means a completed and signed notice substantially in the form attached to the Offer, or another form approved by the Board.
Offer	means a written offer to participate in the Plan.
Option	means an option granted under the Plan to subscribe for and be allotted the number of Shares set out in an Offer.
Optionholder	means, in relation to an Option, the person (whether an Eligible Participant, a Permitted Nominee or their legal personal representative) entered in the Company's register of options as the holder of that Option.
Participant	means an Eligible Participant or its Permitted Nominee (as the case requires).
Permitted Nominee	means a body corporate Controlled by an Eligible Participant, or any other entity as the Board may determine.
Plan	means this share option plan as amended from time to time.
Related Body Corporate	has the meaning given to the term in the Corporations Act.
Secretary	means the company secretary of the Company from time to time.
Security Interest	means a mortgage, charge, pledge, lien or other encumbrance of any nature
Share	means a fully paid ordinary share in the Company.
Termination Date	means the date the termination of directorship, employment or the consultancy arrangement of an Eligible Participant takes effect, under the Eligible Participant's written employment agreement or consultancy agreement or otherwise.
Vesting Conditions	means the vesting conditions specified in an Offer, which must be satisfied before an Option can be exercised.

1.2 Interpretation

In this document:

- (a) a singular word includes the plural and vice versa, a words which suggests one gender includes the other gender and a reference to a person includes a corporation;
- (b) words defined in the Corporations Act have the same meaning when used in this document;
- (c) headings are for convenience only and do not affect the interpretation;
- (d) if a word or phrase is defined, its other grammatical forms have a corresponding meaning; and
- (e) a reference to this document includes the agreement recorded by this document.

2 ADMINISTRATION OF THE PLAN

The Board will administer the Plan in accordance with this document.

3 ELIGIBLE PARTICIPANTS

The Board may designate a Director, Employee or Consultant as an Eligible Participant for the purposes of the Plan.

4 GRANT OF OPTIONS

4.1 Offer of Options

- (a) The Board may offer any number of Options to an Eligible Participant on the terms the Board decides by giving the Eligible Participant an Offer, subject to the Plan and any applicable law or Listing Rules.
- (b) Subject to the terms of the Offer, each Option will entitle the Eligible Participant to receive one Share upon the exercise of the Option.

4.2 Required details of Offer

An Offer must state:

- (a) the total number of Options for which the Eligible Participant may subscribe;
- (b) the date of the Offer;
- (c) the Exercise Period (including the Exercise Date and the Expiry Date);
- (d) the Exercise Price;
- (e) any Vesting Conditions;
- (f) any Disposal Restrictions;

- (g) any other terms of the Options; and
- (h) any matters required to be specified by the Corporations Act or Listing Rules.

4.3 **Required documents for Offer**

The Company will send the Offer to an Eligible Participant together with:

- (a) an Acceptance Form;
- (b) a Notice of Exercise;
- (c) a copy of this Plan or a summary of this Plan (in which case this Plan will be made available on request, free of charge);
- (d) any other explanatory material which the Company wishes to distribute; and
- (e) any other documents and information required by the Corporations Act or Listing Rules.

4.4 **Acceptance of offer**

To accept an Offer, an Eligible Participant must complete, sign and return the Acceptance Form in accordance with the Offer.

4.5 **Permitted Nominees**

- (a) An Eligible Participant that receives an Offer may nominate a Permitted Nominee to hold the Options on their behalf by providing details of the Permitted Nominee on the Acceptance Form and having the Permitted Nominee sign the Acceptance Form.
- (b) The Board can, in its absolute discretion and without providing an explanation, decide whether or not to grant a Permitted Nominee (nominated by an Eligible Participant) Options.
- (c) Where the Board decides not to grant Options to a Permitted Nominee, the Board will grant the Options to the Eligible Participant instead and the Eligible Participant is taken to have accepted the Offer personally.
- (d) An Eligible Participant must immediately notify the Company in writing as soon as they become aware:
 - (i) that they cease to Control their Permitted Nominee;
 - (ii) of any transaction which may result in them ceasing to Control their Permitted Nominee; or
 - (iii) that they cease to have an entitlement (whether or not that entitlement requires an exercise of discretion) to a majority of the distributions of their Permitted Nominee.
- (e) If an Eligible Participant ceases to Control their Permitted Nominee at any time, the Board may determine that any Options granted to the Permitted Nominee be transferred to the Eligible Participant.

4.6 **Maximum Shares over which Options granted**

The Board must not grant Options if the number of Shares to be issued on exercise of the Options, when aggregated with the number of Shares in the same class:

- (a) which would be issued if each outstanding offer or option to acquire unissued Shares were to be accepted or exercised, being offers made or options acquired under an employee share or option plan only for employees or directors of the Company and its Related Bodies Corporate; and
- (b) issued during the previous five years under any employee share or option plan only for employees or directors of the Company and its Related Bodies Corporate, but disregarding any offer made, or option acquired or Share issued by way of or as a result of:
 - (c) an offer to a person situated at the time of receipt of the offer outside of Australia;
 - (d) a disclosure document or product disclosure statement; or
 - (e) an offer that did not need disclosure because of section 708 Corporations Act, would exceed 10% of the total number of issued Shares in that class of Shares as at the time the offer was made.

4.7 **No payment for grant of Options**

A Participant is not required to pay for the grant of an Option.

4.8 **Option statement or certificate**

The Company will, within ten Business Days after the Participant is granted the Options, deliver to each Participant:

- (a) a statement in the form the Board decides evidencing the grant of the Options; or
- (b) if required by the Constitution or otherwise by law, a certificate evidencing the grant of the Options in accordance with the Constitution or law.

4.9 **Register of Options**

The Company must maintain a register of the Options.

5 EXERCISE OF OPTIONS

5.1 **Rights to acquire Shares**

An Option entitles a Participant to acquire one Share:

- (a) provided any acquisition of Shares does not breach the Corporations Act or the Listing Rules;
- (b) provided any Vesting Conditions have been satisfied;

- (c) during the Exercise Period;
- (d) for payment of the Exercise Price; and
- (e) otherwise in the manner required by the Board and specified in writing to the Eligible Participant at the time the Option is granted.

5.2 Exercise price

The Exercise Price is the amount set out in the Offer.

5.3 Right to exercise and lapse

- (a) Subject to rule 5.1, a Participant may exercise an Option at any time in the Exercise Period by:
 - (i) delivering a Notice of Exercise; and
 - (ii) paying the Exercise Price, to the Company.
- (b) Unless the Board decides otherwise, an Option that has not been exercised on or before the Expiry Date, lapses on the day after the Expiry Date.

5.4 Lapse of Options

Subject to rule 5.1 and unless the Board decides otherwise, if an event in the table below occurs in respect of an Eligible Participant and:

- (a) the event occurs on or before the Exercise Date, the Options of that Eligible Participant (or their Permitted Nominee) lapse;
- (b) the event occurs on or before the Exercise Date, and the event is the death of the Eligible Participant, the Options of that Eligible Participant (or their Permitted Nominee) lapse 90 days after the date of their death;
- (c) the Eligible Participant loses Control of their Permitted Nominee and the Options are not transferred to the Eligible Participant under rule 4.5(e), the Options lapse; or
- (d) the event occurs during the Exercise Period, the Expiry Date of the Options of that Eligible Participant (or their Permitted Nominee) are adjusted as set out in the following table (unless the Expiry Date occurs before the adjusted Expiry Date listed below).

Event	Adjusted Expiry Date
Eligible Participant's lawful termination from employment with the Group or consultancy arrangement with the Group, but not for serious breach of the employment contract or consultancy agreement	60 days after the Termination Date or a later date decided by the Board

Event	Adjusted Expiry Date
Eligible Participant's lawful termination from employment with the Group or consultancy arrangement with the Group, for serious breach of the employment contract or consultancy agreement	30 days after the Termination Date or a later date decided by the Board
Eligible Participant's resignation from the Board, employment or consultancy with the Group	60 days after the date of the resignation or a later date decided by the Board
Eligible Participant being made redundant	60 days after the date of the redundancy or later date is decided by the Board
<p>Office of a Director becomes vacant if the Director:</p> <p>(p) becomes an insolvent under administration, suspends payment generally to creditors or compounds with or assigns the Director's estate for the benefit of creditors;</p> <p>(q) becomes a person of unsound mind or a person who is a patient under laws relating to mental health or whose estate is administered under laws about mental health;</p> <p>(r) is absent from meetings of the Directors during a period of three consecutive calendar months without leave of absence from the Directors where the Directors have not, within 14 days of having been served by the secretary with a notice giving particulars of the absence, resolved that leave of absence be granted;</p> <p>(s) is removed from office under the Corporations Act;</p> <p>(t) is prohibited from being a Director by reason of the operation of the Corporations Act; or</p> <p>(u) is convicted on indictment of an offence and the Directors do not within one month after that conviction resolve to confirm the Director's appointment or election (as the case may be) to the office of Director.</p>	30 days after the Termination Date or a later date decided by the Board
Death of the Eligible Participant	There is no adjustment and the representative of the Eligible Participant's estate may exercise the Options before the Expiry Date.

6 RIGHTS ATTACHING TO OPTIONS

6.1 Adjustment for reconstruction

If there is a reconstruction of the issued capital of the Company (including consolidation, subdivision, reduction or return), the number of Shares to be issued on exercise of an Option, the Exercise Price or both, will be adjusted to the extent necessary to comply with the Listing Rules applying to a reorganisation of capital.

6.2 Dividends

A Participant does not have the right to participate in dividends on Shares until Shares are issued on the exercise of an Option.

6.3 Voting rights

A Participant does not have the right to vote in respect of an Option.

6.4 Participation in further issues

- (a) A Participant cannot participate in a new issue of Shares without exercising their Options.
- (b) If a pro rata bonus or cash issue of securities is awarded by the Company, the number of Shares to be issued on exercise of an Option and the Exercise Price will be adjusted as specified in Listing Rule 6.22 and written notice will be given to the Participant.

6.5 Transfer and Security Interests

Subject to rule 6.6, Participants may only:

- (a) create a Security Interest in; or
- (b) transfer, assign, dispose or otherwise deal with,

Options, or any interest in Options, with the prior written consent of the Board.

6.6 Transmission

The transmission of Options to a legal personal representative of an Eligible Participant following an Eligible Participant's death, may be made without the prior written consent of the Board.

6.7 Quotation

The Company will not apply to ASX for official quotation of any of the Options.

7 NO INTEREST IN SHARES

A Participant has no interest in Shares the subject of Options until the Options are exercised and Shares are allotted to that Participant.

8 CHANGE OF CONTROL

8.1 Board to notify Participant of Change of Control Trigger Event

The Board must, as soon as reasonably practicable, give written notice to each Participant of a Change of Control Trigger Event.

8.2 Options exercisable on Change of Control

Unless the Board decides otherwise, if a Change of Control Trigger Event occurs, all Options vest immediately and may be exercised by a Participant (regardless of whether any Vesting Conditions have been satisfied) by delivering a Notice of Exercise, and payment of the Exercise Price, to the Company.

8.3 Action available to the Board for unexercised Options

If a Change of Control Trigger Event occurs, the Company may:

- (a) buy back Options held by a Participant for:
 - (i) an amount agreed with the Participant; or
 - (ii) the fair value of the Options, being the value of the Options decided by the Board and calculated in accordance with the Black-Scholes valuation model, using a volatility factor calculated using the closing price of Shares on ASX for the 12 months before the date of the calculation, or if the Company has been listed on ASX for less than 12 months, from the listing date until the date of calculation, without the agreement of the Participant;
- (b) arrange for options to acquire shares in the Bidder to be granted to the Participants on substantially the same terms as the Options, but with any appropriate and reasonable adjustments decided by the Board to the number of shares in the Bidder to be issued on exercise of those options or the exercise price of those options, to ensure the financial position of the Participants remain substantially the same;
- (c) allow the Options to continue in accordance with their terms; or
- (d) proceed with a combination of any of the alternatives in rules 8.3(a), (b) or (c).

8.4 Participants to cooperate and attorney

Each Participant:

- (a) must do all acts, matters or things which are necessary or desirable to give effect to a buy-back or exchange of Options under rule 8.3; and
- (b) irrevocably appoints any two Directors as its attorney for the purpose of performing any act required of it under rule 8.4.

9 ISSUE OF SHARES ON EXERCISE

9.1 Issue, transfer or allocation of Shares

The Company will issue Shares to a Participant at the next Board meeting, or within 20 Business Days, whichever first occurs after receiving a valid Notice of Exercise and the Exercise Price.

9.2 Application for quotation

If the Shares are officially quoted by ASX, the Company will apply to ASX for official quotation of any Shares issued to a Participant after exercise of Options within the time prescribed by the Listing Rules but, in any event, within ten Business Days of the issue of those Shares.

9.3 Ranking

A Share issued on the exercise of any Option ranks equally with all existing Shares of that class from the date of allotment.

10 DISPOSAL RESTRICTION

10.1 No disposal of Shares for a specified period

If an Offer contains a Disposal Restriction, the Participant must comply with the Disposal Restriction in relation to all Shares issued on exercise of the Options for the period specified in the Offer.

10.2 Holding locks or other procedures

If the Shares issued on the exercise of Options are subject to a Disposal Restriction, the Company may implement any procedure it considers appropriate to ensure the Disposal Restriction is complied with for the period specified in the Offer.

10.3 Restrictions cease on Change of Control Trigger Event

A Disposal Restriction ceases to apply immediately upon a Change of Control Trigger Event occurring. As soon as reasonably practicable after the Change of Control Trigger Event occurs, the Company must release the Shares from any procedure in place under rule 10.3.

11 GRANT OF LOANS

11.1 Grant of Loan

- (a) Subject to clause 11.1(f), any Eligible Participant or Permitted Nominee, as the case **may be, who wishes to exercise Loan** Options may make a written request (in the form as may be prescribed by the Company) to the Company, no earlier than the date that the vesting conditions in relation to the Loan Options (if any) are satisfied, for a Loan to fund the exercise of the Loan Options.
- (b) A written request for a Loan must be accompanied by a valid notice of exercise of the Loan Options sought to be funded by the Loan and addressed to, in the case of Permitted Nominees and employees that are not Directors, the chief executive officer of the Company, and in the case of Directors, the Board (**Loan Approver**).

- (c) The Loan Approver will decide within 14 days of receipt of the request for the Loan whether to approve the Loan. The Loan Approver will determine whether the Company should grant the Loan after considering the following matters:
- (i) the seniority of the relevant Eligible Participant and the position the Eligible Participant occupies within the Company;
 - (ii) the length of service of the Eligible Participant with the Company;
 - (iii) the record of employment of the Eligible Participant with the Company;
 - (iv) the potential contribution of the Eligible Participant to the growth of the Company;
 - (v) any Loans already granted to the Eligible Participant, or Permitted Nominee as the case may be (if any);
 - (vi) the current sale price of Shares as listed on the ASX as compared to the exercise price of the Loan Options proposed to be exercised; and
 - (vii) any other matters which the Loan Approver considers relevant.

If the applicant for a Loan is a Permitted Nominee, the Loan Approver shall consider the matters set out in paragraphs (i) to (iv) above as they apply to the Eligible Participant to whom the initial offer of Loan Options, that was then accepted by the Permitted Nominee, was made.

- (d) If the Loan is approved, the Company will grant the Eligible Participant, or Permitted Nominee as the case may be, a Loan for an amount of the combined exercise price of all the Loan Options intended to be exercised, such Loan to be used solely to fund the exercise of those Loan Options.
- (e) The Loan referred to in clause 11.1(d) shall be provided in accordance with this Plan and the Borrower agrees to comply with this Plan, or the Loan Scheme only, as the case may be.
- (f) The exercise of any Loan Options must be in compliance with, and is subject to, the terms of issue of the relevant Loan Options.
- (g) The maximum amount to be lent to a Borrower who comes within Listing Rule 10.1 must not be equal to or exceed 5% of the Equity Interests in the Company, unless shareholder approval has been obtained under Listing Rule 10.1.
- (h) The Company may only grant Loans to an Eligible Participant, or Permitted Nominee as the case may be, where the volume weighted average price of Shares as listed on the ASX over the 20 days prior to the grant of the Loan is greater than the exercise price of the Loan Options proposed to be exercised by that Eligible Participant or Permitted Nominee.

11.2 Interest on Loans

- (a) The Borrower must pay interest on the Loan to the Company at the Interest Rate, such interest to be calculated daily on the outstanding balance of the loan and accrued interest.

- (b) The interest will be payable, together with the balance of the Loan, on the Maturity Date, and otherwise on the same terms and conditions as repayment of the Loan.

11.3 Repayment

- (a) Subject to clause 11.4, the Loan will mature and be repayable by the Borrower on the day three (3) years after the grant of the Loan (**Maturity Date**), being the date of exercise of the Loan Options the subject of the Loan. If the Loan is not repaid in full within 14 days of the Maturity Date, the Company may sell those Loan Shares in respect of the matured Loan in accordance with clause 11.5(c). The Board may extend the Maturity Date at its discretion.

- (b) Whilst the Loan is not fully repaid, the Borrower irrevocably directs the Company to use:

- (i) all franked dividends;
- (ii) one half of any unfranked dividend; and
- (iii) any capital returns or other amounts attributable to shareholders,

in respect of the Loan Shares towards the reduction of the amount outstanding on the Loan in respect of those Loan Shares. Such repayment shall be used to reduce the amount outstanding in respect of each Loan Share covered by the Loan on a pro rata basis.

- (c) In the event the Company announces a renounceable rights issue and the Borrower elects to sell his or her rights in respect of any Loan Shares then half of the proceeds from the sale of such rights shall be paid to the Company by way of instalment payment of the Loan in respect of those Loan Shares.
- (d) The Borrower hereby irrevocably appoints the Secretary as his or her attorney in the name of and on behalf of himself or herself, to execute all documents and papers and do such things as the attorney thinks fit for the purposes of satisfying and paying any instalment owing under the Loan to the Company pursuant to clauses 11.3(b) and 11.3(c). The Borrower agrees that the Secretary as attorney for the Borrower may, in complete satisfaction of each Loan instalment owing to the Company, negotiate over and endorse such negotiable instruments including cheques as may be receivable by the Borrower from the Company or any broker member of the ASX.
- (e) The Borrower may elect to arrange for the Loan to be repaid by instalments by way of deduction from the Borrower's salary where approved by, and on terms to be agreed with, the Board.

11.4 Early Repayment of the Loan

- (a) The Borrower may elect to repay the balance of any amount outstanding in respect of the Loan at any time.
- (b) If the Borrower:
 - (i) ceases to be employed by the Company ceases to be a salaried Director (including by way of resignation, retirement, dismissal, redundancy or disqualification from office);

- (ii) dies or suffers a permanent disability; or
- (iii) becomes bankrupt,

then the Borrower may elect, by serving written notice on the Company within one month (subject to clause 11.5(c)) from the date of the happening of any of the events referred to above, to:

- (iv) have the Company sell the Loan Shares in accordance with clause 11.5(c) and apply the net proceeds of the sale in repayment of the Loan in accordance with clause 11.5(d); or
 - (v) repay the outstanding amount on the Loan.
- (c) If the Borrower is a Permitted Nominee, the relevant person for the purposes of paragraphs 11.4(b)(i) to 11.4(b)(iii) above is the Eligible Participant to whom the initial offer of Loan Options was made, that was accepted by the Permitted Nominee.
 - (d) If the Borrower, and in the case of a Permitted Nominee the Eligible Participant to whom the initial offer of Loan Options was made that was accepted by the Permitted Nominee, ceases to be an employee because of his or her death, permanent disability or redundancy, the period of one month shall be extended to six months. The Board may in its sole discretion extend the period for the Borrower, or the Permitted Nominee as the case may be, to make the election referred to in clauses 11.4(b) or 11.4(c) for as long as it sees fit.
 - (e) In the event that the Borrower, or Permitted Nominee as the case may be, fails to make an election within the time period specified in clause 11.4(b) as may be extended under clause 11.4(d), the Borrower will be deemed to have elected to have the Company sell the Loan Shares in accordance with clause 11.4(b)(iv).
 - (f) At any time 12 months after the grant of the Loan, the Borrower may inform the Company that it wishes to sell the Loan Shares. Upon receipt of this request in writing, the Company will, subject to the Company's employee share trading policy that may exist from time to time and clause 11.4(g), sell the Shares in accordance with clause 11.5(c) and apply the net proceeds of the sale in accordance with clause 11.5(d).
 - (g) The Company, at the discretion of the Board, may refuse to comply with a request to sell the Loan Shares from the Borrower where the sale of the Loan Shares would be likely to lead to the net proceeds from the sale being less than the outstanding Loan amount in respect of the Loan Shares being sold.

11.5 **Holding Lock and Power of Sale**

- (a) Until such time as a Loan is repaid in full (in accordance with this Plan):
 - (i) the Company will hold all Share certificates (if any) or statements of holding in respect of the Loan Shares;
 - (ii) the Borrower must not mortgage, charge or otherwise encumber the Loan Shares until the Loan is repaid in full, unless it has first obtained the prior approval of the Board, which approval may be withheld at its absolute discretion;

- (iii) the Borrower must not sell or transfer or attempt to sell or transfer the Loan Shares except in accordance with this document; and
 - (iv) the Company may implement any procedure it considers appropriate to restrict the Borrower from having the Loan Shares transferred to another person including, without limitation, imposing a holding lock (as that term is defined in Chapter 19 of the Listing Rules) on all Loan Shares, and for so long as the restriction imposed remains in place, the Borrower will effectively be prevented from having the Loan Shares transferred to another person.
- (b) In the event that the Borrower breaches any of the rules in this Plan and (if such breach is capable of being remedied) fails to remedy such breach within 14 days of written notice, the Board may demand that the Loan be immediately repaid, failing which the Company may sell the Shares in accordance with clause 11.5(c) and apply the net proceeds of the sale in accordance with clause 11.5(d).
- (c) The Borrower hereby irrevocably appoints the Secretary as his or her attorney in the name of and on behalf of himself or herself, to execute all documents, transfers and papers and do such acts or things in the name of the Borrower as the attorney thinks fit for the purposes of:
 - (i) giving effect to the sale of the Loan Shares referred to in clauses 11.3, 11.4(b)(iv), 11.4(f) and 11.5(b); and
 - (ii) apply the net proceeds of the sale of the Loan Shares in accordance with clause 11.5(d).
- (d) If, after the Secretary sells the Loan Shares pursuant to clause 11.5(c):
 - (i) the net proceeds of the sale is less than or equal to the outstanding Loan amount owed by the Borrower in respect of such Loan Shares, the Loan shall be repaid using the amount of the net proceeds and the Loan will be deemed to be fully repaid at that point; or
 - (ii) the net proceeds of the sale is more than the outstanding Loan amount owed by the Borrower in respect of such Loan Shares, the Loan shall be repaid using the amount of the net proceeds of the sale and the Borrower shall be entitled to the excess of the net proceeds over the amount of the outstanding Loan amount at the time of the sale.
- (e) The Company and the Secretary will have complete discretion in respect of the sale of the Loan Shares under clause 11.5(c) and will not be liable to the Borrower in respect of the timing of or price obtained on or any other circumstances relating to such sale.

11.6 **Effect of Repayment of the Loan**

Upon a Loan being fully repaid in accordance with this Plan:

- (a) the Loan Shares shall become the free and unencumbered property of the Borrower and no longer deemed to be Loan Shares under this Plan; and
- (b) the Company will deliver to the Borrower the share certificate(s) or holding statements (if any) in respect of the Loan Shares held by the Company.

11.7 **Security for the Loan**

Where requested by the Company, the Borrower agrees to grant to the Company a lien, share mortgage or any other security over the Loan Shares as security for the repayment of the Loan. The Borrower appoints the Secretary as his or her attorney to do all things required and to execute all documents necessary to effect this security over the Loan Shares and to enforce this security against the Borrower. The security shall be in the form as prescribed by the Company.

11.8 **Bonus issues**

Other than in respect of the restrictions contained in this document, the Loan Shares will rank pari passu with all other fully paid ordinary shares in the Company from the date of issue including in respect of all voting rights and rights under any reconstructions, rights issues and bonus issues.

11.9 **Loan Shares subject to the Company constitution**

In addition to this document, the Loan Shares will be subject to the Company constitution.

11.10 **Bonus Issues**

If shares are issued pursuant to a bonus issue by the Company during the period of the Loan in respect of Loan Shares subject to a Loan, then those bonus shares will be deemed to also be acquired under the Loan and subject to the terms of this document.

11.11 **Administration of the Loan Scheme**

- (a) The Board may establish and administer the Loan Scheme in accordance with the terms and conditions set out in this document but otherwise as is determined from time to time in its absolute discretion.
- (b) The Board may terminate the Loan Scheme, or suspend its operation for any period it considers desirable, at any time it considers appropriate.
- (c) The Board may not grant any Loans after the Loan Scheme has been terminated. However, this document will continue to apply, subject to any variation in accordance with clause 11.11(d), to Loans on issues at the date of such termination until the last of those Loans is repaid in accordance with this document.
- (d) Subject to the Listing Rules, the Board may at any time by resolution amend all or any of the provisions of this Plan (including this clause). The Board may amend the terms of any Loans granted in accordance with this Plan with the approval of the Borrower for those Loans.

12 NOTICE

12.1 **Method of giving notice**

A notice, consent or communication under this document is only effective if it is:

- (a) in writing;
- (b) addressed to the person to whom it is to be given; and

- (c) given as follows:
- (i) delivered by hand to that person's address;
 - (ii) sent to that person's address by prepaid mail or by prepaid airmail, if the address is overseas;
 - (iii) sent by fax to that person's fax number where the sender receives a transmission confirmation report from the despatching machine indicating the transmission has been made without error and showing the relevant number of pages and the correct destination fax number or name of recipient; or
 - (iv) sent by email to that person's email address where the sender receives an email receipt or other written confirmation from the recipient to the sender which indicates that the email was received at the email address of the recipient.

12.2 When is notice given

A notice, consent or communication given under clause 12.1 is given and received on the corresponding day set out in the table below. The time expressed in the table is the local time in the place of receipt.

If a notice is	It is given and received on
Delivered by hand or sent by fax or email	(a) that day, if delivered by 5.00pm on a Business Day; or (b) the next Business Day, in any other case.
Sent by post	(a) three Business Days after posting, if sent within Australia; or (b) seven Business Days after posting, if sent to or from a place outside Australia.

12.3 Participant's address for notices

A Participant's address, fax number and email address are as shown in the Company's records or as otherwise notified by the Participant to the Company.

12.4 Company's address for notices

The Company's address for notices, including the Acceptance and Notice of Exercise is:

Level 6, 360 Queen Street, Brisbane Qld 4000

12.5 Notices to Permitted Nominees

Any notice or direction given under this Plan to a Permitted Nominee is validly given if it is given to the associated Eligible Participant.

13 AMENDMENT OF THE PLAN

13.1 Amendment

Subject to rule 13.2, the Board may amend the Plan in any manner it decides.

13.2 **Restrictions**

The Board must not make any amendment to the Plan which would:

- (a) have the effect of materially adversely affecting or prejudicing the rights of any Participant holding Options at that time, except for amendments:
 - (i) to comply with the Constitution, Corporations Act, Listing Rules or any other law affecting the maintenance or operation of the Plan;
 - (ii) to correct a manifest error; or
 - (iii) to address potential adverse tax implications affecting the Plan arising from changes to laws relating to taxation, the interpretation of laws relating to taxation by the relevant governmental authorities (including the release of any ruling), courts or tribunals; or
- (b) effect a change to the number of Shares to which a Participant is entitled on exercise of the Options, the Exercise Price or the Exercise Period unless permitted by the Corporations Act and the Listing Rules.

14 TERMINATION OF THE PLAN

The Plan may be terminated or suspended at any time by the Board and that termination or suspension will not have any effect on or prejudice the rights of any Participant holding Options at that time.

15 ADMINISTRATION OF THE PLAN

15.1 **Authority to form policy and delegation**

- (a) The Board may make policy and regulations for the operation of the Plan which are consistent with the Plan and may delegate necessary functions to an appropriate service provider or employee capable of performing those functions and implementing those policies.
- (b) The Board may delegate functions and powers under this Plan as it considers appropriate, for the efficient administration of the Plan, to a committee made up of a person or persons capable of performing those functions and exercising those powers.

15.2 **Obligations of Board**

The Board in exercising a power or discretion conferred on it by this Plan is not under a fiduciary or other obligation to any other person.

15.3 **Board decisions**

The decision of the Board as to the interpretation, effect or application of this Plan is final.

15.4 **Board, Company and delegates may act in its absolute discretion**

Where the Board, the Company or their delegates may exercise any right or discretion or make any decision under this document, it may do so in its absolute discretion, conditionally or

unconditionally, and without being required to give reasons or act reasonably. Rule 15.4 applies unless this document expressly requires otherwise.

15.5 **Independent advice by Board**

The Board or a committee may take and rely upon independent professional or expert advice on the exercise of any of their powers or discretions under this Plan.

16 RIGHTS OF ELIGIBLE PARTICIPANTS AND PARTICIPANTS

Nothing in this Plan:

- (a) confers on any Eligible Participant the right to continue as a Director, an Employee or a Consultant;
- (b) affects any rights a member of the Group may have to terminate the employment of any Employee or any agreement with a Director or Consultant; or
- (c) may be used to increase damages in any action brought against the Company or any Related Body Corporate, other than an action arising solely out of a Participant's rights under the Plan.

17 GENERAL

17.1 **Listing Rules and Constitution**

- (a) This Plan, the entitlements of Participants, and any obligations of the Company, under this Plan are subject to the Constitution, the Listing Rules, the Corporations Act and any other applicable law.
- (b) Despite any other rule of this Plan, every covenant or other provision set out in an exemption from, or modification to, the provisions of the Corporations Act granted from time to time by ASIC in respect of the Plan, and required to be included in this Plan in order for the exemption or modification to have effect, is taken to be contained in this Plan. To the extent that any covenant, or other provision taken to be contained in this Plan is inconsistent with any other rule of this Plan, the deemed covenant or other provision will prevail.

17.2 **Costs**

- (a) The Company must pay all the expenses, costs and charges incurred in operating the Plan.
- (b) The Company is not responsible for any duties or taxes which may become payable in connection with the grant of Options, the issue and allotment of Shares on exercise of Options or any other dealing with Options (including, but not limited to, as a result of a transaction contemplated by rules 4.5(e) or 8.3).

17.3 **Advice**

Participants should obtain their own independent advice at their own expense on the financial, taxation and other consequences to them of, or relating to, participating in the Plan.

17.4 **Severability**

A clause or part of a clause of this document that is illegal or unenforceable may be severed from this document and the remaining clauses or parts of the clause of this document continue in force.

17.5 **Governing law and jurisdiction**

- (a) Queensland law governs this document and the rights of Participants under the Plan.
- (b) Each Participant, the Company and the Board (and their delegates) irrevocably submits to the non-exclusive jurisdiction of the Queensland courts and courts competent to hear appeals from those courts.

SCHEDULE 11 – CAPITAL STRUCTURE

Table 1 – pre-money valuation of \$5,300,000 and prospectus issue price of \$0.28 per Share

Shareholder	Date of this Notice		Consolidation		Fitgenes Transaction		Conversion of Notes		Prospectus	
	No. of Shares	% of Voting Power	No. of Shares	% of Voting Power	No. of Shares	% of Voting Power	No. of Shares	% of Voting Power	No. of Shares	% of Voting Power
Existing ATW Shareholders	283,629,741	100%	4,052,645	100%	4,052,645	21.54%	4,052,645	13.55%	4,052,645	8.50%
Fitgenes Shareholders					14,762,970	78.46%	14,762,970	49.36%	14,762,970	30.98%
Noteholders (assuming full conversion of Notes)							11,094,113	37.09%	11,094,113	23.28%
Subscribers to the offer under the Prospectus (assuming the offer under the Prospectus is fully subscribed)									17,750,580	37.24%
Total Shares	283,629,741	100%	4,052,645	100%	18,815,615	100%	29,909,728	100%	47,660,308	100%

The table above has been prepared on the basis of the following assumptions:

- All Resolutions are passed
- Issue of 2,500,000 Notes
- Successful raising of \$5,000,000 at an issue price of \$0.28 per Share under the Prospectus

Table 2 – pre-money valuation of \$3,875,000 and prospectus issue price of \$0.21 per Share

Shareholder	Date of this Notice		Consolidation		Fitgenes Transaction		Conversion of Notes		Prospectus	
	No. of Shares	% of Voting Power	No. of Shares	% of Voting Power	No. of Shares	% of Voting Power	No. of Shares	% of Voting Power	No. of Shares	% of Voting Power
Existing ATW Shareholders	283,629,741	100%	4,052,645	100%	4,052,645	21.54%	4,052,645	11.92%	4,052,645	6.96%
Fitgenes Shareholders					14,762,970	78.46%	14,762,970	43.43%	14,762,970	25.34%
Noteholders (assuming full conversion of Notes)							15,173,883	44.64%	15,173,883	26.04%
Subscribers to the offer under the Prospectus (assuming the offer under the Prospectus is fully subscribed)									24,278,213	41.67%
Total Shares	283,629,741	100%	4,052,645	100%	18,815,615	100%	33,989,498	100%	58,267,711	100%

The table above has been prepared on the basis of the following assumptions:

- All Resolutions are passed
- Issue of 2,500,000 Notes
- Successful raising of \$5,000,000 at an issue price of \$0.21 per Share under the Prospectus

Table 3 – pre-money valuation of \$5,661,721 and prospectus issue price of \$0.30 per Share

Shareholder	Date of this Notice		Consolidation		Fitgenes Transaction		Conversion of Notes		Prospectus	
	No. of Shares	% of Voting Power	No. of Shares	% of Voting Power	No. of Shares	% of Voting Power	No. of Shares	% of Voting Power	No. of Shares	% of Voting Power
Existing ATW Shareholders	283,629,741	100%	4,052,645	100%	4,052,645	21.54%	4,052,645	13.55%	4,052,645	8.71%
Fitgenes Shareholders					14,762,970	78.46%	14,762,970	49.36%	14,762,970	31.73%
Noteholders (assuming full conversion of Notes)							11,094,113	37.09%	11,094,113	23.84%
Subscribers to the offer under the Prospectus (assuming the offer under the Prospectus is fully subscribed)									16,616,515	35.71%
Total Shares	283,629,741	100%	4,052,645	100%	18,815,615	100%	29,909,728	100%	46,526,243	100%

The table above has been prepared on the basis of the following assumptions:

- All Resolutions are passed
- Issue of 2,500,000 Notes
- Successful raising of \$5,000,000 at an issue price of \$0.30 per Share under the Prospectus