



ASX/Media Release

## **MEDEC to acquire ATOS, a leading Singapore wellness provider to form MEDEC – ATOS group.**

**29 May 2007** – Perth based wellness and health care company MEDEC Limited [ASX: MAA] has signed a Heads of Agreement to acquire a 75.5% equity interest in ATOS Wellness Pte Ltd group of Singapore with an option to increase the shareholding to 100% in the 2010 calendar year.

ATOS is a well established business which has been operating in Singapore for 23 years. ATOS operates 4 exclusive wellness centres and a wholesale and retail business for MEDEC and related products. 40% of the ATOS business is in retail product sales.

This is the second major acquisition by MEDEC in Singapore within the last 12 months following the acquisition last year of a 75.5% shareholding in Body Contours Pte Ltd. Mr Siva Ananda Rajah, a founder and director of ATOS was also the founder of Body Contours and has been the driving force behind this latest expansion of MEDEC into Singapore. Mr Rajah has also been a distributor for MEDEC products in Singapore for the past 4 years and the CEO of MEDEC Asia for the last 12 months.

Ms Pathma Sivaguru Ayadurai, the co-founder and the Managing Director of ATOS will continue to manage the ATOS group but will also be the Chief Operating Officer of the combined MEDEC – ATOS group.

### **Highlights of the merger with the ATOS group:**

- High synergy effects with other MEDEC services business in Asia, Australia and Europe. The MEDEC – ATOS group will become the largest wellness provider in Singapore and the region employing more than 300 therapists, physiologists and doctors.
- Profitable well established business with a strong cash flow.
- Large existing team for the roll out of MEDEC products and services in Asia.
- Well established existing and low cost infrastructure for international marketing, administration, training and further research and development.

Revenue of the ATOS group for the 12 months from 1 July 2006 to 30 June 2007 is expected to be S\$15.0 million with EBITDA of S\$3.0 million. Revenue for the financial year to June 2008 is expected to be S\$16.5 million with EBITDA of S\$3.3 million as new health centres have recently commenced operations.

MEDEC will acquire 75.5 % of the ATOS group from the current shareholders for a consideration of A\$11.99 million with payment as follows:

- 50% payment is due on completion of acquisition (target date is 30 July 2007) for A\$5.99 million in fully paid MEDEC shares at a value of \$0.20 per shares, being 14.99 million shares to each of the vendors.
- The balance of payment of A\$5.99 million is due in 2009 following the audited financial statements to 30 June 2009 in a combination of cash and / or fully paid MEDEC shares at a value of \$0.20 per share.

The vendors guarantee an average EBITDA of S\$3.33 million per year to be achieved over 3 years. If ATOS does not achieve this level of EBITDA, the valuation of ATOS is reduced and the second tranche of payment will be adjusted accordingly. No adjustment is made if the average EBITDA exceeds S\$3.33m.

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### **MEDEC Limited**

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The acquisition is subject to due diligence and completion of all legal documentation and approval by MEDEC shareholders. A general meeting of shareholders is scheduled for 26 July 2007.

In recognition of the size, 23 years history and importance of the ATOS acquisition, a change of name to MEDEC – ATOS Limited will be recommended to shareholders.

“This acquisition is a further expansion of MEDEC into providing wellness services and retailing of MEDEC products via service outlets directly to the public,” said Gordon Getley, Chairman of MEDEC Ltd. “This follows the trend which we commenced 12 months ago with the acquisition of a major interest in Body Contours, Bodycure and Inspired Life wellness business.”

“This acquisition further strengthens MEDEC’s Asian base in management, administration, logistics and sales,” said Mr Frank Welsch-Lehmann, recently appointed CEO of MEDEC. “It will improve the brand recognition of the MEDEC products in Asia and help to position MEDEC as a supplier of premium products and services in the wellness industry. Most of all the acquisition will significantly increase the revenue of the MEDEC group in the 2008 FY and provide strong cash flow and profitability to the group,” he added.

“The MEDEC – ATOS group will be the market leader in Singapore and the region for premium wellness services and high technology products,” says Ms Pathma Sivaguru Ayadurai, Chief Operating Officer of the proposed MEDEC – ATOS group. “We will also expand the administration, financial services, training and research and development facility of the MEDEC – ATOS group in Singapore.”

Mr Siva Ananda Rajah said “ATOS has already established a strong distributorship for MEDEC products in the region and is pleased to be also involved in the manufacture and further development of the products.”

“I have personally and professionally used MEDEC products for the past 4 years and have experienced its benefits. I have once again agreed to take payment in MEDEC shares at A\$0.20 per share as I am very confident about the value of MEDEC and the future performance of MEDEC – ATOS in Australasia and the world.”

For further information refer to [www.atos.com.sg](http://www.atos.com.sg), [www.medec.com.au](http://www.medec.com.au), and [www.bodycontours.com.sg](http://www.bodycontours.com.sg)

Frank Welsch - Lehmann

Chief Executive Officer

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#### About MEDEC

MEDEC is an Australian based health care services and product company that was listed on the ASX in October 2003. The MEDEC group operates wellness centres and beauty clinics in Singapore, Malaysia, India, Germany and Australia and provides health care and wellness products via 15 corporate wellness centers, 10 corporate showrooms, 30 franchisees and 20 international distributors. MEDEC products have been sold to more than 30 countries. All MEDEC products are medically certified in accordance with the European Medical Devices directive and are listed as medical products by the TGA in Australia.

Since its establishment in 2001, the MEDEC group has grown substantially from \$2.0 million in 2003, \$4.0 million in 2004, \$8.0 million in 2005 to more than \$20.0 million expected in the 2007 FY.

MEDEC's major market at present is South East Asia and Australia but business is growing in Europe and has commenced in USA.

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