

FINANCIAL REVIEW

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Fitgenes Ltd , a small Perth **company** that offers health, wellness, fitness and nutrition advice that has been personalised based on testing an individual's genetics, is set to list on the ASX through the reverse takeover of a failed health spa group that shares two of the same shareholder directors.

The **company** aims to profit by delivering personalised preventative health and wellness services via a network of about 450 independent practitioners that have done its certification process across Australia, New Zealand, Singapore, Malaysia, **Hong Kong** and the United States. Fitgenes also operates its own clinic **operations**, and the bulk of the money raised through in this offer will be used to expand that network.

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In June, it opened a Perth clinic with two naturopaths and a herbalist, using gene technology to personalise client plans.

Additional revenue comes from training fees and subscriptions fees for the use of its trademark technology platform Pracware.

"Over the last five years, Fitgenes Australia has developed a robust and highly-scalable technology platform, which hosts and delivers what the directors believe to be one of the world's most advanced genomics-based healthcare and wellness programs," Fitgenes chairman Carrie Hillyard said.

There are 12 **million** shares available in the initial public offer, priced at 30¢ each, to raise up to \$3.6 **million**. The total number of shares on issue at the completion of the IPO, assuming it is fully subscribed, will be just shy of 42 **million**. A minimum of \$3 **million** must be raised for the float to proceed.

The **company** will use the ASX BookBuild Facility to allocate shares to new investors. The minimum contribution required from individual investors to participate is \$2000. The offer is scheduled to open on Thursday August 1, and close on September 30.

Lead manager on the offer is Bluemount Capital with Octani Capital acting as corporate advisors. The offer is not underwritten.

In April, shareholders in spa operator ATW Holdings Ltd (formerly Atos Wellness) agreed to acquire Fitgenes Australia, necessitating a re-compliance listing. Upon re-listing, the **company** will change its **company** name to Fitgenes Ltd .

Alongside Ms Hillyard and Ms McCall the Fitgenes board will comprise of chief executive Robert Mair , Conrad Crisafulli , and John Hurrell . Ms Hillyard and Mr Mair, who were also directors of ATW Holdings, will be the largest shareholders in Fitgenes.

Fitgenes **Hong Kong** was incorporated last month as a joint venture with Eton Corporation Ltd to distribute the product in **Hong Kong**, Taiwan, Guangdong province and Shanghai in **China**. Capital raising round

Also in June, the **company** raised \$1.6 **million** through the issue of convertible notes in a mezzanine capital raising round. Yuuwa Capital, a \$40 **million** early stage Perth-based venture capital fund tipped in \$1 **million**. "We are very excited about the opportunities in the genetically personalised medicine space," Yuuwa Capital director Elizabeth "Liddy" McCall said.

Ms McCall said that one of the most attractive things about the Fitgenes business model is that is designed around providing the information based on genetic testing using health practitioners as intermediaries rather than to the general public directly.

"One of the biggest challenges for this emerging industry globally has been working out how to deliver information in a way that does not risk misleading or confusing people about their health. The methodology Fitgenes is using of delivering its services via a network of general practitioners, nutritionists and naturopaths is in line with the way the regulation is headed," McCall said.

One of the best known players in the US market, 23andMe, grew through direct to client services but has now been forced by the US Food and Drug Administration to review its model, Ms McCall said. Finalising another **acquisition**

The re-listing process will also finalise Fitgenes' **acquisition** of Gordiantec, a personalised genetics data analysis business. Yuuwa Capital had previously invested in Gordiantec and Mr McCall is a director. She will now join the Fitgenes board.

Fitgenes represents a highly speculative investment. Operating in a new field there are a raft of technological and regulatory risks that may hamper its growth plans. The directors are unable to speculate as to when the **company** might achieve profitability or return capital to shareholders in the form of dividends. According to accounts lodged with ASIC, for the six month period ended December 31, 2013 the **company** reported a half-year loss of \$307, 798.

CO medecl : Fitgenes Ltd.

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