APPENDIX 4E

Preliminary final report

1. Name of entity

PHW Consolidated Limited

ABN	Financial year ended ('current period')
99 000 094 995	30 June 2014

2. For announcement to the market

Results for announcement to the market: .

					$'000
2.1	Revenues from ordinary activities	Up	100%	to	3
2.2	Profit/(Loss) from ordinary activities after tax attributable to members	Down	27%	to	(446)
2.3	Net profit/(loss) for the period attributable to members	Down	27%	to	(446)
2.4	Net Tangible assets per security – at the end of the current period				0.1522 cents
	Net Tangible assets per security – at the end of the previous period				(0.002) cents

2.5	**Dividends**	Amount per security	Franked amount per security
	Final dividend	NIL ¢	NIL ¢
	Interim period	Nil ¢	Nil ¢
	The company has proposed not to pay a dividend. *(Delete if not applicable)*		
2.6	Record date for determining entitlements to the dividend	N/A	
2.7	Brief explanation of any of the figures reported above: No dividends were paid or are proposed for the current period or the previous period.		
2.8	During the year ended 30 June 2014, the Company registered Seller Door Sales Pty Ltd in Western Australia as a 100% owned subsidiary of the Company. Seller Door Sales Pty Ltd has had no financial transactions since the date of its registration of 18 November 2013.		

This report is based on accounts to which one of the following applies.

- ☐ The accounts have been audited.
- ☐ The accounts have been subject to review.
- ✓ The accounts are in the process of being audited or subject to review.
- ☐ The accounts have *not* yet been audited or reviewed.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30TH JUNE 2014

	Note	Consolidated Entity 2014 $	Consolidated Entity 2013 $
Revenue from non-operating activities	2	2,505	—
Corporate and other expenses	2	(448,320)	(614,794)
PROFIT/(LOSS) BEFORE INCOME TAX EXPENSE		(445,815)	(614,794)
Income tax expense		—	—
LOSS FROM CONTINUING OPERATIONS AFTER INCOME TAX		(445,815)	(614,794)
OTHER COMPREHENSIVE INCOME AFTER INCOME TAX		—	—
TOTAL PROFIT/(LOSS) AND OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR		(445,815)	(614,794)
BASIC AND DILUTED LOSS PER SHARE (CENTS) FROM CONTINUING OPERATIONS	3	(0.21)	(0.26)
BASIC AND DILUTED LOSS PER SHARE (CENTS) FROM CONTINUING AND DISCONTINUED OPERATIONS	3	(0.21)	(0.26)

The accompanying notes form part of these financial statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE 2014

	Note	Consolidated Entity 2014 $	Consolidated Entity 2013 $
CURRENT ASSETS			
Cash and cash equivalents	7	1,404,851	51,094
Trade and other receivables	4	15,808	6,007
TOTAL CURRENT ASSETS		1,420,659	57,101
TOTAL ASSETS		1,420,659	57,101
CURRENT LIABILITIES			
Trade and other payables	5	260,373	379,721
TOTAL CURRENT LIABILITIES		260,373	379,721
TOTAL LIABILITIES		260,373	379,721
NET ASSETS		1,160,286	(322,620)
EQUITY			
Issued capital	6	39,495,572	37,566,851
Accumulated losses		(38,335,286)	(37,889,471)
TOTAL EQUITY		1,160,286	(322,620)

The accompanying notes form part of these financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30TH JUNE 2014

	Note	Consolidated Entity 2014 $	Consolidated Entity 2013 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers and employees		(270,571)	(654,925)
Interest received		2,505	—
Interest and finance costs paid		(521)	—
NET CASH OUTFLOW USED IN OPERATING ACTIVITIES	7	(268,587)	(654,925)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from equity issues		1,997,350	359,000
Capital raising expenses		(28,028)	—
Borrowings		—	346,978
Repayment of borrowings		(346,978)	—
NET CASH INFLOW FROM FINANCING ACTIVITIES		1,622,344	705,978
NET INCREASE/(DECREASE) IN CASH HELD		1,353,757	51,053
Cash and cash equivalents at beginning of year		51,094	41
CASH AND CASH EQUIVALENTS AT END OF YEAR	7	1,404,851	51,094

The accompanying notes form part of these financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30TH JUNE 2014

ATTRIBUTABLE TO MEMBERS OF THE COMPANY	Issued Capital $	Accumulated Losses $	Total Equity $
AT 1 JULY 2012	37,207,851	(37,274,677)	(66,826)
Loss for year	—	(614,794)	(614,794)
TOTAL LOSS FOR THE YEAR	—	(614,794)	(614,794)
Securities issued	359,000	—	359,000
AT 30 JUNE 2013	37,566,851	(37,889,471)	(322,620)
Loss for year	—	(445,815)	(445,815)
TOTAL LOSS FOR THE YEAR	—	(445,815)	(445,815)
Securities issued	2,023,750	—	2,023,750
Equity raising costs	(95,029)	—	(95,029)
AT 30 JUNE 2014	39,495,572	(38,335,286)	1,160,286

The accompanying notes form part of these financial statements

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of the significant accounting policies adopted by PHW Consolidated Limited A.C.N. 000 094 995 (“Parent Entity” or "Company") and by the Parent Entity and its controlled entities (“Consolidated Entity” or “Group”) in the preparation of these financial statements. The Company is a listed public company limited by shares, incorporated and domiciled in Australia.

Basis of Preparation of Accounts

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards (AASBs) and the Corporations Act 2001. The financial report of the Company also complies with the International Financial Reporting Standards (“IFRS”) and interpretations adopted by the International Accounting Standards Board.

The financial report has been prepared on an accruals basis and is based on a historical cost basis, except for any available-for-sale financial assets that have been measured at fair value. The presentation currency used in this financial report is Australian Dollars.

This financial report is issued in accordance with a resolution of the directors of the Company on the same date as the Directors’ Declaration above.

Adoption of new and revised Accounting Standards

In the current year, the Group has adopted all of the new and revised standards and interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for the current annual reporting period. The adoption of these new and revised Standards and Interpretations has not resulted in any material changes to the Group’s accounting policies.

At the date of authorisation of the financial report, Standards and Interpretations that have been issued but are not yet effective do not have a material impact on these financial statements.

Summary of Significant Accounting Policies

a) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at and for the period ended 30 June each year (the Group). Interests in associates are equity accounted and are not part of the consolidated Group. Subsidiaries are all those entities over which the Group has the power to govern the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether a group controls another entity.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intragroup transactions have been eliminated in full. Subsidiaries are fully consolidated from the date on which control is obtained by the Group and cease to be consolidated from the date on which control is transferred out of the Group.

Investments in subsidiaries are accounted for at cost in the separate financial statements of the parent entity less any impairment charges. Dividends received from subsidiaries are recorded as a component of other revenues in the separate income statement of the parent entity, and do not impact the recorded cost of the investment. Upon receipt of dividend payments from subsidiaries, the parent will assess whether any indicators of impairment of the carrying value of the investment in the subsidiary exist. Where such indicators exist, to the extent that the carrying value of the investment exceeds its recoverable amount, an impairment loss is recognised. The acquisition of subsidiaries is accounted for using the acquisition method of accounting. The acquisition method of accounting involves recognising at acquisition date, separately from goodwill, the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree. The identifiable assets acquired and the liabilities assumed are measured at their acquisition date fair values.

The difference between the above items and the fair value of the consideration (including the fair value of any pre-existing investment in the acquiree) is goodwill or a discount on acquisition. A change in the ownership interest of a subsidiary that does not result in a loss of control, is accounted for as an equity transaction. Non-controlling interests are allocated their share of net profit after tax in the statement of comprehensive income and are presented within equity in the consolidated statement of financial position, separately from the equity of the owners of the parent. Losses are attributed to the non-controlling interest even if that results in a deficit balance.

If the Group loses control over a subsidiary, it derecognises the assets (including goodwill) and liabilities of the subsidiary; derecognises the carrying amount of any non-controlling interest; derecognises the cumulative translation differences, recorded in equity; recognises the fair value of the consideration received; recognises the fair value of any investment retained; recognises any surplus or deficit in profit or loss and reclassifies the parent's share of components previously recognised in other comprehensive income to profit or loss.

b) Business combinations

Business combinations occur where an acquirer obtains control over one or more businesses and results in the consolidation of its assets and liabilities. The consideration transferred by the Company to obtain control of a subsidiary is calculated as the sum of the acquisition-date fair values of assets transferred, liabilities incurred and the equity interests issued in the Company, which includes the fair value of any asset or liability arising from a contingent consideration arrangement. Acquisition costs are expensed as incurred. The Company recognises identifiable assets acquired and liabilities assumed in a business combination regardless of whether they have been previously recognised in the acquiree's financial statements prior to the acquisition. Assets acquired and liabilities assumed are generally measured at their acquisition-date fair values. Goodwill is stated after separate recognition of identifiable assets. It is calculated as the excess of the sum of:

fair value of consideration transferred;

the recognised amount of any non-controlling interest in the acquiree; and

acquisition-date fair value of identifiable net assets. If the fair values of identifiable net assets exceed the sum calculated above, the excess amounts (for example on a gain on a bargain purchase) is recognised in profit or loss immediately.

c) Taxes

Income Tax

Deferred income tax is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred income tax liabilities are recognised for all taxable temporary differences:

except where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised:

except where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date. Income taxes relating to items recognised directly in equity are recognised in equity and not in the income statement.

d) Employee Benefits

Provision is made for employee benefits accumulated as a result of employees rendering services up to the reporting date. These benefits include wages and salaries, annual leave and long service leave. Employee benefits, expenses and revenues arising in respect of wages and salaries; non monetary benefits; annual leave; long service leave and other leave and other employee entitlements are charged against profits on a net basis.

Contributions are made by the Company to employee superannuation funds and are charged as expenses when incurred. The Company has no legal obligation to cover any shortfall in any superannuation fund's obligation to provide benefits to employees on retirement.

e) Cash and cash equivalents

Cash and short-term deposits in the balance sheet comprise cash at bank and in hand and short-term deposits with a maturity of three months or less. For the purpose of the statement of cash flows, cash includes cash on hand and at call deposits with banks or financial institutions, net of bank overdrafts and investments in money market instruments with less than 14 days to maturity.

f) Revenue recognition

Revenue from services rendered is recognised upon the delivery of goods or services to customers. Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

g) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST except: where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Balance Sheet. Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority. Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from the investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

h) Impairment of assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or Companys of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset unless the asset is carried at revalued amount (in which case the impairment loss is treated as a revaluation decrease). An assessment is also made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

i) Leases

Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and benefits incidental to ownership. The minimum lease payments of operating leases, where the lessor effectively retains substantially all of the risks and benefits of ownership of the leased item, are recognised as an expense on a straight-line basis. Contingent rentals are recognised as an expense in the financial year in which they are incurred.

j) Issued capital

Issued and paid up capital is recognised at the fair value of the consideration received by the company. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

k) Property, Plant and Equipment

Plant and equipment is stated at cost less accumulated depreciation and any impairment in value. Land and buildings are measured at fair value less accumulated depreciation. Depreciation is calculated on a straight-line basis over the estimated useful life of the asset as follows:

Plant and equipment – over 1 to 15 years

Impairment

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. If any indication of impairment exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount. The recoverable amount of plant and equipment is the greater of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

l) Trade and other receivables

Trade receivables are recognised and carried at original invoice amount less a provision for any uncollectible debts. An allowance for doubtful debts is made when there is objective evidence that the Company will not be able to collect the debts. Bad debts are written off when identified.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off by reducing the carrying amount directly. An allowance account (provision for impairment of trade receivable) is used when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default and delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The amount of the impairment allowance is the difference between the assets carrying amount and the present value of estimated future cashflows, discounted at the original effective interest rate. Cashflows relating to short term receivables are not discounted if the effect of discounting is immaterial. The amount of the impairment loss is recognised in the income statements within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectable in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the income statement.

m) Trade and other payables

Trade payables and other payables are carried at amortised cost which represents future liabilities for goods and services received, whether or not billed to the Company.

n) Investments

Investments and other financial assets

Financial assets in the scope of AASB 139 Financial Instruments: Recognition and Measurement are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale investments, as appropriate. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transactions costs. The Company determines the classification of its financial assets after initial recognition and, when allowed and appropriate, re-evaluates this designation at each financial year-end. All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date that the Company commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets under contracts that require delivery of the assets within the period established generally by regulation or convention in the marketplace.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those maturities greater than 12 months after the reporting date which are classified as non-current assets. Loans and receivables are included in trade and other receivables in the balance sheet.

Available-for-sale investments

Available-for-sale investments are those non-derivative financial assets that are designated as available-for-sale or are not classified as any of the three preceding categories. After initial recognition available-for sale investments are measured at fair value with gains or losses being recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is recognised in profit or loss. The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the balance sheet date. For investments with no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions; reference to the current market value of another instrument that is substantially the same; discounted cash flow analysis and option pricing models making as much use of available and supportable market data as possible and keeping judgemental inputs to a minimum.

Impairment of financial assets

Impairment of available-for-sale investments

If there is objective evidence that an available-for-sale investment is impaired, an amount comprising the difference between its cost (net of any principal repayment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to the income statement. Reversals of impairment losses for equity instruments classified as available-for-sale are not recognised in profit. Reversals of impairment losses for debt instruments are reversed through profit or loss if the increase in an instrument's fair value can be objectively related to an event occurring after the impairment loss was recognised in profit or loss.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is derecognised when: the rights to receive cash flows from the asset have expired; the Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; or the Company has transferred its rights to receive cash flows from the asset and either has transferred substantially all the risks and rewards of the asset, or has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset. When the Company has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Company's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration received that the Company could be required to repay. When continuing involvement takes the form of a written and/or purchased option (including a cash-settled option or similar provision) on the transferred asset, the extent of the Company's continuing involvement is the amount of the transferred asset that the Company may repurchase, except that in the case of a written put option (including a cash-settled option or similar provision) on an asset measured at fair value, the extent of the Company's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

o) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of mineral stocks includes direct materials, direct labour, transportation costs and variable and fixed overhead costs relating to mining activities.

p) Significant accounting judgements, estimates and assumptions

Significant accounting judgements

In the process of applying the Company's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Significant accounting estimates and assumptions

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

Key Estimates - Taxation

Balances disclosed in the financial statements and the notes thereto, related to taxation, are based on the best estimates of directors. These estimates take into account both the financial performance and position of the Company as they pertain to current income taxation legislation, and the directors understanding thereof. No adjustment has been made for pending or future taxation legislation. The current income tax position represents that directors' best estimate, pending an assessment by the Australian Taxation Office.

Recovery of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences when management considers that it is probable that future taxable profits will be available to utilise those temporary differences.

Share-based payment transactions

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using the Black-Scholes or a binomial model, using the assumptions detailed. The Company measures the cost of cash-settled share-based payments at fair value at the grant date using a binomial formula taking into account the terms and conditions upon which the instruments were granted.

q) Share-based payment transactions

The Company provides benefits to employees (including directors) of the Company in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares ('equity-settled transactions'). The cost of these equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by using the Black-Scholes or a binomial model. In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of the Company ('market conditions'). The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('vesting date'). The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the number of awards that, in the opinion of the directors of the Company, will ultimately vest. This opinion is formed based on the best available information at balance date. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition. Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any increase in the value of the transaction as a result of the modification, as measured at the date of modification. Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph. The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share.

r) Earnings/(loss) per share

Basic earnings per share is calculated as net profit attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element. Diluted earnings per share is calculated as net profit attributable to members of the parent, adjusted for: costs of servicing equity (other than dividends) and preference share dividends; the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares; divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

	Consolidated Entity 2014 $	Consolidated Entity 2013 $
NOTE 2. REVENUE AND EXPENSES		
The profit/(loss) before income tax has been determined after:		
Revenue from Non-Operating activities		
Interest received from other persons	2,505	—
TOTAL REVENUE FROM NON-OPERATING ACTIVITIES	2,505	—
CHARGING AS EXPENSES		
Administrative expenses	359,280	90,374
Consulting agreement	100,000	—
Interest expense waived	(11,481)	—
Interest expense	521	22,153
Settlement of creditors trust	—	477,267
Impairment of intangibles	—	25,000
	448,320	614,794

NOTE 3. EARNINGS PER SHARE

Loss used in the calculation of basic and diluted EPS from continuing operations	(445,815)	(614,794)
Loss used in the calculation of basic and diluted EPS from continuing and discontinued operations	(445,815)	(614,794)
Weighted average number of ordinary shares outstanding during the year used in the calculation of basic and diluted earnings per share	215,170,967	234,633,995

During the year ended 30 June 2014, 299,115,463 options to subscribe for ordinary shares were issued, no options were exercised and no options expired unexercised, leaving 340,538,543 options outstanding at 30 June 2013 (note 6). These options are not considered dilutive for the purposes of the calculation of diluted earnings per share as their conversion to ordinary shares would not decrease the net profit from continuing operations per share nor increase the net loss from continuing ordinary operations per share. Consequently, diluted earnings per share is the same as basic earnings per share.

During the year ended 30 June 2013, 41,423,080 options to subscribe for ordinary shares were issued, no options were exercised and no options expired unexercised, leaving 41,423,080 options outstanding at 30 June 2013 (note 6). These options are not considered dilutive for the purposes of the calculation of diluted earnings per share as their conversion to ordinary shares would not decrease the net profit from continuing operations per share nor increase the net loss from continuing ordinary operations per share. Consequently, diluted earnings per share is the same as basic earnings per share.

	Consolidated Entity 2014 $	Consolidated Entity 2013 $
NOTE 4. TRADE AND OTHER RECEIVABLES (CURRENT)		
Other debtors and prepayments	15,808	6,007
	15,808	6,007

Other debtors are non-interest bearing and generally on 30 day terms.

NOTE 5. TRADE AND OTHER PAYABLES (CURRENT)

	2014 $	2013 $
Sundry creditors and accrued expenses	260,373	32,743
Borrowings	—	346,978
	260,373	379,721

NOTE 6. ISSUED CAPITAL

	2014 $	2013 $
762,596,203 (2013: 139,903,907) fully paid ordinary shares	39,495,572	37,566,851
	39,495,572	37,566,851

MOVEMENTS IN ORDINARY SHARES

	2014 $
At the beginning of the financial year	37,566,851
120,307,692 shares issued on 6 December 2013	391,000
8,123,076 shares issued on 19 June 2014	26,400
494,261,528 shares issued on 26 June 2014	1,606,350
Share issue expenses	(95,029)
AT THE END OF THE FINANCIAL YEAR	39,495,572

On 6 December 2013, the Company issued 120,307,692 Ordinary Shares 45,115,387 Options expiring on 31 December 2015 and 86,538,467 Options expiring on 30 September 2018. These comprise 30,076,923 Ordinary Shares issued for $0.01 each, 90,230,769 Ordinary Shares issued for $0.001 each with 45,115,387 free attaching options expiring on 31 December 2015 and 45,115,387 free attaching options expiring on 30 September 2018 and 41,423,080 free options expiring on 30 September 2018 attaching to shares issued on 29 May 2013. The issue of these securities was approved at the Company's 2013 Annual General Meeting held on 29 November 2013.

On 19 June 2014, the Company issued 8,123,076 Ordinary Shares for $0.00325 each and 2,707,692 free options expiring on 30 September 2018 to directors of the Company in lieu of payment of outstanding director's fees owed by the Company to directors. The issue of these securities was approved at the General Meeting of shareholders held on 6 June 2014.

On 26 June 2014, the Company issued 494,261,528 Ordinary Shares for $0.00325 each and 164,753,917 free options expiring on 30 September 2018 pursuant to a prospectus issued on 7 May 2014 (amended by supplementary prospectuses issued on 22 May 2014 and on 19 June 2014). The issue of 450,000,000 of these Ordinary Shares and 150,000,000 of these options was approved at the General Meeting of shareholders held on 6 June 2014.

At 30 June 2014 there were 340,538,543 unissued ordinary shares for which options were outstanding. These comprise 86,538,467 options which entitle the holder to subscribe for one ordinary share in the Company for one cent per share and expire on 31 December 2015 and 254,000,076 options which entitle the holder to subscribe for one ordinary share in the Company for one cent per share and expire on 30 September 2018.

At 30 June 2013 there were 41,423,080 unissued ordinary shares for which options were outstanding. These comprise 41,423,080 options which entitle the holder to subscribe for one ordinary share in the Company for one cent per share and expire on 31 December 2015.

CAPITAL MANAGEMENT

Management controls the capital of the Company comprising the liquid assets held by the Company in order to maintain an appropriate debt to equity ratio, provide the shareholders with adequate returns and ensure that the Company can fund its operations and continue as a going concern. The Company's debt and capital includes ordinary share capital and financial liabilities, supported by financial assets. There are no externally imposed capital requirements. Management effectively manages the Company's capital by assessing the Company's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distributions to shareholders and share issues. There have been no changes in the strategy adopted by management to control the capital of the Company since the prior year.

TERMS AND CONDITIONS OF CONTRIBUTED EQUITY

Ordinary shares have the right to receive dividends as declared and, in the event of winding up the Company, to participate in the proceeds from sale of all surplus assets in proportion to the number of, and amounts paid up, of shares held. Ordinary shares entitle their holder to one vote, either in person or by proxy, at any meeting of the Company.

NOTE 7. CASH FLOW INFORMATION

	Consolidated Entity 2014 $	Consolidated Entity 2013 $
RECONCILIATION OF CASH FLOW FROM OPERATIONS WITH PROFIT/(LOSS) AFTER INCOME TAX		
Profit/(loss) after tax	(445,815)	(614,794)
Non-cash flows in profit/(loss)		
Share based payments	26,400	—
Changes in assets and liabilities		
Decrease/(increase) in debtors and receivables	(9,801)	(6,007)
Increase/(decrease) in creditors and accruals	160,629	(34,124)
NET CASH FROM/(USED IN) OPERATING ACTIVITIES	(268,587)	(654,925)
RECONCILIATION OF CASH AND CASH EQUIVALENTS		
Cash and cash equivalents at the end of the financial year is shown in the accounts as:		
Cash	1,404,851	51,094
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	1,404,851	51,094

NON-CASH FINANCING AND INVESTING ACTIVITIES

During the year, the Company issued securities valued at $26,400 as share based payments. There were no other non-cash financing and investing activities during the year.

FINANCING FACILITIES

There are no financing facilities in place for the Company.