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## PHW CONSOLIDATED LIMITED (ASX:PHW) ENTERS AGREEMENT TO ACQUIRE CLOUD BASED WIFI SOFTWARE AND ANALYTICS COMPANY

PHW Consolidated Limited ("PHW") to acquire, in a scrip transaction, the entire issued share capital of Tomizone Limited ("Tomizone") ("Acquisition")

### KEY TOMIZONE HIGHLIGHTS

- Tomizone turns customers' WiFi networks into a powerful connection with their consumers - a marketing opportunity that drives engagement, insight, analytics and revenue
- Tomizone has a proven product, delivering over 20 million WiFi connections a year for blue chip customers including major airports, hotels, large retail shopping centres, major city councils, and Telco carriers
- Tomizone is a market leader with a proven track record. Tomizone is well positioned to take advantage of the rapid global growth in the public WiFi sector, which is estimated to go from 1 hotspot per 150 people to 1 hotspot per 20 people within the next 4 years (source: WiFi Growth Map; iPass Inc.)
- Tomizone offers a cohesive mix of software, hardware and enterprise support. Its Concierge™ Gateways and software-as-a-service Lightswitch™ platform can be deployed to any new or existing WiFi network, anywhere in the world
- Lightswitch™ portal allows Tomizone customers to delight their consumers with an *Amazing WiFi Experience*, creating a powerful digital connection and turning that into direct airtime or advertising revenue, a repeat communication channel and loyalty
- Lightswitch™ dashboard allows customers to manage their network, forecast consumer usage, and measure results with data analytics
- Tomizone charges a recurring software subscription. Other revenue streams include advertising, analytics, installation, support, and direct consumer airtime payments
- Tomizone achieved revenue of NZ\$5.3m for financial year 31 March 2014
- The transaction provides Tomizone the ability to accelerate its global expansion through increased sales presence and service delivery, and continued innovation

## MATERIAL TERMS OF ACQUISITION

PHW has entered into a binding share sale agreement and an implementation agreement with the majority Tomizone shareholders. A summary of the key terms of the Acquisition and associated transactions is set out below.

## ACQUISITION CONSIDERATION

The consideration payable to the shareholders of Tomizone ("Vendors") (none of whom are associated with PHW's existing directors) for the acquisition of 100% of their Tomizone shares will be as follows:

- **Initial consideration** - 1,813,501,140 fully paid, ordinary shares in the capital of PHW ("Shares") on a pre-Consolidation basis (which will rank equally to the Shares currently on issue). The implied acquisition price per Tomizone share is to be set by a yet to be determined Consolidation ratio, but will be a minimum of ~\$9 million upon the re-listing of PHW (exclusive of value of the performance shares referred to below). Further information about the proposed Consolidation is set out below.
- **Performance consideration** - 30,000,000 performance shares in the capital of PHW (on a post-Consolidation basis) ("Performance Shares"), comprising (assuming a minimum consolidation ratio of 40 to 1, which ratio is yet to be determined and subject to change) 15,000,000 Class A Performance Shares and 15,000,000 Class B Performance Shares. Each Performance Share will convert into one Share upon achievement of the following milestone revenues:
  - Class A Performance Shares - subject to Tomizone achieving revenue of NZ\$7,500,000; and
  - Class B Performance Shares - subject to Tomizone achieving revenue of NZ\$9,500,000,

within the 12 month period prior to 30 June 2016. Shares issued upon the conversion of Performance Shares will rank equally to ordinary Shares currently on issue. The total number of Performance Shares to be issued to the Vendors may be adjusted depending on the final Consolidation ratio.

- **Options** - 220,784,626 options to acquire Shares ("Options") (on a pre-Consolidation basis), comprising:
  - 86,538,467 options with an exercise price of \$0.01 and expiry date of 31 December 2015; and
  - 134,246,159 options with an exercise price of \$0.01 and expiry date of 30 September 2018.

## ADDITIONAL CONSIDERATION

PHW may be required to issue additional consideration to the Vendors in the form of further Shares and Performance Shares upon certain conditions being satisfied, including if Tomizone decreases certain amounts owing or if Tomizone raises external funds prior to the Acquisition completing.

## KEY CONDITIONS PRECEDENT

The Acquisition is conditional upon satisfaction of certain key conditions (Conditions Precedent), including the following:

- PHW re-complying with the requirements of Chapters 1 and 2 of the ASX Listing Rules and receiving conditional ASX approval for the recommencement of trade in PHW securities and the proposed terms of the Performance Shares
- Completion of a consolidation of PHW securities on a ratio of no less than 40 to 1 (assuming a reinstatement price of 20 cents per share) but at a minimum in compliance with the ASX Listing Rules ("**Consolidation**")
- Tomizone obtaining any necessary shareholder or other third party consents to effect the Acquisition
- PHW completing a pre-Consolidation capital raising of at least \$250,000
- PHW completing a post-Consolidation capital raising of at least \$5 million ("**Capital Raising**"), further details of which are set out below
- The execution by each minority Vendor of a share sale agreement in respect of the sale of the Tomizone shares held by them to PHW
- PHW obtaining shareholder approval of various matters, including:
  - the issue of securities pursuant to the Acquisition agreements (subject to all Conditions Precedent being satisfied or waived) and pursuant to the Capital Raising;
  - the Consolidation;
  - the change of name of PHW (currently expected to be changed to "Tomizone Limited"); and
  - the change to the nature and scale of activities of PHW in accordance with ASX Listing Rule 11.1.2.

## INTERIM CAPITAL RAISING

PHW will undertake a pre-Consolidation Capital Raising of at least \$250,000 using its placement capacity under ASX Listing Rule 7.1 and 7.1A. The funds will be used to meet the costs associated with the Acquisition.

## SHARE CONSOLIDATION AND PUBLIC OFFER

As part of PHW's re-admission to the ASX and as a Condition Precedent under the terms of the Acquisition, PHW will be required to undertake a Consolidation of its share capital to enable the share-price to reach the minimum value per Share required under the ASX Listing Rules for re-admission. For the purposes of the pro-forma capital structure (set out below) PHW has assumed a Consolidation ration of 40 to 1; however, this is indicative only and remains subject to change.

Subject to the receipt of shareholder approval, PHW will also undertake a post-Consolidation capital raising of at least \$5 million, to be completed under a full form prospectus that is expected to be available towards the middle of March. In addition to the costs associated with the Acquisition and expenses of the associated capital raisings, the majority of funds raised from the Capital Raising will be employed towards the execution of Tomizone's sales strategy.

## INDICATIVE CAPITAL STRUCTURE ON COMPLETION OF ACQUISITION

Upon completion of the Acquisition, the indicative capital structure of PHW will be as follows (assuming PHW does not issue any further securities and no Options currently on issue are exercised).

SHARES	PRE CONSOLIDATION	POST CONSOLIDATION <sup>^</sup>
Current Capital Structure	762,596,203	19,064,905
Acquisition of Tomizone*	1,813,501,140	45,337,529
<b>Basic Issued Capital**</b>	<b>2,576,097,343</b>	<b>64,402,434</b>
Performance Shares	-	30,000,000
<b>Post-Performance Shares</b>	<b>-</b>	<b>94,402,434</b>
OPTIONS	PRE CONSOLIDATION	POST CONSOLIDATION <sup>^</sup>
Existing Options exercisable at \$0.01 each and expiring 31 December 2015	86,538,467	2,163,462
Existing Options exercisable at \$0.01 each and expiring 30 September 2018	254,000,076	6,350,002
Existing Options exercisable at \$0.01 each and expiring 1 October 2018	45,000,000	1,125,000
Tomizone Acquisition Options exercisable at \$0.01 each and expiring 31 December 2015	86,538,467	2,163,462
Tomizone Acquisition Options exercisable at \$0.01 each and expiring 30 September 2018	134,246,159	3,356,154

Notes:

\*This number could change depending on whether any Additional Consideration becomes payable to the Vendors.

\*\* This figure does not take into account the Interim Capital Raising and the Capital Raising and as such this figure will differ upon completion of these capital raisings.

<sup>^</sup> Assuming a minimum consolidation ratio of 40 to 1 (which ratio is yet to be determined and subject to change).

## CHANGE OF ACTIVITIES

The proposed acquisition of Tomizone will constitute a change in the nature and scale of PHW's activities from wine marketing and production to technology services.

In this circumstance, PHW will be required, pursuant to Listing Rule 11.1.2, to obtain approval from its shareholders at a general meeting expected to be held towards the end of March ("General Meeting"). A notice of meeting and explanatory statement containing further information is expected to be despatched in accordance with the indicative timetable below. PHW will also be required, pursuant to Listing Rule 11.1.3, to re-comply with chapters 1 and 2 of the ASX Listing Rules.

PHW securities will be suspended from trade on the date of the General Meeting and (subject to shareholder approval being obtained) will remain suspended until the PHW has complied with chapters 1 and 2 of the ASX Listing Rules and the Acquisition has been completed.

## INDICATIVE TIMETABLE FOR ACQUISITION

An indicative timetable for the completion of the Acquisition is set out below (which timetable is indicative only and may change without notice to PHW security holders):

Event	Date
Despatch Notice of General Meeting	25 February 2015
Lodge Prospectus for Capital Raising and re-compliance	13 March 2015
General Meeting	27 March 2015
Consolidation process commences	30 March 2015
Offer closes under Prospectus	Early April 2015
Settlement of Acquisition	Early/mid April 2015
Re-quotation of PHW Shares on ASX	Early/mid April 2015

## BOARD AND MANAGEMENT CHANGES

Subsequent to the completion of the Acquisition, the current Tomizone founding shareholders and executives Mr Phillip Joe and Mr Stephen Simms, will be appointed as directors to the Board of PHW, and Mr Tarun Kanji will be appointed non-executive Chairman. Further details of the proposed directors are set out in the Tomizone presentation issued with this release.

Mr Eric King Wai Chan and Mr Avikashan Naidu will remain on the PHW board. All other current directors of PHW will resign upon completion of the Acquisition.

## ABOUT TOMIZONE

Tomizone was established in 2006 by founding directors, Stephen Simms and Phillip Joe.

The vision was to provide WiFi freedom to consumers and give customers a WiFi management platform that was available anywhere in the world. The journey has seen Tomizone establish a meaningful base of customers that continues to grow in this rapidly expanding market. Over time, Tomizone learning's and partnerships have augmented into the mix of software and hardware products that show pedigree and leadership. Tomizone will only focus on markets where they can make a difference for customers who value their consumers.

Further information about Tomizone can be found in the presentation issued with this release.

For further information regarding this announcement or other enquiries please contact:

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