

PHW Consolidated Limited
ABN: 99 000 094 995

**Consolidated Financial Report for the Half-Year
ended 31 December 2014**

CORPORATE DIRECTORY

DIRECTORS:	Roger Steinepreis (Chairman) Paul Garner Avikashan Naidu Eric King Wai Chan
COMPANY SECRETARY:	Jack Hugh Toby FCA MACS
ABN:	99 000 094 995
REGISTERED OFFICE:	31 Ord St West Perth, Western Australia 6005 Tel: +61 (8) 9322 6955 Fax: +61 (8) 9322 6722
AUDITORS:	Somes Cooke Level 2, 35 Outram St, West Perth WA 6005 PO Box 709, West Perth WA 6872 Tel: +61 (8) 9426 4500 Fax: +61 (8) 9481 5645
SHARE REGISTRY:	Computershare Investor Services Pty Ltd Level 2, Reserve Bank Building 45 St Georges Terrace Perth, Western Australia 6000 GPO Box D182 Perth, Western Australia 6840 Tel: +61 1300 557 010 Fax: +61 (8) 9323 2033

DIRECTORS' REPORT

The directors of PHW Consolidated Limited A.C.N. 000 094 995 ("Parent Entity" or "Company") present their report including the consolidated financial report of the Company and its controlled entities ("Consolidated Entity" or "Group") for the half-year ended 31 December 2014. The Company is a listed public company limited by shares, incorporated and domiciled in Australia.

DIRECTORS

The names of the directors of the Company who held office during or since the end of the half-year are:-

Roger Christian Steinepreis
Paul Charles Garner
Avikashan Naidu (appointed 3 July 2014)
Eric King Wai Chan (appointed 3 July 2014)
Darren Stephen Levy (resigned 3 July 2014)

OPERATING RESULTS

The comprehensive operating loss for the Company, after income tax amounted to \$203,034.

SIGNIFICANT CHANGES AND REVIEW OF OPERATIONS

The following significant changes in the state of affairs of the Company occurred during the financial half-year:

On 4 July 2014, the Company issued 15,000,000 Class A Incentive Options, 15,000,000 Class B Incentive Options and 15,000,000 Class C Incentive Options. Class A Incentive Options are exercisable at \$0.01 each, expire on 1 October 2018 and vest on the introduction of a new transaction or asset acquisition that is unanimously agreed by the board. Class B Incentive Options are exercisable at \$0.01 each, expire on 1 October 2018 and vest where Company raises an additional \$1.0 million at a price greater than 10% above the issue price under the Offer pursuant to the prospectus dated 7 May 2014. Class C Incentive Options are exercisable at \$0.01 each, expire on 1 October 2018 and vest in the event the Company achieves two consecutive quarters of positive operating cashflow of at least \$250,000 per quarter. The issue of these Incentive Options was approved at the Company's General Meeting held on 6 June 2014.

On 9 July 2014, the securities of the Company were reinstated to official quotation on the Australian Securities Exchange.

EVENTS SUBSEQUENT TO BALANCE DATE

On 2 February 2015, the Company announced that it had entered into an agreement to acquire, in a scrip transaction, the entire issued share capital of Tomizone Limited ("Tomizone") ("Acquisition"). The consideration payable to the shareholders of Tomizone ("Vendors") for the acquisition of 100% of their Tomizone shares will be:

Initial consideration of 1,813,501,140 fully paid, ordinary shares in the capital of PHW ("Shares") on a pre-Consolidation basis. 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 approximately \$9 million upon the re-listing of PHW (exclusive of value of the performance shares referred to 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.

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.

No other matters or circumstances have arisen since the end of the financial period which significantly affected or may significantly affect the operations of the Consolidated Entity, the results of those operations, or the state of affairs of the Consolidated Entity in subsequent financial periods.

AUDITORS INDEPENDENCE DECLARATION

In accordance with the Corporations Act 2001 section 307C the auditors of the Company have provided a signed auditors independence declaration to the directors in relation to the review for the half-year ended 31 December 2014. This declaration has been attached to the independent review report to the members of the Company.

Signed in accordance with a resolution of the directors.

A handwritten signature in black ink, appearing to read 'Paul Garner', with a long horizontal stroke extending to the right.

Paul Garner
Director

16 February 2015
Perth, Western Australia

DIRECTORS' DECLARATION

The directors of PHW Consolidated Limited A.C.N. 055 719 394 ("Company") declare that:

- a) in their opinion the accompanying financial statements and notes of the Company;
 - i) comply with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001; and
 - ii) give a true and fair view of the Company's financial position as at 31 December 2014 and its performance for the half-year ended on that date; and
- b) In their opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the directors by:



Paul Garner
Director

16 February 2015
Perth, Western Australia

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE
INCOME FOR THE HALF-YEAR ENDED 31 DECEMBER 2014**

		Half-Year to 31 December 2014	Half-Year to 31 December 2013
	Note	\$	\$
Interest received	2	15,915	14
Corporate and other expenses	2	(218,949)	(349,624)
LOSS FROM CONTINUING OPERATIONS BEFORE INCOME TAX		(203,034)	(349,610)
Income tax		—	—
LOSS FROM CONTINUING OPERATIONS AFTER INCOME TAX		(203,034)	(349,610)
NET PROFIT/(LOSS) FOR THE PERIOD		(203,034)	(349,610)
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD		(203,034)	(349,610)
BASIC EARNINGS/(LOSS) PER SHARE (CENTS PER SHARE)		(0.03)	(0.22)
DILUTED EARNINGS/(LOSS) PER SHARE (CENTS PER SHARE)		(0.03)	(0.22)

The accompanying notes form part of this financial report

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2014

	Note	31 December 2014 \$	30 June 2014 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	3	1,083,242	1,404,851
Trade and other receivables		14,695	15,808
TOTAL CURRENT ASSETS		1,097,937	1,420,659
TOTAL ASSETS		1,097,937	1,420,659
CURRENT LIABILITIES			
Trade and other payables		140,685	260,373
TOTAL CURRENT LIABILITIES		140,685	260,373
TOTAL LIABILITIES		140,685	260,373
NET ASSETS		957,252	1,160,286
EQUITY			
Issued capital	4	39,495,572	39,495,572
Accumulated losses		(38,538,320)	(38,335,286)
TOTAL EQUITY		957,252	1,160,286

The accompanying notes form part of this financial report

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

	Half-Year to 31 December 2014	Half-Year to 31 December 2013
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments to suppliers & employees	(270,523)	(74,946)
Interest received	15,915	14
Interest & finance costs paid	—	(521)
NET CASH FROM/(USED IN) OPERATING ACTIVITIES	(254,608)	(75,453)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from equity issues	—	391,000
Repayment of borrowings	—	(346,978)
Capital raising expenses	(67,001)	—
NET CASH FROM/(USED IN) FINANCING ACTIVITIES	(67,001)	44,022
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(321,609)	(31,431)
Cash and cash equivalents at beginning of period	1,404,851	51,094
CASH AND CASH EQUIVALENTS AT END OF PERIOD	1,083,242	19,663

3

The accompanying notes form part of this financial report

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2014**

<u>Attributable to Members of PHW Consolidated Limited</u>	Issued Capital \$	Accumulated Losses \$	Total Equity \$
<i>At 1 July 2013</i>	37,566,851	(37,889,471)	(322,620)
Total comprehensive loss for the period	—	(349,610)	(349,610)
SUBTOTAL	—	(349,610)	(349,610)
<i>Transactions with owners in their capacity as owners</i>			
Securities issued	391,000	—	391,000
AT 31 DECEMBER 2013	37,957,851	(38,239,081)	(281,230)

<u>Attributable to Members of PHW Consolidated Limited</u>	Issued Capital \$	Accumulated Losses \$	Total Equity \$
<i>At 1 July 2014</i>	39,495,572	(38,335,286)	1,160,286
Total comprehensive loss for the period	—	(203,034)	(203,034)
SUBTOTAL	—	(203,034)	(203,034)
AT 31 DECEMBER 2014	39,495,572	(38,538,320)	957,252

The accompanying notes form part of this financial report

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

NOTE 1. BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL REPORT

These general purpose financial statements for the interim half-year reporting period ended 31 December 2014 have been prepared in accordance with requirements of the Corporations Act 2001 and Australian Accounting Standards including AASB 134: Interim Financial Reporting.

This interim financial report is intended to provide users with an update on the latest annual financial statements of PHW Consolidated Limited ("Company"). As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the Company. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Company for the year ended 30 June 2014, together with any public announcements made during the half-year.

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements.

The Company has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board that are mandatory for the current reporting period. The adoption of these Accounting standards and Interpretations did not have any significant impact on the financial performance or position of the Company.

Any new, revised or amending Accounting Standards of Interpretations that are not yet mandatory have not been adopted early.

Half-Year to 31 December 2014 \$	Half-Year to 31 December 2013 \$
---	---

NOTE 2. REVENUE, INCOME AND EXPENSES

The loss before income tax expense includes the following revenues and expenses where disclosure is relevant in explaining the performance of the Company:

REVENUE

Interest received	15,915	14
	<u>15,915</u>	<u>14</u>

CHARGING AS EXPENSES

Corporate and other expenses	218,949	349,624
	<u>218,949</u>	<u>349,624</u>

NOTE 3. CASH AND CASH EQUIVALENTS

For the purposes of the Cash Flow Statement and the Statement of Financial Position, cash and cash equivalents comprise cash at bank.

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

31 December	30 June 2014
2014	
\$	\$

NOTE 4. ISSUED CAPITAL**ORDINARY SHARES**

762,596,203 (30 June 2014: 762,596,203) fully paid ordinary shares

39,495,572

39,495,572

39,495,572

39,495,572

NOTE 5. SEGMENT INFORMATION

Operating segments are required to be identified on the basis of internal reports about components of the Company that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance. Due to the size and nature of the Company, the Board as a whole has been determined as the chief operating decision maker. The financial information as presented in these financial statements is consistent with the reports reviewed by the Board used to make strategic decisions.

NOTE 6. CONTINGENT LIABILITIES

There has been no significant change in contingent liabilities since the last annual reporting date.

NOTE 7. EVENTS SUBSEQUENT TO BALANCE DATE

On 2 February 2015, the Company announced that it had entered into an agreement to acquire, in a scrip transaction, the entire issued share capital of Tomizone Limited ("Tomizone") ("Acquisition"). The consideration payable to the shareholders of Tomizone ("Vendors") for the acquisition of 100% of their Tomizone shares will be:

Initial consideration of 1,813,501,140 fully paid, ordinary shares in the capital of PHW ("Shares") on a pre-Consolidation basis. 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 approximately \$9 million upon the re-listing of PHW (exclusive of value of the performance shares referred to 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.

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:

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

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.

No other matters or circumstances have arisen since the end of the financial period which significantly affected or may significantly affect the operations of the Consolidated Entity, the results of those operations, or the state of affairs of the Consolidated Entity in subsequent financial periods.

INDEPENDENT AUDITOR'S REVIEW REPORT

To the Members of PHW Consolidated Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half year financial report of PHW Consolidated Limited, which comprises the statement of financial position as at 31 December 2014, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

The directors of PHW Consolidated Limited are responsible for the preparation of the half year financial report that gives a true and fair view in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of PHW Consolidated Limited's financial position as at 31 December 2014 and its performance for the half year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of PHW Consolidated Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half year financial report of PHW Consolidated Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of PHW Consolidated Limited's financial position as at 31 December 2014 and of its performance for the half year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

Somes Cooke

Somes Cooke

Nicholas Hollens

Nicholas Hollens

16 February 2015

Perth
Western Australia


The Directors
PHW Consolidated Limited
31 Ord Street
WEST PERTH WA 6005

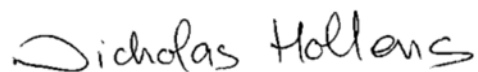
Dear Sirs

Auditors Independence Declaration

As lead auditor for the review of PHW Consolidated Limited for the half year ended 31 December 2014, I declare under Section 307C of the Corporations Act 2001 that to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review, and
- b) no contraventions of any applicable code of professional conduct in relation to the review.


Somes Cooke


Nicholas Hollens

Perth, 16 February 2015