

***Independent Expert, HLB Mann Judd, has concluded that the proposed Acquisition of Tomizone Limited as outlined in Resolution 1 of this Notice is fair and reasonable to the Shareholders of the Company not associated with the Vendors***

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**PHW CONSOLIDATED LIMITED**

**(TO BE RENAMED “TOMIZONE LIMITED”)**

**ACN 000 094 995**

**NOTICE OF GENERAL MEETING**

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**TIME:** 10.30am (WST)

**DATE:** 28 April 2015

**PLACE:** 31 Ord Street, West Perth WA 6005

***This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.***

***Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on +61 8 9322 1142.***

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## IMPORTANT INFORMATION

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### Time and place of Meeting

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Notice is given that the Meeting will be held at 10.30am (WST) on 28 April 2015 at 31 Ord Street, West Perth WA 6005.

### Your vote is important

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The business of the Meeting affects your shareholding and your vote is important.

### Voting eligibility

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The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders at 10.30am (WST) on 26 April 2015.

### Voting in person

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To vote in person, attend the Meeting at the time, date and place set out above.

### Voting by proxy

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To vote by proxy, please complete and sign the enclosed Proxy Form and return by the time and in accordance with the instructions set out on the Proxy Form.

In accordance with section 249L of the Corporations Act, Shareholders are advised that:

- each Shareholder has a right to appoint a proxy;
- the proxy need not be a Shareholder of the Company; and
- a Shareholder who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints 2 proxies and the appointment does not specify the proportion or number of the member's votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.

Shareholders and their proxies should be aware that changes to the Corporations Act made in 2011 mean that:

- if proxy holders vote, they must cast all directed proxies as directed; and
- any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

Further details on these changes are set out below.

#### ***Proxy vote if appointment specifies way to vote***

Section 250BB(1) of the Corporations Act provides that an appointment of a proxy may specify the way the proxy is to vote on a particular resolution and, **if it does:**

- the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way (i.e. as directed); and
- if the proxy has 2 or more appointments that specify different ways to vote on the resolution, the proxy must not vote on a show of hands; and
- if the proxy is the chair of the meeting at which the resolution is voted on, the proxy must vote on a poll, and must vote that way (i.e. as directed); and
- if the proxy is not the chair, the proxy need not vote on the poll, but if the proxy does so, the proxy must vote that way (i.e. as directed).

#### ***Transfer of non-chair proxy to chair in certain circumstances***

Section 250BC of the Corporations Act provides that, if:

- an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of the Company's members; and
- the appointed proxy is not the chair of the meeting; and
- at the meeting, a poll is duly demanded on the resolution; and
- either of the following applies:
  - the proxy is not recorded as attending the meeting; or
  - the proxy does not vote on the resolution,

the chair of the meeting is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution at the meeting.

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## LETTER TO SHAREHOLDERS

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Dear Shareholder,

### ***Proposed acquisition of Tomizone Limited***

In the Company's announcement of 2 February 2015, we confirmed PHW had entered into an agreement to acquire all of the issued capital in Tomizone Limited (**Tomizone**), a New Zealand cloud based SaaS (Software as a Service) Wi-Fi provider (**Acquisition**).

Subject to the satisfaction of certain conditions outlined in this Notice, PHW proposes to acquire all of the issued capital in Tomizone in consideration for the issue of PHW Securities to the Tomizone Vendors.

If the Acquisition is completed, the Company's main undertaking will comprise the business of Tomizone that manages authentication, data analytics and media distribution for Wi-Fi networks. This will constitute a significant change in the nature and scale of the Company's activities that requires Shareholder approval under ASX Listing Rule 11.1.2 (which approval is the subject of Resolution 1).

The Company will also be required to re-comply with Chapters 1 and 2 of the ASX Listing Rules before its Securities will be re-instated to trading on the ASX following the Acquisition. Refer to Section 3.2 for further information on the application of ASX Listing Rule 11.1 to the Acquisition.

The Acquisition represents an attractive investment opportunity for the Company to change its business focus to that of a cloud based SaaS (Software as a Service) platform that manages authentication, data analytics and media distribution for Wi-Fi networks. With increasing use of Wi-Fi, the Company will be exposed to an industry which has potential to grow significantly with recurring revenue streams. If the Acquisition is approved, the Company will be managed by directors and officers with significant experience in the Wi-Fi industry with a view to guiding the Company to be a significant player in the Wi-Fi industry.

The attached Explanatory Statement contains the details regarding the proposed Acquisition of Tomizone. Your Board considers the Acquisition to be in the best interests of PHW Shareholders by allowing the Company to participate in an exciting and expanding industry through the acquisition of Tomizone and its business.

I encourage Shareholders to read the Explanatory Statement in full and vote at the General Meeting **IN FAVOUR** of Resolution 1. I intend to vote all proxies over which I have discretion **IN FAVOUR** of Resolution 1.

If you are unable to attend the General Meeting please complete and lodge your Proxy Form with the Share Registry in accordance with the enclosed instructions.

Yours sincerely



**Roger Steinepreis**  
**Chairman**

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## BUSINESS OF THE MEETING

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### AGENDA

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Unless otherwise specified, all references to the issue of Securities in this Notice are references to the issue of those Securities on a post-Consolidation basis.

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#### 1. RESOLUTION 1 - CHANGE TO NATURE AND SCALE OF ACTIVITIES AND ISSUE OF SECURITIES TO VENDORS

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*"That, subject to and conditional upon the passing of all Essential Resolutions, for the purposes of:*

- (a) **change to nature and scale:** ASX Listing Rule 11.1 and for all other purposes, Shareholders approve the acquisition by the Company (or its nominee) of all the issued capital in Tomizone Limited (**Tomizone**) in accordance with the Acquisition Agreements and the performance by the Company of its obligations under the Acquisition Agreements;
- (b) **issue of Consideration Securities:** section 611 (Item 7) of the Corporations Act and for all other purposes, Shareholders approve the issue of the following Consideration Securities to the shareholders of Tomizone (**Vendors**), which will result in an increase in the Vendors' combined relevant interest and voting power in the Company:
  - (A) 45,337,529 Consideration Shares;
  - (B) 2,163,462 Class A Consideration Options;
  - (C) 3,356,154 Class B Consideration Options;
  - (D) 15,000,000 Class A Performance Shares; and
  - (E) 15,000,000 Class B Performance Shares;
- (c) **issue on exercise or conversion of Consideration Securities:** section 611 (Item 7) of the Corporations Act and for all other purposes, Shareholders approve the issue of the following Shares to the Vendors, which may result in a further increase in the Vendors' combined relevant interest and voting power in the Company:
  - (A) 2,163,462 Shares upon the exercise of Class A Consideration Options;
  - (B) 3,356,154 Shares upon the exercise of Class B Consideration Options;
  - (C) 15,000,000 Shares upon the conversion of Class A Performance Shares; and
  - (D) 15,000,000 Shares upon the conversion of Class B Performance Shares; and

- (d) **issue of Additional Consideration Securities:** section 611 (Item 7) of the Corporations Act and for all other purposes, Shareholders approve the issue of Additional Consideration Shares and Additional Consideration Performance Shares to the Vendors, and the issue of Shares upon the conversion of those Additional Consideration Performance Shares, which may result in a further increase in the Vendors' combined relevant interest and voting power in the Company,

and otherwise on the terms and conditions set out in the Explanatory Statement."

**Expert's Report:** Shareholders should carefully consider the report prepared by the Independent Expert for the purposes of the Shareholder approval required under Section 611 Item 7 of the Corporations Act. The Independent Expert's Report comments on the fairness and reasonableness of the transactions the subject of this Resolution to the non-associated Shareholders in the Company.

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by any person who might obtain a benefit, except a benefit solely in the capacity as a holder of ordinary securities, if the Resolution is passed and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides. **As all Essential Resolutions are inter-conditional, a person whose votes are disregarded on other Essential Resolutions will have their votes on this Resolution disregarded.**

**Voting Restriction:** The Company will disregard any votes cast in favour of this Resolution by any Vendor and their associates.

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## 2. RESOLUTION 2 – RATIFICATION OF ISSUE OF CONVERTIBLE NOTES

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*"That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 285,000 Convertible Notes to raise \$285,000 on the terms and conditions set out in the Explanatory Statement."*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by any person who participated in the issue and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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## 3. RESOLUTION 3 – APPROVAL OF ISSUE OF CONVERTIBLE NOTES

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*"That, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue 130,000 Convertible Notes to raise \$130,000 on the terms and conditions set out in the Explanatory Statement."*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed and any associates of those persons. However, the Company need

not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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#### 4. RESOLUTION 4 – CONSOLIDATION OF CAPITAL

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as an **ordinary resolution**:

*"That, subject to and conditional upon the passing of all Essential Resolutions, pursuant to section 254H of the Corporations Act and for all other purposes, the issued capital of the Company be consolidated on the basis that:*

*(a) every 40 Shares be consolidated into 1 Share; and*

*(b) every 40 Options be consolidated into 1 Option,*

*and, where this Consolidation results in a fraction of a Share or Option being held, the Company be authorised to round that fraction down to the nearest whole Share or Option."*

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#### 5. RESOLUTION 5 – CAPITAL RAISING

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as an **ordinary resolution**:

*"That, subject to and conditional on the passing of all Essential Resolutions, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue a minimum of 25,000,000 Shares and up to a maximum of 40,000,000 Shares at an issue price of \$0.20 per Share to raise a minimum of \$5,000,000 (before costs) and a maximum of up to \$8,000,000 (before costs) as part of the Capital Raising on the terms and conditions set out in the Explanatory Statement accompanying this Notice."*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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#### 6. RESOLUTION 6 – PARTICIPATION OF DIRECTOR IN CAPITAL RAISING – MR ERIC KING WAI CHAN

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as an **ordinary resolution**:

*"That, for the purposes of ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue up to 1,250,000 Shares to raise up to \$250,000 to Mr Eric King Wai Chan (or his nominee) as part of the Capital Raising on the terms and conditions set out in the Explanatory Statement."*



**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by Mr Eric King Wai Chan and any of his associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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**7. RESOLUTION 7 – PARTICIPATION OF DIRECTOR IN CAPITAL RAISING – MR AVIKASHAN NAIDU**

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as an **ordinary resolution**:

*“That for the purposes of ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue up to 1,250,000 Shares to raise up to \$250,000 to Mr Avikashan Naidu (or his nominee) as part of the Capital Raising on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by Mr Avikashan Naidu and any of his associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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**8. RESOLUTION 8 – CREATION OF NEW CLASSES OF SECURITY**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a **special resolution**:

*“That, subject to and conditional upon the passing of all Essential Resolutions and Settlement of the Acquisition, for the purpose of section 246B of the Corporations Act, clause 2.4 of the Company's Constitution and for all other purposes, the Company is authorised to issue Class A Performance Shares and Class B Performance Shares to the Vendors on the terms and conditions set out in the Explanatory Statement.”*

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**9. RESOLUTION 9 – CHANGE OF COMPANY NAME**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a **special resolution**:

*“That, subject to and conditional upon the passing of all Essential Resolutions and Settlement of the Acquisition, for the purposes of section 157(1)(a) of the Corporations Act and for all other purposes, approval is given for the name of the Company to be changed to 'Tomizone Limited'.”*

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**10. RESOLUTION 10 – NON-EXECUTIVE DIRECTOR'S REMUNERATION**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*“That, subject to and conditional upon the passing of all Essential Resolutions and the Settlement of the Acquisition, for the purposes of clause 13.8 of the Constitution, ASX Listing Rule 10.17 and for all other purposes, Shareholders approve an increase of the maximum total*



*aggregate amount of fees payable to non-executive Directors from \$300,000 per annum to \$750,000 per annum in accordance with the terms and conditions set out in the Explanatory Statement."*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by a Director and any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

**Voting Prohibition Statement:** A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if the proxy is either a member of the Key Management Personnel or a Closely Related Party of such a member and the appointment does not specify the way the proxy is to vote on this Resolution. However, the above prohibition does not apply if the proxy is the Chair and the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

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**11. RESOLUTION 11 – ISSUE OF RELATED PARTY OPTIONS TO DIRECTOR - ERIC KING WAI CHAN**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*"That, subject to and conditional upon the passing of all Essential Resolutions and the Settlement of the Acquisition, for the purposes of ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 2,185,064 Related Party Options to Eric King Wai Chan (or his nominee) on the terms and conditions set out in the Explanatory Statement."*

**Voting Exclusion Statement:** The Company will disregard any votes cast on this Resolution by Eric King Wai Chan (or his nominee) and any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

**Voting Prohibition Statement:** A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if the proxy is either a member of the Key Management Personnel or a Closely Related Party of such a member and the appointment does not specify the way the proxy is to vote on this Resolution. However, this prohibition does not apply if the proxy is the Chair and the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

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**12. RESOLUTION 12 – ISSUE OF RELATED PARTY OPTIONS TO DIRECTOR - AVIKASHAN NAIDU**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*"That, subject to and conditional upon the passing of all Essential Resolutions and the Settlement of the Acquisition, for the purposes of ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 2,185,064 Related Party Options Avikashan Naidu (or his nominee) on the terms and conditions set out in the Explanatory Statement."*

**Voting Exclusion Statement:** The Company will disregard any votes cast on this Resolution by Avikashan Naidu (or his nominee) and any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

**Voting Prohibition Statement:** A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if the proxy is either a member of the Key Management Personnel or a Closely Related Party of such a member and the appointment does not specify the way the proxy is to vote on this Resolution. However, this prohibition does not apply if the proxy is the Chair and the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

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**13. RESOLUTION 13 – ISSUE OF RELATED PARTY OPTIONS TO PROPOSED DIRECTOR - TARUN PARBHU KANJI**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*"That, subject to and conditional upon the passing of all Essential Resolutions and the Settlement of the Acquisition, for the purposes of ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 2,185,064 Related Party Options to Tarun Parbhu Kanji (or his nominee) on the terms and conditions set out in the Explanatory Statement."*

**Voting Exclusion Statement:** The Company will disregard any votes cast on this Resolution by Tarun Parbhu Kanji (or his nominee) and any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

**Voting Prohibition Statement:** A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if the proxy is either a member of the Key Management Personnel or a Closely Related Party of such a member and the appointment does not specify the way the proxy is to vote on this Resolution. However, this prohibition does not apply if the proxy is the Chair and the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

**Dated: 25 March 2015**

**By order of the Board**



**Roger Steinepreis**  
**Chairman**

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## EXPLANATORY STATEMENT

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This Explanatory Statement has been prepared to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions.

All Resolutions, except for Resolutions 2, 3, 6 and 7 (**Non-Essential Resolutions**), are Essential Resolutions. If any of the Essential Resolutions are not passed, then all of the Essential Resolutions will be taken to have been rejected by Shareholders and the transactions the subject of the Essential Resolutions (including the Acquisition) will not proceed. All Resolutions, except for the Non-Essential Resolutions, must be passed for the Acquisition to proceed.

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### 1. SUMMARY OF APPROVALS SOUGHT IN THIS NOTICE

This Notice of Meeting sets out the Resolutions necessary to complete the Company's proposed Acquisition of Tomizone Limited, as announced to ASX on 2 February 2015, and associated transactions. Each of the Resolutions (other than the Non-Essential Resolutions) is conditional upon the approval by Shareholders of each of the Essential Resolutions. If any of the Essential Resolutions are not approved by Shareholders, all of the Resolutions (other than the Non-Essential Resolutions) will fail and the Acquisition and associated transactions will not be completed.

A summary of the Resolutions relevant to the Acquisition is as follows:

- (a) **Resolution 1:** As the Company is currently a winemaking, vineyard management and wine marketing company, the Acquisition of Tomizone, if completed, will represent a significant change in the nature and scale of the Company's operations to become a global company that currently operate a cloud based SaaS (Software as a Service) platform that manages authentication, data analytics and media distribution for Wi-Fi networks, for which Shareholder approval is required under ASX Listing Rule 11.1.2.

Further, in consideration for the acquisition of all issued capital in Tomizone, PHW has agreed to issue the Consideration Securities and, if certain conditions are achieved prior to Settlement, the Additional Consideration Securities, to the Vendors in proportion to their current Tomizone shareholding.

If the Share Sale Agreements complete, this will result in the Vendors having a combined shareholding of up to 63.41% of the Company's issued capital (on a post Consolidation and fully diluted basis) or more if certain conditions are met and Additional Consideration Securities are issued. As such, Shareholder approval pursuant to section 611 (Item 7) of the Corporations Act (**Section 611 Approval**) is also required to approve the acquisition by the Vendors' of a relevant interest and voting power in more than 20% of the Company's issued capital.

Further information on the Acquisition and associated changes to the Company's activities is set out in Sections 2 and 3.

As part of obtaining Section 611 Approval, the Company has instructed HLB Mann Judd Corporate (NSW) Pty Ltd (**Independent Expert**) to prepare the Independent Expert's Report, in which the Independent Expert **has concluded the proposal as outlined in Resolution 1 is fair and**

**reasonable** to the Shareholders of the Company not associated with the Vendors. It is recommended that all Shareholders read the Independent Expert's Report in full (a copy of which is enclosed with this Notice of Meeting at Annexure 1).

- (b) **Resolutions 2 and 3:** The Company seeks Shareholder ratification pursuant to Resolution 2 for the Company's issue of 285,000 Convertible Notes to investors to raise \$285,000. The Company is expecting to issue a further 130,000 Convertible Notes to raise an additional \$130,000, subject to Shareholder approval under Resolution 3. Further information relating to the issue of these Convertible Notes is set out in Sections 4 and 5.
- (c) **Resolution 4:** ASX has advised the Company that it must, as a result of the significant change in the nature and scale of the Company's activities as a result of the Acquisition, re-comply with Chapters 1 and 2 of the ASX Listing Rules under ASX Listing Rule 11.1.3. To achieve this, the Company must undertake a 40:1 consolidation of its Shares and Options (**Consolidation**), as outlined further in Section 6. Resolution 4 seeks Shareholder approval for the Consolidation. If approved by Shareholders, the Consolidation will take effect following the Meeting in accordance with the applicable ASX timetable.
- (d) **Resolution 5:** In order to re-comply with Chapters 1 and 2 of the ASX Listing Rules and to fund the Acquisition, the Company also proposes to undertake a capital raising by way of a full form prospectus (**Prospectus**). Resolution 5 seeks Shareholder approval to offer a minimum of 25,000,000 (to raise \$5,000,000 before costs) and up to a maximum of 40,000,000 Shares (to raise up to \$8,000,000 before costs) at an issue price of \$0.20 per Share under the Prospectus (**Capital Raising**). Further information on the Capital Raising is set out in Section 7.
- (e) **Resolutions 6 and 7:** The Company is seeking Shareholder approval for certain Directors to be able to participate in the Capital Raising. Refer to Section 8 for further details.
- (f) **Resolution 8:** The Company seeks Shareholder approval pursuant to section 246B of the Corporations Act and clause 2.4 of the Company's Constitution for the Company to be authorised to issue a new class of securities, namely the Performance Shares to be issued to the Vendors under the Share Sale Agreements. The Performance Shares are to be issued in order to defer part of the consideration payable under the Acquisition, with the conversion of the Performance Shares into Shares being subject to particular performance based milestones being achieved, as set out in Section 9.
- (g) **Resolution 9:** Subject to the passing of all Essential Resolutions, the Company intends to change its name to Tomizone Limited post Settlement which the Board feels will better reflect the business activities of the Company post Settlement. Resolution 9 seeks Shareholder approval for this change. Further information relating to the proposed change to the Company's name is set out in Section 10.
- (h) **Resolution 10:** On Settlement of the Acquisition, the Company has agreed, subject to Shareholder approval, to appoint three directors nominated by Tomizone, being Messrs Stephen Gary Simms, Phillip Joe and Tarun Parbhu Kanji to the Board (**Proposed Directors**). With the introduction of the Proposed Directors and potential engagement of

other Directors as the business of Tomizone is expected to expand, the Directors are seeking to increase the remuneration payable to Non-Executive Directors. Refer to Section 11 for further information.

- (i) **Resolutions 11 to 13:** These Resolutions seek Shareholder approval for the proposed issue of Related Party Options to Eric King Wai Chan, Avikashan Naidu and Tarun Parbhu Kanji, the proposed Non-Executive Directors of the Company post Settlement, by way of remuneration. Further information is set out in Section 12.

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## 2. BACKGROUND TO PROPOSED ACQUISITION OF TOMIZONE LIMITED

### 2.1 General background and existing activities

PHW Consolidated Limited (**Company**) is a public company listed on the Official List of the ASX (ASX Code: PHW). The Company was incorporated on 11 May 1951 and was admitted to the Official List of the ASX on 1 January 1974 under the name A.L. Vincent Industries Ltd. The Company has since changed its name to PHW Consolidated Limited.

The Company's principle focus more recently has been winemaking, vineyard management and wine marketing, whilst also reviewing opportunities to diversify the Company's assets and operations and that have the capacity to add shareholder value. For the past 9 months, PHW has been evaluating alternative corporate opportunities, both in Australia and overseas, which have the potential to deliver strong future growth for shareholders.

### 2.2 The Acquisition

On 2 February 2015, the Company announced that it had entered into an agreement with Tomizone Limited, an unlisted New Zealand based company (company number 1816869) (**Tomizone**) and the major shareholders of Tomizone (**Majority Vendors**) pursuant to which the Company has agreed to acquire all of the issued capital in Tomizone (**Acquisition**).

The Acquisition is proposed to be effected by means of an implementation agreement and a share sale agreement between Tomizone, the Company and the Majority Vendors and separate share sale agreements between Tomizone, the Company and each Minority Vendor (**Acquisition Agreements**). Pursuant to the Acquisition Agreements the Company has agreed, subject to the satisfaction of certain conditions outlined in section 2.4(a), to acquire all of the issued capital in Tomizone in consideration for the issue of the Consideration to the Vendors, as outlined in Sections 2.4(c) to 2.4(e).

Upon Settlement, the Company's main undertaking will comprise the business of Tomizone, being the provision of managed Wi-Fi services. This will constitute a significant change in the nature and scale of the Company's activities that requires Shareholder approval under ASX Listing Rule 11.1.2 (which approval is the subject of Resolution 1).

The Company will also be required to re-comply with Chapters 1 and 2 of the ASX Listing Rules before its Securities will be re-instated to trading on the ASX following the Acquisition. Refer to Section 3.2 for further information on the application of ASX Listing Rule 11.1 to the Acquisition.

## 2.3 Overview of Tomizone Limited

Tomizone Limited is an unlisted New Zealand company incorporated on 12 May 2006 (New Zealand Company No. 1816869) based in Auckland, New Zealand operating as a managed Wi-Fi services provider.

Tomizone was founded by technology entrepreneurs Stephen (Steve) Simms and Phillip Joe and has its headquarters in Auckland, New Zealand with sales and support offices in Australia, Fiji, and India.

Since incorporation Tomizone has grown and now over 20,000 Wi-Fi hotspot zones are under their management across 80 countries with over 1,500 customers.

Tomizone operate a cloud bases SaaS (Software as a Service) platform that manages authentication, data analytics and media distribution for Wi-Fi networks.

Tomizone customers generate revenue by offering consumers free Wi-Fi, using the proprietary SaaS platform, sold as a scalable recurring subscription solution.

Products such as the Tomizone Concierge® and Chauffeur® gateways enable fixed and mobile Wi-Fi networks to be deployed swiftly on any new or existing Wi-Fi hardware and Internet connection.

Tomizone targets customers in the vertical sectors of Transport, Accommodation, Retail, Hospitality, Metro & Campus, Service Providers and special projects such as stadiums and events

Tomizone has a number of achievements as one of the fastest growing companies in the Asia-Pacific region. Tomizone was listed in the Deloitte Fast50 for 2011 and 2012 and has a ranking in the Deloitte Tech500 for Asia Pacific.

Historically, Tomizone commenced business with the desire to provide easy low cost Internet access using Wi-Fi Hotspots with a global Wi-Fi platform. The integrated Wi-Fi management platform was released as a beta version in August 2006, which attracted great media interest. Initially the beta platform enabled Tomizone to demonstrate a simple set up Wi-Fi Hotspot that could be downloaded onto a Linksys Wi-Fi Access Point. In 2006 Tomizone concluded their first OEM deal with D-Link, a leading networking equipment vendor, which enabled Tomizone to work on distribution of its Hotspot software inside a selection of D-Link products. Tomizone activated tens of thousands of self-service hotspots across the world.

In 2014 after many years of refinement, Tomizone upgraded its Wi-Fi Management Platform to enable global scale with an architecture built for volume, the WiFi management platform known as Lightswitch® is combined with its gateway hardware of Concierge® or Chauffeur® products along with the software subscription and support generates the revenue for the company.

## 2.4 Key terms of the Acquisition

The key outstanding terms of the Acquisition are as follows:

- (a) **(Conditions Precedent):** The Acquisition is subject to (amongst other things) the satisfaction or waiver by the parties of the following conditions precedent which are yet to be satisfied (together the **Conditions**):



<b>Shareholder Approvals</b>	The Company obtaining the Shareholder approvals outlined in Section 2.4(b) below.
<b>Third Party Consents</b>	Tomizone obtaining any shareholder approvals or other consents required to effect the Acquisition, including any consents required in relation to the change of ownership of Tomizone.
<b>Consolidation</b>	The completion of a proposed Consolidation of the Company's Shares and Options on the basis of 40 for 1, in respect of which Shareholder approval is sought pursuant to Resolution 4. Refer to Section 6 for further details.
<b>Capital Raising</b>	The completion of the proposed Capital Raising of up to a maximum of \$8,000,000 (before costs) through the issue of up to 40,000,000 Shares at an issue price of \$0.20 per Share (with a minimum subscription of \$5,000,000 (before costs)). Refer to Section 7 for further details.
<b>ASX Restriction Agreements</b>	Restriction agreements, in respect of the Consideration Securities and the Additional Consideration Securities (if any are issued), being executed by any Vendor required to do so by the ASX in respect of the Acquisition.
<b>Regulatory Approval</b>	Obtaining conditional approval from ASX to reinstate the Securities of PHW to trading on terms reasonably acceptable to PHW and Tomizone.

- (b) **(Shareholder Approvals):** The Shareholder approvals the Company must obtain as a Condition under the Acquisition Agreements are set out below:

<b>Resolution 1</b>	Approval of the issue of the Consideration Securities and any Additional Consideration Securities in accordance with the Share Sale Agreements pursuant to item 7 of section 611 of the Corporations Act, subject to the Conditions being satisfied or waived.
<b>Resolution 1</b>	Approval of the proposed change to the nature and scale of the Company's activities in accordance with ASX Listing Rule 11.1.2.
<b>Resolution 4</b>	Approval of the Consolidation.
<b>Resolution 5</b>	Approval of the issue of PHW Shares pursuant to the Capital Raising.
<b>Resolution 8</b>	Approval of the creation of two new classes of security, being the two classes of Performance Shares to be issued to the Vendors under the terms of the Acquisition Agreements.
<b>Resolution 9</b>	Approval to change the Company's name to 'Tomizone Limited'.
<b>Resolutions 10 to 13</b>	Approval of any related party transactions or other matters the Company and Tomizone consider necessary to give effect to the Acquisition, which include: <ul style="list-style-type: none"> <li>the proposed increase to the aggregate amount of Non-Executive Remuneration (Resolution 10); and</li> <li>the issue of Related Party Options to Messrs Eric King Wai Chan, Avikashan Naidu and Tarun Parbhu Kanji as part of their remuneration packages (Resolutions 11 to 13).</li> </ul>



- (c) **(Consideration):** In consideration for the Company acquiring 100% of the issued share capital in Tomizone, the Company will, subject to Shareholder approval and satisfaction of the Conditions, issue to the Vendors their Relevant Proportion of the following Consideration Securities:

Total	Security
45,337,529	Consideration Shares
2,163,462	Class A Consideration Options
3,356,154	Class B Consideration Options
15,000,000	Class A Performance Shares
15,000,000	Class B Performance Shares

The Company will also be required to issue Additional Consideration Securities to Tomizone upon the satisfaction of certain conditions specified in paragraphs (d) and (e) below.

- (d) **(Additional Consideration – Relevant Balance):** The Company has agreed to issue to the Vendors, in their Relevant Proportion, the Additional Consideration Securities if, on the Settlement Date, the aggregate of the balance payable by Tomizone under certain accounts and an existing finance facility (**Relevant Balance**) has decreased by more than NZ\$100,000 (other than a decrease as a result of the issue of the Tomizone Convertible Note or the Tomizone Capital Raising (referred to in (e) below)), comprising the following Additional Consideration Securities for every NZ\$100,000 decrease to the Relevant Balance:

Total	Security
271,237	Consideration Shares
89,739	Class A Performance Shares
89,739	Class B Performance Shares

To the extent any decrease to the Relevant Balance (other than a decrease as a result of the issue of the Tomizone the Convertible Note or the Tomizone Capital Raising) is less than an increment of NZ\$100,000, the Additional Consideration Securities will be issued in a number proportionate to the amount decreased.

Given Tomizone has until the Settlement Date to lower the Relevant Balance, the Directors are currently unable to determine the number of Additional Consideration Shares that may be payable to Tomizone in such circumstances.

- (e) **(Additional Consideration – Tomizone Capital Raising):** The Company has also agreed to issue to the Vendors in their Relevant Proportion Additional Consideration Securities if Tomizone completes an external capital raising of up to a maximum of NZ\$1,500,000 (**Tomizone Capital Raising**), comprising the following Additional Consideration Securities for every NZ\$100,000 raised pursuant to the Tomizone Capital Raising:

Total	Security
271,237	Consideration Shares
89,739	Class A Performance Shares
89,739	Class B Performance Shares

To the extent any amount raised pursuant to the Tomizone Capital Raising is less than an increment of NZ\$100,000, the Additional Consideration Securities will be issued in a number proportionate to the amount decreased.

Pursuant to the terms of the Implementation Agreement, Tomizone may raise funds pursuant to the Tomizone Capital Raising up to the date of closing of the post-Consolidation Capital Raising referred to in Section 7. On this basis the Directors are currently unable to determine the Additional Consideration Shares that may be payable to Tomizone in such circumstances. However, Tomizone has indicated that it may seek to raise up to the agreed maximum of NZ\$1,500,000. Please refer to Scenario 4 in the table in Section 3.5(c) for an example of how the Additional Consideration would operate if that amount was raised by Tomizone.

- (f) **(Performance Shares):** Each Performance Share to be issued to Vendors will convert into one Share upon the achievement of certain Milestones, outlined in the terms and conditions applying to those Performance Shares (refer to Section 9 for further details and Schedule 5 for the full terms).
- (g) **(Escrow):** The Consideration Securities and Additional Consideration Securities issued to the Vendors may be subject to escrow restrictions in accordance with Chapter 9 of the ASX Listing Rules. The Vendors have agreed to do anything necessary to comply with ASX requirements relating to escrow, including entering into ASX restriction agreements in relation to those Securities.
- (h) **(End Date):** The Conditions must be satisfied (or waived) before 5pm (WST) on 30 April 2015 or such other date mutually consented to by the parties to the Implementation Agreement, which consent must not be unreasonably withheld.
- (i) **(Termination):** The parties to the Implementation Agreement may terminate the Implementation Agreement if any of the Conditions are not satisfied or waived in accordance with the Implementation Agreement by the End Date, or if any of the Conditions become incapable of being satisfied or if the parties agree that any Condition cannot be satisfied or waived (as the case may be). If the Implementation Agreement is terminated, the Share Sale Agreements automatically terminate.

PHW may elect (at its sole discretion) to terminate the Implementation Agreement by giving notice in writing to Tomizone if, prior to Settlement, an event occurs which has or would be likely to have a material effect on the profitability of Tomizone or the value of Tomizone Shares or if an insolvency event occurs (or an event occurs which may or is likely to give rise to an insolvency event) in relation to Tomizone or any of its related bodies corporate.

Similarly, Tomizone has the right to elect (at its sole discretion) to terminate the Implementation Agreement by giving notice in writing to PHW if, prior to Settlement, an event occurs which has or would be likely to have a material effect on the profitability of PHW or the value of PHW Shares.

## **2.5 Proposed Board on Settlement of Acquisition**

The following existing and Proposed Directors will either remain on or join (as the case may be) the Board following Settlement:

### **(a) Mr Eric King Wai Chan**

Mr Eric King Wai Chan is currently a Director of PHW. Following Settlement, it has been agreed that Mr Chan will remain on the Board as a Non-Executive Director.

Eric has extensive experience in investment banking, equity capital markets, funds management and mergers & acquisitions across various industries including technology, financial services and resources.

Eric is a co-founder and Managing Director of Aura Capital Group, a boutique investment and advisory firm.

Eric has significant board experience in both the public and private sector, with particular experience providing strategic, corporate and governance advice to small to medium enterprises. He currently serves on a number of boards, including entities associated with Aura Capital Group and ASX-listed Bligh Resources Limited (ASX: BGH).

Eric holds a Bachelor of Laws and Bachelor of Science in Information Technology from the University of Technology, Sydney and is admitted as a solicitor of the Supreme Court of New South Wales and the High Court of Australia.

### **(b) Mr Avikashan Naidu**

Mr Avikashan (Avi) Naidu is currently a Director of PHW. Following Settlement, it has been agreed that Mr Naidu will remain on the Board as a Non-Executive Director.

Avi is a Founder and Managing Director of Aura Funds Management, a boutique wholesale fund manager, and a principal of Aura Capital Group. Prior to establishing Aura Funds Management, Avi was an investment banker with a high-profile independent corporate advisory firm and before that a solicitor in the Mergers & Acquisitions team at Mallesons Stephen Jaques (now King & Wood Mallesons).

Avi has advised on mergers & acquisitions, equity capital markets, private equity and funds management transactions, as well as providing general strategic corporate advice across a diverse number of sectors, including industrials, telecommunications media & technology, resources, financial services and agriculture, acting for both public and private companies.

Avi also has significant board experience, providing strategic, corporate and governance advice to the boards he serves on.

Avi holds a Bachelor of Commerce (Finance and Economics) from the University of Sydney, a Bachelor of Laws from the University of New South Wales and is admitted as a solicitor of the Supreme Court of NSW and the High Court of Australia.

(c) **Mr Stephen Gary Simms – Executive Director and Chief Executive Officer, BBc**

Mr Simms is currently a director of Tomizone and a Proposed Director of PWH. Following Settlement, it is proposed that Mr Simms will join the Board as an Executive Director and Chief Executive Officer.

Steve has nearly 25 years senior management and business owner experience in the Internet, Telco and Wireless sectors. He is the co-founder of Tomizone.

His professional career began as an on-air broadcaster and in the early 1990's created his first IT startup company that specialised in pay-per-call bureau services. The company became the third largest provider in New Zealand in the four years of business before being acquired by a Telco. During the life of that company, he created and programmed the first ever 0900 (pay-per-call) merchandise payment system and the first Pre-Pay mobile phone platform in New Zealand. This product became the foundation for the largest Pre-Pay mobile phone network through Freedom / Gold mobile in the 90's.

Steve became the Channel Manager at Telstra New Zealand to create the new national phone card programmes and had further roles in Telecom NZ and Vodafone NZ. In 2003, Steve started the first boutique WiFi network operator called Reach Wireless which led the thinking for public WiFi strategies using a combination of free and paid services. Upon exiting this company in 2006, Steve forged ahead to launch a new global WiFi business - Tomizone.

Outside of Tomizone, Steve is technology commentator in media on TV, Radio and Press and does a regular technology segment for TV3 / Mediaworks.

Steve's disciplines are across strategic planning, business and sales development, marketing, product and technology development, writing and public speaking.

Kauri Corporation Limited, an entity controlled by Mr Simms, is currently a Majority Vendor and a party to the Implementation Agreement and Majority Share Sale Agreement. As such Mr Simms will have an indirect interest in the Acquisition and in the Consideration Securities (and any Additional Consideration Securities) that may be issued to Kauri Corporation Limited in consideration for the Company's acquisition of its Tomizone Shares. Further information about the extent of this interest is outlined in Section 3 below.

(d) **Mr Phillip Joe – Executive Director (outgoing Tomizone Chairman), MBS (Hons), Dip Bus Admin, CA**

Mr Joe is currently a director of Tomizone and a Proposed Director of PWH. Following Settlement, it is proposed that Mr Joe will join the Board as an Executive Director.

Phillip has over 27 years of experience in consulting, venture investments and investment management and has operational experience in Australasia, Asia and the US. He is a co-founder of Tomizone.

Phillip began his career lecturing accounting, finance and information systems at Victoria and Massey Universities in New Zealand and as Visiting Fellow at the University of East Asia in Macau. After leaving academia, Phillip joined a consulting firm facilitating trade and investment with Asia and became its Managing Director. He has a passion for entrepreneurship and typically assists with the business planning, funding and management of start-ups. He is a Chartered Accountant (CA) in New Zealand.

He has also served on a public and private company boards and brings a wealth of entrepreneurial, strategic, financial, operational management and governance skills.

Jouet Limited, an entity controlled by Mr Joe, is currently a Majority Vendor and a party to the Implementation Agreement and Majority Share Sale Agreement. As such Mr Joe will have an indirect interest in the Acquisition and in the Consideration Securities (and any Additional Consideration Securities) that may be issued to Jouet Limited in consideration for the Company's acquisition of its Tomizone Shares. Further information about the extent of this interest is outlined in Section 3 below.

(e) **Mr Tarun Parbhu Kanji - Non-Executive Director and incoming Chairman, BCom, FCA, CPA, CMInstD, IOD (Australia)**

Mr Kanji is currently a consulting advisor to Tomizone and a Proposed Director of PWH. Following Settlement, it is proposed that Mr Kanji will join the Board as Chairman and a Non-Executive Director.

Tarun has nearly 25 years corporate and consulting experience spanning the US, Europe, Asia, Australia and NZ.

After completing a Commerce Degree at Auckland University he spent over 10 years with international accounting firms spanning corporate advisory, valuation, finance, litigation support, recovery and audit disciplines in NZ and Europe.

Thereafter Tarun held a number of senior executive roles over 10 years with Fosters Group. The roles covered a range of disciplines including finance (CFO), commercial management, business development, mergers & acquisitions, governance, and strategic development roles.

Currently Tarun is involved a number of internationally focused ventures which have included the commercial globalization of an evolutionary search technology software company, focused on the US and Asian markets.

A range of governance roles Tarun has include:

- Former Founding Chairman - Bank of India, New Zealand;
- Independent Director - FairWay Resolution Limited, New Zealand Crown Company;

- Independent Board member - Inland Revenue NZ - Portfolio Governance Authority; and
- Chairman - Noske Kaeser.

Tarun is a Fellow of The NZ Institute of Chartered Accountants, Certified Practising Accountant of Australia, NZ Institute of Directors, Australian Institute of Directors and NZ Asian Leaders.

Value Creation Technologies Limited (**Value Creation**), an entity controlled by Mr Kanji, is currently a Minority Vendor and a party to a Minority Share Sale Agreement. As such Mr Kanji will have an indirect interest in the Acquisition and in the Consideration Securities (and any Additional Consideration Securities) that may be issued to Value Creation in consideration for the Company's acquisition of its Tomizone Shares. Further information about the extent of the interests of Minority Vendors is outlined in Section 3 below.

(f) **Resignations**

The Company's current Chairman and Director, Mr Roger Steinepreis and Director, Mr Paul Garner, intend to resign from their current positions upon Settlement.

## **2.6 Effect on Capital Structure**

The indicative capital structure of the Company following Settlement and issues of all Securities contemplated by this Notice is set out in Schedule 1.

## **2.7 Pro Forma Statement of Financial Position**

An unaudited pro-forma statement of financial position of the Company following Settlement and issue of all Securities contemplated by this Notice is set out in Schedule 2.

## **2.8 Indicative timetable**

An indicative timetable for Settlement and subsequent re-instatement of Shares to trading on the Official List of ASX is set out in Part A of Schedule 3.

## **2.9 Advantages of the Acquisition**

The Directors are of the view that the following non-exhaustive list of advantages may be relevant to a Shareholder's decision on how to vote on the Essential Resolutions:

- the Acquisition represents an attractive investment opportunity for the Company to change its business focus to that of a Wi-Fi and Hot Spot providing company;
- with increasing use of Wi-Fi, the Company will be exposed to an industry which has potential to grow significantly; and
- the Company will be managed by directors and officers with significant experience in the Wi-Fi industry with a view to guiding the Company to be a significant player in the Wi-Fi industry.



## **2.10 Disadvantages of the Acquisition**

The Directors are of the view that the following non-exhaustive list of disadvantages may be relevant to a Shareholder's decision on how to vote on the Essential Resolutions:

- (a) the Company will be changing the nature and scale of its activities to primarily be a Wi-Fi and Hot Spot providing company, which may not be consistent with the objectives of all Shareholders;
- (b) the Acquisition of Tomizone will result in the issue of a significant number of Securities to the Vendors and further Securities are proposed to be issued pursuant to other Resolutions in this Notice, which if completed, will have a dilutionary effect on the holdings of Shareholders;
- (c) future outlays of funds from the Company may be required for the operations of Tomizone; and
- (d) there are additional risk factors associated with the change in nature of the Company's activities resulting from the Acquisition of Tomizone. Some of the key risks are summarised in Section 2.11 below.

## **2.11 Risk factors**

Shareholders should be aware there are risks associated with the Acquisition and associated transactions. Based on the information available, a non-exhaustive list of risk factors that the Company will be subject to should the Acquisition proceed is set out below.

### **2.11.1 Key risks applicable to Tomizone**

#### **(a) Re-quotation of Securities on ASX**

The Acquisition is dependent upon the satisfaction of the Conditions outlined in Section 2.4(a), which include (but are not limited to) completion of the Capital Raising, re-compliance with Chapters 1 and 2 of the ASX Listing Rules and Shareholder approval of certain resolutions at the General Meeting.

Trading in the Company's Securities will be suspended following the General Meeting and will continue to be suspended until the Company satisfies the requirements of Chapters 1 and 2 of the ASX Listing Rules. If successful, issue of the Shares under the Capital Raising and relisting is anticipated to occur in accordance with the timetable in Part A of Schedule 3.

There is a risk that Shareholder approval of the Acquisition and other resolutions will not be obtained at the General Meeting. If the Acquisition is not approved, the Company will continue to seek new opportunities and investments.

Further there is a risk that the Company may be unable to meet the requirements of ASX for re-quotation of its Shares on the ASX. Should this occur, the Shares will not be able to be traded until such time as those requirements can be met, if at all. Shareholders may be prevented from trading their Shares should the Company be suspended until such time as it does re-comply with the ASX Listing Rules.



(b) **Dilution risk**

The Company currently has 762,596,203 Shares on issue on a pre-Consolidation basis (on a post-Consolidation basis this will amount to 19,064,905 Shares). Upon Settlement, the Company proposes to issue 45,337,529 Consideration Shares, 5,519,616 Consideration Options and 30,000,000 Consideration Performance Shares to the Vendors under the terms of the Acquisition and issue additional Shares under the Capital Raising to raise a maximum of \$8,000,000 and a minimum of \$5,000,000 (each before costs).

**Undiluted basis**

Based on the post Acquisition capital structure of the Company, upon Settlement of the Acquisition (which will occur post the Consolidation) and achieving the minimum subscription of the Capital Raising of \$5,000,000 (assuming no further Shares are issued and no further Options are exercised), the existing Shareholders will retain approximately 20.72% of the undiluted issued capital of the Company, with the Vendors holding approximately 49.28% and the new investors under the Capital Raising holding approximately 27.18% of the issued capital of the Company respectively.

If the maximum subscription of \$8,000,000 is achieved under the Capital Raising, the interests of existing Shareholders and Vendors would be further diluted to approximately 17.82% and 42.37% (respectively), with new investor interests increasing to approximately 37.38%.

**Fully diluted basis**

If subsequently the Milestones relating to the conversion of Consideration Performance Shares and exercise conditions relating to Consideration Options to be issued to the Vendors are met, and all of the Consideration Performance Shares and Consideration Options convert into Shares, the interests of existing Shareholders and new investors will reduce to approximately 14.95% and 19.61% (respectively) post Acquisition, assuming completion of the minimum subscription of \$5,000,000 under the Capital Raising and not including any Additional Consideration Securities, with the interests of the Vendors increasing to approximately 63.41%.

If the maximum subscription of \$8,000,000 is achieved under the Capital Raising, the interests of existing Shareholders and Vendors would be further diluted to approximately 13.38% and 56.74% (respectively), with new investors interests increasing to approximately 28.07%.

**Additional Consideration Securities**

The above figures may change depending on whether any Additional Consideration Securities are issued, in which case, there is a risk that the holdings of existing Shareholders could be further diluted. An example of how the issue of Additional Consideration Securities could affect the capital structure of the Company is set out in Scenario 4 in the table in Section 3.5(c) below.

(c) **Liquidity Risk**

On Settlement, the Company proposes to issue the relevant number of Securities to the Vendors in consideration for the acquisition of their Tomizone Shares. The total number of Securities to be issued to Vendors could increase depending on whether any Additional Consideration Securities are to be issued (this will depend on whether certain conditions are met by Tomizone in the period up to Settlement).

These Securities will be subject to escrow restrictions in accordance with Chapter 9 of the ASX Listing Rules. Based on the post Acquisition capital structure of the Company on a post Consolidation basis, these Consideration Shares will equate to approximately 49.28% of the post Acquisition issued Share capital, assuming no further Shares are issued or further Options exercised and minimum subscription under the Capital Raising (this percentage does not include any Additional Consideration Securities which, if issued, could result in an increase to this figure). This could be considered an increased liquidity risk as a large portion of issued capital may not be able to be traded freely for a period of time.

(d) **Capital and Funding Requirements**

It is intended that the Capital Raising will provide for the Merged Group's expenses in the immediate term. However, depending on the opportunities that arise for business development, the Merged Group may require further resources to achieve its aims going forward. Beyond its regular operating expenses, additional funding may also be deemed necessary to take advantage of acquisition, promotional or other business opportunities. These funds may come in the form of further investments or loans.

While the Directors believe that the Acquisition represents an exciting and attractive investment opportunity, the Merged Group may not be able to secure funding on acceptable terms. Its ability to raise further capital and the terms on which it does so may depend on economic conditions, the performance of the Merged Group and of the broader public Wi-Fi industry at the time, and the risks associated with the intended use of the funds. If the Merged Group is unable to access these funds, or is unable to do so on acceptable terms, this could adversely affect the Merged Group's position.

Further Tomizone currently has its own debt finance arrangements in place, which will remain in effect post Acquisition until the debt is either repaid or refinanced (as the case may be). Whilst these arrangements remain in effect, there is a risk that the parties may default on their obligations under these arrangements, which may in turn necessitate legal action. This could result in significant financial loss for Tomizone.

(e) **Competition**

Tomizone's business is built around attracting, retaining and increasing the engagement levels of its customers. The Merged Group's market position and customer relationships may be affected by competitors. There is competition in the Wi-Fi industry. Although the Merged Group will undertake all reasonable due diligence in its business decisions and operations, it will have no influence or control over the activities or actions of its competitors, which activities or actions may, positively or

negatively, affect the operating and financial performance of the projects and business of the Merged Group.

The Directors and Proposed Directors believe that the Merged Group will provide an engaging and differentiated offering and that it has a competitive plan for growth. Nevertheless, there are a number of other Wi-Fi service providers that offer broadly similar services to Tomizone. There is also the potential for the size and character of that competition to change. The Merged Group will be competing against these companies for both customers and revenue. If it is unsuccessful in doing so, there will likely be a real material adverse impact on the Merged Group as a result.

## **2.11.2 Risks in respect of Tomizone's current operations**

### **(a) Operations and Management of Potential Growth**

Tomizone believes that it has attracted a highly skilled and experienced management team. However, Tomizone is a complex and dynamic business. Tomizone is working in a fast moving environment, engaged in business with multiple partners and operating in numerous geographies around the world. Navigating these issues while effectively dealing with prioritisation, timing, execution, cost control, and other business decisions is likely to provide real challenges for Tomizone's small management team.

There can be no guarantee that successful execution of Tomizone's strategy will make it profitable or commercially viable. Current product development and marketing strategies may not have the intended effect of increasing customers. Similarly, strategies to create value from customers of the application may not yield the expected revenue.

### **(b) Product Development**

Tomizone believes that it provides a meaningful and engaging offering. Moreover, in addition to its current products and services, Tomizone is planning to continue innovation on its Lightswitch Platform and associated products and market verticals. There is also the risk that delays in product development, cost overruns or difficulties in delivering new features will negatively impact the Company and its business.

### **(c) Maintenance of Reputation and Brand**

Tomizone is seeking to be a major Wi-Fi services provider. Usage and engagement with the Tomizone products and services have the potential to be significantly affected by popular consumer sentiment. As such, Tomizone's exposure to public relations issues and threats to its reputation and brand name may be greater than for other businesses.

### **(d) Ability to Attract and Retain Skilled Personnel**

Tomizone's success depends, to a large extent, on its ability to attract and retain appropriately skilled personnel. Tomizone is currently operated and managed by a small group of select team members. The departure, either temporary or permanent, of those key staff, or any delay in their replacement, could adversely affect Tomizone's performance. Similarly, as a company seeking to grow and expand, Tomizone's success in securing new talent will be critical going forward

and may be constrained for a number of reasons. The attraction and retention of key staff is determined by a broad range of internal and external factors, some more or less within Tomizone's control, including, but not limited to, issues concerning: personal or health issues, company performance, public relations and branding, logistics and timing, the availability of IT staff in the market and macro-economic factors.

Additionally, Tomizone relies on offshore team members. In the event that offshore employees cease to continue working with Tomizone, this could cause significant disruption to the operations of the business and would require Tomizone to find alternative employees. Finding alternative employees may take time as would recruiting and training them on the product and getting them to a professional level where they could assist in running the operations of the Tomizone business and help to execute the Tomizone business plan. This would have a significant impact on the costs of running the Tomizone business and would likely delay Tomizone from achieving its objectives and business plan.

(e) **Insurance**

While Tomizone has sought to be insured in a way that is in keeping with industry practices, there is the risk of an event occurring that is not fully covered by insurance. This may cause significant financial and material loss to Tomizone. Furthermore, there is the risk that Tomizone's insurer fails to respect a legitimate claim made by Tomizone.

(f) **Acquisitions and Partnerships**

Tomizone may consider potential acquisitions and opportunities to enter into new partnerships that are consistent with its stated growth strategy. The successful implementation of acquisitions will depend on a range of factors including funding arrangements and technical integration. Tomizone may also enter into partnerships in the future.

Subject to the relevant partnerships, Tomizone cannot control the actions of joint venture partners and therefore cannot guarantee that partnerships will be operated or managed in accordance with Tomizone's preferred direction, strategy or risk management parameters. To the extent that acquisitions or partnership arrangements are not successfully integrated with Tomizone's existing business lines, the growth and financial performance of Tomizone could be affected and, despite the terms of the relevant agreements, it may be impractical to enforce all of Tomizone's rights (particularly if the partnerships operate overseas).

(g) **Reliance on Core Information Technology, Other Systems and Security**

Tomizone's ability to provide reliable services largely depends on the efficient and uninterrupted operation of its core technologies, which include software systems, its website and hardware configurations. Tomizone's information technology environment is a complex one. It is also dependent on reliable telecommunication and information technology provision by third parties.

Tomizone's core technologies and other systems operations could be exposed to damage or interruption from system failures, computer viruses, cyber attacks, hacking, power or telecommunication provider

failures, fire, natural disasters, terrorist acts, war, human error or court ordered injunction in the event of an alleged breach of third party intellectual property rights. Events of that nature may cause one or more of those core technologies to become unavailable due to the high level of integration between the disparate software systems that make up Tomizone's information technology environment.

If Tomizone was to experience a significant security breach or systematic failure, then it is likely that its ability to deliver services to its customers could be delayed or interrupted. This in turn may impact its ability to attract and retain customers, generate new business and protect its brand.

(h) **Intellectual Property Rights**

While Tomizone has systems and procedures in place to protect its content and information, unauthorized use of its intellectual property could have a negative impact on its operations and brand.

Tomizone also operates in a market where claims of infringement of intellectual property are common. There is a risk of third parties making claims of infringement of intellectual property against Tomizone. This could result in significant legal costs and negatively impact operations.

(i) **International Expansion**

Tomizone's products and services are used in various countries. It may therefore likely be subject to multiple overseas jurisdictions. In each different jurisdiction there may be increased compliance and operating costs. If and when it becomes necessary to have a local presence in overseas markets there will be increased overheads as well as development and marketing costs. There is no guarantee such expansions will be successful and increased costs may adversely impact the profitability and working capital of Tomizone.

(j) **Contracts**

Tomizone may enter into agreements with counterparties. In such cases, there is the risk that counterparties may default on their obligations, which may in turn necessitate legal action. This could result in significant financial loss for Tomizone. In some cases, the contracts that Tomizone has entered into are governed in jurisdictions outside Australia. It may be more difficult to resolve disputes in such jurisdictions than it would be under Australian law. As such, Tomizone cannot ensure that an appropriate legal resolution will be achieved.

### **2.11.3 General Risks Relating to Merged Group**

(a) **Reliance on Key Management**

The responsibility of overseeing the day-to-day operations and the strategic management of the Merged Group depends substantially on its senior management and directors. There can be no assurance that there will be no detrimental impact on the performance of the Merged Group or its growth potential if one or more of these employees cease their employment and suitable replacements are not identified and engaged in a timely manner. The Merged Group has "key person" insurance for any member of its management.

(b) **Economic Risks**

General economic conditions, movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Merged Group's activities, as well as on its ability to fund those activities.

Further, share market conditions may affect the value of the Company's securities regardless of the Company's operating performance. Share market conditions are affected by many factors such as:

- (i) general economic outlook;
- (ii) interest rates and inflation rates;
- (iii) currency fluctuations;
- (iv) changes in investor sentiment toward particular market sectors;
- (v) the demand for, and supply of, capital; and
- (vi) terrorism or other hostilities.

(c) **Liquidity**

If and when the Merged Group's Shares are made open for trading, the market may not be liquid. Prior to the Capital Raising, there will have been no public market in Tomizone Shares. Once the Merged Group's Shares are quoted on the ASX, there can be no guarantee that an active trading market for the Shares will develop or that the price of the Shares will increase. There may be relatively few buyers or sellers of the Shares on ASX at any time. This may increase the volatility of the market price of the Shares. It may also affect the prevailing market price at which Shareholders are able to sell their Shares. This may result in Shareholders receiving a market price for their Shares that is less than the price the Shareholders paid.

(d) **Shareholder Dilution**

In the future, the Merged Group may elect to issue Shares or engage in fundraisings and also to fund, or raise proceeds, for acquisitions or other business opportunities. While the Merged Group will be subject to the constraints of the ASX Listing Rules regarding the percentage of capital that it is able to issue within a 12 month period (other than where exceptions apply), Shareholders may be diluted as a result of such Share issues and fundraisings.

(e) **Legal Environment and Sovereign Risk**

Tomizone currently conducts its primary operations in Australia, New Zealand, India and Fiji, with secondary operations in over 80 other countries. The company has intentions to develop its business in Asia, USA, Middle East and Europe.

While Australia and New Zealand are stable and developed legal environments, there are still a range of sovereign risks that may adversely affect the performance of the Merged Group. These include, but are not limited to: changes to privacy, taxation, accounting, employment, licensing, exchange control or other legislation.



Particularly, over recent years, there has been an increased regulatory and public focus on the use of private information, especially how private information is collected and used for commercial purposes. Any further changes to laws and regulations governing the use of this information could result in an adverse impact on the markets in which Tomizone operates and in its business, including its forecast revenues, profit margins, and compliance costs.

As noted above, Tomizone's products and services are also used in numerous other countries and will be subject to the local laws and regulations where they apply. Some of the countries in which Tomizone's products and services are used represent emerging markets and/or less stable legal environments. This may involve risks related to the regularity, speed, transparency and expectations surrounding Government action, ease of gaining fair representation in court and clarity and consistency of the legal framework.

Working in changing, complex and multiple regulatory environments involves a set of risks. These include the risk that the Merged Group may fail to comply with laws or regulations or those laws or regulations may have unintended consequences or are open to interpretations that increase the risk of non-compliance. In addition, there is a risk that the Merged Group may fail to implement procedures within the statutory timeframes to ensure that it can provide services that comply with the introduction of these new laws and regulations.

Any substantial failure by the Merged Group to comply with applicable laws and regulations could result in cessation of part or all of its operations, restriction on its ability to carry out operations, fines, penalties or other liabilities to customers, suppliers or third parties. Compliance failure could also damage the Merged Group's reputation and reduce the attractiveness of its products and services.

(f) **Australian Accounting Standards**

Australian Accounting Standards are set by the Australian Accounting Standards Board (**AASB**) and are outside the control of either the Company or its directors. The AASB is due to introduce new or refined Australian Accounting Standards during the period from 2014 to 2018, which may affect the future measurement and recognition of key income statements and balance sheet items, including revenue and receivables.

There is also a risk that interpretations of existing Australian Accounting Standards, including those in relation to the measurement and recognition of key income statement and balance sheet items, including revenue and receivables, may differ. Changes to Australian Accounting Standards issued by the AASB or changes to the commonly held views on the application of those standards could materially adversely affect the financial performance and position reported in the Merged Group's consolidated financial statements over the coming years.

(g) **Force Majeure**

The Merged Group and its projects, now or in the future may be adversely affected by risks outside the control of the Merged Group



including labour unrest, civil disorder, war, subversive activities or sabotage, extreme weather conditions, fires, floods, explosions or other catastrophes, epidemics or quarantine restrictions.

## 2.12 What if the Acquisition does not proceed?

If the Conditions to the Acquisition are not satisfied or waived before the End Date, including if the Essential Resolutions are not passed, the Acquisition of Tomizone will not proceed, and the Company will apply to the ASX to have its suspension lifted and quotation of its securities reinstated as soon as possible.

If the Acquisition does not proceed, the Company will continue in its current form. The Company will also continue to investigate new opportunities, both in Australia and overseas, which have the potential to deliver strong future growth to Shareholders.

## 2.13 Conditionality of Resolutions

Each of the Resolutions in this Notice of Meeting (other than the Non-Essential Resolutions) is conditional upon the approval by Shareholders of each of the Essential Resolutions. Should any of the Essential Resolutions not be approved, the Company will not proceed with any of the transactions contemplated by the Essential Resolutions contained in this Notice (other than as contemplated in the Non-Essential Resolutions), including the Acquisition.

## 2.14 Director and Proposed Director interests in the Acquisition

None of the Company's existing Directors have any interest in the Acquisition other than the potential dilution of their current shareholdings (set out in the table below) upon the issue of Consideration Shares and Additional Consideration Shares (if any) to the Vendors. Details of the Company's existing Directors' interests in Securities are set out below:

Director	Shares	Options
Roger Steinepreis	44,746,154	24,465,470 <sup>(1)</sup>
Paul Garner	30,806,771	1,005,128 <sup>(2)</sup>
Avikashan Naidu	27,692,307	34,930,769 <sup>(3)</sup>
Eric King Wai Chan	33,251,924	65,928,207 <sup>(4)</sup>

### Notes:

- (1) Comprising 7,817,713 Options exercisable at \$0.01 each on or before 31 December 2015 and 16,647,757 Options exercisable at \$0.01 each on or before 30 September 2018.
- (2) Exercisable at \$0.01 each on or before 30 September 2018.
- (3) Comprising 9,230,769 Options exercisable at \$0.01 each on or before 30 September 2018, 5,000,000 class A incentive Options, 5,000,000 class B incentive Options, 5,000,000 class C incentive Options and 10,700,000 Options exercisable at \$0.01 each on or before 31 December 2015.
- (4) Comprising 10,358,973 Options exercisable at \$0.01 each on or before 30 September 2018, 10,000,000 class A incentive Options, 10,000,000 class B incentive Options, 10,000,000 class C incentive Options and 25,569,234 Options exercisable at \$0.01 each on or before 31 December 2015.

Mr Stephen Gary Simms, Mr Phillip Joe and Mr Tarun Parbhu Kanji, each a Proposed Director, have an interest in Tomizone Shares. In particular, the Majority Vendors (who currently hold 65.89% of Tomizone Shares) are entities controlled by Mr Simms and Mr Joe. The Tomizone Shares in which Mr Kanji has an interest are held by a Minority Vendor entity (Value Creation Technologies Limited), which is an entity controlled by Mr Kanji. Further details of these interests are set out in Section 3 below.

## **2.15 Directors' recommendation**

No Director currently has any interest in Tomizone Shares. The Directors recommend that Shareholders vote in favour of each of the Resolutions (including the Essential Resolutions) and consider the Acquisition to be beneficial to Shareholders because of the advantages set out in Section 2.9.

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## **3. RESOLUTION 1 – CHANGE THE NATURE AND SCALE OF ACTIVITIES**

### **3.1 General**

As outlined in Section 1 of this Explanatory Statement, the Company has entered into the Share Sale Agreements with the Vendors and Tomizone to acquire 100% of the issued share capital of Tomizone. A detailed description of the proposed acquisition of Tomizone is outlined in Section 2.2 above.

Given the Acquisition will result in a change in the nature and scale of the Company's activities from winemaking, vineyard management and wine marketing company to become a global company that currently operate a cloud based SaaS (Software as a Service) platform that manages authentication, data analytics and media distribution for Wi-Fi networks.

Resolution 1 seeks Shareholder approval of the Acquisition pursuant to ASX Listing Rule 11.1.

Resolution 1 also seeks Shareholder approval pursuant to section 611 (Item 7) of the Corporations Act for:

#### **(a) Consideration Securities**

The issue of up to:

- (i) 45,337,529 Consideration Shares;
- (ii) 30,000,000 Consideration Performance Shares, comprising:
  - (A) 15,000,000 Class A Performance Shares; and
  - (B) 15,000,000 Class B Performance Shares; and
- (iii) 5,519,616 Consideration Options, comprising:
  - (A) 2,163,462 Class A Consideration Options; and
  - (B) 3,356,154 Class B Consideration Options,

to the Vendors, and for the Vendors to collectively acquire a deemed relevant interest and voting power in the Company of up to approximately 63.41% on a fully diluted basis (which percentage

includes the conversion of the above Performance Shares and the exercise of the above Consideration Options).

(b) **Additional Consideration – Relevant Balance**

The issue of up to a further:

- (i) 271,237 Additional Consideration Shares;
- (ii) 89,739 Class A Performance Shares; and
- (iii) 89,739 Class B Performance Shares,

to the Vendors if, on the Settlement Date the Relevant Balance has decreased by more than NZ\$100,000 (other than a decrease as a result of the issue of the Tomizone Convertible Note or the Tomizone Capital Raising), and for the Vendors to collectively acquire an additional deemed relevant interest and voting power in the Company as a result of the Additional Consideration Securities that may be issued.

To the extent any acceptable decrease to the Relevant Balance is less than an increment of NZ\$100,000, the Additional Consideration Securities will be issued in a number proportionate to the amount decreased.

Because the Settlement Date will occur after the date of the Meeting and after the date this Notice is despatched, it is not currently known at this point in time exactly how much of the Relevant Balance will have been repaid by the Settlement Date. Therefore the Directors are unable to determine how many Additional Consideration Securities may be issued to Tomizone resulting from the repayment of the Relevant Balance from the agreed sources.

However, the Company has provided, for illustrative purposes, an example of how the Additional Consideration for repayment of the Relevant Balance may operate in certain situations (refer to Scenario 4 in Section 3.5(c)).

(c) **Additional Consideration – Tomizone Capital Raising**

The issue of up to a further:

- (i) 271,237 Additional Consideration Shares;
- (ii) 89,739 Class A Performance Shares; and
- (iii) 89,739 Class B Performance Shares,

to the Vendors, if Tomizone completes the Tomizone Capital Raising, for every NZ\$100,000 raised pursuant to the Tomizone Capital Raising, and for the Vendors to collectively acquire an additional deemed relevant interest and voting power in the Company as a result of the Additional Consideration Securities that may be issued.

To the extent any amount raised pursuant to the Tomizone Capital Raising is less than an increment of NZ\$100,000, the Additional Consideration Securities will be issued in a number proportionate to the amount decreased.

Because the Settlement Date will occur after the date of the Meeting and after the date this Notice is despatched, it is not currently known exactly how much will be raised pursuant to the Tomizone Capital Raising. Therefore the Directors are unable to determine at this point in time exactly how many Additional Consideration Securities may be issued to Tomizone as a result of the Tomizone Capital Raising.

The Directors estimate, from their discussions with directors of Tomizone, that up to approximately NZ\$1,500,000 could potentially be raised by Tomizone under the Tomizone Capital Raising. However, this is an estimate only which has been based on information known to the Directors as at the date of this Notice. The Company has provided, for illustrative purposes only, an example of how the Additional Consideration for the Tomizone Capital Raising may operate if this amount is raised under the Tomizone Capital Raising (refer to Scenario 4 in Section 3.5(c)).

**Resolution 1 is conditional on Shareholders approving each of the Essential Resolutions.**

### **3.2 ASX Listing Rule 11.1**

ASX Listing Rule 11.1 provides that where an entity proposes to make a significant change, either directly or indirectly, to the nature and scale of its activities, it must provide full details to ASX as soon as practicable and comply with the following:

- (a) provide to ASX information regarding the change and its effect on future potential earnings, and any information that ASX asks for;
- (b) if ASX requires, obtain the approval of holders of its shares and any requirements of ASX in relation to the notice of meeting; and
- (c) if ASX requires, meet the requirements of Chapters 1 and 2 of the ASX Listing Rules as if the company were applying for admission to the official list of ASX.

ASX has indicated to the Company that, given the significant change in the nature and scale of the activities of the Company upon Settlement, it requires the Company to:

- (a) obtain the approval of its Shareholders for the proposed change to the nature and scale of its activities; and
- (b) re-comply with the admission requirements set out in Chapters 1 and 2 of the ASX Listing Rules.

For this reason, the Company is seeking Shareholder approval for the Company to change the nature and scale of its activities under ASX Listing Rule 11.1.2 and pursuant to ASX Listing Rule 11.1.3 in order to re-comply with Chapters 1 and 2 of the ASX Listing Rules.

Details of Tomizone's assets and the proposed changes to the structure and operations of the Company are set out throughout this Explanatory Statement.

### 3.3 ASX Listing Rule 7.2

ASX Listing Rule 7.2 (Exception 16) provides an exception to Listing Rule 7.1 whereby if Shareholder approval is obtained under Item 7 of Section 611 of the Corporations Act (that is, approval for the issue of the Consideration Securities to the Vendors), then separate shareholder approval under Listing Rule 7.1 is not required.

Accordingly, if Shareholders approve Resolution 1, the Company will retain the flexibility to issue equity securities in the future up to the 15% annual placement capacity set out in ASX Listing Rule 7.1 and the additional 10% annual capacity set out in ASX Listing Rule 7.1A without the requirement to obtain prior Shareholder approval. The Company's current approval under ASX Listing Rule 7.1A will expire upon Shareholders approving the Acquisitions under ASX Listing Rule 11.1.2. The Company will not be able to obtain Shareholder approval for an additional 10% under ASX Listing Rule 7.1A until the Company's next annual general meeting.

### 3.4 ASX Listing Rule 10.11 and Chapter 2E of the Corporations Act

Messrs Stephen Gary Simms, Phillip Joe and Tarun Parbhu Kanji are related parties of the Company by virtue of being Proposed Directors of the Company. Under ASX Listing Rule 10.11 and Chapter 2E of the Corporations Act an entity is required to obtain Shareholder approval (under the relevant regulations) if it issues or agrees to issue securities to a related party, or if it gives a financial benefit to the related party.

The issue of the Consideration Securities and any Additional Consideration Securities to entities associated with Messrs Stephen Gary Simms, Phillip Joe and Tarun Parbhu Kanji pursuant to the Acquisition Agreements constitutes the issuing of equity securities, and the giving of a financial benefit.

Due to exception 6 of ASX Listing Rule 10.11, Shareholder approval is not required because Messrs Stephen Gary Simms, Phillip Joe and Tarun Parbhu Kanji are only related parties by virtue of the Acquisition, which is the reason for the issue of the Consideration Securities and any Additional Consideration Securities. Furthermore, the current Directors (who do not have a material personal interest in the Resolution) consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required because the Acquisition was negotiated on arm's length terms.

### 3.5 Item 7 of Section 611 of the Corporations Act

#### (a) Section 606 of the Corporations Act – Statutory Prohibition

Pursuant to Section 606(1) of the Corporations Act, a person must not acquire a relevant interest in issued voting shares in a listed company if the person acquiring the interest does so through a transaction in relation to securities entered into by or on behalf of the person and because of the transaction, that person's or someone else's voting power in the company increases:

- (i) from 20% or below to more than 20%; or
- (ii) from a starting point that is above 20% and below 90%,

**(Prohibition).**

(b) **Voting Power**

The voting power of a person in a body corporate is determined in accordance with Section 610 of the Corporations Act. The calculation of a person's voting power in a company involves determining the voting shares in the company in which the person and the person's associates have a relevant interest.

(c) **Tomizone Vendors' entitlements in the Company**

The Vendors do not currently hold any Securities in the Company. Following Settlement of the Acquisition and based on information that is up to date as at the date of this Notice, each Vendors' respective holding in Securities and resulting voting power in the Company (together with their associates) in several different scenarios could be as follows:

	\$5m capital raising - Post Consolidation						\$8m capital raising - Post Consolidation				
	Percentage holdings						Percentage holdings				
	Total Issued	Jouet (Phillip Joe)	Kauri (Steve Simms)	Minority Vendors	Total Vendors		Total Issued	Jouet (Phillip Joe)	Kauri (Steve Simms)	Minority Vendors	Total Vendors
On issue pre Proposed Transaction	19,064,905						19,064,905				
Conversion of convertible Notes (resolutions 3 & 4)	2,593,750						2,593,750				
Capital Raising	25,000,000						40,000,000				
<b>Scenario One - Voting Power (%)</b>		<b>17.03%</b>	<b>15.39%</b>	<b>16.86%</b>	<b>49.28%</b>			<b>14.64%</b>	<b>13.24%</b>	<b>14.50%</b>	<b>42.37%</b>
Consideration Shares issued	45,337,529	15,664,026	14,162,239	15,511,264	45,337,529		45,337,529	15,664,026	14,162,239	15,511,264	45,337,529
No exercise of Consideration Options											
No conversion of Performance Shares											
No Additional Securities											
Total	91,996,184	15,664,026	14,162,239	15,511,264	45,337,529		106,996,184	15,664,026	14,162,239	15,511,264	45,337,529
<b>Scenario Two - Voting Power (%)</b>		<b>18.02%</b>	<b>16.29%</b>	<b>17.84%</b>	<b>52.15%</b>			<b>15.62%</b>	<b>14.12%</b>	<b>15.46%</b>	<b>45.20%</b>
Consideration Shares issued	45,337,529	15,664,026	14,162,239	15,511,264	45,337,529		45,337,529	15,664,026	14,162,239	15,511,264	45,337,529
Exercise of Consideration Options	5,519,615	1,907,016	1,724,181	1,888,418	5,519,615		5,519,615	1,907,016	1,724,181	1,888,418	5,519,615
No conversion of Performance Shares											
No Additional Securities											
Total	97,515,799	17,571,042	15,886,420	17,399,682	50,857,144		112,515,799	17,571,042	15,886,420	17,399,682	50,857,144
<b>Scenario Three - Voting Power (%)</b>		<b>21.91%</b>	<b>19.81%</b>	<b>21.69%</b>	<b>63.41%</b>			<b>19.60%</b>	<b>17.72%</b>	<b>19.41%</b>	<b>56.74%</b>
Consideration Shares issued	45,337,529	15,664,026	14,162,239	15,511,264	45,337,529		45,337,529	15,664,026	14,162,239	15,511,264	45,337,529
Exercise of Consideration Options	5,519,615	1,907,016	1,724,181	1,888,418	5,519,615		5,519,615	1,907,016	1,724,181	1,888,418	5,519,615
Conversion of Performance Shares	30,000,000	10,364,940	9,371,203	10,263,857	30,000,000		30,000,000	10,364,940	9,371,203	10,263,857	30,000,000
No Additional Securities											
Total	127,515,799	27,935,982	25,257,623	27,663,539	80,857,144		142,515,799	27,935,982	25,257,623	27,663,539	80,857,144
<b>Scenario Four - Voting Power (%)</b>		<b>22.54%</b>	<b>20.38%</b>	<b>22.32%</b>	<b>65.25%</b>			<b>20.28%</b>	<b>18.33%</b>	<b>20.08%</b>	<b>58.70%</b>
Consideration Shares issued	45,337,529	15,664,026	14,162,239	15,511,264	45,337,529		45,337,529	15,664,026	14,162,239	15,511,264	45,337,529
Exercise of Consideration Options	5,519,615	1,907,016	1,724,181	1,888,418	5,519,615		5,519,615	1,907,016	1,724,181	1,888,418	5,519,615
Conversion of Performance Shares	30,000,000	10,364,940	9,371,203	10,263,857	30,000,000		30,000,000	10,364,940	9,371,203	10,263,857	30,000,000
Conversion of Additional Consideration Securities	6,760,725	2,335,817	2,111,871	2,313,037	6,760,725		6,760,725	2,335,817	2,111,871	2,313,037	6,760,725
Total	134,276,524	30,271,799	27,369,494	29,976,576	87,617,869		149,276,524	30,271,799	27,369,494	29,976,576	87,617,869



### Assumptions for above table:

The above table assumes the following:

- (i) Tomizone raises a total of NZ\$1,500,000 pursuant to the Tomizone Capital Raising (other than a decrease as a result of the issue of the Tomizone Convertible Note or the Tomizone Capital Raising). This would mean the Shares and Performance Shares to be issued to Vendors in their Relevant Proportion at Settlement would be increased by an additional 4,068,555 Shares, 1,346,085 Class A Performance Shares and 1,346,085 Class B Performance Shares.
- (ii) The approval and completion of the proposed Consolidation of PHW Securities at a consolidation ratio of 40:1 (Resolution 4).
- (iii) Resolution 3 is approved and the 415,000 Convertible Notes issued under the Pre-Consolidation Capital Raising convert, upon Settlement, into a total of 2,593,750 Shares (issued at a post-Consolidation price of \$0.16 per Share).
- (iv) The exercise of all Consideration Options and conversion of all Consideration Performance Shares upon satisfaction of the relevant Milestones and exercise conditions.
- (v) No additional Shares are issued and no existing Options are exercised (other than Consideration Options).

#### (d) **Associates**

For the purposes of determining voting power under the Corporations Act, a person (**second person**) is an "associate" of the other person (**first person**) if:

- (i) (pursuant to Section 12(2) of the Corporations Act) the first person is a body corporate and the second person is:
  - (A) a body corporate the first person controls;
  - (B) a body corporate that controls the first person; or
  - (C) a body corporate that is controlled by an entity that controls the person;
- (ii) the second person has entered or proposes to enter into a relevant agreement with the first person for the purpose of controlling or influencing the composition of the company's board or the conduct of the company's affairs; or
- (iii) the second person is a person with whom the first person is acting or proposes to act, in concert in relation to the company's affairs.

Associates are, therefore, determined as a matter of fact. For example where a person controls or influences the board or the conduct of a company's business affairs, or acts in concert with a person in relation to the entity's business affairs.

(e) **Relevant Interests**

Section 608(1) of the Corporations Act provides that a person has a relevant interest in securities if they:

- (i) are the holder of the securities;
- (ii) have the power to exercise, or control the exercise of, a right to vote attached to the securities; or
- (iii) have power to dispose of, or control the exercise of a power to dispose of, the securities.

It does not matter how remote the relevant interest is or how it arises. If two or more people can jointly exercise one of these powers, each of them is taken to have that power.

In addition, Section 608(3) of the Corporations Act provides that a person has a relevant interest in securities that any of the following has:

- (i) a body corporate in which the person's voting power is above 20%;
- (ii) a body corporate that the person controls.

No associates of any of the Vendors currently have or will have a relevant interest in the Company.

(f) **Control**

The Corporations Act defines "control" and "relevant agreement" very broadly as follows:

- (i) Under section 50AA of the Corporations Act control means the capacity to determine the outcome of decisions about the financial and operating policies of the Company.
- (ii) Under section 9 of the Corporations Act, a relevant agreement includes an agreement, arrangement or understanding whether written or oral, formal or informal and whether or not having legal or equitable force.

(g) **Agreements and options in relation to shares**

Section 608(8) of the Corporations Act states that if at a particular time all the following conditions are satisfied:

- (i) a person has a relevant interest in issued securities;
- (ii) the person (whether before or after acquiring the relevant interest);
  - (A) has entered or enters into an agreement with another person with respect to the securities; or
  - (B) has given or gives another person an enforceable right, or has been or is given an enforceable right by another person, in relation to the securities (whether the right is

enforceable presently or in the future and whether or not on the fulfilment of a condition); or

(C) has granted or grants an option to, or has been or is granted an option by, another person with respect to the securities;

(iii) the other person would have a relevant interest in the securities if the agreement were performed, the right enforced or the option exercised,

the other person is taken to already have a relevant interest in the securities.

(h) **Effect of section 608(8) on the Acquisition**

The effect of section 608(8) on the Acquisition is that each Vendor will be deemed to have acquired a relevant interest in each other's Shares. That is, the Vendors are deemed associates of each other for the purposes of the Acquisition only.

### **3.6 Reason Section 611 Approval is Required**

Item 7 of Section 611 of the Corporations Act provides an exception to the Prohibition, whereby a person may acquire a relevant interest in a company's voting shares with shareholder approval.

Following the issue of the Consideration Securities, the Vendors will have a relevant interest and voting power in 45,337,529 Shares (post Consolidation) in the Company, representing 49.28% voting power in the Company. These figures are based on a total of 91,996,184 Shares (after raising the minimum subscription under the Capital Raising of \$5,000,000) being on issue on Settlement and are calculated on the assumption that no other Shares are issued or other Options are exercised other than as contemplated by this Notice.

Following the issue of the Consideration Options and Consideration Performance Shares, the Vendors will be entitled to exercise their Consideration Options and Consideration Performance Shares upon achievement of the relevant Milestones and exercise conditions (set out in Schedules 4 and 5).

If this occurs the Vendors will be entitled to additional Shares which means the Vendors could be issued up to 35,519,616 additional Shares (post Consolidation). This would increase the Vendors' voting power from 49.28% to up to 63.41% (on a fully diluted basis). This also assumes that no other Shares are issued or other Options are exercised other than as contemplated by this Notice.

Further, upon Settlement, in addition to the Consideration Securities, the Company may also be required to issue the Additional Consideration Securities to the Vendors in their Relevant Proportion (upon the satisfaction of the conditions outlined in Section 3.1(b) and 3.1(c) (**Additional Consideration Conditions**)).

As seen from the working example provided in Scenario 4 in Section 3.5(c), the issue of Additional Consideration Securities has the potential to increase the number of Securities (in accordance with the Additional Consideration Conditions and by the amounts outlined in Section 3.1(b) and 3.1(c)) in which Vendors may acquire a relevant interest and, consequently, this would increase the voting power of the Vendors (on both an undiluted and fully diluted basis).

Accordingly, Resolution 1 seeks Shareholder approval for the purpose of section 611 Item 7 of the Corporations Act and all other purposes to enable:

- (a) the Company to issue the Consideration Securities to the Vendors and the Vendors to acquire a relevant interest and voting power in those Securities;
- (b) the Company to issue the Additional Consideration Securities to the Vendors (upon Tomizone meeting the Additional Consideration Conditions) and the Vendors to acquire a relevant interest and voting power in those Securities;
- (c) the Vendors to exercise the Consideration Options and any Additional Consideration Options and acquire a relevant interest and voting power in the Shares issued as a result of the exercise of those Consideration Options or Additional Consideration Options; and
- (d) the Consideration Performance Shares and any Additional Consideration Performance Shares to be converted into Shares upon the achievement of the relevant Milestone and for the Vendors to acquire a relevant interest and voting power in the Shares issued as a result of the conversion of those Consideration Performance Shares or Additional Consideration Performance Shares.

### **3.7 Specific Information required by Section 611 Item 7 of the Corporations Act and ASIC Regulatory Guide 74**

The following information is required to be provided to Shareholders under the Corporations Act and ASIC Regulatory Guide 74 in respect of obtaining approval for Item 7 of Section 611 of the Corporations Act. Shareholders are also referred to the Independent Expert's Report prepared by HLB Mann Judd Corporate (NSW) Pty Ltd annexed to this Explanatory Statement.

#### **(a) Identity of the Acquirer and its Associates**

It is proposed that the Vendors will be issued the Consideration Securities and Additional Consideration Securities in accordance with the terms of the Acquisition Agreements as set out in Section 2.4(c) to 2.4(e) of this Explanatory Memorandum.

#### **(b) Relevant Interest and Voting Power - Consideration Securities**

##### **(i) Relevant Interest**

As noted above, as at the date of this Notice none of the Vendors currently hold Securities.

The relevant interests of the Vendors in voting Shares following the issue of (and exercise/conversion of) the Consideration Securities and Additional Consideration Securities to the Vendors and the completion of the Capital Raising as contemplated by the Acquisition Agreements are set out in the table in Section 3.5(c) above.

**Whilst an example has been provided, the Directors are currently unable to determine the amount (if any) of Additional Consideration Securities that may become payable to the Vendors, given a determination as to the satisfaction of**

**Additional Consideration Conditions will occur after the date of this Notice and the Meeting it convenes.**

The Majority Vendors will be considered to be associates and have a relevant interest in the others' Consideration Securities given that the Acquisition Agreements contain clauses relating to the composition of PHW's Board.

(ii) **Voting Power**

The voting power of the Vendors following the issue and exercise/conversion of the Consideration Securities and Additional Consideration Securities to the Vendors as contemplated by the Acquisition Agreements is set out in the table in Section 3.5(c) above.

**As noted above, it is not possible to determine the total number (if any) of Additional Consideration Securities that may be issued as at the date of this Notice.**

Further details on the voting power of the Vendors are set out in the Independent Expert's Report.

(c) **Summary of increases**

From the table in Section 3.5(c), it can be seen that the maximum relevant interest and voting power that the Vendors may hold after completion of the issue of Consideration Securities (and after the exercise of all Consideration Options and the conversion of all Consideration Performance Shares) is 80,857,145 Shares, and the maximum voting power that the Vendors may hold is 63.41% (on a fully diluted basis and based on the assumptions contained in paragraph (d) below. This represents a maximum increase in voting power of 63.41% (because as at the date of this Notice and prior to the proposed Acquisition the Vendors do not and will not hold a relevant interest in the Company).

From the example of Additional Consideration Securities that could be issued to Vendors, based on a NZ\$1,500,000 raise under the Tomizone Capital Raising, the relevant interest that the Vendors could hold after completion of the issue of Additional Consideration Securities (and after the exercise of all Consideration Options and the conversion of all Consideration Performance Shares) is 87,617,870 Shares, and the voting power that the Vendors would hold in such circumstances is 65.25% (on a fully diluted basis and based on the assumptions contained in paragraph (d) below. This would represent a maximum increase in voting power of 65.25% (because as at the date of this Notice and prior to the proposed Acquisition the Vendors do not and will not hold a relevant interest in the Company).

**As noted above, it is not possible to determine the total number (if any) of Additional Consideration Securities that may be issued at this stage.**

(d) **Assumptions**

Note that the following assumptions have been made in calculating the relevant interests and voting power of Vendors:

- (i) Settlement occurs;
- (ii) the Company has 762,596,203 Shares (pre Consolidation) on issue as at the date of this Notice of Meeting;
- (iii) that Resolution 3 is approved and the 415,000 Convertible Notes issued under the Pre-Consolidation Capital Raising convert upon Settlement into a total of 2,593,750 Shares (issued at a post-Consolidation price of \$0.16 per Share);
- (iv) the completion of the Consolidation of the Company's Securities using a consolidation ratio of 40:1, as contemplated by Resolution 4;
- (v) the completion of the minimum subscription under the Capital Raising (to raise \$5,000,000 (before costs) through the issue of 25,000,000 Shares the subject of Resolution 5). The percentage voting power will reduce to the extent that the maximum subscription of \$8,000,000 (before costs) is raised under the Capital Raising in the manner outlined in the table in Section 3.5(c) above;
- (vi) the Company does not issue any additional Shares other than upon the exercise or conversion of Consideration Securities and Additional Consideration Securities;
- (vii) no other existing Options are exercised; and
- (viii) the Vendors do not acquire any additional Shares other than upon the exercise of or conversion of Consideration Securities and Additional Consideration Securities.

(e) **Reasons for the proposed issue of securities**

The reason for the issue of the Consideration Securities and any Additional Consideration Securities to the Vendors is to provide the Vendors with consideration for PHW's acquisition of their Tomizone Shares.

(f) **Date of proposed issue of Consideration Securities and Additional Consideration Securities**

The Consideration Securities and any Additional Consideration Securities the subject of Resolution 1 will be issued at Settlement, expected to occur on a date after the Meeting to be determined by the Company and the Vendors. An indicative timetable for the Acquisition is set out in Schedule 3.

(g) **Material terms of proposed issue of Securities**

The material terms of the proposed issue of Consideration Securities and Additional Consideration Securities is set out in Section 2.4.

(h) **Vendor's Intentions**

Other than as disclosed elsewhere in this Explanatory Statement, the Company understands that the Majority Vendors upon Settlement:



- (i) intend to change the current business of the Company from wine and marketing to a global company that currently operate a cloud based SaaS (Software as a Service) platform that manages authentication, data analytics and media distribution for Wi-Fi network, as outlined in Sections 2.2 and 2.3;
- (ii) do not intend to inject further capital into the Company (other than through any funds raised into Tomizone pursuant to the Tomizone Capital Raising);
- (iii) do not intend to redeploy any fixed assets of the Company;
- (iv) do not intend to transfer any property or assets between the Company and the Vendors or any of their associates;
- (v) have no intention to change the Company's existing policies in relation to financial matters or dividends other than outlined herein; and
- (vi) intend to appoint Stephen Gary Simms and Phillip Joe as executive directors of PHW and Tarun Parbhu Kanji as a non-executive director of PHW and also intend to replace the current company secretary of PHW (Mr Jack Toby) by appointing Mr Anand Sundaraj in his place, but otherwise have no intention to alter the employment of present employees. It is intended that the new board and management appointments will take effect on and from Settlement.

These intentions are based on information concerning the Company, its business and the business environment which is known to the Vendors and the Directors at the date of this document.

These present intentions may change as new information becomes available, as circumstances change or in the light of all material information, facts and circumstances necessary to assess the operational, commercial, taxation and financial implications of those decisions at the relevant time.

(i) **Identity, associations and qualifications of Nominee Directors**

In accordance with the terms of the Implementation Agreement and Majority Share Sale Agreement, the Company will appoint Messrs Stephen Gary Simms, Phillip Joe and Tarun Parbhu Kanji to the board of the Company with effect from Settlement (**Proposed Directors**).

Further details are provided at Section 2.5.

Neither the Proposed Directors nor any of their associates currently hold or have a relevant interest in any Securities in the Company.

(j) **Interests and Recommendations of Directors**

None of the current Board members have a material personal interest in the outcome of Resolution 1.

All of the Directors are of the opinion that the Acquisition Agreements are in the best interests of Shareholders and, accordingly, the Directors unanimously recommend that Shareholders vote in favour of

Resolution 1. The Director's recommendations are based on the reasons outlined in Section 2.9 above.

The Directors are not aware of any other information other than as set out in this Notice of Meeting that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass Resolution 1.

(k) **Capital Structure**

Schedule 1 contains a table showing the Company's current capital structure and the possible capital structure on Settlement (on both a undiluted and fully diluted basis) in Part A, together with an example of what the capital structure could be based on the example of Additional Consideration Securities that could be issued if Tomizone raises \$1,500,000 under the Tomizone Capital Raising in Part B.

### 3.8 **Independent Expert's Report**

The Independent Expert's Report assesses whether the issue of the Consideration Securities and Additional Consideration Securities, and whether the issue of Shares on conversion of the Consideration Options and Consideration Performance Shares outlined in Resolution 1, is fair and reasonable to the Shareholders who are not associated with the Vendors.

The Independent Expert's Report also contains an assessment of the advantages and disadvantages of the proposed issue of the Consideration Securities and Additional Consideration Securities, and the issue of Shares on the exercise or conversion of the Options and Performance Shares the subject of Resolution 1. This assessment is designed to assist all Shareholders in reaching their voting decision.

The Independent Expert has provided the Independent Expert's Report and has formed the opinion that the proposal, as outlined in Resolution 1, **is fair and reasonable** to the Shareholders of the Company not associated with the Vendors. It is recommended that all Shareholders read the Independent Expert's Report in full.

The Independent Expert's Report is enclosed with this Notice of Meeting at Annexure 1.

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## 4. **RESOLUTION 2 – RATIFICATION OF ISSUE OF CONVERTIBLE NOTES**

### 4.1 **General**

As announced on ASX on 4 March 2015, PHW has completed a Pre-Consolidation Capital Raising of AU\$285,000 through the issue of 285,000 Convertible Notes to investors (**Pre-Consolidation Capital Raising**). A further AU\$130,000, through the issue of a further 130,000 Convertible Notes, is expected to be raised under the Pre-Consolidation Capital Raising, subject to Shareholders approving Resolution 3 (refer to Section 5 below).

Patersons Securities Limited and Bell Potter Securities Limited acted as joint lead managers to the Pre-Consolidation Capital Raising (and will also act as lead managers to the Capital Raising).

The purpose of the Pre-Consolidation Capital Raising is to raise funds to provide a convertible loan to Tomizone and for general working capital purposes.

In accordance with those objectives, on 4 March 2015, the Company entered into a converting loan agreement with Tomizone (**Tomizone Loan Agreement**) pursuant to which the Company has advanced funds of AU\$200,000 to Tomizone (**Tomizone Loan**). The Tomizone Loan was provided on the following terms and conditions:

- (a) The Tomizone Loan is repayable by the date that is 6 months from the date on which the Implementation Agreement is terminated for any reason other than the Settlement or such other period agreed by PHW (**Abandonment Date**) (Tomizone may also repay the Loan and interest early by giving one day's prior written notice in writing to PHW).
- (b) At any time after the Abandonment Date and prior to repayment of all of the Loan, PHW may elect to convert all or any part of the Tomizone Loan then outstanding (including any interest payable on the loan) into Tomizone Shares by giving notice to Tomizone. The number of Tomizone Shares to be issued in such circumstances will be calculated by dividing the amount of the Tomizone Loan outstanding by a conversion price of 2.24. For example, if AU\$50,000 was outstanding then a total of 22,321 Tomizone Shares would be issued.
- (c) The balance of the Tomizone Loan (together with interest) becomes immediately due and payable upon certain events of default occurring, including if Tomizone breaches the terms of the Tomizone Loan Agreement or the Acquisition Agreements, defaults in any payments due under the Tomizone Loan Agreement or becomes subject to an insolvency event.
- (d) Interest at a rate of 7.5% per annum, accruing from the date of drawn down, is payable on the Tomizone Loan, which rate increases to 17.5% (calculated on a daily basis) on and from the date an event of default occurs.

## 4.2 ASX Listing Rule requirements

This Resolution seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of those Convertible Notes (**Ratification**).

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

ASX Listing Rule 7.4 sets out an exception to ASX Listing Rule 7.1. It provides that where a company in general meeting ratifies the previous issue of securities made pursuant to ASX Listing Rule 7.1 (and provided that the previous issue did not breach ASX Listing Rule 7.1) those securities will be deemed to have been made with shareholder approval for the purpose of ASX Listing Rule 7.1.

By ratifying this issue, the Company will retain the flexibility to issue equity securities in the future up to the 15% annual placement capacity set out in ASX Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.

## 4.3 Technical information required by ASX Listing Rule 7.4

Pursuant to and in accordance with ASX Listing Rule 7.5, the following information is provided in relation to the Ratification:

- (a) 285,000 Convertible Notes were issued with a face value of \$1.00 each;
- (b) each Convertible Note will convert into one Share at a deemed issue price of \$0.16 per Share (on a post-Consolidation basis) if the Acquisition completes (being 80% of the issue price under the Capital Raising referred to in Resolution 5) or \$0.0025 per Share (on a pre-Consolidation basis) if the Acquisition does not complete. This means the total number of Shares to be issued upon conversion of the Convertible Notes ratified under this Resolution will differ depending on whether the Acquisition completes and could be either 1,781,250 Shares (on a post-Consolidation basis) if issued at \$0.16 each or 114,000,000 Shares (on a pre-Consolidation basis) if issued at \$0.0025 each (not including any Convertible Notes issued under Resolution 3);
- (c) the Convertible Notes were issued on the terms and conditions set out in Schedule 7;
- (d) the Shares that will be issued upon conversion of the Convertible Notes will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares on issue;
- (e) the Convertible Notes were issued to third party investors introduced by Patersons Securities Limited and Aura Capital Group. None of these subscribers are related parties of the Company; and
- (f) the funds raised from this issue were used to provide the Tomizone Loan as described above and for general working capital purposes.

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## **5. RESOLUTION 3 – APPROVAL OF ISSUE OF CONVERTIBLE NOTES**

### **5.1 General**

This Resolution seeks Shareholder approval for the issue of the remaining 130,000 Convertible Notes referred to in Section 4.1, to raise a further \$130,000 under the Pre-Consolidation Capital Raising. If this Resolution is approved a total of \$415,000 will be raised pursuant to the Pre-Consolidation Capital Raising.

A summary of ASX Listing Rule 7.1 is set out in Section 4.2 above.

The effect of this Resolution will be to allow the Company to issue the Convertible Notes pursuant to the Pre-Consolidation Capital Raising during the period of 3 months after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

### **5.2 Technical information required by ASX Listing Rule 7.1**

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to the proposed issue of the remaining Convertible Notes:

- (a) the maximum number of Convertible Notes to be issued is 130,000 Convertible Notes with a face value of \$1.00 each;
- (b) the Convertible Notes will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that issue of the Convertible Notes will occur on the same date;

- (c) each Convertible Note will convert into one Share at a deemed issue price of \$0.16 per Share (on a post-Consolidation basis) if the Acquisition completes (being 80% of the issue price under the Capital Raising referred to in Resolution 5) or \$0.0025 per Share (on a pre-Consolidation basis) if the Acquisition does not complete. This means the total number of Shares to be issued upon conversion of the Convertible Notes issued under this Resolution will differ depending on whether the Acquisition completes and could be either 812,500 Shares (on a post-Consolidation basis) if issued at \$0.16 each or 52,000,000 Shares (on a pre-Consolidation basis) if issued at \$0.0025 each;
- (d) the Shares will be issued to third party investors introduced by Patersons Securities Limited and Aura Capital Group. None of these subscribers are related parties of the Company;
- (e) the Convertible Notes were issued on the terms and conditions set out in Schedule 7;
- (f) the Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares; and
- (g) the Company intends to use the funds raised from the Pre-Consolidation Capital Raising for the purposes specified in Section 4.3(f).

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## 6. RESOLUTION 4 – CONSOLIDATION OF CAPITAL

### 6.1 Background

This Resolution seeks Shareholder approval to consolidate the number of Shares and Options on issue on a 1 for 40 basis (**Consolidation**). The Consolidation is a Condition to the Acquisition.

**The Consolidation is conditional on Shareholders passing all of the Essential Resolutions.**

The purpose of the Consolidation is to implement a more appropriate capital structure for the Company going forward and to enable the Company to comply with relevant ASX Listing Rules as part of the back-door listing when the Company seeks to obtain re-quotation of its Shares on ASX, should Shareholder approval be obtained for the Essential Resolutions.

The Directors intend to implement the Consolidation prior to Settlement of the Acquisition and prior to the proposed issues of Securities pursuant to the Essential Resolutions (if approved). The Consolidation will only occur if Shareholders approve all Essential Resolutions.

### 6.2 Legal requirements

Section 254H of the Corporations Act provides that a company may, by resolution passed in a general meeting, convert all or any of its shares into a larger or smaller number.

The ASX Listing Rules also require that the number of options a company has on issue be consolidated in the same ratio as the ordinary capital and the exercise price amended in inverse proportion to that ratio.

### 6.3 Fractional entitlements

Not all security holders will hold that number of Shares and/or Options which can be evenly divided by 40. Where a fractional entitlement occurs, the Company will round that fraction down to the nearest whole security.

### 6.4 Taxation

It is not considered that any taxation implications will exist for security holders arising from the Consolidation. However, security holders are advised to seek their own tax advice on the effect of the Consolidation and the Company, the Directors and the Proposed Directors and their advisers do not accept any responsibility for the individual taxation implications arising from the Consolidation or the other Essential Resolutions.

### 6.5 Holding statements

From the date of the Consolidation all holding statements for previously quoted Securities will cease to have any effect, except as evidence of entitlement to a certain number of Securities on a post-Consolidation basis.

After the Consolidation becomes effective, the Company will arrange for new holding statements for Securities proposed to be quoted to be issued to holders of those Securities.

It is the responsibility of each security holder to check the number of Shares and/or Options held prior to disposal.

### 6.6 Effect on capital structure

The estimated effect which the Consolidation will have on the capital structure of the Company is set out in the table in Schedule 1.

### 6.7 Indicative timetable

If this Resolution and all the other Essential Resolutions are passed, the Consolidation of capital is proposed to take effect pursuant to the indicative timetable set out in Part B of Schedule 3.

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## 7. RESOLUTION 5 – POST-CONSOLIDATION CAPITAL RAISING

### 7.1 General

As detailed in Section 1, the Company proposes under the Capital Raising to raise a minimum subscription of \$5,000,000 (before costs) through the issue of 25,000,000 Shares at an issue price of \$0.20 each, with an ability to accept over-subscriptions of up to a further 15,000,000 Shares at an issue price of \$0.20 per Share to raise up to a further \$3,000,000 (before costs) (**Capital Raising**).

Patersons Securities Limited and Bell Potter Securities Limited will be acting as joint lead managers under the Capital Raising.

This Resolution seeks Shareholder approval for the issue of up to 40,000,000 Shares, being the number of Shares proposed to be issued to applicants of the Capital Raising, at an issue price \$0.20 per Share on a maximum raise of \$8,000,000 (before costs).



**The Capital Raising offer is conditional on Shareholders passing all of the Essential Resolutions.**

Further details of the Capital Raising will be set out in a Prospectus, expected to be issued in accordance with the indicative timetable set out in Part A of Schedule 3.

A summary of ASX Listing Rule 7.1 is set out in Section 4.2 above.

The effect of this Resolution will be to allow the Company to issue up to 40,000,000 Shares pursuant to the Capital Raising during the period of 3 months after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity under ASX Listing Rule 7.1.

## **7.2 Technical information required by ASX Listing Rule 7.1**

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to the Capital Raising:

- (a) the maximum number of Shares to be issued under the Capital Raising is 40,000,000 Shares;
- (b) the Shares will be issued no later than 3 months after the date of the General Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that issue of the Shares will occur on the same date;
- (c) the issue price will be \$0.20 per Share;
- (d) the Shares are proposed to be issued to the applicants who subscribe for Shares under the Capital Raising (which will be undertaken through a Prospectus offer). None of these subscribers will be related parties of the Company, other than as set out in Section 8 in relation to the potential participation of certain Directors in the Capital Raising;
- (e) the Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares on issue; and
- (f) the Company intends to use the funds raised from the Shares issued under the Capital Raising as follows:

	<b>Minimum Amount Raised</b>		<b>Maximum Amount Raised</b>	
Funds raised	<b>\$5,000,000</b>		<b>\$8,000,000</b>	
Existing Cash Reserves*	1,105,009		1,105,009	
Pre-listing funds raised	765,000		765,000	
Total Funds	6,870,009		9,870,009	
Costs of Offer	1,390,309	20%	1,579,309	16%
Working Capital	1,479,700	22%	1,830,700	19%
Sales & Service Delivery	2,250,000	33%	3,120,000	32%
Global Infrastructure	1,450,000	21%	1,520,000	15%
Marketing	300,000	4%	320,000	3%
Term Debt Reduction		0%	1,500,000	15%
<b>Total Funds Applied</b>	<b>6,870,009</b>	<b>100%</b>	<b>9,870,009</b>	<b>100%</b>

**\* PHW balance as at 31-12-14**

The above table is an estimate only and is based on information that is current as at the date of this Notice. As with any proposed budget, it may be affected by additional information or changes in the Company's circumstances. On this basis, the above use of funds table remains subject to change by the Directors.

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## **8. RESOLUTIONS 6 AND 7 – PARTICIPATION OF DIRECTORS IN CAPITAL RAISING**

### **8.1 General**

The following related parties wish to participate in the Capital Raising:

- (a) Mr Avikashan Naidu, a Director of the Company, together with entities associated with Mr Avikashan Naidu set out below – Resolution 6; and
- (b) Mr Eric King Wai Chan, a Director of the Company, together with entities associated with Mr Eric King Wai Chan set out below – Resolution 7,

(together the **Related Parties**).

Resolutions 6 and 7 seek Shareholder approval for the issue of up to 2,500,000 Shares to the Related Parties (or their respective nominees and/or associates) arising from the participation by the Related Parties (or their respective nominees and/or associates) in the Capital Raising (**Participation**).

### **8.2 Chapter 2E of the Corporations Act**

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (a) obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

The Participation will result in the issue of Shares which constitutes giving a financial benefit and:

- (a) Mr Avikashan Naidu is a related party of the Company by virtue of being a Director of the Company; and
- (b) Mr Eric King Wai Chan is a related party of the Company by virtue of being a Director of the Company.

The Directors (other than Mr Chan in relation to Resolution 6 and Mr Naidu in relation to Resolution 7, due to their material personal interest in those Resolutions) consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the Participation because the Shares will be issued to the Related Parties (or their respective nominees and associates) on the same terms as Shares issued to non-related party participants in the Capital Raising and as such the giving of the financial benefit is considered to be granted on arm's length terms.

### 8.3 ASX Listing Rule 10.11

ASX Listing Rule 10.11 also requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities to a related party, or a person whose relationship with the entity or a related party is, in ASX's opinion, such that approval should be obtained unless an exception in ASX Listing Rule 10.12 applies.

As the Participation involves the issue of Shares to related parties of the Company, Shareholder approval pursuant to ASX Listing Rule 10.11 is required unless an exception applies. It is the view of the Directors that the exceptions set out in ASX Listing Rule 10.12 do not apply in the current circumstances.

### 8.4 Technical Information required by ASX Listing Rule 10.13

Pursuant to and in accordance with ASX Listing Rule 10.13, the following information is provided in relation to the Participation:

- (a) the maximum number of Shares issued will be 2,500,000, which will be allocated as follows:
  - (i) up to 1,250,000 Shares to Mr Avikashan Naidu (or his nominees and/or associates); and
  - (ii) up to 1,250,000 Shares to Mr Eric King Wai Chan (or his nominees and/or associates).
- (b) the Shares will be issued no later than 1 month after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that issue of the Shares will occur on the same date;
- (c) the issue price will be \$0.20 cents per Share, being the same as all other Shares issued under the Capital Raising;
- (d) the Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares; and
- (e) the funds raised will be used for the same purposes as all other funds raised under the Capital Raising, which is set out in Section 7.2(f) above.

Approval pursuant to ASX Listing Rule 7.1 is not required for the Participation as approval is being obtained under ASX Listing Rule 10.11. Accordingly, the issue of Shares to the Related Parties (or their respective nominees) will not be included in the use of the Company's 15% annual placement capacity pursuant to ASX Listing Rule 7.1.

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## 9. RESOLUTION 8 – CREATION OF A NEW CLASSES OF SECURITIES

### 9.1 General

This Resolution seeks Shareholder approval pursuant to section 246B of the Corporations Act and clause 2.4 of the Company's Constitution for the Company to be authorised to issue of two new classes of securities, namely Class A Performance Shares and Class B Performance Shares.

**This Resolution is a special resolution and is subject to the approval of all other Essential Resolutions.**

## **9.2 Performance Share Terms**

If this Resolution is passed, 30,000,000 Consideration Performance Shares (on a post Consolidation basis), and potentially a further currently undetermined amount of Additional Consideration Performance Shares upon satisfaction of the Additional Consideration Conditions, will be issued to the Vendors on Settlement.

The Performance Shares that will be issued are subject to the following performance milestones:

- (a) **Class A Performance Shares** will each convert into one (1) Share upon the production of evidence in the form of audited accounts of Tomizone having an amount of NZ\$7,500,000 (based on audited accounts) in revenue generated from the business and assets of Tomizone as at 31 January 2015 and from any organic growth from such business and assets within the 12 month period prior to 30 June 2016 (**Class A Milestone**); and
- (b) **Class B Performance Shares** will each convert into one (1) Share upon the production of evidence in the form of audited accounts of Tomizone having an amount of NZ\$9,500,000 (based on audited accounts) in revenue generated from the business and assets of Tomizone as at 31 January 2015 and from any organic growth from such business and assets within the 12 month period prior to 30 June 2016 (**Class B Milestone**),

(each a **Milestone**).

If the Class A Milestone is achieved, then each Class A Performance Share will convert into one (1) Share. If the Class B Milestone is achieved, then each Class B Performance Share will convert into one (1) Share.

If the relevant Milestone is not achieved in the 12 month period prior to 30 June 2016, or no evidence of the Milestone having been achieved is produced to PHW by 5.00pm on 31 October 2016 (**Milestone Determination Date**), the Consideration Performance Shares held by the Vendors will be converted into non-voting shares and will be automatically redeemed by PHW for the sum of \$0.000001 per Consideration Performance Share within 10 business days of the Milestone Determination Date.

The Company considers that the Milestones are measurable, value adding events, which are significant to the Company. The Acquisition, and the successful operation of the Tomizone business, will form a significant part of the Company's operations. Therefore, the Milestones are directly linked with the future success of the Company.

As the issue of PHW Shares to the Majority Vendors under the Acquisition will result in the Majority Vendors holding in excess of 20% of the issued capital of PHW, the Company will be required to obtain shareholder approval pursuant to section 611 (exception 7) of the Corporations Act 2001 (Cth) (**Section 611 Approval**). This Approval is being sought under Resolution 1.

Because of the Milestones, there is a period of time between the date of the Section 611 Approval (if such approval is obtained) and the conversion of the

Consideration Performance Shares into PHW Shares upon relevant Milestones being met.

For this reason, the terms of the Consideration Performance Shares contain a mechanism whereby the Consideration Performance Shares will be automatically redeemed, and PHW will be required to pay to the holder in respect of each such Consideration Performance Share held an amount equal to 125% of the 30 day VWAP of the PHW Shares (**Cash Alternative**) calculated on the basis of the 30 day VWAP immediately prior to the Milestone being achieved, in the event the Company is required during that period to re-obtain Section 611 Approval (for example if there is a change in circumstances after the initial Section 611 Approval is obtained) and is unable to do so.

The Consideration Performance Shares do not entitle the holder to vote on resolutions and carry no entitlements to dividends. Upon winding up on the Company, the Performance Shares do not carry a right to participate in surplus profits or assets of the Company.

The full terms of each class of Consideration Performance Share are set out in Schedule 5.

### **9.3 Requirement for Shareholder approval**

A company with a single class of shares on issue which proposes to issue new shares not having the same rights as its existing shares is taken to vary the rights of existing Shareholders unless the Constitution already provides for such an issue.

Under clause 2.2 of the Constitution and, subject to the Corporations Act, the ASX Listing Rules and the Constitution, the Directors may at any time issue such number of Shares either as ordinary Shares or shares of a named class or classes (being either an existing class or a new class) at the issue price that the Directors determine and with such rights or restrictions as the Directors shall (in their absolute discretion) determine.

Section 246B of the Corporations Act and clause 2.4 of the Constitution provide that the rights attaching to a class of shares cannot be varied without:

- (a) a special resolution passed at a meeting of the members holding Shares in that class; or
- (b) the written consent of the members who are entitled to at least 75% of the votes that may be cast in respect of Shares in that class.

Accordingly, the Company seeks approval from Shareholders for the issue of the Class A Performance Shares and the Class B Performance Shares as new classes of shares on the terms set out in Schedule 5.

### **9.4 ASX Approval pursuant to ASX Listing Rule 6.1 and 6.2**

ASX Listing Rule 6.1 provides that the terms that apply to each class of equity security must, in ASX's opinion, be appropriate and equitable.

ASX Listing Rule 6.2 further provides that an entity may only have one class of ordinary securities unless either ASX approves the terms of an additional class or the additional class is of partly paid securities which, if fully paid, would be in the same class as the ordinary securities.

The Company obtained ASX approval for the issuance of the Consideration Performance Shares required under ASX Listing Rule 6.1 and 6.2 on 23 February 2015.

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## 10. RESOLUTION 9 – CHANGE OF COMPANY NAME

Section 157(1)(a) of the Corporations Act provides that a company may change its name if the company passes a **special resolution** adopting a new name.

This Resolution seeks the approval of Shareholders for the Company to change its name to "Tomizone Limited". The Board proposes this change of name on the basis that it more accurately reflects the proposed operations of the Company upon the Settlement.

**The proposed change to the Company's name is conditional on Shareholders passing all of the Essential Resolutions.**

If this Resolution is passed the change of name will take effect after Settlement and when ASIC alters the details of the Company's registration.

The proposed name has been reserved by the Company and if this Resolution is passed, the Company will lodge a copy of the special resolution with ASIC post Settlement in order to effect the change.

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## 11. RESOLUTION 10 - NON-EXECUTIVE DIRECTORS' REMUNERATION

ASX Listing Rule 10.17 provides that an entity must not increase the total aggregate amount of directors' fees payable to all of its non-executive directors without the approval of holders of its ordinary securities.

Clause 13.7 of the Constitution also requires that remuneration payable to the non-executive Directors will not exceed the sum initially set by the Constitution and subsequently increase by ordinary resolution of Shareholders in general meeting.

The maximum aggregate amount of fees payable to all of the non-executive Directors is currently set at \$300,000. This Resolution seeks Shareholder approval to increase this figure by \$450,000 to a maximum aggregate amount of \$750,000.

This amount includes superannuation contributions made by the Company for the benefit of non-executive Directors and any fees which a non-executive Director agrees to sacrifice for other benefits. It does not include reimbursement of genuine out of pocket expenses, genuine "special exertion" fees paid in accordance with the Constitution, or securities issued to a non-executive Director under ASX Listing Rule 10.11 or 10.14 with approval of Shareholders.

The maximum aggregate amount of fees proposed to be paid to the non-executive Directors per annum has been determined after reviewing similar companies listed on ASX and the Directors believe that this level of remuneration is in line with corporate remuneration of similar companies.

Whilst it is not envisaged that the maximum amount sought will be utilised immediately, the proposed limit is requested to ensure that the Company:

- (a) maintains its capacity to remunerate both existing and any new non-executive directors joining the Board (particularly in the context of the Acquisition);



- (b) remunerates its non-executive Directors appropriately for the expectations placed upon them both by the Company and the regulatory environment in which it operates; and
- (c) has the ability to attract and retain non-executive directors whose skills and qualifications are appropriate for a company of the size and nature of the Company.

In the past 3 years, the Company has issued non-executive Directors an aggregate of 104,619,463 Shares and 108,052,951 Options with prior Shareholder approval under ASX Listing Rules 10.11 and 10.14.

Given the interest of the non-executive Directors in this Resolution, the Board makes no recommendation to Shareholders regarding this Resolution.

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## 12. RESOLUTIONS 11 TO 13 – ISSUE OF OPTIONS AND SHARES TO DIRECTORS AND PROPOSED DIRECTOR

### 12.1 General

As noted in Section 2.5 above, it is proposed that Mr Avikashan Naidu and Mr Eric King Wai Chan will remain on the Board as Non-Executive Directors and that Mr Tarun Parbhu Kanji will be appointed to the Board as a Non-Executive Director and Chairman. Summaries of the experience and qualifications of these persons is also included in Section 2.5 above.

The Company has agreed, subject to obtaining Shareholder approval, to issue:

- (a) **1,791,036** Options with an Exercise Price of **\$0.22** to Mr Eric King Wai Chan (or his nominee) – refer to the table in Schedule 8;
- (b) **394,028** Options with an Exercise Price of **\$0.00** to Mr Eric King Wai Chan (or his nominee) – refer to the table in Schedule 8;
- (c) **1,791,036** Options with an Exercise Price of **\$0.22** to Mr Avikashan Naidu (or his nominee) period – refer to the table in Schedule 8;
- (d) **394,028** Options with an Exercise Price of **\$0.00** to Mr Avikashan Naidu (or his nominee) – refer to the table in Schedule 8;
- (e) **1,791,036** Options with an Exercise Price of **\$0.22** to Mr Tarun Parbhu Kanji (or his nominee)– refer to the table in Schedule 8;
- (f) **394,028** Options with an Exercise Price of **\$0.00** to Mr Tarun Parbhu Kanji (or his nominee) – refer to the table in Schedule 8;

**(Related Party Options)**, on the terms and conditions set out in Schedule 8.

As noted in Section 2.5(e), an entity associated with Mr Kanji is a shareholder in Tomizone and, as a Minority Vendor, will receive Consideration Securities as part of the Acquisition.

This Resolution seeks Shareholder approval for the grant of the Related Party Options to Messrs Avikashan Naidu, Eric King Wai Chan and Tarun Parbhu Kanji (or their nominees).



## **12.2 Reason for grant of Related Party Options**

The role and responsibilities of the Chairman and Non-Executive Directors, in at least the first three years' of the Company's operation will be significantly in excess of the time commitment generally expected of non-executive director positions. Accordingly, the Board, under advice from external independent remuneration advisors, subject to shareholder approval, will receive the above Related Party Options. The value of the Related Party Options on an annualised basis have independently been considered to be fair and reasonable remuneration and will serve to align directors' interests with those of shareholders.

## **12.3 Chapter 2E of the Corporations Act**

A summary of Chapter 2E of the Corporations Act is set out in Section 8.2 of this Explanatory Statement.

The issue of Related Party Options will result in the issue of Options which constitutes giving a financial benefit. Mr Eric King Wai Chan and Mr Avikashan Naidu are related parties of the Company by virtue of being Directors of the Company and Mr Tarun Parbhu Kanji is a related party by virtue of being a Proposed Director of the Company.

The Directors (other than Mr Chan in respect of Resolution 11 and Mr Naidu in respect of Resolution 12, who each have a material personal interest in those Resolutions) consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the grant of Related Party Options because the agreement to grant the Related Party Options was determined as part of the remuneration package for each of Messrs Avikashan Naidu, Eric King Wai Chan and Tarun Parbhu Kanji, is considered reasonable remuneration in the circumstances and was negotiated on an arm's length basis.

## **12.4 ASX Listing Rule 10.11**

A summary of ASX Listing Rule 10.11 is set out in section 8.3.

As the grant of the Related Party Options involves the issue of securities to a related party of the Company, Shareholder approval pursuant to ASX Listing Rule 10.11 is required unless an exception applies. It is the view of the Directors that the exceptions set out in ASX Listing Rule 10.12 do not apply in the current circumstances.

## **12.5 Technical Information required by ASX Listing Rule 10.13**

Pursuant to and in accordance with ASX Listing Rule 10.13, the following information is provided in relation to Resolutions 11 to 13:

- (a) a total of 6,555,192 Related Party Options will be granted to Messrs Avikashan Naidu, Eric King Wai Chan and Tarun Parbhu Kanji (or their nominees) if Resolutions 11 to 13 are approved in the following proportions:
  - (i) 2,185,064 Related Party Options to Eric King Wai Chan (or his nominee);
  - (ii) 2,185,064 Related Party Options to Avikashan Naidu (or his nominee); and

- (iii) 2,185,064 Related Party Options to Tarun Parbhu Kanji (or his nominee).
- (b) the Related Party Options will be granted no later than 1 month after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that issue of the Related Party Options will occur on the same date;
- (c) the Related Party Options will be issued for nil cash consideration, accordingly no funds will be raised; and
- (d) the terms and conditions of the Related Party Options are set out in Schedule 8.

Approval pursuant to ASX Listing Rule 7.1 is not required for the grant of the Related Party Options as approval is being obtained under ASX Listing Rule 10.11. Accordingly, the grant of Related Party Options will not be included in the use of the Company's 15% annual placement capacity pursuant to ASX Listing Rule 7.1.

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## GLOSSARY

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**\$** means Australian dollars.

**Acquisition** has the meaning given at Section 2.2.

**Acquisition Agreements** means the Implementation Agreement, the Majority Share Sale Agreement and the Minority Share Sale Agreements.

**Additional Consideration** means the Additional Consideration Shares and the Additional Consideration Performance Shares.

**Additional Consideration Conditions** means the conditions outlined in Sections 0 and 2.4(e) which must be satisfied in order for any Additional Consideration to be issued to the Vendors.

**Additional Consideration Performance Shares** means the additional Performance Shares that may be issued to the Vendors pursuant to the terms of the Share Sale Agreements.

**Additional Consideration Securities** means the Additional Consideration that may be issued to the Vendors subject to the satisfaction of the Additional Consideration Conditions.

**Additional Consideration Shares** means the additional Shares that may be issued to the Vendors pursuant to the terms of the Share Sale Agreements.

**ASIC** means the Australian Securities & Investments Commission.

**ASX** means ASX Limited (ACN 008 624 691) or the financial market operated by ASX Limited, as the context requires.

**ASX Listing Rules** means the Listing Rules of ASX.

**Board** means the board of directors of the Company.

**Business Day** means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

**Capital Raising** has the meaning given at Section 1 (d).

**Chair** means the chair of the Meeting.

**Class A Consideration Options** means the Consideration Options to be issued to the Vendors on the terms set out in Part A of Schedule 4.

**Class A Performance Shares** means the Consideration Performance Shares to be issued to the Vendors on the terms set out in Part A of Schedule 5.

**Class B Consideration Options** means the Consideration Options to be issued to the Vendors on the terms set out in Part B of Schedule 4.

**Class B Performance Shares** means the Consideration Performance Shares to be issued to the Vendors on the terms set out in Part B of Schedule 5.

**Closely Related Party** of a member of the Key Management Personnel means:

(a) a spouse or child of the member;

- (b) a child of the member's spouse;
- (c) a dependent of the member or the member's spouse;
- (d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity;
- (e) a company the member controls; or
- (f) a person prescribed by the Corporations Regulations 2001 (Cth) for the purposes of the definition of 'closely related party' in the Corporations Act.

**Company** or **PHW** means PHW Consolidated Limited (ACN 000 094 995).

**Conditions** mean to conditions to the Acquisition outlined in Section 2.4(a).

**Consideration** means the consideration payable by the Company to the Vendors under the Share Sale Agreements.

**Consideration Options** means either or both of the Class A Consideration Options and the Class B Consideration Options to be issued to the Vendors pursuant to the Share Sale Agreements, as the context requires.

**Consideration Performance Shares** or **Performance Shares** means either or both of the Class A Performance Shares and Class B Performance Shares to be issued to the Vendors pursuant to the Share Sale Agreements, as the context requires.

**Consideration Securities** means the Consideration Shares, the Consideration Options and the Consideration Performance Shares.

**Consideration Shares** means the Shares to be issued to the Vendors pursuant to the Share Sale Agreements.

**Consolidation** means the consolidation of the Company's issued securities on a 1 for 40 basis as contemplated in Resolution 4.

**Constitution** means the Company's constitution.

**Convertible Note** means a convertible note issued by PHW.

**Corporations Act** means the *Corporations Act 2001* (Cth).

**Directors** means the current directors of the Company.

**End Date** means 5.00pm on 30 April 2015 (unless otherwise agreed by the parties to the Implementation Agreement).

**Essential Resolutions** means all Resolutions other than the Non-Essential Resolutions.

**Explanatory Statement** means the explanatory statement accompanying the Notice.

**General Meeting** or **Meeting** means the meeting convened by the Notice.

**Implementation Agreement** means the implementation agreement entered into between the Company and Tomizone and the Majority Vendors dated on or around 31 January 2015, as varied.

**Independent Expert** means HLB Mann Judd Corporate (NSW) Pty Ltd ACN 003 918 125.

**Independent Expert's Report** means the report prepared by the Independent Expert in relation to the Section 611 Approval, a copy of which is enclosed with this Notice as Annexure 1.

**Key Management Personnel** has the same meaning as in the accounting standards issued by the Australian Accounting Standards Board and means those persons having authority and responsibility for planning, directing and controlling the activities of the Company, or if the Company is part of a consolidated entity, of the consolidated entity, directly or indirectly, including any director (whether executive or otherwise) of the Company, or if the Company is part of a consolidated entity, of an entity within the consolidated group.

**Majority Share Sale Agreement** means the share sale agreement between the Company, Tomizone and the Majority Vendors dated on or around 31 January 2015.

**Majority Vendors** means Jouet Limited (New Zealand Company Number 1823411) and Kauri Corporation Limited (New Zealand Company Number 227766).

**Merged Group** means PHW and its business upon Settlement.

**Milestone** has the meaning given to that term in Section 9.2.

**Milestone Determination Date** means 5.00pm on 31 October 2016.

**Minority Share Sale Agreements** means the share sale agreements entered into between the Company, Tomizone and each Minority Vendor.

**Minority Vendors** means all Tomizone Shareholders other than the Majority Vendors.

**Non-Essential Resolutions** means Resolutions 2, 3, 6 and 7.

**Notice** or **Notice of Meeting** means this notice of meeting including the Explanatory Statement and the Proxy Form.

**Option** means an option to acquire a Share.

**Optionholder** means a holder of an Option.

**Performance Shares** or **Consideration Performance Shares** means either or both of the Class A Performance Shares and Class B Performance Shares to be issued to the Vendors pursuant to the Share Sale Agreements, as the context requires.

**Pre-Consolidation Capital Raising** has the same meaning given to that term in Section 4.1.

**Proposed Directors** means Messrs Stephen Gary Simms, Phillip Joe and Tarun Parbhu Kanji.

**Prospectus** means the prospectus to be issued by PHW to raise funds under the Capital Raising.

**Proxy Form** means the proxy form accompanying the Notice.

**Related Parties** has the meaning given to that term in Section 8.1.

**Related Party Options** means the Options to be granted to Messrs Eric King Wai Chan, Avikashan Naidu and Tarun Parbhu Kanji (or their nominees), subject to Shareholder approval.

**Relevant Balance** has the same meaning given to that term in Section 0.

**Relevant Proportion** means the relevant proportion of Tomizone Shares held by each Vendor upon Settlement.

**Resolutions** means the resolutions set out in the Notice, or any one of them, as the context requires.

**Security** means a Share, an Option, a Performance Share or a Convertible Note (or a combination of each as the context requires).

**Section** means a section of the Explanatory Statement.

**Section 611 Approval** means the approval of Shareholders pursuant to section 611 (Item 7) of the Corporations Act, which is sought in Resolution 1.

**Settlement** means the settlement of the Acquisition pursuant to the Share Sale Agreements.

**Settlement Date** means the date on which settlement occurs pursuant to the Share Sale Agreements.

**Share** or **PHW Share** means a fully paid ordinary share in the capital of the Company.

**Share Sale Agreements** means the Majority Share Sale Agreement and the Minority Share Sale Agreements.

**Shareholder** means a registered holder of a Share.

**Tomizone** means Tomizone Limited (New Zealand Company Number 1816869).

**Tomizone Capital Raising** has the same meaning given to that term in Section 2.4(e).

**Tomizone Convertible Note** means the convertible note issued to PHW by Tomizone to provide the Tomizone Loan, as amended.

**Tomizone Investors** means investors which participate in the Tomizone Capital Raising.

**Tomizone Loan** means the loan of \$200,000 to Tomizone by PHW through the issue of the Tomizone Convertible Note, as described in Section 4.1.

**Tomizone Loan Agreement** means the agreement pursuant to which the Tomizone Loan is provided, as described in Section 4.1.

**Tomizone Shares** means a fully paid ordinary share in the capital of Tomizone.

**Tomizone Shareholder** means a holder of a Tomizone Share.

**Value Creation** means Value Creation Technologies Limited, an entity controlled by Tarun Parbhu Kanji, a Proposed Director.

**Vendor** means the Majority Vendors and Minority Vendors.

**WST** means Western Standard Time as observed in Perth, Western Australia.

## SCHEDULE 1 – INDICATIVE CAPITAL STRUCTURE

### PART A – CONSIDERATION SECURITIES

The table below reflects the Company's current capital structure and the possible capital structure on both Settlement and upon the exercise of all Consideration Options and the conversion of all Consideration Performance Shares (assuming no other existing Options or Convertible Notes are exercised or converted), but does not include any Additional Consideration Securities.

	Shares	Options	Performance Shares	Convertible Notes
<b>Pre Consolidation</b>				
Securities on issue at the date of this Notice	762,596,203 (19,064,905 post-Consolidation)	385,538,543 <sup>(1)</sup> (9,638,464 post-Consolidation)	Nil	Nil
Issue of Convertible Notes (Pre-Consolidation Capital Raising)	Nil	Nil	Nil	415,000 <sup>(2)</sup>
<b>Post Consolidation</b>				
Issue of Consideration Securities to Vendors	45,337,529	5,519,616 <sup>(3)</sup>	30,000,000	Nil
Shares Issued under Capital Raising	40,000,000 <sup>(4)</sup>	Nil	Nil	Nil
Issue of Shares on conversion of Convertible Notes <sup>(5)</sup>	2,593,750	Nil	Nil	(415,000)
Issue of Related Party Options	Nil	6,555,192 <sup>(6)</sup>	Nil	Nil
<b>Total on Settlement</b>	<b>106,996,184</b>	<b>27,713,271<sup>(7)</sup></b>	<b>30,000,000</b>	<b>Nil</b>
<b>Post conversion of Consideration Securities</b>				
Shares issued on exercise of Consideration Options	5,519,616	(5,519,616)	Nil	Nil
Shares issued on Conversion of Consideration Performance Shares	30,000,000 <sup>(8)</sup>	Nil	(30,000,000)	Nil
<b>Total</b>	<b>142,515,799</b>	<b>16,193,656</b>	<b>Nil</b>	<b>Nil</b>

#### Notes:

- (1) Comprising:
- (a) 86,538,467 Options exercisable at \$0.01 each on or before 31 December 2015;
  - (b) 254,000,076 Options exercisable at \$0.01 each and expiring 30 September 2018; and
  - (c) 45,000,000 management incentive Options exercisable at \$0.01 each and expiring 1 October 2018.
- (2) Assuming the issue of the remaining 130,000 Convertible Notes to complete the Pre-Consolidation Capital Raising is approved by Shareholders pursuant to Resolution 3.
- (3) Comprising 2,163,462 Class A Consideration Options and 3,356,154 Class B Consideration Options.



- (4) Assuming the maximum subscription of \$8 million under the Capital Raising is raised. If the Capital Raising is fully subscribed at \$5,000,000 then the total number of Shares on issue after Settlement would be 91,996,184 Shares and the total number of Shares on issue after the conversion of Consideration Securities would be 127,515,799 Shares.
- (5) Assuming 2,593,750 Shares are issued at \$0.16 each on Settlement in accordance with the terms of the Convertible Notes.
- (6) To be issued, subject to Shareholder approval to Messrs Avikashan Naidu, Eric King Wai Chan and Tarun Parbhu Kanji, as outlined in Section 12 and on the terms set out in Schedule 8.
- (7) Post Consolidation, the Options on issue will comprise:
  - (a) 2,163,462 Options exercisable at \$0.40 each on or before 31 December 2015;
  - (b) 6,350,002 Options exercisable at \$0.40 each and expiring 30 September 2018;
  - (c) 1,125,000 Options exercisable at \$0.40 each and expiring 1 October 2018;
  - (d) 2,163,462 Class A Consideration Options exercisable at \$0.40 each and expiring 31 December 2015; and
  - (e) 3,356,154 Class B Consideration Options exercisable at \$0.40 each and expiring 30 September 2018.
- (8) Assuming all Milestones are satisfied.

## PART B – ADDITIONAL CONSIDERATION SECURITIES (EXAMPLE ONLY)

The table in Part A does not take into account the potential issue of any Additional Consideration Securities.

As noted in Section 3.1(b), as the Settlement Date will occur after the date of the Meeting and after the date this Notice is despatched (an indicative timetable is set out in Schedule 2), it is not currently known at this point in time how much will be raised under the Tomizone Capital Raising or how much of the Relevant Balance will have been repaid by the Settlement Date. Therefore the Directors are unable to determine exactly how many Additional Consideration Securities will be issued to Tomizone.

The table below provides an example of what the possible capital structure of the Company may be upon Settlement based on Additional Consideration Securities that may be issued if Tomizone raises a total of \$1,500,000 under the Tomizone Capital Raising (assuming no other existing Options or Convertible Notes are exercised or converted).

	Shares	Options	Performance Shares	Convertible Notes
<b>Pre Consolidation</b>				
Securities on issue at the date of this Notice	762,596,203 (19,064,905 post-Consolidation)	385,538,543 <sup>(1)</sup> (9,638,464 post-Consolidation)	Nil	Nil
Issue of Convertible Notes (Pre-Consolidation Capital Raising)	Nil	Nil	Nil	415,000 <sup>(2)</sup>
<b>Post Consolidation</b>				
Issue of Consideration Securities to Vendors	45,337,529	5,519,616 <sup>(3)</sup>	30,000,000	Nil
Issue of Additional Consideration Securities to Vendors	4,068,555 <sup>(4)</sup>	Nil	2,692,170	Nil
Shares Issued under Capital Raising	40,000,000 <sup>(5)</sup>	Nil	Nil	Nil
Issue of Shares on conversion of Convertible Notes <sup>(6)</sup>	2,593,750	Nil	Nil	(415,000)
Issue of Related Party Options	Nil	6,555,192 <sup>(7)</sup>	Nil	Nil
<b>Total on Settlement</b>	<b>111,064,739</b>	<b>27,713,271<sup>(8)</sup></b>	<b>32,692,170</b>	<b>Nil</b>
<b>Post conversion of Consideration Securities</b>				
Shares issued on exercise of Consideration Options	5,519,616	(5,519,616)	Nil	Nil
Shares issued on Conversion of Consideration Performance Shares	30,000,000 <sup>(9)</sup>	Nil	(30,000,000)	Nil

	Shares	Options	Performance Shares	Convertible Notes
Shares issued on conversion of Additional Consideration Performance Shares	2,692,170 <sup>(9)</sup>	Nil	(2,692,170)	Nil
<b>Total</b>	<b>149,276,524</b>	<b>16,193,656</b>	<b>Nil</b>	<b>Nil</b>

**Notes:**

- (1) Comprising:
  - (a) 86,538,467 Options exercisable at \$0.01 each on or before 31 December 2015;
  - (b) 254,000,076 Options exercisable at \$0.01 each and expiring 30 September 2018; and
  - (c) 45,000,000 management incentive Options exercisable at \$0.01 each and expiring 1 October 2018.
- (2) Assuming the issue of the remaining 130,000 Convertible Notes to complete the Pre-Consolidation Capital Raising is approved by Shareholders pursuant to Resolution 3.
- (3) Comprising 2,163,462 Class A Consideration Options and 3,356,154 Class B Consideration Options.
- (4) Assuming a total of NZ\$1,500,000 is raised under the Tomizone Capital Raising.
- (5) Assuming the maximum subscription of \$8 million under the Capital Raising is raised. If the Capital Raising is fully subscribed at \$5,000,000 then the total number of Shares on issue after Settlement would be 96,064,739 Shares and the total number of Shares on issue after the conversion of Consideration Securities would be 134,276,524 Shares.
- (6) Assuming 2,593,750 Shares are issued at \$0.16 each on Settlement in accordance with the terms of the Convertible Notes.
- (7) To be issued, subject to Shareholder approval to Messrs Avikashan Naidu, Eric King Wai Chan and Tarun Parbhu Kanji, as outlined in Section 12 and on the terms set out in Schedule 8.
- (8) Post Consolidation, the Options on issue will comprise:
  - (a) 2,163,462 Options exercisable at \$0.40 each on or before 31 December 2015;
  - (b) 6,350,002 Options exercisable at \$0.40 each and expiring 30 September 2018;
  - (c) 1,125,000 Options exercisable at \$0.40 each and expiring 1 October 2018;
  - (d) 2,163,462 Class A Consideration Options exercisable at \$0.40 each and expiring 31 December 2015; and
  - (e) 3,356,154 Class B Consideration Options exercisable at \$0.40 each and expiring 30 September 2018.
- (9) Assuming all Milestones are satisfied.

## SCHEDULE 2 – PRO-FORMA STATEMENT OF FINANCIAL POSITION

	\$'000	PHW Consolidated Limited (AUD)		Tomizone Limited (NZD)			Pro-forma Actual (AUD)	
		30-Jun 2014	31-Dec 2014	31-Mar 2013	31-Mar 2014	31-Dec 2014	Minimum	Maximum
	As at					Un-audited		
		Audited	Reviewed	Audited	Audited		Subscription	Subscription
Current Assets								
Cash and cash equivalents	1,405	1,083	80	23	23		6,507	7,818
Trade and other receivables	16	15	196	191	245		249	249
Work in Progress			73	633	1,172		1,121	1,121
Other current assets			377	161	281		269	269
Total Current Assets	1,421	1,098	726	1,008	1,721		8,147	9,458
Non-Current Assets								
Plant and equipment			77	43	173		166	166
Intangibles			3,801	3,801	3,805		3,641	3,641
Goodwill			394	2,422	2,654		5,811	5,811
Total Non-Current Assets	-	-	4,272	6,266	6,632		9,617	9,617
TOTAL ASSETS	1,421	1,098	4,998	7,274	8,353		17,764	19,075
Current Liabilities								
Cash and cash equivalents				45	40		38	38
Trade and other payables	260	141	841	1,597	1,854		1,915	1,915
Convertible notes			-	-	120		115	115
Other current liabilities			324	564	724		1,662	1,662
Total Current Liabilities	260	141	1,165	2,206	2,738		3,731	3,731
Non-Current Liabilities								
Term Loans			1,577	3,637	3,267		3,126	1,626
Total Non-Current Liabilities	-	-	1,577	3,637	3,267		3,126	1,626
TOTAL LIABILITIES	260	141	2,742	5,843	6,005		6,857	5,357

	\$'000 As at	PHW Consolidated Limited (AUD)		Tomizone Limited (NZD)			Pro-forma Actual (AUD)	
		30-Jun 2014	31-Dec 2014	31-Mar 2013	31-Mar 2014	31-Dec 2014	Minimum	Maximum
		Audited	Reviewed	Audited	Audited	Un- audited	Subscription	Subscription
<b>NET ASSETS</b>		<b>1,161</b>	<b>957</b>	<b>2,256</b>	<b>1,431</b>	<b>2,348</b>	<b>10,907</b>	<b>13,718</b>

#### Equity

Issued capital	39,496	39,495	7,631	7,631	9,289	18,882	21,882
Reserves				-	9	9	9
Retained earnings	(38,335)	(38,538)	(5,375)	(6,200)	(6,950)	(7,983)	(8,172)
<b>Total Equity</b>	<b>1,161</b>	<b>957</b>	<b>2,256</b>	<b>1,431</b>	<b>2,348</b>	<b>10,907</b>	<b>13,718</b>

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## SCHEDULE 3 – INDICATIVE TIMETABLES

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### PART A – ACQUISITION AND REINSTATEMENT ON ASX

Action	Date
Despatch Notice of General Meeting	27 March 2015
Lodge Prospectus for Capital Raising and re-compliance	14 April 2015
General Meeting	28 April 2015
Consolidation process commences	29 April 2015
Offer closes under Prospectus	Early May 2015
Settlement	Mid May 2015
Re-quotation of PHW Shares on ASX	Late May 2015

### PART B – CONSOLIDATION

Action	Date
Company announces Consolidation and sends out Notice of Meeting	27 March 2015
Company tells ASX that Shareholders have approved the Consolidation	28 April 2015
Last day for pre-Consolidation trading	29 April 2015
Post-Consolidation trading starts on a deferred settlement basis	30 April 2015
Last day for Company to register transfers on a pre-Consolidation basis	4 May 2015
First day for Company to send notice to each holder of the change in their details of holdings	5 May 2015
First day for the Company to register Securities on a post-Consolidation basis and first day for issue of holding statements	
Issue Date/Change of details of holdings date Deferred settlement market ends	11 May 2015
Last day for Securities to be entered into holders' security holdings	
Last day for the Company to send notice to each holder of the change in their details of holdings	

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## SCHEDULE 4 – TERMS OF CONSIDERATION OPTIONS

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### PART A – TERMS OF CLASS A CONSIDERATION OPTIONS

The Class A Consideration Options each entitle the holder to subscribe for PHW Shares on the following terms and conditions:

- (a) Each Class A Consideration Option entitles the holder to subscribe for one (1) PHW Share upon the payment of 1 cent per PHW Share subscribed for.
- (b) The Class A Consideration Options will lapse at 5.00pm on 31 December 2015.
- (c) PHW may, in its absolute discretion, apply for the Class A Consideration Options to be listed for official quotation on the ASX in the future. PHW is under no obligation to apply for the Class A Consideration Options to be listed for official quotation on the ASX. In the event that the Class A Consideration Options are listed for official quotation on the ASX in the future, PHW is under no obligation to maintain the listing and may take any action that may result in the delisting of the Class A Consideration Options by the ASX.
- (d) The Class A Consideration Option holder must not offer any of the Class A Consideration Options, or the PHW Shares issued on exercise of the Class A Consideration Options, for sale to any person ("**Secondary Offer**") within 12 months from the respective date of issue of those Class A Consideration Options or PHW Shares (as applicable) unless:
  - (i) the Secondary Offer does not require disclosure as a result of sections 707 or 708 of the Corporations Act (excluding section 708(1) of the Corporations Act);
  - (ii) the Secondary Offer does not require disclosure as a result of section 708A or ASIC Class Order 04/671 or any variation or replacement of such Class Order;
  - (iii) the Secondary Offer is made pursuant to a disclosure document in accordance with the Corporations Act; or
  - (iv) the Secondary Offer is received by a person outside Australia.
- (e) For the avoidance of doubt, paragraph (d)(iii) does not create any obligation on PHW to issue a disclosure document (whether at its cost or otherwise).
- (f) There are no participating rights or entitlements inherent in the Class A Consideration Options and holders of the Class A Consideration Options will not be entitled to participate in new issues of capital that may be offered to PHW Shareholders during the currency of the Class A Consideration Option.
- (g) In the event of any re-organisation (including reconstruction, consolidation, subdivision, reduction or return of capital) of the issued capital of PHW, the Class A Consideration Options will be re-organised as required by the ASX Listing Rules, but in all other respects the terms of exercise will remain unchanged.
- (h) The Class A Consideration Options shall be exercisable by the delivery to the registered office of PHW of a notice in writing stating the intention of the Class A Consideration Option holder to exercise all or a specified number of Class A Consideration Options held by them accompanied by an option certificate and payment to PHW for the subscription monies for the PHW Shares. An exercise of



only some Class A Consideration Options shall not affect the rights of the Class A Consideration Option holder to the balance of the Class A Consideration Options held by them.

- (i) The notice of exercise of Class A Consideration Options may be deemed by PHW to be received at the end of the calendar month in which it is actually received and PHW shall comply with the ASX Listing Rules with respect to the allotment of resultant PHW Shares and the issue of a statement of shareholding.
- (j) PHW Shares allotted pursuant to an exercise of Class A Consideration Options shall rank, from the date of allotment, equally with the existing PHW Shares of PHW in all respects.
- (k) PHW shall make an application to have those PHW Shares allotted pursuant to an exercise of Class A Consideration Options listed for official quotation by ASX.
- (l) If there is a bonus share issue to the holders of PHW Shares, the number of PHW Shares over which a Class A Consideration Option is exercisable will be increased by the number of PHW Shares which the Class A Consideration Option holder would have received if the Class A Consideration Option had been exercised before the record date for the bonus issue.
- (m) There is no right to change the exercise price of the Class A Consideration Options nor the number of underlying PHW Shares over which the Class A Consideration Options can be exercised, if PHW completes a pro rata issue.

## **PART B – TERMS OF CLASS B CONSIDERATION OPTIONS**

The Class B Consideration Options entitle the holder to subscribe for PHW Shares on the following terms and conditions:

- (a) Each Class B Consideration Option entitles the holder to subscribe for one (1) PHW Share upon the payment of 1 cent per PHW Share subscribed for.
- (b) The Class B Consideration Options will lapse at 5.00pm on 30 September 2018.
- (c) PHW may, in its absolute discretion, apply for the Class B Consideration Options to be listed for official quotation on the ASX in the future. PHW is under no obligation to apply for the Class B Consideration Options to be listed for official quotation on the ASX. In the event that the Class B Consideration Options are listed for official quotation on the ASX in the future, PHW is under no obligation to maintain the listing and may take any action that may result in the delisting of the Class B Consideration Options by the ASX.
- (d) The Class B Consideration Option holder must not offer any of the Class B Consideration Options, or the PHW Shares issued on exercise of the Class B Consideration Options, for sale to any person ("**Secondary Offer**") within 12 months from the respective date of issue of those Class B Consideration Options or PHW Shares (as applicable) unless:
  - (i) the Secondary Offer does not require disclosure as a result of sections 707 or 708 of the Corporations Act (excluding section 708(1) of the Corporations Act);
  - (ii) the Secondary Offer does not require disclosure as a result of section 708A or ASIC Class Order 04/671 or any variation or replacement of such Class Order;

- (iii) the Secondary Offer is made pursuant to a disclosure document in accordance with the Corporations Act; or
  - (iv) the Secondary Offer is received by a person outside Australia.
- (e) For the avoidance of doubt, paragraph (d)(iii) does not create any obligation on PHW to issue a disclosure document (whether at its cost or otherwise).
  - (f) There are no participating rights or entitlements inherent in the Class B Consideration Options and holders of the Class B Consideration Options will not be entitled to participate in new issues of capital that may be offered to PHW Shareholders during the currency of the Class B Consideration Option.
  - (g) In the event of any re-organisation (including reconstruction, consolidation, subdivision, reduction or return of capital) of the issued capital of PHW, the Class B Consideration Options will be re-organised as required by the ASX Listing Rules, but in all other respects the terms of exercise will remain unchanged.
  - (h) The Class B Consideration Options shall be exercisable by the delivery to the registered office of PHW of a notice in writing stating the intention of the Class B Consideration Option holder to exercise all or a specified number of Class B Consideration Options held by them accompanied by an option certificate and payment to PHW for the subscription monies for the PHW Shares. An exercise of only some Class B Consideration Options shall not affect the rights of the Class B Consideration Option holder to the balance of the Class B Consideration Options held by them.
  - (i) The notice of exercise of Class B Consideration Options may be deemed by PHW to be received at the end of the calendar month in which it is actually received and PHW shall comply with the ASX Listing Rules with respect to the allotment of resultant PHW Shares and the issue of a statement of shareholding.
  - (j) PHW Shares allotted pursuant to an exercise of Class B Consideration Options shall rank, from the date of allotment, equally with the existing PHW Shares of PHW in all respects.
  - (k) PHW shall make an application to have those PHW Shares allotted pursuant to an exercise of Class B Consideration Options listed for official quotation by ASX.
  - (l) If there is a bonus share issue to the holders of PHW Shares, the number of PHW Shares over which a Class B Consideration Option is exercisable will be increased by the number of PHW Shares which the Class B Consideration Option holder would have received if the Class B Consideration Option had been exercised before the record date for the bonus issue.
  - (m) There is no right to change the exercise price of the Class B Consideration Options nor the number of underlying PHW Shares over which the Class B Consideration Options can be exercised, if PHW completes a pro rata issue.

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## SCHEDULE 5- TERMS OF PERFORMANCE SHARES

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### PART A – TERMS OF CLASS A PERFORMANCE SHARES

The terms of Class A Performance Shares (for the purposes of this Part A of the Schedule, each a **Performance Share**) are set out as follows:

- (a) Each Performance Share is a share in the capital of PHW.
- (b) Performance Shares shall confer on the holder (**Holder**) the right to receive notices of general meetings and financial reports and accounts of PHW that are circulated to PHW's shareholders. Holders have the right to attend general meetings of the PHW's shareholders.
- (c) Performance Shares do not entitle the Holder to vote on any resolutions proposed at a general meeting of PHW's shareholders, subject to any voting rights under the Corporations Act 2001 (Cth) (**Corporations Act**) or the ASX Listing Rules where such rights cannot be excluded by these terms.
- (d) Performance Shares do not entitle the Holder to any dividends.
- (e) Performance Shares do not entitle the Holder to any right to a return of capital, whether on a winding up, upon a capital reduction or otherwise.
- (f) Upon winding up of PHW, Performance Shares may not participate in the surplus profits or assets of PHW.
- (g) Performance Shares are not transferable.
- (h) In the event that the issued capital of PHW is reconstructed, all rights of a Holder will be changed to the extent necessary to comply with the ASX Listing Rules at the time of reorganisation provided that, subject to compliance with the ASX Listing Rules, following such reorganisation the economic and other rights of the Holder are not diminished or terminated.
- (i) Performance Shares will not be quoted on ASX. Upon conversion of Performance Shares into ordinary shares of PHW (**PHW Shares**) in accordance with paragraph (s) of these terms (**Conversion**), PHW must within seven (7) days after the Conversion, apply for and use its best endeavours to obtain the official quotation on ASX of the PHW Shares arising from the Conversion.
- (j) Subject always to the rights under paragraph (h) (Reorganisation of Capital), Holders of Performance Shares will not be entitled to participate in new issues of capital offered to holders of PHW Shares such as bonus issues and entitlement issues.
- (k) The terms of Performance Shares may be amended as necessary by the board of directors of PHW in order to comply with the ASX Listing Rules, or any directions of ASX regarding the terms provided that, subject to compliance with the ASX Listing Rules, following such amendment, the economic and other rights of the Holder are not diminished or terminated.
- (l) Performance Shares give the Holders no rights other than those expressly provided by these terms and those provided at law where such rights at law cannot be excluded by these terms.
- (m) If, at any time between the time a Performance Share is issued and 90 days following the achievement of the Milestone referred to in paragraph (s) (**Relevant Period**), PHW or any director of PHW receives notice of legal proceedings alleging, or notice from a person that it has received legal advice, that as a result of the Conversion of the Performance Shares there has been, may reasonably be or will be a breach of section 606 of the Corporations Act, PHW will convene a general meeting of PHW's shareholders in accordance with

the requirements of the ASX Listing Rules, the Corporations Act and PHW's constitution, to seek PHW shareholder approval of the Conversion from PHW's shareholders pursuant to section 611 (exception 7) of the Corporations Act.

- (n) If PHW's shareholders do not approve the Conversion and, as a result, a Performance Share held by a Holder does not convert into PHW Shares upon satisfaction of the relevant Milestone, PHW will pay that Holder in respect of each such Performance Share held an amount equal to 125% of the 30 day VWAP of the PHW Shares (**Cash Alternative**) calculated on the basis of the 30 day VWAP immediately prior to the Milestone, and upon such payment, each Performance Share will be deemed to have been automatically redeemed by PHW.
- (o) If the Cash Alternative is payable to a Holder in accordance with paragraph (n), the Cash Alternative must be paid to that Holder within 90 days of PHW receiving evidence (in the form of audited accounts) of the Milestone being achieved.
- (p) PHW's obligation to pay the Cash Alternative to a Holder:
  - (i) does not apply if:
    - (A) Jouet Limited or Kauri Corporation (each a **Majority Vendor**); or
    - (B) a related party or associate (having the meanings given to those terms in the Corporations Act) of a Vendor; or
    - (C) any associate of the persons referred to in this paragraph (p)(i)(A) or (B) above,  
votes, or engages in any act or omission (directly or indirectly) to encourage others from voting, against the PHW shareholder resolutions seeking approval of the Conversion in accordance with paragraph (m); and
  - (ii) only applies for the Relevant Period.
- (q) The purpose of paragraphs (m) to (p) (inclusive) is to provide a means to enable alternative consideration to be payable to Holders of Performance Shares in the event (and only in the event) that a change in circumstance occurs during the Relevant Period which would prevent a lawful Conversion from occurring and is not intended to provide an optional or more attractive form of consideration. It is the intention of PHW and the Majority Vendors that the Holders each receive their proportion of the Performance Shares rather than the Cash Alternative.

#### **Conversion or redemption of Performance Shares**

- (r) Subject to the terms of the Implementation Agreement, Performance Shares will be issued on the settlement date (as defined in the Share Sale Agreements).
- (s) Each Performance Share will convert into one (1) PHW Share post-consolidation upon the production of evidence in the form of audited accounts of Tomizone having an amount of NZ\$7,500,000 (based on audited accounts) in revenue generated from the business and assets of Tomizone as at 31 January 2015 and from any organic growth from such business and assets within the 12 month period prior to 30 June 2016 (**Milestone**).
- (t) If the Milestone is not achieved in the 12 month period prior to 30 June 2016, or no evidence of the Milestone having been achieved is produced to PHW by the Milestone Determination Date, then the Performance Shares held by the Holders will be converted into non-voting shares and will be automatically redeemed by PHW for the sum of \$0.000001 per Performance Share within 10 business days of the Milestone Determination Date. For the purposes of these terms, the **Milestone Determination Date** means 5.00pm on 31 October 2016.

- (u) The PHW Shares issued on conversion of Performance Shares will, upon and from their issue, rank equally with and confer rights identical with all other the PHW Shares then on issue and application will be made by PHW to ASX for official quotation of the PHW Shares issued upon conversion (subject to complying with any restriction periods required by the ASX).
- (v) PHW will issue the Holder with a new holding statement for the PHW Shares as soon as practicable following the conversion of Performance Shares into the PHW Shares.

## **PART B – TERMS OF CLASS B PERFORMANCE SHARES**

The terms of Class B Performance Shares (for the purposes of this Part B of this Schedule, each a **Performance Share**) are set out as follows:

- (a) Each Performance Share is a share in the capital of PHW.
- (b) Performance Shares shall confer on the holder (**Holder**) the right to receive notices of general meetings and financial reports and accounts of PHW that are circulated to PHW's shareholders. Holders have the right to attend general meetings of the PHW's shareholders.
- (c) Performance Shares do not entitle the Holder to vote on any resolutions proposed at a general meeting of PHW's shareholders, subject to any voting rights under the Corporations Act 2001 (Cth) (**Corporations Act**) or the ASX Listing Rules where such rights cannot be excluded by these terms.
- (d) Performance Shares do not entitle the Holder to any dividends.
- (e) Performance Shares do not entitle the Holder to any right to a return of capital, whether on a winding up, upon a capital reduction or otherwise.
- (f) Upon winding up of PHW, Performance Shares may not participate in the surplus profits or assets of PHW.
- (g) Performance Shares are not transferable.
- (h) In the event that the issued capital of PHW is reconstructed, all rights of a Holder will be changed to the extent necessary to comply with the ASX Listing Rules at the time of reorganisation provided that, subject to compliance with the ASX Listing Rules, following such reorganisation the economic and other rights of the Holder are not diminished or terminated.
- (i) Performance Shares will not be quoted on ASX. Upon conversion of Performance Shares into ordinary shares of PHW (**PHW Shares**) in accordance with paragraph (s) of these terms (**Conversion**), PHW must within seven (7) days after the Conversion, apply for and use its best endeavours to obtain the official quotation on ASX of the PHW Shares arising from the Conversion.
- (j) Subject always to the rights under paragraph (h) (Reorganisation of Capital), Holders of Performance Shares will not be entitled to participate in new issues of capital offered to holders of PHW Shares such as bonus issues and entitlement issues.
- (k) The terms of Performance Shares may be amended as necessary by the board of directors of PHW in order to comply with the ASX Listing Rules, or any directions of ASX regarding the terms provided that, subject to compliance with the ASX Listing Rules, following such amendment, the economic and other rights of the Holder are not diminished or terminated.

- (l) Performance Shares give the Holders no rights other than those expressly provided by these terms and those provided at law where such rights at law cannot be excluded by these terms.
- (m) If, at any time between the time a Performance Share is issued and 90 days following the achievement of the Milestone referred to in paragraph (s) (**Relevant Period**), PHW or any director of PHW receives notice of legal proceedings alleging, or notice from a person that it has received legal advice, that as a result of the Conversion of the Performance Shares there has been, may reasonably be or will be a breach of section 606 of the Corporations Act, PHW will convene a general meeting of PHW's shareholders in accordance with the requirements of the ASX Listing Rules, the Corporations Act and PHW's constitution, to seek PHW shareholder approval of the Conversion from PHW's shareholders pursuant to section 611 (exception 7) of the Corporations Act.
- (n) If, PHW's shareholders do not approve the Conversion and, as a result, a Performance Share held by a Holder does not convert into PHW Shares upon satisfaction of the relevant Milestone, PHW will pay that Holder in respect of each such Performance Share held an amount equal to 125% of the 30 day VWAP of the PHW Shares (**Cash Alternative**) calculated on the basis of the 30 day VWAP immediately prior to the Milestone, and upon such payment, each Performance Share will be deemed to have been automatically redeemed by PHW.
- (o) If the Cash Alternative is payable to a Holder in accordance with paragraph (n), the Cash Alternative must be paid to that Holder within 90 days of PHW receiving evidence (in the form of audited accounts) of the Milestone being achieved.
- (p) PHW's obligation to pay the Cash Alternative to a Holder:
  - (i) does not apply if:
    - (A) Jouet Limited or Kauri Corporation (each a **Majority Vendor**); or
    - (B) a related party or associate (having the meanings given to those terms in the Corporations Act) of a Vendor; or
    - (C) any associate of the persons referred to in this paragraph (p)(i)(A) or (B) above,

votes, or engages in any act or omission (directly or indirectly) to encourage others from voting, against the PHW shareholder resolutions seeking approval of the Conversion in accordance with paragraph (m); and
  - (ii) only applies during the Relevant Period.
- (q) The purpose of paragraphs (m) to (p) (inclusive) is to provide a means to enable alternative consideration to be payable to Holders of Performance Shares in the event (and only in the event) that a change in circumstance occurs during the Relevant Period which would prevent a lawful Conversion from occurring and is not intended to provide an optional or more attractive form of consideration. It is the intention of PHW and the Vendors that the Holders each receive their proportion of the Performance Shares rather than the Cash Alternative.

### **Conversion or redemption of Performance Shares**

- (r) Subject to the terms of the Implementation Agreement, Performance Shares will be issued on the settlement date (as defined in the Share Sale Agreements).



- (s) Each Performance Share will convert into one (1) post-consolidation PHW Share upon the production of evidence in the form of audited accounts of Tomizone having an amount of NZ\$9,500,000 (based on audited accounts) in revenue generated from the business and assets of Tomizone as at 31 January 2015 and from any organic growth from such business and assets within the 12 month period prior to 30 June 2016 (**Milestone**).
- (t) If the Milestone is not achieved in the 12 month period prior to 30 June 2016, or no evidence of the Milestone having been achieved is produced to PHW by the Milestone Determination Date, then the Performance Shares held by the Holders will be converted into non-voting shares and will be automatically redeemed by PHW for the sum of \$0.000001 per Performance Share within 10 business days of the Milestone Determination Date. For the purposes of these terms, the **Milestone Determination Date** means 5.00pm on 31 October 2016.
- (u) PHW Shares issued on conversion of Performance Shares will, upon and from their issue, rank equally with and confer rights identical with all other the PHW Shares then on issue and application will be made by PHW to ASX for official quotation of the PHW Shares issued upon conversion (subject to complying with any restriction periods required by the ASX).
- (v) PHW will issue the Holder with a new holding statement for PHW Shares as soon as practicable following the conversion of Performance Shares into PHW Shares.



## SCHEDULE 6 – VENDORS

The above table has been prepared based on information available to PHW as at the date of this Notice.

MAJORITY VENDORS	TOMIZONE SHARES HELD	PERCENTAGE TOMIZONE SHARES HELD
<b>Jouet Limited</b> (Entity controlled by Mr Joe, a Proposed Director)	2,363,414	34.550%
<b>Kauri Corporation Limited</b> (Entity controlled by Mr Simms, a Proposed Director)	2,136,822	31.237%
<b>Total Majority Tomizone Shares</b>	<b>4,500,236</b>	<b>65.787%</b>
MINORITY VENDORS	TOMIZONE SHARES HELD	PERCENTAGE TOMIZONE SHARES HELD
Roger Charles Hurst	331,818	4.851%
Andrew Somervell Christine Gill	317,437	4.640%
<b>Value Creation Technologies Limited</b> (Entity controlled by Mr Kanji, a Proposed Director)	285,718	4.177%
Ian Milligan Marilyn Milligan Wyndham Trustees Ltd	150,000	2.193%
Robert Francis Holden	140,909	2.060%
Loneragan Edwards & Associates Limited	134,400	1.965%
Holly Taylor Matt Taylor	111,460	1.629%
Craig Lawrence Whale	100,000	1.462%
Thomas Baseden	90,910	1.329%
Lewis Deeks Wendy Stanley	90,909	1.329%
Robert Andrew Walsh as Trustee	90,000	1.316%
RH McCaw Banco Trustees Ltd	68,182	0.997%
Tony Graham	68,182	0.997%
Catherine Odgers	50,455	0.738%
AWAMS Trustee Company Limited	50,000	0.731%
Gavin Morgan	50,000	0.731%
Mark Robert Wilson	50,000	0.731%
Paul Beattie	50,000	0.731%
Teal Corporation Limited	50,000	0.731%
Robert Andrew Walsh	40,000	0.585%

The R Walsh Superannuation Fund	20,000	0.292%
<b>Total Minority Tomizone Shares</b>	<b>2,340,365</b>	<b>34.213%</b>
<b>TOTAL TOMIZONE SHARES ON ISSUE</b>	<b>6,840,601</b>	<b>100.00%</b>

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## SCHEDULE 7 - TERMS OF CONVERTIBLE NOTES

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Convertible Notes on issue have the following terms:

- (a) Each Convertible Note has a face value of \$1.00 and must be paid for in full on application.
- (b) Each Convertible Note is an unsecured obligation of the Company.
- (c) No interest is payable on the Convertible Notes.
- (d) Each Convertible Note automatically converts into Shares upon either completion of the Acquisition or, if the Acquisition does not complete, the earlier of the date on which the Share Sale Agreements are terminated and 30 June 2015 (**Conversion Date**).
- (e) Within five Business Days of the Conversion Date, the Company must issue to each holder of a Convertible Note (**Noteholder**) that number of Shares for the face value of the Convertible Notes held by each Noteholder based on:
  - (i) a post-consolidation price per Share that is a 20% discount to the issue price of Shares to investors under the Capital Raising if the Acquisition completes; or
  - (ii) if the Acquisition does not complete, a pre-Consolidation price of \$0.0025 per Share.
- (f) The Company will apply for quotation on ASX of all Shares issued on conversion of the Convertible Notes.
- (g) Shares issued on conversion of Convertible Notes rank equally in all respects, including with respect to dividends, and form one class with the Shares on issue at the Conversion Date.
- (h) Where as a consequence of:
  - (i) a pro rata bonus issue of Shares (not including an issue for cash or other consideration);
  - (ii) conversion of Shares into a larger or smaller number of Shares in the Company (other than the Consolidation); or
  - (iii) any other reorganisation of share capital,(each, a **Reorganisation Event**) the number of Shares alters, then the number of Shares into which the Convertible Notes are convertible is adjusted so that the Convertible Notes are convertible into the same percentage of the issued ordinary share capital of the Company as the percentage into which they are convertible immediately before the relevant Reorganisation Event, subject to the conditions outlined in paragraph (e) above.
- (i) All Convertible Notes when converted are automatically cancelled on conversion.
- (j) Convertible Notes cannot be transferred other than with the consent of the Company and if that consent is provided, the transfer must be effected by a written transfer instrument signed by the transferor and the transferee.

- (k) A written transfer instrument must be forwarded for registration to the Company together with the note certificate for the Convertible Notes to be transferred.
- (l) Subject to compliance with any relevant statute relating to stamp duties, the Company must register the transfer and issue a note certificate to the transferee for the number of Convertible Notes comprised in the transfer.

## SCHEDULE 8 - TERMS OF RELATED PARTY OPTIONS

### (a) Related Party Options with an Exercise Price of \$0.00

Name	Number	Exercise Price	First Exercise Date (FED)	Last Exercise Date (LED)	Estimated Value <sup>1</sup>
Mr Eric King Wai Chan	394,028	\$0.00	General Meeting (GM) Date + 13 months	FED + 30 days	\$78,884
Mr Avikashan Naidu	394,028	\$0.00	GM Date + 13 months	FED + 30 days	\$78,884
Mr Tarun Parbhu Kanji	394,028	\$0.00	GM Date + 13 months	FED + 12 months	\$78,884
	<b>1,182,084</b>				<b>\$236,652</b>

### (b) Related Party Options with an Exercise Price of \$0.22

Name	Number	Exercise Price	First Exercise Date (FED)	Last Exercise Date (LED)	Estimated Value <sup>1</sup>
Mr Eric King Wai Chan (Tranche 1)	597,012	\$0.22	GM Date + 13 months	FED + 12 months	\$20,836
Mr Eric King Wai Chan (Tranche 2)	597,012	\$0.22	GM Date + 25 months	FED + 12 months	\$27,940
Mr Eric King Wai Chan (Tranche 3)	597,012	\$0.22	GM Date + 37 months	FED + 12 months	\$34,686
<b>Mr Eric Chan TOTAL</b>	<b>1,791,036</b>				<b>\$83,462</b>
Mr Avikashan Naidu (Tranche 1)	597,012	\$0.22	GM Date + 13 months	FED + 12 months	\$20,836
Mr Avikashan Naidu (Tranche 2)	597,012	\$0.22	GM Date + 25 months	FED + 12 months	\$27,940
Mr Avikashan Naidu (Tranche 3)	597,012	\$0.22	GM Date + 37 months	FED + 12 months	\$34,686
<b>Mr Avikashan Naidu TOTAL</b>	<b>1,791,036</b>				<b>\$83,462</b>
Mr Tarun Parbhu Kanji (Tranche 1)	597,012	\$0.22	GM Date + 13 months	FED + 12 months	\$20,836
Mr Tarun Parbhu Kanji (Tranche 2)	597,012	\$0.22	GM Date + 25 months	FED + 12 months	\$27,940
Mr Tarun Parbhu Kanji (Tranche 3)	597,012	\$0.22	GM Date + 37 months	FED + 12 months	\$34,686
<b>Mr Tarun Kanji TOTAL</b>	<b>1,791,036</b>				<b>\$83,462</b>
	<b>5,373,108</b>		-	-	<b>\$250,387</b>

**Note 1: Estimated Value calculated using a Black-Scholes Option Valuation Model using the following inputs:**

<b>Date of Effective Valuation</b>	20 March 2015	
<b>Risk-free Rate (Expected Life)</b>	1.77% to 2.07%	Derived from the Interest Rate Swap Rate/Bond Rate of appropriate Term
<b>Standard Deviation (Annualised)</b>	40% per annum	
<b>Share Price</b>	\$0.20	Expected Re-listing Price

<b>Exercise Price</b>	\$0.00 or \$0.22, as appropriate	
<b>Annualised Dividend Rate</b>	0.00%	Expected Dividend Yield
<b>Expected Life of Related Party Options</b>	a) For Related Party Options with an Exercise Price = \$0.00, the period from grant date until first exercise date.	
	b) For Related Party Options with an Exercise Price = \$0.22, the period from grant date until the midpoint between the first exercise date and the last exercise date.	

(c) **Other Remuneration Benefits provided to the non-executive Directors**

<b>Name</b>	<b>Director Fees</b>
Mr Eric King Wai Chan	\$59,000.00
Mr Avikashan Naidu	\$59,000.00
Mr Tarun Parbhu Kanji	\$89,000.00
	<b>\$207,000.00</b>

(d) **Entitlement**

Each Related Party Option entitles the holder to subscribe for one Share upon exercise of the Related Party Option.

(e) **Expiry Date**

Each class or tranche of Related Party Option will expire at 5:00 pm (WST) on the relevant **Last Exercise Date** specified in respect of that class or tranche of Related Party Option in the tables contained in paragraphs (a) and (b) above (**Expiry Date**). A Related Party Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(f) **Exercise Period**

The Related Party Options are exercisable at any time after the First Exercise Date and prior to the Expiry Date (**Exercise Period**).

(g) **Notice of Exercise**

The Related Party Options may be exercised during the Exercise Period by notice in writing to the Company in a manner specified by the Company (**Notice of Exercise**) and payment of the Exercise Price, if any, for each Related Party Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

(h) **Exercise Date**

A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Related Party Option being exercised in cleared funds (**Exercise Date**).

(i) **Timing of issue of Shares on exercise**

Within 15 Business Days after the Exercise Date, the Company will:

- (i) allot and issue the number of Shares required under these terms and conditions in respect of the number of Related Party Options specified in

the Notice of Exercise and for which cleared funds have been received by the Company; and

- (ii) apply for official quotation on ASX of Shares issued pursuant to the exercise of the Related Party Options.

For the avoidance of doubt the Company may, in its absolute discretion, either issue new shares or acquire shares already on issue, or a combination of both, to satisfy the Company's obligations.

(j) **Shares issued on exercise**

Shares issued on exercise of the Related Party Options rank equally with the then issued shares of the Company.

(k) **Quotation of Shares issued on exercise**

If admitted to the official list of ASX at the time, application will be made by the Company to ASX for quotation of the Shares issued upon the exercise of the Related Party Options.

(l) **Reconstruction of capital**

If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

(m) **Participation in new issues**

There are no participation rights or entitlements inherent in the Related Party Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Related Party Options without exercising the Related Party Options.

(n) **Change in exercise price**

A Related Party Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Related Party Option can be exercised.

(o) **Unquoted**

The Company will not apply for quotation of the Related Party Options on ASX.

(p) **Transferability**

The Related Party Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws.



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## PROXY FORM

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**PHW CONSOLIDATED LIMITED  
(TO BE RENAMED "TOMIZONE LIMITED")  
ACN 000 094 995**

### GENERAL MEETING

I/We

of:

being a Shareholder entitled to attend and vote at the Meeting, hereby appoint:

Name:

**OR:**

☐

the Chair of the Meeting as my/our proxy.

or failing the person so named or, if no person is named, the Chair, or the Chair's nominee, to vote in accordance with the following directions, or, if no directions have been given, and subject to the relevant laws as the proxy sees fit, at the Meeting to be held at 10.30am (WST), on 28 April 2015 at 31 Ord Street, West Perth WA 6005, and at any adjournment thereof.

### AUTHORITY FOR CHAIR TO VOTE UNDIRECTED PROXIES ON REMUNERATION RELATED RESOLUTIONS

Where I/we have appointed the Chair as my/our proxy (or where the Chair becomes my/our proxy by default), I/we expressly authorise the Chair to exercise my/our proxy on Resolutions 10 to 13 (except where I/we have indicated a different voting intention below) even though Resolutions 10 to 13 are connected directly or indirectly with the remuneration of a member of the Key Management Personnel, which includes the Chair.

### CHAIR'S VOTING INTENTION IN RELATION TO UNDIRECTED PROXIES

**The Chair intends to vote undirected proxies in favour of all Resolutions.** In exceptional circumstances the Chair may change his/her voting intention on any Resolution. In the event this occurs an ASX announcement will be made immediately disclosing the reasons for the change.

---

#### Voting on business of the Meeting

		FOR	AGAINST	ABSTAIN
Resolution 1	Change to nature and scale of activities and issue of Securities to Vendors	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Ratification of issue of Convertible Notes	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Approval of issue of Convertible Notes	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Consolidation of Capital	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Post-consolidation Capital Raising	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6	Participation in Capital Raising (Eric King Wai Chan)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 7	Participation in Capital Raising (Avikashan Naidu)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**Voting on business of the Meeting**

	FOR	AGAINST	ABSTAIN
Resolution 8 Creation of new classes of Security	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 9 Change of Company Name	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 10 Non-Executive Director Remuneration	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 11 Issue of Related Party Options (Eric King Wai Chan)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 12 Issue of Related Party Options (Avikashan Naidu)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 13 Issue of Related Party Options (Tarun Parbhu Kanji)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**Please note:** If you mark the abstain box for a particular Resolution, you are directing your proxy not to vote on that Resolution on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

**If two proxies are being appointed, the proportion of voting rights this proxy represents is:** %

**Signature of Shareholder(s):**

**Individual or Shareholder 1**

**Shareholder 2**

**Shareholder 3**

Sole Director/Company Secretary

Director

Director/Company Secretary

**Date:**

**Contact name:**

\_\_\_\_\_

**Contact ph (daytime):**

**E-mail address:**

\_\_\_\_\_

**Consent for contact by e-mail in relation to this Proxy Form:**

YES ☐ NO ☐

## Instructions for Completing 'Proxy' Form

1. **(Appointing a proxy):** A Shareholder entitled to attend and cast a vote at the Meeting is entitled to appoint a proxy to attend and vote on their behalf at the Meeting. If a Shareholder is entitled to cast 2 or more votes at the Meeting, the Shareholder may appoint a second proxy to attend and vote on their behalf at the Meeting. However, where both proxies attend the Meeting, voting may only be exercised on a poll. The appointment of a second proxy must be done on a separate copy of the Proxy Form. A Shareholder who appoints 2 proxies may specify the proportion or number of votes each proxy is appointed to exercise. If a Shareholder appoints 2 proxies and the appointments do not specify the proportion or number of the Shareholder's votes each proxy is appointed to exercise, each proxy may exercise one-half of the votes. Any fractions of votes resulting from the application of these principles will be disregarded. A duly appointed proxy need not be a Shareholder.
2. **(Direction to vote):** A Shareholder may direct a proxy how to vote by marking one of the boxes opposite each item of business. The direction may specify the proportion or number of votes that the proxy may exercise by writing the percentage or number of Shares next to the box marked for the relevant item of business. Where a box is not marked the proxy may vote as they choose subject to the relevant laws. Where more than one box is marked on an item the vote will be invalid on that item.
3. **(Signing instructions):**
  - **(Individual):** Where the holding is in one name, the Shareholder must sign.
  - **(Joint holding):** Where the holding is in more than one name, all of the Shareholders should sign.
  - **(Power of attorney):** If you have not already provided the power of attorney with the registry, please attach a certified photocopy of the power of attorney to this Proxy Form when you return it.
  - **(Companies):** Where the company has a sole director who is also the sole company secretary, that person must sign. Where the company (pursuant to Section 204A of the Corporations Act) does not have a company secretary, a sole director can also sign alone. Otherwise, a director jointly with either another director or a company secretary must sign. Please sign in the appropriate place to indicate the office held. In addition, if a representative of a company is appointed pursuant to Section 250D of the Corporations Act to attend the Meeting, the documentation evidencing such appointment should be produced prior to admission to the Meeting. A form of a certificate evidencing the appointment may be obtained from the Company.
4. **(Attending the Meeting):** Completion of a Proxy Form will not prevent individual Shareholders from attending the Meeting in person if they wish. Where a Shareholder completes and lodges a valid Proxy Form and attends the Meeting in person, then the proxy's authority to speak and vote for that Shareholder is suspended while the Shareholder is present at the Meeting.
5. **(Return of Proxy Form):** To vote by proxy, please complete and sign the enclosed Proxy Form and return by:
  - (a) post to PHW Consolidated Limited, 31 Ord Street, West Perth WA 6005; or
  - (b) facsimile to the Company on facsimile number +61 8 9322 6722,so that it is received not less than 48 hours prior to commencement of the Meeting.

**Proxy Forms received later than this time will be invalid.**

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## ANNEXURE 1 - INDEPENDENT EXPERT'S REPORT

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Independent Expert's Report

# **PHW Consolidated Limited**

25 March 2015

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25 March 2015

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

Dear Directors

**INDEPENDENT EXPERT'S REPORT ("REPORT")****1. Introduction**

PHW Consolidated Limited ("PHW" or "the Company") is an Australian public company with securities listed on the Australian Securities Exchange ("ASX") (ASX code PHW). PHW has entered into Share Sale Agreements with each shareholder of Tomizone Limited ("Tomizone"), a company incorporated in New Zealand, and an Implementation Agreement with Tomizone and its major shareholders under which PHW has agreed to acquire 100% of the fully paid ordinary shares of Tomizone (referred to as the "Proposed Transaction").

The structure of the Proposed Transaction is set out in the Share Sale Agreements and the Implementation Agreement ("the Agreements") between PHW, Tomizone and the Tomizone shareholders. The consideration payable by PHW for the acquisition of Tomizone is detailed in Section 4 and 5 of this report.

The Directors of PHW have unanimously recommended that PHW shareholders vote in favour of the Proposed Transaction.

All amounts stated in this report are in Australian Dollars unless otherwise stated. Tomizone and its controlled entities (collectively the "Tomizone Group") report in New Zealand Dollars which is denoted as "NZD".

**2. Purpose of Our Report**

An acquisition of securities that enables a shareholder to increase its relevant interest in a listed company (the "target company") from 20% or below to more than 20% is prohibited under Section 606 of the *Corporations Act 2001*, except in certain circumstances. One of the exceptions is where the acquisition is approved at a general meeting of the target company in accordance with Item 7 of Section 611 of the *Corporations Act 2001*. In the Proposed Transaction PHW is the target company.

To qualify for the exception in Item 7 and therefore enable the Proposed Transaction to take effect the following actions are required to be approved by PHW's shareholders:

- The issue of up to a 61.8% holding in PHW (assuming options are not exercised, refer to section 7.7 of our Report, if the options were to be exercised the holding would be 63.4%) to the Tomizone shareholders, which must be approved by PHW shareholders not associated with Tomizone; and
- The potential subscription by Jouet Limited for a greater than 20% shareholding in PHW.

The percentages cited above assume a \$5 million capital raising ("Capital Raising") referred to in Section 4. The percentages will vary depending on the size of the Capital Raising and the satisfaction of the vesting conditions of the Class A Performance Shares and Class B Performance Shares.



Item 7 requires shareholders of PHW to be provided with all of the information known to the Company and to the potential acquirer that is material to the shareholders' decision on how to vote on the Proposed Transaction. *Regulatory Guide 74: Acquisitions Approved by Members* ("RG74") issued by the Australian Securities and Investment Commission ("ASIC") provides additional guidance on the information to be provided to shareholders. RG74 states, inter alia, that the directors of the target company should provide members with an independent expert's report or a detailed directors' report on the Proposed Transaction.

The Directors of PHW have requested that HLB Mann Judd Corporate (NSW) Pty Ltd ("HMJC") prepare an independent expert's report ("Report") to express an opinion as to whether or not the Proposed Transaction is fair and reasonable to the non-associated shareholders of PHW. This Report is to be included in the shareholder booklet accompanying the Notice of Meeting that will be sent to PHW's shareholders regarding the Proposed Transaction, and has been prepared for the exclusive purpose of assisting shareholders in their consideration of the Proposed Transaction.

This assignment is a valuation engagement as defined by APES 225 *Valuation Services* as issued by the Accounting Professional & Ethical Standards Board. "Valuation engagement" means an engagement or assignment to perform a valuation and provide a valuation report where the independent expert is free to employ the valuation approaches, valuation methods and valuation procedures that a reasonable and informed third party would perform, taking into consideration all the specific facts and circumstances of the engagement or assignment available to the independent expert at that time.

Our valuation opinion is based on financial information as at 30 November 2014. We have reviewed financial information subsequent to this date to 31 January 2015 and nothing has come to our attention which would materially impact on our valuation opinion.

### 3. Summary of Opinion

The Proposed Transaction is Fair.

The Proposed Transaction is Fair because the assessed value of a PHW share in the Proposed Merged Entity (represented by PHW with 100% ownership of Tomizone after completing the Proposed Transaction) exceeds the value of a PHW share before the Proposed Transaction.

As the number of shares being issued is likely to result in Tomizone's shareholders obtaining control of PHW, we have assessed the Proposed Transaction as if it were a takeover offer. PHW's shareholders will retain their existing shares should the Proposed Transaction occur and will not receive any compensation. The effective consideration to be received by PHW's shareholders is therefore one share in the Proposed Merged Entity for every one PHW share held. We have therefore compared:

- the value of a PHW share on a control basis before the Proposed Transaction; with
- the value of a share in the Proposed Merged Entity on a minority basis.

This is summarised in *Table 3.1* below. Our calculations of value have been performed on a pre Share Consolidation basis. No change in value is expected as a result of the Share Consolidation and it has no impact on our opinion (refer to section 4 for an outline of the Proposed Transaction).

#### 3.1. Fairness of Transaction

*Table 3.1 – Assessment of Fairness*

Assessment of Fairness		
	Low	High
	\$	\$
Value of each PHW share on a control basis before the Proposed Transaction (refer to Section 7.6)	0.0016	0.0040
Value of each share in the Proposed Merged Entity after the Proposed Transaction on a minority basis (refer to Section 9)	0.0051	0.0069
<b>Difference in value</b>	0.0035	0.0029
<b>Different in value (%)</b>	219%	73%

### 3.2. *Conclusion on Fairness*

As the value of each PHW share before the Proposed Transaction (on a control basis) is below the value of a share in the Proposed Merged Entity (on a minority basis), the Proposed Transaction is fair to the non-associated PHW shareholders, being all shareholders other than those associated with Tomizone.

### 3.3. *Reasonableness Assessment*

The Proposed Transaction is reasonable as it is fair.

*Regulatory Guide 111: Content of Expert Reports* (“RG111”) issued by ASIC states that an offer is ‘reasonable’ if it is fair. It might also be ‘reasonable’ if, despite being ‘not fair’, the expert believes that there are sufficient reasons for security holders to accept the offer in the absence of any higher offer.

### 3.4. *Advantages*

We set out below the main advantages to existing PHW shareholders of approving the Proposed Transaction:

- Increased value of PHW shares – *Table 3.1* shows that a share in the Proposed Merged Entity exceeds the value of an existing PHW share.
- The Proposed Merged Entity will have an enlarged operating business – PHW currently has a small operating wine business. PHW also has to meet the compliance and administration costs of maintaining a listed company from its shareholders’ funds. This represents an on-going expense of approximately \$450,000 per year. The Company is therefore certain to continue to record losses unless it undergoes changes that will result in the ability to earn additional revenue. The acquisition of Tomizone would provide PHW with an operating business to generate revenues to offset the cost of maintaining a listed company.
- Industry growth – The industry in which Tomizone operates is experiencing significant growth on the back of the popularity of Smartphones which has increased demand for accessibility to data. The acquisition of Tomizone would provide the existing shareholders of PHW with the ability to access a high growth industry.
- No alternatives – We are not aware of any alternative offers for PHW. Other than a similar backdoor listing transaction we consider the probability of an alternative transaction to be low.

### 3.5. *Disadvantages*

We set out below the main disadvantages to existing PHW shareholders of approving the Proposed Transaction:

- Different risk profile – PHW is currently a small wine marketer and seller with minimal operations, whereas Tomizone is operational, providing Wi-Fi products and services. The risk profiles of these two activities are very different from one another. PHW’s shareholders may have bought PHW shares due to a preference for the existing specific risk/reward profile offered by PHW and may not want the risk/reward profile offered by an investment in Tomizone.
- Shareholders will likely lose control of PHW – After the proposed Transaction the shareholders of Tomizone may hold up to 61.8% (assuming options are not exercised, refer to section 7.7 of our Report, if the options were to be exercised the holding would be 63.4%), and new investors will hold 22.6%, of the ordinary shares issued by PHW. The actual percentage will depend on the size of the Capital Raising and the achievement of the vesting conditions of the Performance Shares. Existing PHW shareholders will own approximately 15.6% of the combined entity.

### 3.6. *Other considerations*

- This Report does not include details of taxation considerations for shareholders of PHW. We recommend that shareholders consult their own taxation adviser for detailed taxation advice before making a decision as to whether or not to agree to the Proposed Transaction.

- The post acquisition financial statement presentation needs to be considered as the transaction may be deemed a reverse acquisition under AASB 3: Business Combinations resulting with Tomizone deemed to be the accounting acquirer and parent entity in the new consolidated group. The result of this is that there may not be the opportunity to revalue and recognise intangible assets within the Tomizone business at the Proposed Transaction date.
- The financial reporting period year ends of Tomizone and PHW will need to be considered and possibly re-aligned.

### 3.7. *Opinion*

In our opinion, the Proposed Transaction is fair and reasonable to PHW's shareholders. This opinion should be read in conjunction with this Report in its entirety which sets out our scope, analysis and findings.

## 4. **Outline of the Proposed Transaction**

We have identified the following key terms from the Agreements of the Proposed Transaction.

- PHW Consolidated Limited is proposing to acquire 100% of the shares in Tomizone Limited for the following consideration:
  - 1,813,501,140 fully paid ordinary shares in the capital of PHW issued on a pre Share Consolidation basis ("PHW Shares").
  - 15,000,000 Class A Performance Shares and 15,000,000 Class B Performance Shares to be issued on a post Share Consolidation basis with the key milestones as follows:
    - Class A Performance Shares will convert to one post Share Consolidation PHW share subject to Tomizone achieving the performance milestone of NZD7,500,000 revenue within the 12 month period prior to 30 June 2016. If the milestone is not achieved then the performance shares will be converted into non-voting shares and automatically redeemed for \$0.000001 per Class A Performance Share; and
    - Class B Performance Shares will convert to one post Share Consolidation PHW share subject to Tomizone achieving the performance milestone of NZD9,500,000 revenue within the 12 month period prior to 30 June 2016. If the milestone is not achieved then the performance shares will be converted into non-voting shares and automatically redeemed for \$0.000001 per Class B Performance Share.
  - 220,784,626 options (together with the PHW Shares, Class A Performance Shares and Class B Performance Shares, the "Consideration Securities") to be issued on a pre Share Consolidation basis and be held by the holder for a period of 12 months, unless the sale:
    - Does not require disclosure as a result of sections 707 or 708 of the *Corporations Act 2001* (excluding section 708(1) of the *Corporations Act 2001*);
    - Does not require disclosure as a result of section 708A of the *Corporations Act 2001* or ASIC Class Order 04/761 or any variation or replacement of such Class Order;
    - Is made pursuant to a disclosure document in accordance with the *Corporations Act 2001*; or
    - Is received by a person outside of Australia,
 and on the terms set out as follows:
    - 86,538,467 options to be granted by PHW on the same terms and conditions as the PHW Options (refer to Section 7.7) with the expiry date of 31 December 2015; and
    - 134,246,159 options to be granted by PHW on the same terms and conditions as the PHW Options (refer to Section 7.7) with the expiry date of 30 September 2018.
- The Consideration Securities will be issued to each existing Tomizone shareholder on a pro-rata basis, based on their shareholding in Tomizone on the settlement date.

- In the event that Tomizone raises additional capital or reduces the existing loan facility and accounts payable balance of NZD3,909,948, the consideration will be increased by 10,849,481 fully paid PHW ordinary shares (pre Share Consolidation), 89,739 Class A Performance Shares (post Share Consolidation) and 89,739 Class B Performance Shares (post Share Consolidation) for every NZD100,000 in capital raised or reduction in the loan balance and/or accounts payable balance.
- Completion of the acquisition is conditional on the following conditions precedent:
  - PHW shareholder approval of the following;
    - the issue of the Consideration Securities pursuant to the Proposed Transaction;
    - a consolidation of securities in PHW on a minimum of one PHW share for every 40 PHW shares on issue (“Share Consolidation”);
    - a change in the name of PHW to “Tomizone Limited” or as otherwise advised;
    - the issue of PHW securities pursuant to the Capital Raising;
    - a change in the nature and scale of PHW’s activities in accordance with ASX Listing Rule 11.1.2;
    - approval for related party transactions, if any; and
    - any other matter PHW and Tomizone consider necessary to give effect to the Proposed Transaction.
  - Completion of the Share Consolidation;
  - PHW as soon as practicable after the Share Consolidation complete the Capital Raising at a price of at least \$0.20 per share (on a post Share Consolidation basis);
  - have the Share Sale Agreement executed by Tomizone’s majority shareholders (which has now been completed);
  - have the Minority Share Sale Agreement executed by each of Tomizone’s minority shareholders (which has now been completed);
  - if requested by Tomizone, the issue of a secured convertible note up to \$250,000 from any funds raised in excess of the \$250,000 from the pre Share Consolidation Capital Raising;
  - if the ASX requires that any or all of the shares pursuant to the Proposed Transaction be subject to a restriction agreement, each affected shareholder signing a Restriction Agreement in respect of the securities they are issued under the Proposed Transaction and to which a restriction has been imposed; and
  - obtaining ASX approval.

The following *Table 4.1* summarises the effect of the above transactions on the shares on issue on both a pre and post Share Consolidation basis.

Table 4.1 – Summary of Shares as a result of the Proposed Transaction

Impact of Proposed Transaction on Shares in PHW		Shares on Issue (post Share Consolidation at 40:1)
	Shares on Issue (pre Share Consolidation)	
Shares on Issue pre Proposed Transaction	762,596,203	19,064,905
<b>Consideration</b>		
Fully Paid Shares	1,813,501,140	45,337,529
Class A Performance Shares	600,000,000	15,000,000
Class B Performance Shares	600,000,000	15,000,000
<b>Conditions Precedent</b>		
Pre Share Consolidation Capital Raising <sup>(1)</sup>	103,750,000	2,593,750
Capital Raising	1,000,000,000	25,000,000
Shares on Issue post Proposed Transaction	<u>4,879,847,343</u>	<u>121,996,184</u>

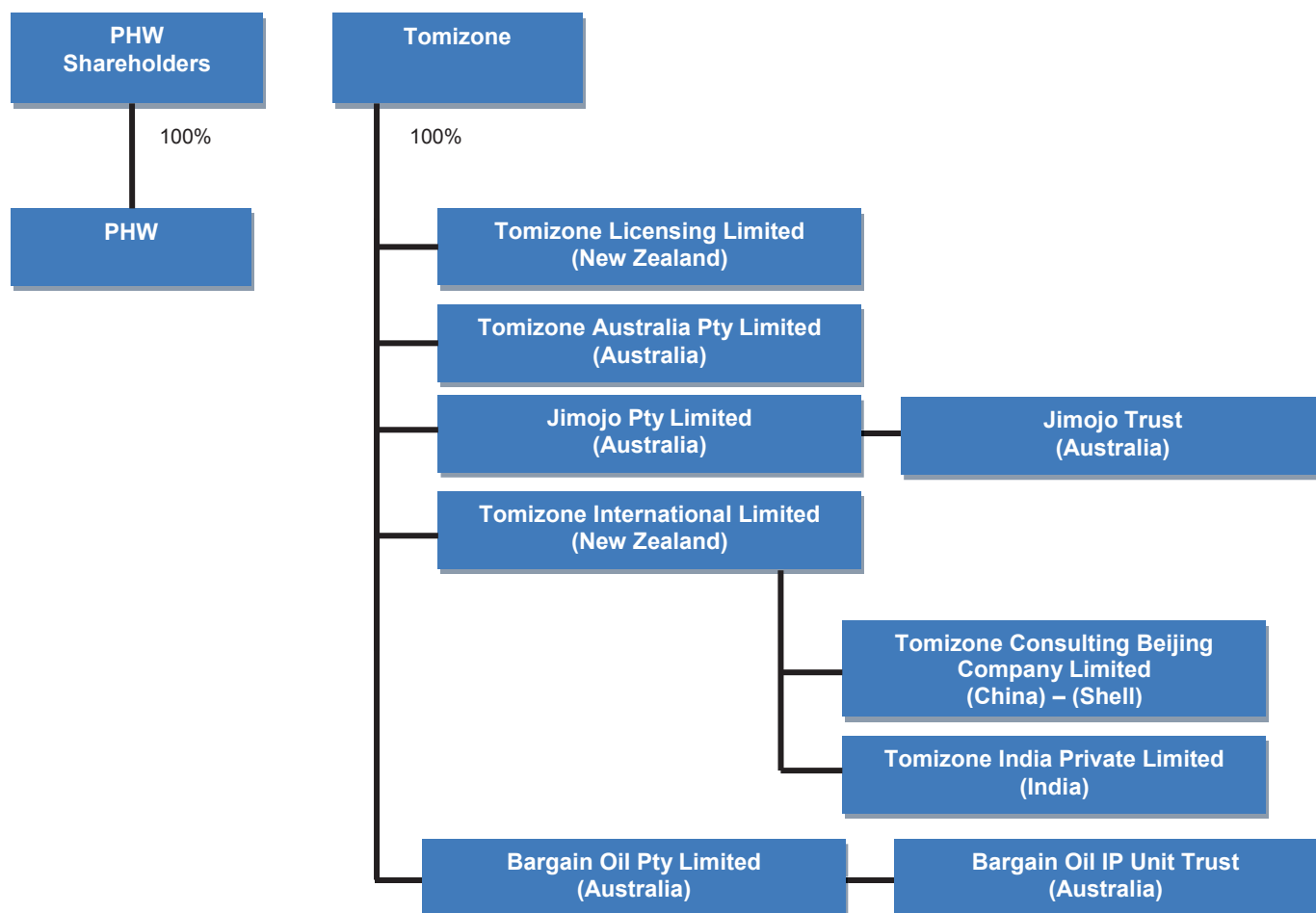
Notes: (1) Assuming completion of the Proposed Transaction (which will trigger the conversion of the Convertible Notes issued under the Pre Share Consolidation Capital Raising at a 20% discount to the proposed Capital Raising issue price of \$0.20) and all relevant Shareholder approvals are obtained.

Table 4.2 – Summary of Options as a result of the Proposed Transaction

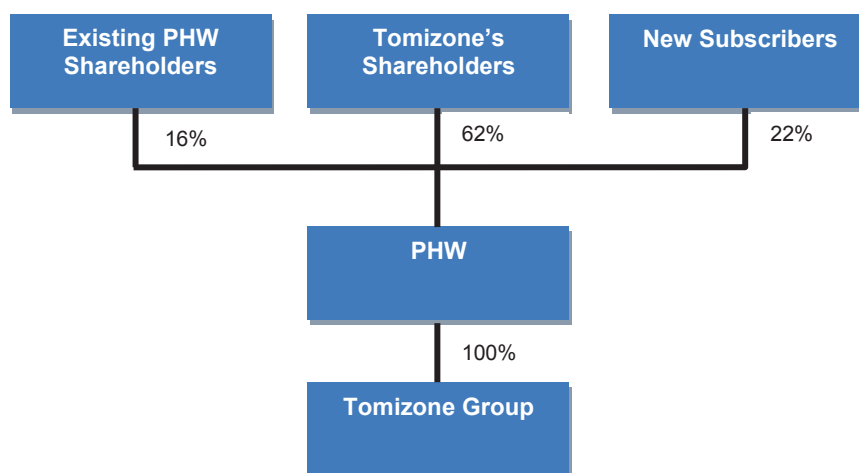
Impact of Proposed Transaction on Options in PHW			
	Unlisted Options Expiring 31 December 2015	ASX Listed Options Expiring 30 September 2018	Management Incentive Options Expiring 1 October 2018
Options on Issue pre Proposed Transaction	86,538,467	254,000,076	45,000,000
<b>Consideration</b>			
Options Issued	86,538,467	134,246,159	-
Options on Issue post Proposed Transaction	<u>173,076,934</u>	<u>388,246,235</u>	<u>45,000,000</u>
Options on Issue post Share Consolidation (40:1)	<u>4,326,923</u>	<u>9,706,156</u>	<u>1,125,000</u>

The existing and proposed corporate structures of PHW and Tomizone are outlined in *Figures 4.1 and 4.2* below:

*Figure 4.1 – Existing structure of PHW and the Tomizone Group before the Proposed Transaction*



*Figure 4.2 –Structure after the Proposed Transaction*



## 5. Basis of Our Evaluation

In determining how to evaluate the Proposed Transaction we have considered RG111 issued by ASIC. RG111 requires an independent expert to evaluate ‘control transactions’ as if they were a takeover offer. As shareholders of Tomizone will hold a majority of the shares outstanding in PHW should the Proposed Transaction be approved, we have evaluated the Proposed Transaction as a takeover of PHW. RG111 requires a separate assessment of whether a takeover offer is ‘fair’ and whether it is ‘reasonable’. We have therefore considered the concepts of ‘fairness’ and ‘reasonableness’ separately as discussed below.

### *Fairness*

RG111 defines a takeover offer as being fair if the value of the consideration is equal to or greater than the value of the securities subject to the offer. Accordingly, HMJC has assessed whether the Proposed Transaction is fair by comparing:

- the value of a PHW share before the Proposed Transaction; with
- the effective consideration offered to PHW’s shareholders.

As PHW’s shareholders would retain their PHW shares if the Proposed Transaction proceeds (as opposed to exchanging them for cash or the acquirer’s scrip as in a takeover offer) the effective consideration to be received by PHW’s shareholders is the continued ownership of a PHW share, which will become a share in the Proposed Merged Entity.

The value of a PHW share after the Proposed Transaction has been assessed on a minority interest basis (i.e. excluding a control premium) as PHW’s current shareholders would own a minority stake in the Proposed Merged Entity should the Proposed Transaction occur.

We have assessed the values of PHW (before the Proposed Transaction”) and the Proposed Merged Entity at “Fair Market Value”, which is defined by the International Glossary of Business Valuation Terms as:

*The price, expressed in terms of cash equivalents, at which property would change hands between a hypothetical willing and able buyer and a hypothetical willing and able seller, acting at arm’s length in an open and unrestricted market, when neither is under compulsion to buy or sell and when both have reasonable knowledge of the relevant facts.*

This definition of Fair Market Value is consistent with the definition in RG111 at paragraph 11.

“Special Value” is defined as the amount a specific purchaser is willing to pay in excess of Fair Market Value. Such a specific purchaser may be willing to pay a premium over Fair Market Value as a result of potential economies of scale, reduction in competition or other synergies they may enjoy arising from the acquisition of the asset. However, to the extent a pool of hypothetical purchasers could all achieve the same level of synergies; these synergies should be included in Fair Market Value. Special Value is typically not considered in forming an opinion on the Fair Market Value of an asset and our valuations of PHW and the Proposed Merged Entity do not include any special value.

### *Reasonableness*

In accordance with RG111, we have considered the Proposed Transaction as being reasonable if it is fair, or if, despite not being fair, we believe that there are sufficient reasons for PHW’s shareholders to vote for the proposal. To assess the reasonableness of the Proposed Transaction we have considered the following significant factors:

- the vendors of Tomizone have no interest in PHW at present;
- the size of existing shareholding blocks in PHW;
- the liquidity of the market in PHW’s shares;
- any special value of PHW to Tomizone;
- the likely market price of PHW shares if the Proposed Transaction is rejected; and
- the value of PHW to an alternative bidder and the likelihood of an alternative offer.

We have also considered the significant advantages and disadvantages to PHW’s shareholders of the Proposed Transaction.



## 6. Valuation Methodology

To estimate the Fair Market Value of PHW before and after the Proposed Transaction we have considered common market practice and the commonly used valuation methodologies recommended in RG111. Some of these are summarised below:

- Discounted cash flow method: the net present value of future cash flows;
- Application of an earnings multiple to future maintainable earnings: the value of operations based on the capitalisation of future maintainable earnings;
- Orderly realisation of assets: the amount that would be available for distribution to security holders on an orderly realisation of assets;
- Quoted market value of listed securities: the quoted price for listed securities in a liquid and active market;
- Recent offers received: the attributable value based on any recent genuine offers received; and
- Comparable Market Transaction: the identification of sale comparable to the Proposed Transaction.

We have provided more detail on methodologies commonly used for valuing assets and businesses in Appendix A.

Each of these methods is appropriate in certain circumstances and often more than one approach is applied, at least as a secondary cross-check to a primary method. The choice of methods depends on factors such as the nature of the business being valued, the return on the assets employed in the business, the valuation methodologies usually applied to value such businesses and the availability of the required information.

### 6.1. Selection of Valuation Methodology – PHW

In selecting an appropriate valuation methodology to value PHW we have considered the following factors:

- PHW does not have any significant ongoing business; therefore the discounted cash flow and capitalisation of earnings approaches are not relevant; and
- PHW's main asset is cash. This asset is understood and can be valued.
- We are not aware of any other recent offers received for the shares in PHW.

Accordingly, we are of the opinion that the most appropriate methodology to value PHW is an asset based method with a cross check to quoted market value of its listed securities.

### 6.2. Selection of Valuation Methodology – Tomizone

In selecting an appropriate valuation methodology to value Tomizone we have considered the following factors:

- There are a number of publicly traded companies that have activities that are comparable to Tomizone. Thus a capitalisation of earnings approach is suitable;
- The long term cash flow forecasts for Tomizone are difficult to predict and are based on many assumptions, making a discounted cash flow analysis no more informative than a capitalisation of earnings approach;
- Tomizone is a service business, not an asset based business, thus an asset based approach is not relevant;
- The only recent transaction in Tomizone's shares was the issue of shares between April 2014 and September 2014 valuing the company at approximately NZD7.4 million. This is not considered representative of fair market value given this offer was only made within Tomizone's existing network of contacts, was not made to the general public, and was offered at a discount recognising the inherent investment risk profile at that date, in order to provide funding necessary for Tomizone to continue to trade at that particular time; and
- We are not aware of any industry specific rules of thumb.

Accordingly, we are of the opinion that the most appropriate methodology to value Tomizone is the capitalisation of earnings analysis method.

### **6.3. Selection of Valuation Methodology – Proposed Merged Entity**

In selecting an appropriate valuation methodology for the Proposed Merged Entity we have considered the following factor:

- PHW's existing shareholders will be minority shareholders in the Proposed Merged Entity.

On this basis we have adopted a "sum of the parts methodology" excluding any control premium included in our valuation of PHW.

## **7. Background Information and Valuation of PHW**

### **7.1. History of PHW**

PHW was incorporated as A.L. Vincent Industries Ltd, an engineering company, on 11 May 1951. On 1 January 1974 its shares listed on the ASX. On 9 May 1996 the company changed its name to Vinestments Limited and on 5 February 1997 the company became a bio-technology company, Biodiscovery Limited. On 22 November 1999 Biodiscovery Limited acquired Simon Gilbert Wine Services Pty Limited and the company changed its name to Simon Gilbert Wines Limited.

In 2007 Simon Gilbert Wines Limited completed the acquisition of Cassegrain Wines and in November 2007 the company changed its name from Simon Gilbert Wines Limited to Prince Hill Wines Limited. This name change was made to better describe the company and its presence in the Mudgee region, as James Prince, an early pioneer, owned the land and lived in the homestead which was the site of the flagship winery of the company.

Losses in subsequent years caused the decline in the financial position of the company and the company was placed into Administration on 26 March 2012. On 5 September 2012 the company's creditors agreed to execute a deed of company arrangement.

On 7 February 2013 Blueknight Corporation Pty Ltd paid the balance of funds required as part of the recapitalisation of Prince Hill Wines Limited under the deed of company arrangement. Subsequently on 13 February 2013 Prince Hill Wines Limited changed its name to PHW Consolidated Limited.

On 26 June 2014 PHW issued 494,261,528 ordinary shares at \$0.00325 each and issued 164,753,917 options for no consideration. The capital raised in this transaction was approximately \$1.6 million. This transaction was initiated in order to re-instate PHW's shares to trading on the ASX.

### **7.2. Key Management Personnel and the Qualifications and Experience**

Roger Christian Steinepreis (Chairman) graduated from the University of Western Australia where he completed his law degree. He was admitted as a barrister and solicitor of the Supreme Court of Western Australia in 1987 and has been practising as a lawyer for more than 21 years. He is the legal adviser to a number of public companies on a wide range of corporate related matters. His areas of practice include company restructures, initial public offerings and takeovers.

Paul Charles Garner (Executive Director) has experience in international business and over 38 years experience in the property and equities market. He has experience with public company capital raising and restructuring. He has served on the Boards of various listed oil and gas companies at various stages of their development.

Avikashan Naidu (Non-Executive Director) is a Co-Founder and Director of Aura Funds Management and a principal of Aura Capital Group. Prior to establishing Aura Funds Management, Mr Naidu was an investment banker with an independent corporate advisory firm and before that a solicitor in the Mergers & Acquisitions team at Mallesons Stephen Jaques (now King & Wood Mallesons). Mr Naidu has advised on M&A, equity capital markets, private equity, funds management transactions and provided general corporate advice, working in a diverse number of sectors, including industrials, telecommunications, media & technology, resources, financial services and agriculture, acting for both public and private companies. Mr Naidu holds a Bachelor of Commerce (Finance and Economics) from the University of Sydney, a Bachelor of Laws from the University of New South Wales and is admitted as a solicitor of the Supreme Court of New South Wales and the High Court of Australia.

Eric King Wai Chan (Non-Executive Director) is a Co-Founder and Director of Aura Capital Group. Prior to establishing Aura Capital Group, Mr Chan worked at law firm Clayton Utz, advising on M&A, private equity and debt financing transactions. Mr Chan is a non-executive director of Bligh Resources Limited (ASX: BGH) and also currently sits on the Board of various private companies, providing strategic and corporate advice. Mr Chan holds a Bachelor of Laws and Bachelor of Science in Information Technology from the University of Technology, Sydney and is admitted as a solicitor of the Supreme Court of New South Wales and the High Court of Australia.

Jack Toby (Company Secretary and Chief Financial Officer) is a Fellow of the Institute of Chartered Accountants in Australia, a Fellow of the Institute of Chartered Accountants in England and Wales and an Associate member of the Australian Computer Society.

### 7.3. Financial Performance

The 30 June 2014 Annual Report describes the activities of PHW as wine marketing and sales. A review of its performance for the 2014 year, summarised in *Table 7.1* below, shows that there were no material operations, with the only revenue generated being interest income and the only expenditure related to corporate and other costs.

*Table 7.1 – Historical Earnings*

PHW's Historical Earnings		
	FY 2014	FY 2013
	\$'000	\$'000
<b>Interest Income</b>	<b>2</b>	<b>-</b>
Corporate and other expenses	(448)	(615)
<b>Loss for the year</b>	<b>(446)</b>	<b>(615)</b>

The 30 June 2014 Annual Report also presents the financial position of PHW, which is summarised in *Table 7.2* below.

*Table 7.2 – Financial Position*

PHW's Financial Position		
	30 June	30 June
	2014	2013
	\$'000	\$'000
<b>Current assets</b>		
Cash	1,405	51
Receivables	16	6
	1,421	57
<b>Total assets</b>	<b>1,421</b>	<b>57</b>
<b>Current liabilities</b>		
Accounts payable	260	380
	260	380
<b>Total liabilities</b>	<b>260</b>	<b>380</b>
<b>Net assets (liabilities)</b>	<b>1,161</b>	<b>(323)</b>

#### 7.4. PHW ASX announcements

Below is a table summarising the announcements made by PHW to the ASX during the period from the date of reinstatement to trading on the ASX, 9 July 2014, to 16 March 2015. The table includes detail of the PHW share price prior to the announcement and the closing price following the announcement, obtained from [www.tradingroom.com.au](http://www.tradingroom.com.au).

Table 7.3 - Summary of PHW ASX announcements

PHW's ASX Announcements		Closing Price Day Prior to Announcement (\$)	Closing Price Day of Announcement (\$)
Date	Announcement		
16-Mar-2015	PHW Tomizone Investor Roadshow 16-Mar-15	0.0040	0.0040
4-Mar-2015	PHW Completion of Interim Capital Raising	0.0040	0.0040
4-Mar-2015	PHW ASX Appendix 3B	0.0040	0.0040
24-Feb-2015	PHW Global WiFi Expert and Technologist Joins Tomizone	0.0030	0.0030
18-Feb-2015	PHW ASX App 3Y - Chan - Change of Interest	0.0030	0.0030
16-Feb-2015	PHW Half Year Report 31-Dec-14	0.0030	0.0030
16-Feb-2015	PHW Appointment of Brokers as Joint Lead Managers	0.0030	0.0030
13-Feb-2015	PHW ASX Appendix 4D 31-Dec-14	0.0030	0.0030
6-Feb-2015	PHW ASX App 3Y - Chan - Change of Interest	0.0030	0.0030
2-Feb-2015	PHW Tomizone Acquisition Presentation	0.0020	0.0030
2-Feb-2015	PHW Agreement to Acquire Tomizone Wifi Company	0.0020	0.0030
30-Jan-2015	Trading Halt	0.0020	0.0020
15-Jan-2015	PHW ASX Appendix 4C Dec-14	0.0020	0.0020
19-Nov-14	PHW Meeting Results	0.0040	0.0030
16-Oct-14	PHW ASX Appendix 4C Sep-14	0.0030	0.0030
10-Oct-14	PHW Notice of AGM	0.0030	0.0030
16-Sep-14	PHW Activities Update	0.0030	0.0030
03-Sep-14	PHW 2014 Annual Report	0.0040	0.0040
29-Aug-14	PHW ASX Appendix 4E	0.0040	0.0040
27-Aug-14	PHW ASX App 3Y - Garner - Change of Interest	0.0040	0.0040
21-Jul-14	PHW ASX App 3Y - Chan - Change of Interest	0.0040	0.0040
18-Jul-14	PHW ASX App 3Y - Naidu - Change of Interest	0.0040	0.0040
18-Jul-14	PHW ASX App 3Y - Chan - Change of Interest	0.0040	0.0040
15-Jul-14	PHW ASX App 3Y - Steinepreis - Change of Interest	0.0040	0.0040
15-Jul-14	PHW ASX App 3Y - Garner - Change of Interest	0.0040	0.0040
14-Jul-14	PHW ASX App 3Y - Garner - Change of Interest	0.0040	0.0040
10-Jul-14	PHW ASX Appendix 4C	0.0040	0.0040
09-Jul-14	PHW ASX App 3Y - Chan - Change of Interest	0.0040	0.0040

Table 7.3 shows that the price does not appear to be sensitive to these particular announcements to the ASX. The table above also shows that there has not been any significant movement in share price since reinstatement to trading on the ASX on 9 July 2014, with shares trading within the range of \$0.002 and \$0.004.

#### 7.5. PHW Capital Structure

Tables 4.1 and 4.2 summarise the current and proposed capital structure if the Proposed Transaction were to take place.

Table 7.4 sets out details of PHW's shareholder spread as at 31 August 2014, which was included in the 30 June 2014 Annual Report.

Table 7.4 – Shareholder Spread at 31 August 2014

PHW's Shareholder Spread				
Spread (Securities)	ASX Listed Ordinary Shares	ASX Listed Options Expiring 30 September 2018	Unlisted Options expiring 31 December 2015	Unlisted Management Incentive Options expiring 1 October 2018
1 - 1,000	556	-	-	-
1,001 - 5,000	42	-	-	-
5,001 - 10,000	24	-	-	-
10,001 - 100,000	53	92	-	-
100,001 - and over	325	210	17	2
Holdings of less than a marketable parcel	677			

PHW's 30 June 2014 Annual Report sets out the twenty largest shareholders as at 31 August 2014, which is summarised in Table 7.5.

Table 7.5 – PHW Twenty Largest Shareholders at 31 August 2014

PHW's Twenty Largest Shareholders		
Shareholder	Number of Shares	Shareholding
Ranchland Holdings Pty Ltd <RC Steinepreis Family A/C>	41,576,924	5.45%
Two Tops Pty Ltd	32,307,692	4.24%
Mr David Arthur Paganin <DA Paganin Family No 2 A/C>	26,192,308	3.43%
Blue Capital Holdings No 1 Pty Ltd <Blue Super Fund A/C>	26,153,846	3.43%
Marven Pty Ltd	23,476,924	3.08%
Northgold Pty Ltd <Northgold Super Fund A/C>	20,484,616	2.69%
Worldwide Energy Co Ltd	20,000,000	2.62%
Mr William Henry Hernstadt	16,153,846	2.12%
Jakor Pty Ltd	15,384,616	2.02%
Ohio Holdings Pty Ltd	15,384,616	2.02%
Mr Kar Wing Ng + Ms Yow Ting Lee <NG Family S/F A/C>	15,384,615	2.02%
Mrs Andrea Murray <Murray Family Fund No 2 A/C>	12,923,076	1.69%
Zambezi Enterprises Pty Ltd	12,923,076	1.69%
Watson Wine Group Pty Ltd	12,376,170	1.62%
Disruptive Capital Pty Ltd	11,538,462	1.51%
Pheakes Pty Ltd <Senate A/C>	10,230,768	1.34%
Mr Edward Frank Davison	10,000,000	1.31%
Ohio Enterprises Pty Ltd <Ohio Super Fund A/C>	9,615,385	1.26%
Aura Capital Management Pty Ltd <Aura S/F A/C>	9,230,769	1.21%
MXJ Pty Ltd <Jinxin Family A/C>	9,230,769	1.21%
	350,568,478	45.96%

Table 7.6 sets out the significant shareholders if the Proposed Transaction proceeds. The following table is based on the outline of the Proposed Transaction in Section 4 and assumes that the Class A Performance Shares and Class B Performance Shares vest. The number of shares reported are on a post Share Consolidation basis.

Table 7.6 – Significant Shareholders if Proposed Transactions Proceeds

Impact of Proposed Transaction on Shareholders in PHW		
	Shares Held (No.)	Shares Held (%)
<b>Tomizone Shareholders</b>		
Jouet Limited	26,028,967	21.34
Kauri Corporation Limited	23,533,442	19.29
Other Tomizone Shareholders	25,775,120	21.13
<b>Other Shareholders</b>		
New Shareholders	27,593,750	22.62
Existing PHW Shareholders	19,064,905	15.63
Post Acquisition Shares on Issue	121,996,184	100.00

#### 7.6. Value of PHW before the Proposed Transaction

##### Net Asset Approach

We have assessed the current Fair Market Value of PHW, based on the net asset approach as summarised in Table 7.7. We have compared this with the quoted market value of listed securities in PHW.

Table 7.7 – Net asset based valuation of PHW as at 30 November 2014

Net Asset Based Valuation of PHW		
	Low \$'000	High \$'000
Cash	1,000	1,000
Trade and other receivables	16	16
Trade and other payables	(260)	(260)
Listed Vehicle	500	750
<b>Value of PHW on a control basis</b>	<b>1,256</b>	<b>1,506</b>
Divided by: Total number of shares on issue ('000)	762,596	762,596
<b>Value per Share on a control basis (\$)</b>	<b>0.0016</b>	<b>0.0020</b>

The ASX announcement on 15 Jan 2015 announced that as at 31 December 2014 PHW had cash of approximately \$1.08 million. If the transaction does not proceed, there will be approximately \$100,000 of costs that will be incurred which predominately relate to legal and compliance fees. Therefore a net cash amount of \$1 million has been included in our valuation of PHW. We have taken the value of trade and other receivables and trade and other payables as at their 30 June 2014 values as no material movement is expected. We note that the half-year financial report to 31 December 2014 shows that the financial position and performance of the company did not change significantly compared to 30 June 2014.

As well as the assets presented in its financial statements, the other significant asset of PHW is its securities exchange listing on the ASX, which provides shareholder value as a vehicle for a backdoor listing. Based on our knowledge of similar transaction and discussions we have held with stock brokers and insolvency professionals, we have assessed the value of PHW's shell to be \$0.5 million to \$0.75 million.

##### Consideration of Alternate Approach

As PHW is ASX listed we considered it appropriate to consider the quoted market value of the securities on issue based on information obtained from [www.tradingroom.com.au](http://www.tradingroom.com.au).



*Table 7.8 – Market Value Analysis*

<b>Basis of Value per Share</b>	<b>Market Value Analysis Closing Share Price (\$)</b>	<b>Shares on Issue ('000)</b>	<b>Market Capitalisation (\$'000)</b>
Current Market Price per Security (as at 16 March 2015)	0.004	762,596	<b>3,050</b>
Highest Trading Price since Reinstatement to Trading on the ASX	0.004	762,596	<b>3,050</b>

It is apparent that there is an anomaly as the value determined on a control basis is lower than the value based on the current market prices, which is a proxy for the minority interest price.

Given this anomaly we have taken the highest price, being \$0.004 per share, as the high value of each PHW share (noted in *Table 3.1*), and \$0.0016 as the low value.

Section 7.7 of our Report concludes that the options issued by PHW have no significant value, and therefore they do not impact on our Report.

## **7.7. Options in PHW**

*Table 7.4* summarises the spread of the three series of options on issue. The terms and conditions of each of these options and consideration of their value are as follows:

### *ASX Listed Options*

There are 254,000,076 options to subscribe for unissued fully paid ordinary shares in PHW for \$0.01, expiring on 30 September 2018.

Given the low volatility of PHW shares (trading range between \$0.002 and \$0.004 as noted in Section 7.4 with low volumes) and the fact that the PHW share price would have to increase by between 250% and 500% to reach the exercise price we do not consider the value of the options, if any, to have any impact on our Report. Further to this we note that less than 3% of these options have traded since they were issued on 9 July 2014 and all of the trades have been at \$0.001. This indicates that this is an illiquid market and that the options are likely to have no value.

### *Unlisted Options*

There are 86,538,467 options to subscribe for unissued fully paid ordinary shares in PHW for \$0.01 expiring 31 December 2015.

The only key point of difference between these options and the ASX Listed Options is the shorter time frame. This would indicate a lower value. As we consider that the ASX Listed Options will not have any impact on our Report, we also consider that these options will also not impact our Report.

### *Management Incentive Options*

There are 15,000,000 Class A Incentive Options to subscribe for unissued fully paid ordinary shares in PHW for \$0.01 expiring 1 October 2018. These options vest on the introduction of a new transaction or asset acquisition that is unanimously agreed by the Board of PHW.

There are 15,000,000 Class B Incentive Options to subscribe for unissued fully paid ordinary shares in PHW for \$0.01 expiring 1 October 2018. These options vest when the company raises an additional \$1 million at a price greater than 10% above the issue price under the offer pursuant to the prospectus dated 7 May 2014. The issue price under the prospectus dated 7 May 2014 was \$0.00325.



There are 15,000,000 Class C Incentive Options to subscribe for unissued fully paid ordinary shares in PHW for \$0.01 expiring 1 October 2018. These options vest in the event PHW achieves two consecutive quarters of positive operating cashflows of at least \$250,000 per quarter.

The only key point of difference between these options and the ASX Listed Options are the vesting conditions. We do not consider the one day difference in expiry dates to be significant. The presence of vesting conditions would indicate a lower value. As we consider that the ASX Listed Options will not have any impact on our Report, we also consider that these options will also not impact our Report.

## 8. Background Information and Valuation of Tomizone

### 8.1. History of Tomizone

The following is a timeline which sets out a brief history of Tomizone outlined in Tomizone's information memorandum:

Date	Event
2006	<ul style="list-style-type: none"> <li>Tomizone founded by Phillip Joe and Steve Simms</li> <li>Tomizone commenced business operations</li> <li>Software platform Tomizone 1.0 was launched</li> </ul>
2007	<ul style="list-style-type: none"> <li>Major new customers: DLink OEM Partnership, Auckland Metro WiFi</li> </ul>
2008	<ul style="list-style-type: none"> <li>Software platform Tomizone 2.0 was launched</li> <li>Business turned its focus to Enterprise and Business customers</li> <li>Major new customers: Starbucks Cafes</li> </ul>
2009	<ul style="list-style-type: none"> <li>Tomizone acquired Hitzone Pty Ltd, an Australian wireless hotspot provider</li> <li>Major new customers: Quest Hotels</li> </ul>
2010	<ul style="list-style-type: none"> <li>Major new customers: Westfield Retail, Sydney Ferries</li> </ul>
2011	<ul style="list-style-type: none"> <li>Software platform Tomizone 3.0 was launched</li> <li>Tomizone received Deloitte Fast50 Award, ranked 10<sup>th</sup> in New Zealand</li> <li>Tomizone received Deloitte Technology Fast500 Award Asia Pacific</li> <li>Tomizone introduced its advertising model</li> <li>Major new customers: Sydney Airport, ANZ Bank</li> </ul>
2012	<ul style="list-style-type: none"> <li>Software platform Tomizone 4.0 was launched</li> <li>Tomizone received Deloitte Fast50 Award, ranked 16th in New Zealand</li> <li>Tomizone received Deloitte Technology Fast500 Award Asia Pacific</li> <li>Major new customers: Auckland Libraries</li> </ul>
2013	<ul style="list-style-type: none"> <li>Tomizone acquired Jimojo Pty Ltd, an Australian wireless hotspot provider</li> </ul>
2014	<ul style="list-style-type: none"> <li>Software platform Tomizone 5.0 was launched</li> <li>Lightswitch<sup>®</sup> 1.0 dashboard was launched</li> <li>Major new customers: Redbull WiFi, Skype Pilot</li> </ul>

### 8.2. Key Management Personnel and the Qualifications and Experience

Phillip Joe (Executive Chairman and Chief Financial Officer) is the Executive Chairman and co-founder of Tomizone. He has over 27 years of entrepreneurial, strategic, financial and operational management experience in Australasia, Asia and the US and sat on public and private company boards. Phillip is a member of the NZ Institute of Chartered Accountants

Steve Simms (Chief Executive Officer and Director) is a co-founder of Tomizone and has nearly 25 years experience in the Internet, Telecommunications, Wireless and Broadcast industry.

Andrew Somervell (Chief Product Officer) has senior management experience in the entertainment and technology sectors, including the development of social platforms and enterprise internet businesses. Previous roles include Chief Operating Officer at Eventfinda, and Chief Product Officer and co-founder of Voyager Internet.

Tarun Kanji (Consultant) has nearly 25 years corporate and consulting experience, including over 10 years in senior executive roles with the Fosters Group, and more recently advisory roles in commercial globalisation of technology companies. Currently, he also has governance roles with Noske Kaeser NZ, Fairway Resolution, Portfolio Governance Authority (Inland Revenue NZ), Auckland Festival Trust, and Grafton United Cricket. Tarun is also a Fellow member of the NZ Institute of Chartered Accountants, CPA (Australia), NZ Institute of Directors, Australian Institute of Company Directors and NZ Asian Leaders. Tarun has been contracted by Tomizone as an independent consultant assisting it with global commercialisation and capital raising.

### 8.3. *Current Activities*

Tomizone currently employs 21 staff across New Zealand, Australia, Fiji and India. Tomizone is a provider of cloud-hosted Wi-Fi, providing a platform for its customers to offer Wi-Fi services to their consumers. The business services customers in several sectors including the accommodation, transport, retail and metropolitan sectors predominately in Australia, New Zealand and Fiji. The company's head office is located in Auckland, New Zealand.

The Tomizone software platform, Lightswitch®, provides a gateway for consumers to connect to Wi-Fi and a dashboard for its customers to manage Wi-Fi access, security and accounts. Tomizone's Lightswitch® platform offers the following benefits to its customers:

- Control of user experience: the platform offers customisation of the landing page, allowing customers to tailor the page according to their own branding and marketing strategies. Customers can also redirect consumers to their website once they are online.
- Management of online safety, security and content filtering to protect users and their information.
- Advertising: customers can leverage advertising opportunities to monetise free Wi-Fi access. Tomizone's industry standard advertising server delivers quality images, Flash and video content.
- Reporting and analytics: generation of usage reports to capture user data and understand key metrics.
- Secure payment and authentication, including management of multi-currency transactions.

Tomizone has introduced Service Level Agreements ("SLAs") where customers enter into and pay a fixed monthly fee for the management of the software platform as research and anecdotal evidence suggested that consumers are increasingly expecting Wi-Fi to be provided free in venues such as hotels and airports. Tomizone customers can then choose to offer the Wi-Fi as a free or paid service, or a combination of both. The SLAs are typically 2 to 5 years in length and offer customers additional technical support and account management.

Tomizone's business model has previously relied on its Airtime revenue stream, that is, the revenue generated from an end user paying to use Wi-Fi at a venue. This revenue is then shared with the venues through a commission structure, usually returning a 50% share to each.

Tomizone is predicting significant growth in the market for managed Wi-Fi solutions. Opportunities and factors contributing to the growth in this market include:

- Consumer expectations: Access to reliable and free Wi-Fi is already a basic consumer requirement in many sectors including hotels and airports. Wi-Fi performance is seen as being critical for such customers in maintaining their ratings with Sky Track (airports) and Trip Advisor (accommodation).
- Tomizone has developed and is continuing to develop the ability to utilise and monetise consumer data obtained through the use of Tomizone managed Wi-Fi networks. This could be a source for significant future revenues as organisations strive to capture, engage and market to specific customer groups.
- Further monetisation opportunities through targeted advertising, data collection and consumer profiling.
- Telecommunications carriers are increasingly seeking to have Wi-Fi hotspots available to users in their network so as to "off load" users from the 3G and 4G networks to reduce the load on their own networks. Tomizone currently provides Wi-Fi hotspots under such an arrangement for Vodafone Fiji.

### 8.4. *Competitive Position*

An analysis of strengths, weaknesses, opportunities and threats ("SWOT") is considered below.

#### *Strengths*

- Tomizone's Service Level Agreements (SLAs) are expected to generate long term, contracted revenue.
- Established brand with well established large clients.
- Significant experience in accommodation sector and growth in transport, hospitality, retail and metro sectors.
- Scalable Wi-Fi management software platform for free, sponsored or paid internet access with reporting and data analytics dashboard and functionality.

- Existing, established customer base with low customer turnover.

#### *Weaknesses*

- Tomizone's SLAs to date are not the majority of the business, as the majority of its revenue in the past has been generated from Airtime revenue.
- SLA revenue model is dependent on the success of sales team and channel partners signing up new customers.
- Current cash flow constraints inhibiting growth.

#### *Opportunities*

- High level of usage of Wi-Fi enabled devices.
- High demand for Wi-Fi hotspots by consumers.
- Further monetisation through advertising and data collection.
- Other international markets: USA, India.
- Telecommunication networks requiring Wi-Fi hotspots for 3G and 4G offload.

#### *Threats*

- Reluctance of accommodation sector to forfeit revenue from paid Wi-Fi and embrace monthly fixed fee model.
- New entrants to the market constraining Tomizone's growth offering alternate monetisation strategies.
- Smaller customers may opt to maintain their own Wi-Fi hotspots rather than paying for a managed solution.

### **8.5. Financial Performance**

Tomizone's audited consolidated financial statements for the year ended 31 March 2014 set out the financial performance for the last two financial years. This is disclosed in *Table 8.1* below.

*Table 8.1 – Historical Performance*

<b>Tomizone's Historical Earnings</b>		
	<b>FY 2014</b>	<b>FY 2013</b>
	<b>NZD'000</b>	<b>NZD'000</b>
<b>Sales</b>	<b>5,302</b>	<b>4,488</b>
Cost of sales	(2,233)	(1,726)
Gross Profit	<b>3,069</b>	<b>2,762</b>
Operating expenditure	(3,058)	(3,144)
<b>EBITDA</b>	<b>11</b>	<b>(382)</b>
Depreciation	(50)	(43)
<b>EBIT</b>	<b>(39)</b>	<b>(425)</b>
Other non-operating expenditure	(91)	(25)
Interest expense (net)	(614)	(167)
<b>Loss for the year before income tax expense</b>	<b>(744)</b>	<b>(617)</b>

Tomizone's management accounts disclose current performance for the 8 months to 30 November 2014 and is summarised in *Table 8.2* below.

Table 8.2 – Current Performance

Current Performance	
	8 Months to 30 November 2014 (Unaudited) NZD'000
<b>Sales</b>	<b>3,082</b>
Cost of sales	(1,662)
Gross Profit	<b>1,420</b>
Operating expenditure	(1,481)
<b>EBITDA</b>	<b>(61)</b>
Depreciation	(5)
<b>EBIT</b>	<b>(66)</b>
Other non-operating income (expenditure)	16
Interest expense (net)	(477)
<b>Loss for the year before income tax expense</b>	<b>(527)</b>

Tomizone has historically relied on revenue generated from Wi-Fi usage charges (“Airtime revenue”), which equates to approximately 65% of revenue for the eight months to 30 November 2014.

The majority of revenue has been derived from accommodation venues in Australia, New Zealand and Fiji.

Tomizone typically returns commissions to the customers (typically accommodation venue operators) of 50-60% on Airtime revenue.

Tomizone is shifting to contract based revenue agreements. This revenue is paid monthly to Tomizone, with typical contracts ranging between 2 and 5 years in length. This revenue stream represented 23% of total revenue in the 8 months to 30 November 2014 and has been growing year on year.

Equipment sales revenue includes hardware and design services provided by Tomizone and has historically represented 5-20% of total revenue. Equipment sales revenue correlates to the number of new customers acquired in a period as most design and hardware sales are completed on the initial set up of a customer Wi-Fi solution.

Other revenue streams have had minimal contribution to total revenue.

Tomizone’s revenue forecast is predicated on a transition from a business model that relies on revenue generated by access usage purchases made by the end user to a model where the majority of revenue is generated from long term contracts with fixed monthly service fees.

Airtime revenue is forecast to decline over the next 2.5 years, as Tomizone predicts end users will become less willing to pay for Wi-Fi access.

Service revenue is forecast to grow as venue operators see the need to provide high quality and most likely free Wi-Fi access to their end user customers as a base level service offering.

## 8.6. Current Position

Tomizone’s audited consolidated financial statements for the year ended 31 March 2014 set out the financial position at 31 March 2014 and Tomizone’s unaudited management accounts set out its financial position at 30 November 2014. These are summarised in Table 8.3 below.

Table 8.3 – Financial Position

Tomizone's Financial Position		
	(Unaudited)	
	30 November	31 March
	2014	2014
	NZD'000	NZD'000
<b>Current assets</b>		
Cash	-	23
Receivables	351	233
Inventories	1,155	633
Other	299	121
	<u>1,805</u>	<u>1,010</u>
<b>Non-Current assets</b>		
Property, plant and equipment	160	43
Intangibles	6,464	6,223
	<u>6,624</u>	<u>6,266</u>
<b>Total assets</b>	<b><u>8,429</u></b>	<b><u>7,276</u></b>
<b>Current liabilities</b>		
Trade and other payables	2,229	2,163
Bank overdraft	41	45
	<u>2,270</u>	<u>2,208</u>
<b>Non-Current assets</b>		
Borrowings	3,471	3,637
Provisions	272	-
	<u>3,743</u>	<u>3,637</u>
<b>Total liabilities</b>	<b><u>6,013</u></b>	<b><u>5,845</u></b>
<b>Net assets</b>	<b><u>2,416</u></b>	<b><u>1,431</u></b>

Tomizone's net debt of NZD3.512 million at 30 November 2014 comprises the bank overdraft and borrowing amounts highlighted in *Table 8.3* above. For the purposes of our valuation we have estimated Tomizone's net debt at **NZD3.5 million**.

We note that the main reason for the increase in net assets is due to a contribution of capital by new and existing shareholders of NZD1,208,409 for 1,672,893 shares in Tomizone which was used to fund working capital (refer to paragraph 6.2).

## 8.7. Capital Structure and Shareholders

Significant shareholder blocks in Tomizone obtained from Tomizone's shareholder register are set out in *Table 8.4* below.

*Table 8.4 – Current Capital Structure and Shareholders*

Tomizone's Capital Structure and Shareholders		
Shareholder	Number of Shares	Shareholding
Jouet Limited	2,363,414	34.55%
Kauri Corporation Limited	2,136,822	31.24%
Roger Charles Hurst	331,818	4.85%
Andrew Somervell & Christine Gill	317,437	4.64%
Others	1,691,110	24.72%
	6,840,601	100.00%

## 8.8. Valuation of Tomizone

### 8.8.1. Methodology

We have applied the capitalisation of maintainable earnings methodology and a going concern premise of value as our valuation methodology in determining the Fair Market Value of Tomizone. The capitalisation of maintainable earnings methodology requires:

- An assessment of maintainable earnings;
- Selection of an appropriate multiple;
- Analysis of net debt and surplus assets; and
- Consideration of a control premium.

These are discussed below.

### 8.8.2. Assessment of Maintainable Earnings (Revenue)

The first step in analysing maintainable earnings is to determine a level of earnings to be capitalised for valuation purposes. We have selected revenue as the most appropriate measure of earnings. We consider that Tomizone is transitioning from start-up to its growth phase in its business life cycle and as such EBITDA and EBIT losses are expected. We consider that a critical factor for a business transitioning from start-up to growth phase is its level of revenues and its ability to generate future revenues in order to sustain a profitable business in the future.

We have estimated maintainable revenue of Tomizone at **NZD5 million**. We have made this estimation based on historical revenues to 31 March 2014 of NZD5.3million adjusted for the slight reduction in revenues in the 8 month period to 30 November 2014, as a result of the transition of existing customers from airtime to SLA revenue.

### 8.8.3. Selection of Multiple

To determine the Fair Market Value of Tomizone it is necessary to determine an appropriate multiple to apply to the selected level of revenue.

We have compiled data in relation to Australian and New Zealand companies that provide IT, internet and/or software services and which we consider to be comparable to Tomizone. Data in relation to these companies is set out in the *Table 8.5* below. A background of each of these companies is set out in Appendix B.

In ensuring comparability of data we limited our search to companies with revenues between \$1 million and \$30 million in New Zealand and Australia, being the markets in which Tomizone operates and intends to obtain equity finance. As our revenue estimate considers revenue to 30 November 2014 we have assessed the comparable companies' revenue for the last twelve months ("LTM").

Table 8.5 – Comparable Company Data (Source: S&P CapitalIQ)

Comparable Company Data					
Company Name	Exchange:Ticker	Location	Total Enterprise Value ("EV") \$m	Total Revenue LTM \$m	EV/LTM Revenue Multiple \$m
SmartPay Holdings Limited	NZSE:SPY	New Zealand	52.9	20.6	2.6x
SLI Systems Limited	NZSE:SLI	New Zealand	52.3	20.5	2.5x
Serko Limited	NZSE:SKO	New Zealand	46.6	7.4	6.3x
<b>Total New Zealand</b>			<b>151.8</b>	<b>48.5</b>	
<b>Weighted Average EV/Revenue - New Zealand</b>					<b>3.1x</b>
<b>Simple Average EV/Revenue - New Zealand</b>					<b>3.8x</b>
Mobile Embrace Limited	ASX:MBE	Australia	73.7	19.2	3.8x
Corum Group Limited	ASX:COO	Australia	20.0	18.9	1.1x
Bulletproof Group Limited	ASX:BPF	Australia	31.0	17.9	1.7x
Nearmap Ltd.	ASX:NEA	Australia	201.5	17.8	11.3x
Prophecy International Holdings Ltd.	ASX:PRO	Australia	17.8	7.1	2.5x
Adslot Ltd	ASX:ADJ	Australia	100.2	5.1	19.8x
Urbanise.com Limited	ASX:UBN	Australia	163.1	4.5	35.9x
Byte Power Group Limited	ASX:BPG	Australia	5.7	4.3	1.3x
8common Limited	ASX:8CO	Australia	13.4	3.4	3.9x
Collaborate Corporation Limited	ASX:CL8	Australia	32.9	3.4	9.7x
MGM Wireless Limited	ASX:MWR	Australia	7.5	3.3	2.3x
Energy One Limited	ASX:EOL	Australia	5.8	2.8	2.0x
SmartTrans Holdings Ltd.	ASX:SMA	Australia	21.6	2.2	9.8x
Mint Wireless Limited	ASX:MNW	Australia	34.0	2.2	15.8x
Primary Opinion Limited	ASX:POP	Australia	4.2	1.5	2.8x
<b>Total - Australia</b>			<b>732.3</b>	<b>113.6</b>	
<b>Weighted Average EV/Revenue - Australia</b>					<b>6.4x</b>
<b>Simple Average EV/Revenue - Australia</b>					<b>8.3x</b>
<b>Total - Australia and New Zealand</b>			<b>884.1</b>	<b>162.1</b>	
<b>Weighted Average EV/Revenue - Australia and New Zealand</b>					<b>5.5x</b>
<b>Simple Average EV/Revenue - Australia and New Zealand</b>					<b>7.5x</b>

In relation to the above trading multiples we note the following:

- The multiples set out in Table 8.5 above are based on market trading on a minority basis and therefore do not include the impact of a control premium.
- There is a diverse range of EV/Revenue multiples for the Australian and New Zealand companies ranging from 1.1x to 35.9x.
- The EV/Revenue multiples noted in Australia are generally higher than those in New Zealand.
- Given the low market capitalisation of the comparable companies, the analysis on forecast information is not as prevalent and as such becomes less useful. On this basis we have considered only historical data.

We have also considered the November 2014 acquisition of SkyFii by RKS Consolidated Limited and the January 2015 acquisition of Crowd Mobile by Q Limited. The circumstances of these transactions compared to the Proposed Transaction are similar in that they were a reverse acquisition, both RKS Consolidated Limited and Q Limited were non-operating companies and SkyFii and Crowd Mobile are operating companies that operate in a similar industry to Tomizone. Data in relation to these transactions is summarised in Table 8.6 below.



Table 8.6 – Comparable Transaction Data (Source: SkyFii Prospectus and ASX)

Comparable Transaction Data					
Company Name	Exchange :Ticker	Location	Total Enterprise Value ("EV") \$m	Total Revenue LTM \$m	EV/LTM Revenue Multiple \$m
SkyFii Ltd	ASX:SKF	Australia	24.4	0.6	38.1x
Crowd Mobile Limited	ASX:CM8	Australia	13.6	9.8	1.4x

The key point of difference between the RKS Consolidated Limited acquisition of SkyFii and the Proposed Transaction is that SkyFii is in an earlier phase of the business cycle than Tomizone; as such it would be expected that there would be a higher growth potential. Notwithstanding this we note that the EV/Revenue multiple of 38.1x is significantly higher than all but one of the multiples analysed in Table 8.5.

The key point of difference between the Q Limited acquisition of Crowd Mobile and the Proposed Transaction is that Crowd Mobile is in a later phase of the business cycle than Tomizone with approximately double the revenue a strong profit, and as such it would be expected that there would be a lower growth potential. We note that the EV/Revenue multiple of 1.4x is lower than most of the multiples analysed in Table 8.5.

We have factored the following into the selection of our multiple:

- The higher multiples generally noted are in Australia. This is the market in which Tomizone intends to finance its operations, and Tomizone has a significant part of its customer base located in Australia; and
- The recent transaction of SkyFii and Crowd Mobile incorporating the points of difference noted above.

Based on the data and analysis above we have selected an EV/Revenue multiple to apply to our selected maintainable revenue for Tomizone in the range of **5.0x to 7.0x**.

#### 8.8.4. Adjustments to Enterprise Value

##### *Adjustment for Debt and Surplus Assets*

As noted in Section 8.6 of our Report we have estimated Tomizone's net debt at NZD3.5 million. This is not expected to change materially up to the completion of the Proposed Transaction.

We have not identified the existence of any other assets or liabilities that should be taken into account in the calculation of Tomizone's Fair Market Value.

##### *Premium for Control*

A premium for control can be defined as an amount or a percentage by which the pro-rata value of a controlling interest exceeds the pro-rata value of a non-controlling interest in an entity. The owner of a controlling interest has the ability to do many things that the owner of a minority interest does not. These include:

- Control the cash flows of the company, such as dividends, capital expenditure and compensation of directors;
- Determine the strategy and policy of the company;
- Make acquisitions, or divest operations; and
- Control the composition of the board of directors.

The requirement for an explicit valuation adjustment for a premium for control depends on the valuation methodology and approach adopted. As we are valuing Tomizone on a minority basis, the addition of a control premium is not appropriate.

#### 8.8.5. Valuation

Based on our analysis above we have estimated Fair Market Value of Tomizone to be in the range of **\$18.5 million** and **\$27.2 million**. Details of our calculations are set out in *Table 8.7* below.

*Table 8.7 – Valuation of Tomizone on a Minority Basis as at 30 November 2014*

Calculation of Value		
	Low NZD	High NZD
Estimated maintainable revenue of Tomizone business (refer to Section 8.8.2)	5,000,000	5,000,000
Capitalised at the selected earnings multiple (refer to Section 8.8.3)	5.0x	7.0x
To give an Enterprise Value of	<b>25,000,000</b>	<b>35,000,000</b>
Deduct: Net debt (refer to section 8.6)	(3,500,000)	(3,500,000)
Equity Value	<b>21,500,000</b>	<b>31,500,000</b>
Equity Value (AUD) at AUD1/NZD1.085 (spot rate)	<b>19,820,000</b>	<b>29,030,000</b>
Equity Value (AUD) at AUD1/NZD1.16 (highest forecast rate)	<b>18,530,000</b>	<b>27,160,000</b>
Assessed Value (AUD)	<b>18,500,000</b>	<b>27,200,000</b>

We have performed our calculation in NZD. In converting to Australian Dollar (“AUD”) we used the spot rate current at 30 November 2014 and also the highest forecast rate between the ‘Big 4’ banks in Australia being Commonwealth Bank of Australia, Westpac Banking Corporation, ANZ and National Australia Bank. We have used the lowest values derived in our assessment of Fair Market Value.

## 9. Valuation of Proposed Merged Entity

Our assessment of the Fair Market Value of a share in the Proposed Merged Entity is summarised in *Table 9.1* below.

*Table 9.1 – Value of a Share in the Proposed Merged Entity*

Value of Proposed Merged Entity		
	Low \$'000	High \$'000
Tomizone (100% on a Minority Basis) (refer to Section 8.8.5)	18,500	27,200
PHW Cash at 30 November 2014 (refer to Section 7.6)	1,000	1,000
PHW Trade and Other Receivables (refer to Section 7.6)	16	16
PHW Trade and Other Payables (refer to Section 7.6)	(260)	(260)
Funds to be received from capital raising (refer to Section 4)	5,250	5,250
<b>Value of 100% of issued shares on a minority basis</b>	<b>24,506</b>	<b>33,206</b>
Divided by total shares on issue - pre-share consolidation ('000)	4,838,597	4,838,597
<b>Value per Share</b>	<b>0.0051</b>	<b>0.0069</b>

As we are valuing the Proposed Merged Entity on a minority basis the value of the listed vehicle has not been incorporated the valuation.

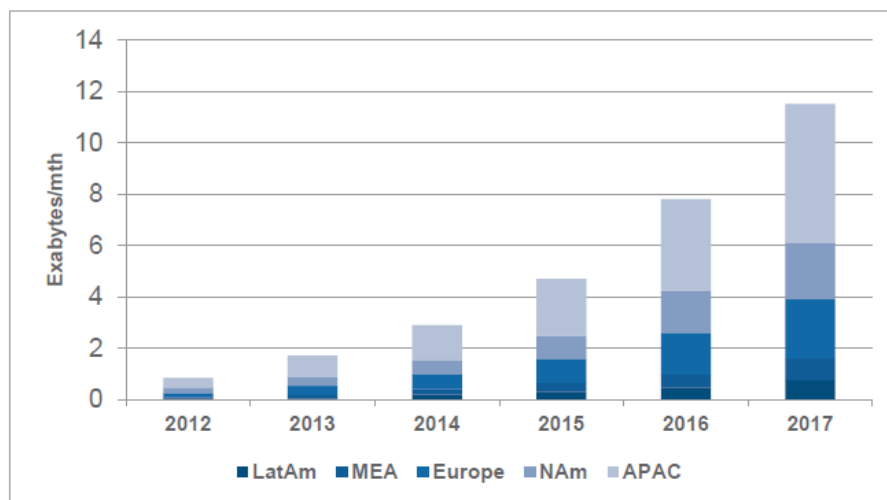
We note the low end of the valuation range per share of \$0.0051 is consistent with the issue price of shares in the capital raising of \$0.20, after allowing for the 40 to 1 share consolidation.

## 10. Industry Background and Market Overview – Public Wi-Fi

Tomizone is a supplier of cloud-hosted Wi-Fi, providing a platform for its customers to offer Wi-Fi services to their end users / the general public. The following background information on the Public Wi-Fi industry has been sourced from IBISWorld, *Wireless Telecommunications Carriers in Australia*, October 2014 and the *Wireless Broadband Alliance Industry Report 2013: Global Trends in Public Wi-Fi*, November 2013, which uses survey data from the *WBA – Maravedis-Rethink survey*, November 2013. This survey conducted amongst the Wireless Broadband Alliance’s members which consist of 26 mobile operators, 23 fixed and converged operators, 12 Wi-Fi operators and aggregators and 43 suppliers and other partners.

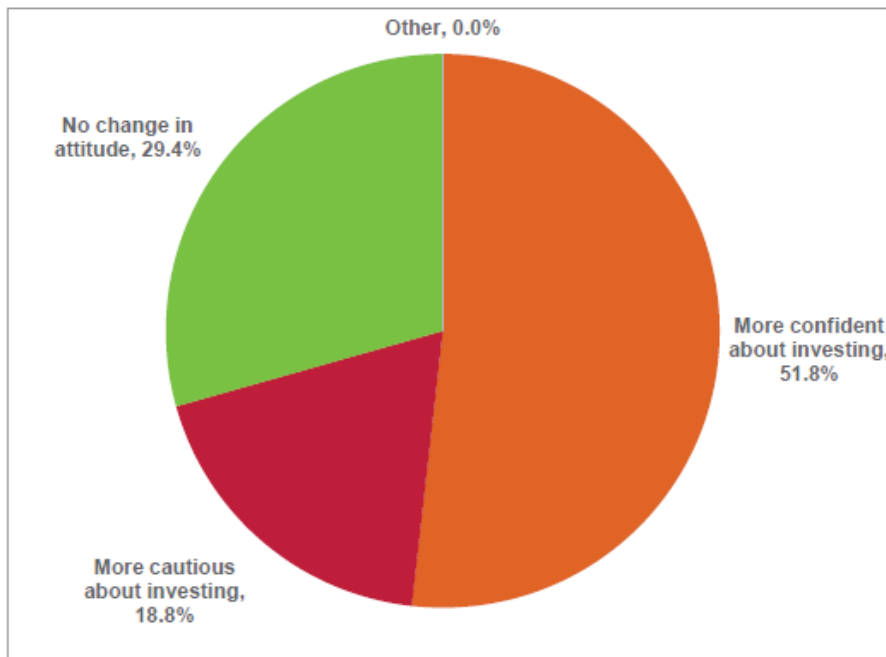
Telecommunications operators have experienced strong growth on the back of the popularity of smartphones which has resulted in significant increases in data usage, pressure on prices and higher consumer expectations of quality and performance. Previously telecommunication operators have seen Wi-Fi as a threat, however are now seeing Wi-Fi as an opportunity to meet the data demands of consumers in a quality and cost effective way.

Figure 10.1 – Projected Data Traffic Increase Over Wireless Networks to 2017 (consensus forecasts including Maravedis-Rethink, Cisco VNI and Ericsson)



The key drivers of this shift to the increased use of Public Wi-Fi are increased capacity, increased speeds and reduced latency, increased quality of service and increased mobility.

*Figure 10.2 – How your Attitude towards Public Wi-Fi in your Network Changed over the last 12 Months (source: WBA – Maravedis-Rethink survey, November 2013)*



The data demands of consumers and the improved service offering of Wi-Fi has led to the investment in networks in a wider range of venues including city centres and stadiums, integrated Wi-Fi with mobile networks and the evolution of seamless Wi-Fi roaming to enable a ubiquitous experience.

Figure 10.3 – Which Wi-Fi Venue do you Expect to see the Greatest Growth in Traffic Demand in the next 12 Months (source: WBA – Maravedis-Rethink survey, Nov 2013)

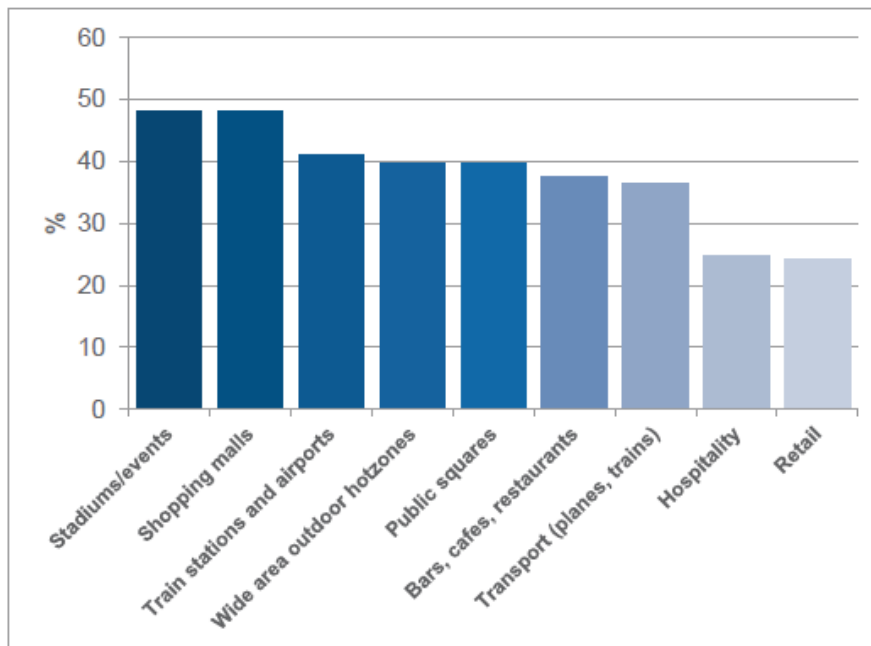
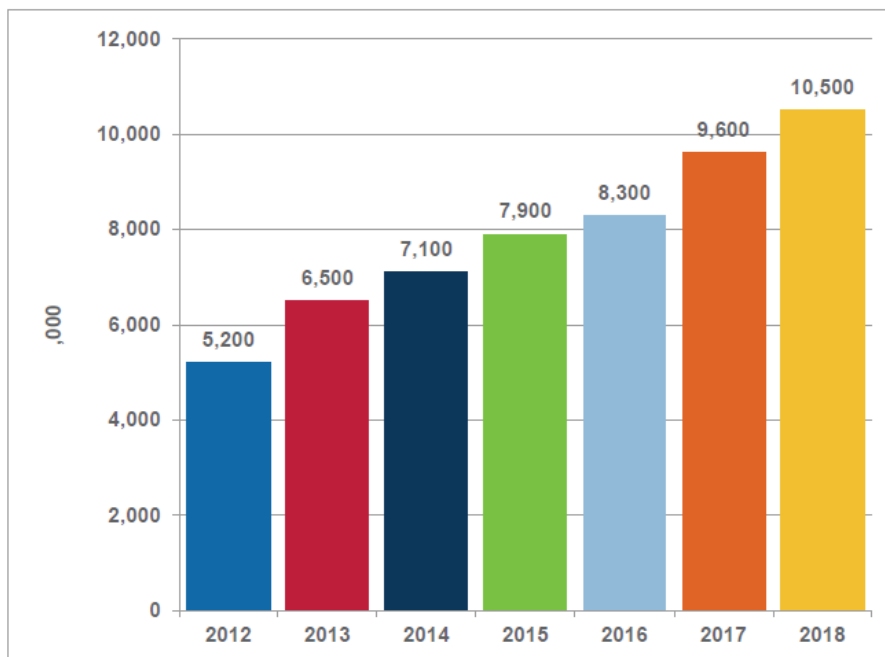
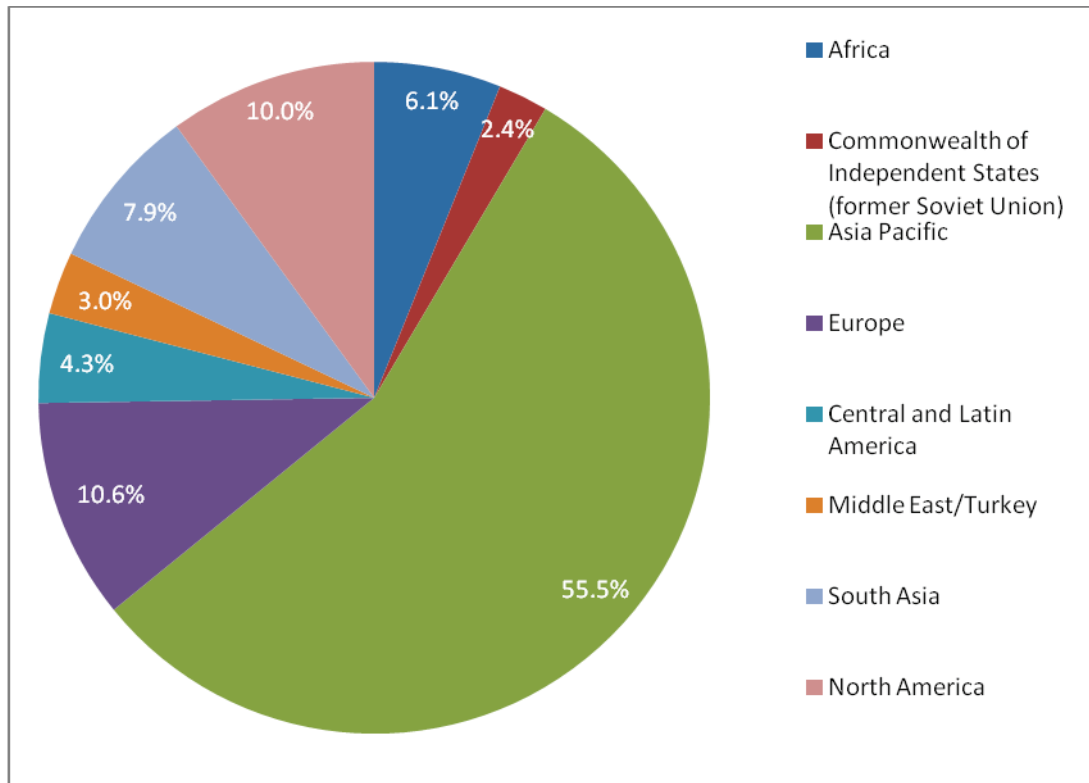


Figure 10.4 – Deployment of new carrier-grade Wi-Fi hotspots (source: Maravedis-Rethink forecasts)



Asia-Pacific is the strongest driver of Public Wi-Fi and the largest growth is expected to come from Africa coming from a low base. In 2018 the cumulative installed base of Wi-Fi hotspots worldwide will total about 55.1 million. Asia-Pacific is expected to accounts for over 55% of this total.

Figure 10.5 – Installed Base of Carrier-Grade Hotspots by Region 2018 (source: Maravedis-Rethink forecasts)



There are few established Public Wi-Fi business models which include:

- pay as you go hotspot access;
- hotspot access driving uptake of the venue's core service;
- wholesale access;
- business subscription services; and
- municipal Wi-Fi.

Some of these models have come under pressure as many consumers have come to assume Wi-Fi is free making the pay-as-you-go model harder to sustain. The challenges facing Public Wi-Fi operators is this perception that Wi-Fi is free. Successful profit models will increasingly need to rely on quality of experience and be increasingly aware of issues such as congestion and overloading.

Figure 10.6 – Which Wi-Fi Monetisation Strategies are you Implementing? (source: WBA – Maravedis-Rethink survey, Nov 2013)

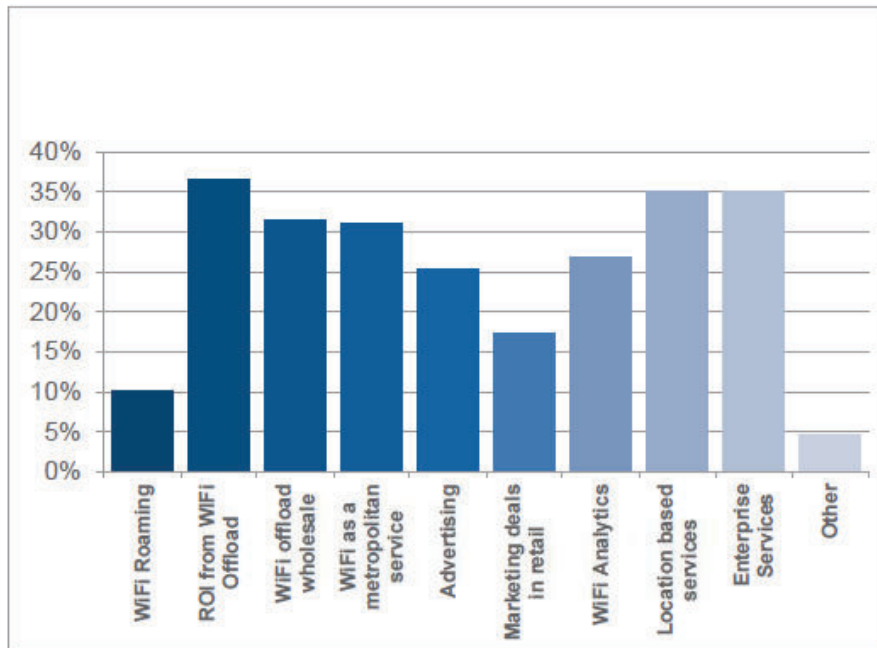
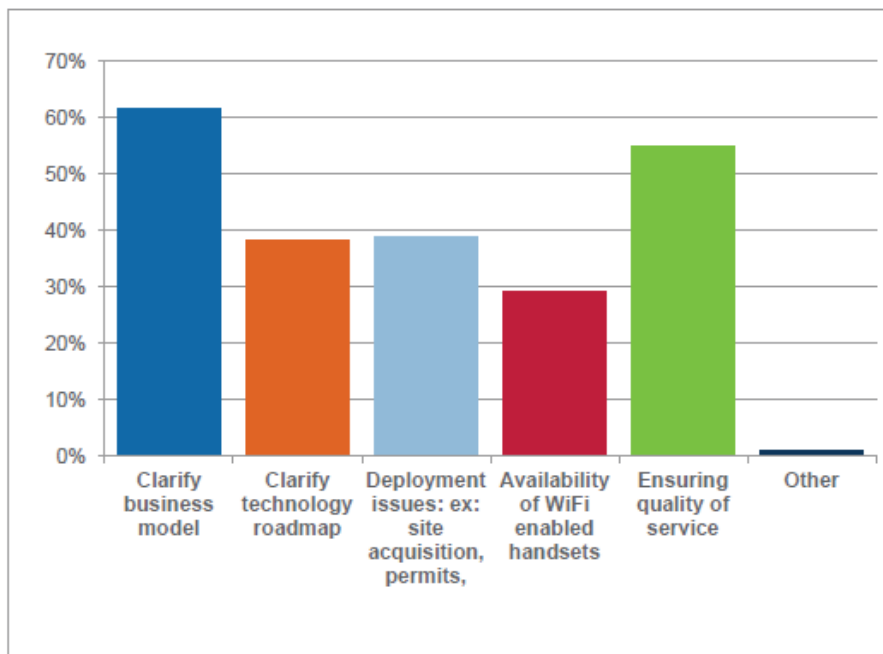


Figure 10.7 – What do you see as the Key Challenges Faced by Mobile Operators if they are to Deploy and Monetise Seamless Wi-Fi Services? (source: WBA – Maravedis-Rethink survey, Nov 2013)





## 11. Sources of Information

In preparing our Report we have had access to the following principal sources of information:

- Share Sale Agreement;
- Implementation Agreement (as amended by variations dated on or around 13 February 2015 and 18 February 2015);
- Waiver of Condition Precedent Implementation Agreement;
- Audited financial statements of PHW for the year ended 30 June 2014;
- Reviewed financial statements of PHW for the half-year ended 31 December 2014;
- Audited financial statements of Tomizone for the year ended 31 March 2014;
- Quarterly Activities & Cashflow Reports and other announcements lodged by PHW with the Australian Securities Exchange (ASX);
- PHW's prospectus dated 7 May 2014;
- PHW's current and historical ASIC extract;
- Tomizone internal management accounts for the period to 30 November 2014;
- Tomizone internal management accounts for the period to 31 January 2015;
- Tomizone information memorandum;
- Publicly available industry and comparative company information;
- Meetings with PHW's management team and advisers;
- S&P Capital IQ;
- Ozforex's website, [www.ozforex.com.au](http://www.ozforex.com.au);
- Tradingroom's website, [www.tradingroom.com.au](http://www.tradingroom.com.au);
- Commonwealth Bank of Australia's *Global Markets Research: Economics Perspective* dated 1 December 2014;
- Westpac's *Australia and NZ Weekly* dated 1 December 2014;
- NAB's exchange rate forecast as at 2 December 2014;
- ANZ's *FX Monthly Outlook*, December 2014;
- IBISWorld, *Wireless Telecommunications Carriers in Australia*, October 2014;
- *Wireless Broadband Alliance Industry Report 2013: Global Trends in Public Wi-Fi*, November 2013;
- SkyFii prospectus dated 2 October 2014;
- ASIC Regulatory Guide 74 "Acquisitions Agreed to by Shareholder";
- International Glossary of Business Valuation Terms;
- ASIC Regulatory Guide 111 "Content of Expert Reports";
- ASIC Regulatory Guide 112 "Independence of Expert's Reports"; and
- APES 225 "Valuation Services".

We have also had access to and we have interviewed and/or obtained information from PHW directors including Avikashan Naidu (Non-Executive Director) and Eric King Wai Chan (Non-Executive Director) and Tomizone's director Phillip Joe (Director) and consultant Tarun Kanji.

## 12. Qualifications, Declarations and Disclosures

HMJC, which is a wholly owned entity of HLB Mann Judd's New South Wales Partnership, holds an Australian Financial Services Licence under the Corporations Act 2001 and its authorised representatives are qualified to provide this Report. The authorised representatives of HMJC responsible for our Report have not in the past provided financial advice to PHW.

Prior to accepting this engagement, HMJC considered its independence with respect to PHW with reference to ASIC Regulatory Guide 112 "Independence of Expert's Reports". In HMJC's opinion, it is independent of PHW.

Our Report has been prepared specifically for the shareholders of PHW with reference to ASIC Regulatory Guides and APES 225 Valuation Services issued by the Accounting Professional and Ethical Standards Board. It is not intended that our Report be used for any other purpose other than to accompany the Explanatory Memorandum to be sent to the PHW shareholders.

We have evaluated the Proposed Transaction for PHW's shareholders as a whole and have not considered its effect on the particular circumstances of individual investors. Due to their personal circumstances, individual investors may place a different emphasis on various aspects of the Proposed Transaction from the one adopted in this Report. Accordingly, individuals may reach different conclusions to ours on whether the Proposed Transaction is fair and reasonable. If in doubt investors should consult an independent financial adviser.

In particular, it is not intended that our Report should be used for any purpose other than as an expression of an opinion as to whether or not the Proposed Transaction is fair and reasonable to the Non-Associated Shareholders of PHW. HMJC disclaims any assumption of responsibility for any reliance on our Report to any person other than those for whom it was intended, or for any purpose other than that for which it was prepared.

The statements and opinions included in this Report are given in good faith and in the belief that such statements and opinions are not false or misleading. In the preparation of this Report, HMJC has relied on and considered information believed, after due inquiry, to be reliable and accurate. HMJC has no reason to believe that any information supplied to it was false or that any material information has been withheld.

Our analysis and conclusions are based on market conditions existing at the date of this Report. A limitation of our conclusion is that market conditions may change between the date of this Report and when the various aspects of the Proposed Transaction are concluded.

HMJC has evaluated the information provided to it by PHW and other parties, through inquiry, analysis and review, and nothing has come to its attention to indicate that the information provided was materially misstated or would not provide a reasonable basis for our Report. HMJC has not, nor does it imply that it has, audited or in any way verified any of the information provided to it.

HMJC has been indemnified by PHW in respect of any claim arising from HMJC's reliance on information provided by PHW or any of its representatives which is false, misleading or incomplete.

We provided draft copies of this Report to the Directors for their comments as to factual accuracy, as opposed to opinions, which are the responsibility of us alone. Changes made to this Report as a result of review by the Directors have not changed the methodology or conclusions reached by us.

We will receive a professional fee based on time spent in the preparation of this Report, estimated at approximately \$20,000 exclusive of GST and expenses. We will not be entitled to any other pecuniary or other benefit, direct or indirect, in connection with preparation of this Report. Our fee is not contingent upon the success or failure of the Proposed Transaction. None of HMJC, its directors or any related entity or person has an interest in the promotion of the Proposed Transaction.

The principal persons responsible for the preparation of this Report are Mark Muller and Steve Grivas.

Mark Muller B. Bus CA, a Director and representative of HMJC and a Partner of HLB Mann Judd's New South Wales Partnership, has more than 15 years experience in providing financial advice and valuation advice and has professional qualifications appropriate to the advice being provided.

Steve Grivas, B.Bus, CA, CABV, a Director of HMJC and a Partner of HLB Mann Judd's New South Wales Partnership, has more than 8 years experience in providing financial advice and valuation advice and has professional qualifications appropriate to the advice being provided.

HMJC provides the following information and disclosures:

- Neither HMJC, nor any of its directors or associates, has any interest in PHW or Tomizone.
- An entity associated with HMJC was engaged by PHW to produce a report of factual findings in relation to the potential acquisition of Tomizone;
- Neither HMJC nor HLB Mann Judd, nor any of its directors or associates, has had a previous relationship with PHW or Tomizone, other than as disclosed above.

Yours faithfully

**HLB MANN JUDD CORPORATE (NSW) PTY LTD**  
Licensed Investment Advisor (AFSL Licence number 253134)



**M D Muller**  
Director and Authorised Representative



**S Grivas**  
Director

## **APPENDIX A - Valuation Methodologies**

In this Appendix we summarise the methodologies that were considered for the purposes of preparation of this Report.

### ***Discounted future cash flows ("DCF")***

DCF methodology is based on the generally accepted theory that the value of an asset or business depends on its future net cash flows, discounted to their present value at an appropriate discount rate (often called the weighted average cost of capital). This discount rate represents an opportunity cost of capital reflecting the expected rate of return which investors can obtain from investments having equivalent risks.

A terminal value for the asset or business is calculated at the end of the future cash flow period and this is also discounted to its present value using the selected discount rate.

### ***Capitalisation of future maintainable earnings ("FME")***

This method places a value on a business by capitalising estimated future maintainable earnings ("FME"), at a rate that reflects the business outlook, business risk, investor expectations, future growth prospects and other entity specific factors. This approach generally relies on the availability and analysis of comparable market data.

The FME approach is the most commonly applied valuation technique for businesses and is particularly applicable to entities with relatively stable earnings histories and reliable forecasts.

FME used in a valuation can be based on net profit after tax or alternatives to this such as earnings before interest and tax ("EBIT"), earnings before interest, tax, depreciation and amortisation ("EBITDA") or revenue.

The capitalisation rate or "earnings multiple" is adjusted to in accordance with the selected FME base.

### ***Net assets***

Asset based methods estimate the market value of an entity's securities based on the realisable value of its identifiable net assets. Asset based approaches reflect the circumstances of the business being valued and include:

- Orderly realisation of assets
- Liquidation of assets
- Net assets of a going concern

An orderly realisation of assets approach estimates fair market value by determining the amount that would be distributed to equity holders, after payment of all liabilities including realisation costs and taxation charges that arise, assuming the entity is wound up in an orderly manner.

A liquidation approach is similar to the orderly realisation of assets method but there is an assumption that assets will be sold in a shorter time frame.

A net assets of a going concern approach estimates the going concern values of the net assets of an entity but generally does not take into account realisation costs.

Asset based methods generally disregard the possibility of an entity's value exceeding the realisable value of its assets as they do not recognise the value of intangible assets such as management, intellectual property and goodwill. They are therefore more appropriate for entities that are not profitable or have low returns on assets employed, entities that have a significant proportion of liquid assets or asset holding companies.

***Quoted market prices***

The quoted market price of listed securities is generally the most reliable guide to value if a company's shares are listed on a stock exchange or other market open to the public. Recent prices at which shares are bought and sold can be taken as the market value per share with allowance for public knowledge of factors and influences that impact upon the share price. Use of market pricing is particularly relevant where a security displays regular high volume trading, creating an active market in that security.

***Price of recent offers***

The attributable value based on any recent genuine offers received provides strong indications of the value of the assets.

***Comparable Proposed Transactions***

Recent genuine Proposed Transaction of comparable assets in the market provides a strong indication of value that may be attributable to the assets subject to the Proposed Transaction.

## APPENDIX B - Comparable Entities

The following descriptions of the comparable companies examined are provided by *S&P CapitalIQ*:

**Smartpay Holdings Limited** designs, develops, and implements payment and data management solutions for retail, business payment, and transactional processing requirements in New Zealand and Australia. The company offers EFTPOS terminal solutions; broadband EFTPOS solutions; MPos and mobile payments products, including Till2Go MPos app; contactless terminals; and Smartlink point of sale integrated payments solution. It provides technology products, services, and software for merchants and retailers. Smartpay Holdings Limited is headquartered in Auckland, New Zealand.

**SLI Systems Limited**, together with its subsidiaries, provides site search and navigation technologies to connect site visitors with products on e-commerce Websites in New Zealand, the United States, Australia, the United Kingdom, and Japan. Its products include Learning Search, a software as a service based site search product, which learns from past site search activity by tracking visitors' aggregate search queries and clickthroughs to find what they want; Learning Recommendations, a cloud-based service, which delivers intelligent recommendations to online shoppers; Learning Navigation that enables site visitors to find the products they seek; and Site Champion, which delivers organic search traffic to the customers' site. The company's products also comprise Merchandising that allows brand managers to promote, cross-sell, and highlight specific brands or products through its intuitive console; Dynamic Product Banners that helps visitors explore other products available on the site; and SLI Mobile, which shows mobile users the products they are likely to buy. In addition, its products consist of Conversion Optimizer that uses A/B and multivariate testing to determine which features, designs, and layouts enhance conversions and streamline the sale process; and SLI for Content Sites, which helps users find any article or document. The company is based in Christchurch, New Zealand.

**Serko Limited** operates as an online travel booking and expense management company in New Zealand and internationally. The company offers Serko Online, a cloud-based online travel booking solution for large organizations; Serko Online Mass Booking Module that allows corporate travel administrators to book various flights from their desktop; and Serko Incharge, a cloud-based expense management tool. It sells and delivers its products through a network of travel management companies. The company was founded in 1994 and is headquartered in Auckland, New Zealand.

**Mobile Embrace Limited** operates as a mobile payments and mobile marketing company in Australia. The company operates through two segments, 4th Screen Advertising Australia and Convey. The 4th Screen Advertising Australia segment provides mobile marketing/advertising solutions and m-payments infrastructure that enable to reach, engage, and embrace customers through mobiles and tablets. This segment also provides mobile media design and development services. The Convey segment offers mobile media trading desk and m-commerce platform, which enables payments, customer acquisition, and management through mobiles and tablets. Mobile Embrace Limited is based in East Sydney, Australia.

**Corum Group Limited** provides dispense and point of sale software applications, hardware, and support services to pharmacies in Australia. The company operates through Health Services and eCommerce segments. It also offers financial transactional processing for electronic bill payments, funds transfer, and processing services to the real estate industry and other corporate clients. The company is headquartered in Sydney, Australia. Corum Group Limited is a subsidiary of Lujeta Pty Ltd.

**Bulletproof Group Limited** provides managed cloud and hosting services for business, enterprise, and government customers in Australia and the United States. Its products and services include managed Amazon Web Services (AWS), managed AWS on demand, managed AWS for magento, managed AWS for sitecore, managed AWS topology, managed VMware hosting, and managed VMware topology services; dedicated server options and database clustering services; and SAN, NAS, and reverse proxies. The company also offers professional services in the areas of audit and design, implementation, troubleshooting, project management, and application management. In addition, it provides cloud solutions for use in various business applications, Websites, campaigns, and e-commerce sites. The company is based in Rosebery, Australia.



**nearmap Ltd**, through its subsidiaries, operates as an online PhotoMap content company that creates and serves current and changing PhotoMaps. It provides geospatial map technology for the building and construction, architectural, defense, and utility industries through its Website, [nearmap.com](http://nearmap.com). The company was formerly known as ipernica ltd and changed its name to nearmap ltd in November 2012. nearmap ltd was founded in 2000 and is headquartered in Sydney, Australia.

**Prophecy International Holdings Limited**, through its subsidiaries, designs, develops, and markets computer software applications and services for various organisations. The company principally offers SNARE, an event monitoring and analysis tools; and basis2, a billing and customer information system for use in the utilities industry. It also provides e-Foundation, an enterprise software suite that delivers Internet technologies for logistics, e-commerce, and back office applications, as well as enables organizations to build and deploy Web software applications. The company's e-Foundation suite consists of Framework, an application assembly environment; ProphecyOpen that includes financials, procurement, distribution, and asset management applications; e-Portal to deploy business application procedures through the Internet; and e-FOL, a development solution that includes customizing and Web-enabling information systems. In addition, it offers consulting and maintenance services related to its computer software. The company distributes its products through a network of business partners. It has operations primarily in Australia, the United States, Africa, Europe, and Asia. Prophecy International Holdings Limited was founded in 1980 and is headquartered in Adelaide, Australia.

**Adslot Ltd** operates as an Internet technology and marketing company. The company operates through Australia, New Zealand and Asia; Europe, the Middle East and Africa; and North, Central and South America segments. It provides Adslot, a media trading technology for advertisers; Symphony, a workflow automation technology for digital media agencies; and Adslot publisher for the automation of direct sales. The company also offers online marketing services, including search engine optimization, paid search marketing, social marketing, Website hosting, non-bespoke Website building, and Website amendment services. In addition, it provides project based feature customization services of trading technology; and AdServing, a technology that enables advertisers to deliver and measure the performance of online display advertising, including impressions, clicks, and online sales. The company was formerly known as Webfirm Group Limited and changed its name to Adslot Ltd in December 2012. Adslot Ltd is headquartered in South Melbourne, Australia.

**Urbanise.com Limited** provides an industry-specific cloud-based building services delivery platform for the facility management industry. Its software-as-a-service platform allows building operators to co-ordinate service delivery, maintenance, and support online; building owners and building occupants to access building services using their computer, smart phone, or tablet; and service providers to partner with building operators to offer additional services to building owners and building occupants through an e-commerce storefront or portal. The company's platform also allows building operators to remotely monitor energy consumption to identify inefficiencies and track energy savings; and building operators to remotely monitor critical assets to minimize system outages and reduce downtime. It serves customers in the Middle East, South East Asia, and the United Kingdom. Urbanise.com Limited was founded in 2001 and is based in Southbank, Australia.

**Byte Power Group Limited**, together with its subsidiaries, provides IT&T solutions to the small and medium enterprises, and corporate and government sectors in Australia and Asia. It operates in Power Management, IT&T, Asian Business Division, and Other segments. The company provides ATM cash management, secure mobile phone based payment, and ERP solutions; infrastructure hardware products, including uninterruptible power supplies and power management products; network monitoring and management solutions; IT consultancy services; and network design, implementation, and management services. It also provides on-site support and maintenance services; implements e-kiosk solutions; and distributes wine. The company was formerly known as Willhart Limited and changed its name to Byte Power Group Limited in July 2003. Byte Power Group Limited was founded in 1989 and is based in Newstead, Australia.



**8common Limited** develops and distributes software solutions in Australia, Singapore, and Canada. The company offers Expense8, a travel and expense management software solution that manages and streamlines the end-to-end processing of employee generated expenses. It also provides Realtors8, a content management system and customer relationship management solution primarily for realtors, which provides personalized and customer-branded Websites; integrates to multiple listing services; and offers syndication and marketing tools that enable the realtors to generate traffic and leads, as well as maintain relationships with their clients. The company delivers its software solutions on software-as-a-service and on customer hosted platforms basis to its clients. 8common Limited was founded in 2014 and is headquartered in Bondi Junction, Australia.

**Collaborate Corporation Limited** creates online marketplaces that facilitate peer-to-peer transactions between owners of assets and those seeking to rent various goods in Australia. It operates in two segments, Marketboomer and Collaborative Consumption Marketplaces. The company operates DriveMyCar Rentals, a private car rental marketplace, which enables owners to rent their vehicles to drivers; and Rentoid, an online rental marketplace for household items, hardware items, and other products. The company also operates Marketboomer, an Internet based procurement and materials management system. Collaborate Corporation Limited was incorporated in 1994 and is based in North Sydney, Australia.

**MGM Wireless Limited** provides school messaging services and Internet related services to schools primarily in Australia, the United States, and New Zealand. The company offers SMS School communication solutions that allow schools to communicate with parents and caregivers using SMS text messaging and enhance student attendance, welfare, safety, and parent engagement. Its products include messageyou, which offers student absence notification; MGM Watchlists, which automates the analysis of parent reply messages, message traffic, and the status of attendance data to detect emerging patterns or trends and automatically alert school leaders responsible for follow-up action; and Outreach, a school specific Web based SMS social communication solution that allows school leaders to communicate school event reminders, sport fixtures, late breaking news, and emergency notifications. The company also offers Smartsync, which automatically extracts parent contact data from student management systems and updates its cloud-based Outreach system; RollMarker, a student attendance management solution; and MGM PinPoint that improves student safety by enabling parents and caregivers to view the location of their child should the child fail to arrive at school when expected. In addition, it provides school leadership training services that include reviewing school communication strategy; parent engagement strategies; data integration services; parameter settings for message automation; escalation and follow-up procedures; operator, staff, and teacher training; and tips, policies, guidelines, project management, and usage analysis. MGM Wireless Limited is headquartered in Rose Park, Australia.

**Energy One Limited** develops and supplies software and services to energy companies and utilities in Australia. It offers a suite of integrated platform solutions, including EnergyFlow, a business process automation and management platform that supports day-to-day functions of electricity, environmental products, and carbon and gas trading operations, as well as reporting and settlement activities. The company also provides EnergyOffer, a physical energy bidding software that enables producers to offer wholesale energy across various markets; and EnergyOne Trading, an energy trading and risk management system that is used for carbon and environmental certificate trading needs. In addition, it offers EnergyDashboard, which provides a single point of reference for various wholesale operations, including trading, analytics, alerts, and messaging. Further, the company provides consulting services to the wholesale energy, environmental and carbon trading, gas, and pipeline markets; hosting and maintenance, database and application support and monitoring, licensing, software-as-a-service, and application hosting services; design consulting for bespoke applications; and software development for energy applications. It serves producers, traders, and retailers primarily in electricity sector. The company is based in Sydney, Australia.

**SmartTrans Holdings Limited** provides Internet and mobile software systems, and transport optimisation systems in Australia and China. Its products include SmartTrans e-Route, which plans deliveries; SmartTrans e-PoD, a real-time mobile data solution to manage delivery functions; SmartTrans e-Track, a GPS tracking solution to enable fleet operations and provide real-time data; and SmartTrans EventTrack, a location-based service to enable the enjoyment and security of visitors at events. The company also offers SmartTrans applications management platform, a modular technology suite that enables telecommunications, application, and content service providers to deliver various applications and content, as well as to push content onto handsets or smartphones. In addition, it provides consulting services; and intelligent transport solutions for companies with vehicle fleets or field staff, including transport companies, manufacturers, service agencies, and security companies. SmartTrans Holdings Limited is headquartered in Leederville, Australia.

**Mint Wireless Limited** provides mobile payments and transaction processing solutions in Australia and internationally. Its bank grade payments technology and infrastructure enables banks, telco's, software and solution providers, corporate enterprises, developers, or merchants to accept credit and debit card payments on iOS, Android, Windows, and various other mobile phone platforms. The company is headquartered in Gladesville, Australia.

**Primary Opinion Limited** focuses on the development of digital knowledge sharing platform for the global professional services industry. The company offers Primary Opinion, a content-driven digital distribution and community engagement platform that enables professional advisory firms to showcase their expertise, share knowledge, and build business networks worldwide. It provides marketing tools for targeting and distribution, performance insight analytics, and additional services for professional advisors. The company was formerly known as Jumbuck Entertainment Limited and changed its name to Primary Opinion Limited in May 2014. The company was founded in 2000 and is based in South Melbourne, Australia.

**SkyFii Ltd.** is a data and technology company that provides advertising-supported Wi-Fi solutions. It captures, analyses, and visualises customer behaviour data to inform retailer decisions and enable the delivery of targeted content in real-time. It operates SkyFii, a technology platform that collects consumer behavioral and intent data within retail environments, as well as integrates this data with retail partners' existing data to form a view of current and future customers. The company's data warehouse and content delivery platform allows retailers and advertisers to use data, such as location information and customer profiles to push targeted content to customers in real-time via Wi-Fi, SMS, email, social media, and application-based notifications. Its platform also informs retailers' operational strategies, such as staffing, merchandising, and infrastructure by providing insight into customers' physical habits in-store, as well as patterns exhibited before and after entering a store; and enables brands and venues to understand and engage with consumers based on location, profile, and time. In addition, it operates SkyFii HQ, an intelligent cloud based platform that delivers wireless network services, including network design, deployment, maintenance, and management; commercial services, including wireless network monetization via third party advertising, and database marketing via first and third party advertising; data warehouse services, including data collection on customers and network users, data enrichment, and data storage; and analysis and visualization of customer data analytics, content delivery and marketing automation, guest Wi-Fi setup and management, and network management and monitoring services. It serves customers in Australia, Indonesia, Brazil, and South Africa. SkyFii Ltd. was formerly known as SkyFii Group Pty Ltd. and changed its name to SkyFii Ltd. in November 2014. The company was incorporated in 2013 and is based in Sydney, Australia. As of November 17, 2014, **RKS Consolidated Limited** was acquired by **SkyFii Group Pty Ltd**, in a reverse merger transaction.

**Crowd Mobile Limited** provides mobile entertainment applications. It offers Bongo Thinks that allows users to submit their photos to Bongo and have him let them know what he thinks about it; Passion for Fashion, which provides instant fashion advice from industry experts; WHAT WOULD JESUS DO, a solution to express client's thoughts and gain insightful feedback from fellow Christians; and Bongo, a SMS entertainment service. The company also provides Buddy, which digs up gossip on people in the United Kingdom and Australia; SMS Guru, a SMS entertainment solution in Germany; SMS Fun, a mobile social network allowing friends and family to connect with free SMS's worldwide; and Yakedi, a social SMS service allowing users to connect globally in exchange for interaction with valued sponsors. Crowd Mobile Limited is headquartered in Melbourne, Australia.

**APPENDIX C - Financial Services Guide**

Dated 30 April 2014

**1. HLB Mann Judd Corporate (NSW) Pty Ltd**

**HLB Mann Judd Corporate (NSW) Pty Ltd ABN 94 003 918 125** (“**HMJC**” or “**we**” or “**us**” or “**our**” as appropriate) has been engaged to issue general financial product advice in the form of a Report to be provided to you.

**2. Financial Services Guide**

In the above circumstances we are required to issue to you, as a retail client, a Financial Services Guide (“**FSG**”). This FSG is designed to help retail clients make a decision as to their use of the general financial product advice and to ensure that we comply with our obligations as a financial services licensee.

This FSG includes information about:

- who we are and how we can be contacted;
- the services we are authorised to provide under our **Australian Financial Services Licence, No. 253134**;
- remuneration that we and/or our staff and any associates receive in connection with the general financial product advice;
- any relevant associations or relationships we have; and
- our complaints handling procedures and how you may access them.

**3. Financial services we are licensed to provide**

We hold an Australian Financial Services Licence which authorises us to provide reports for the purposes of acting for and on behalf of clients in relation to proposed or actual mergers, acquisitions, takeovers, corporate restructures or share issues, securities valuations or reports and to provide general financial product advice for the following classes of financial products:

- (i) debentures, stocks or bonds issued or proposed to be issued by a government;
- (ii) interests in managed investment schemes excluding investor directed portfolio services;
- (iii) securities; and
- (iv) superannuation;

to retail and wholesale clients.

We provide financial product advice by virtue of an engagement to issue a report in connection with a financial product of another person. Our report will include a description of the circumstances of our engagement and identify the person who has engaged us. You will not have engaged us directly but will be provided with a copy of the report as a retail client because of your connection to the matters in respect of which we have been engaged to report.

Any report we provide is provided on our own behalf as a financial services licensee authorised to provide the financial product advice contained in the report.

#### **4. General financial product advice**

In our report we provide general financial product advice, not personal financial product advice, because it has been prepared for the shareholder group as a whole without taking into account your personal objectives, financial situation or needs.

You should consider the appropriateness of this general advice having regard to your own objectives, financial situation and needs before you act on the advice. Where the advice relates to the acquisition or possible acquisition of a financial product and there is no statutory exemption relating to the matter, you should also obtain a product disclosure statement relating to the product and consider that statement before making any decision about whether to acquire the product.

#### **5. Benefits that we may receive**

We charge fees for providing reports. These fees will be agreed with, and paid by, the person who engages us to provide the report. Fees will be agreed on either a fixed fee or time cost basis.

Except for the fees referred to above, neither HMJC, nor any of its directors, employees or related entities, receive any pecuniary benefit or other benefit, directly or indirectly, for or in connection with the provision of the report.

#### **6. Remuneration or other benefits received by us**

HMJC has no employees. All personnel who complete reports for HMJC are either partners of, or personnel employed by, HLB Mann Judd's New South Wales Partnership. None of those partners or personnel is eligible for bonuses directly in connection with any engagement for the provision of a report.

#### **7. Referrals**

We do not pay commissions or provide any other benefits to any person for referring customers to us in connection with the reports that we are licensed to provide.

#### **8. Associations and relationships**

HMJC is wholly owned by HLB Mann Judd (NSW) Pty Limited. Also, all directors of HMJC are partners in HLB Mann Judd's New South Wales Partnership. Ultimately the partners of HLB Mann Judd's New South Wales Partnership own and control HMJC.

From time to time HMJC, HLB Mann Judd (NSW) Pty Ltd or HLB Mann Judd's New South Wales Partnership may provide professional services, including audit, tax and financial advisory services, to financial product issuers in the ordinary course of their business.

## **9. Complaints resolution**

### **9.1. *Internal complaints resolution process***

As the holder of an Australian Financial Services Licence, we are required to have a system for handling complaints from persons to whom we provide financial product advice. Complaints must be in writing, addressed to The Complaints Officer, HLB Mann Judd Corporate (NSW) Pty Ltd, Level 19, 207 Kent Street NSW 2000.

When we receive a written complaint we will record the complaint, acknowledge receipt of the complaint within **7 days** and investigate the issues raised. As soon as practical, and not more than **one month** after receiving the written complaint, we will advise the complainant in writing of the determination.

### **9.2. *Referral to external disputes resolution scheme***

A complainant not satisfied with the outcome of the above process, or our determination, has the right to refer the matter to the Financial Ombudsman Service ("FOS"). FOS is an independent organisation that has been established to provide free advice and assistance to consumers to help in resolving complaints relating to the financial services industry.

Further details about FOS are available at the FOS website [www.fos.org.au](http://www.fos.org.au) or by contacting them directly via the details set out below.

Financial Ombudsman Service Limited  
GPO Box 3, Melbourne VIC 3001  
Toll free: 1300 78 08 08  
Facsimile: (03) 9613 6399

## **10. Contact details**

You may contact us using the details at the foot of page 1 of this FSG.