

Appendix 4D

1. Half Year Report to the Australian Stock Exchange

Rule 4.2A

Name of entity Tomizone Limited	
ABN:	99 000 094 995
Report for the half-year ended	31 December 2017
Previous corresponding period is the financial year ended and half year ended	30 June 2017 31 December 2016

2. Results for announcement to the market (item 2)

				A\$'000s
Revenues (item 2.1)	up/down	45.1%	to	1,679
Profit (loss) after tax attributable to members (item 2.2)	up/down	76.2%	to	(2,481)
Net profit (loss) for the period attributable to members (item 2.3)	up/down	76.2%	to	(2,481)
Dividends (item 2.4)				
It is not proposed to pay 31 December 2017 interim or 30 June 2017 final dividends.				
Record date for determining entitlements to the dividend (item 2.5)	N/A			
An explanation of the information shown above is included in the Review of Operations in the attached Directors' Report. (item 2.6)				

3. Net tangible assets per security (item 3)

Net tangible asset / (liabilities) per
ordinary security (cents per share)

Current period	Previous corresponding period
(2.45)	(5.11)

4. Details of entities over which control has been gained or lost during the period (item 4)

Control gained over entities

Name of entities (item 4.1)	Ironman Group Ltd
Date(s) of gain of control (item 4.2)	1 October 2017

Loss of control of entities

Name of entities (item 4.1)	N/A
Date(s) of loss of control (item 4.2)	N/A
Contribution to consolidated profit (loss) from ordinary activities after tax by the controlled entities to the date(s) in the current period when control was lost (item 4.3).	N/A
Profit (loss) from ordinary activities after tax of the controlled entities for the whole of the previous corresponding period (item 4.3)	N/A

5. Details of dividend or distribution payments (item 5)

N/A

6. Details of dividend or distribution reinvestment plans in operation (item 6)

N/A

7. Details of associates or joint venture entities (item 7)

Name of associate or joint venture entity

% Securities held

N/A

N/A

8. Foreign Entities Accounting Framework (item 8)

For foreign entities provide details of which accounting standards have been adopted (e.g. IAS). Tomizone Inc (USA domicile), Tomizone India Limited (India domicile), Tomizone New Zealand Limited, Tomizone Licensing Limited, Tomizone International Limited and Ironman Group Ltd (of NZ domicile) have all been considered according to IFRS.

9. The information provided in the Appendix 4D is based on the interim financial report (attached), which has been prepared in accordance with Australian accounting standards (*item 8*) and has been reviewed by Crowe Horwath, auditors to the company.

The interim financial report is not subject to audit dispute or qualification.
(*item 9*)

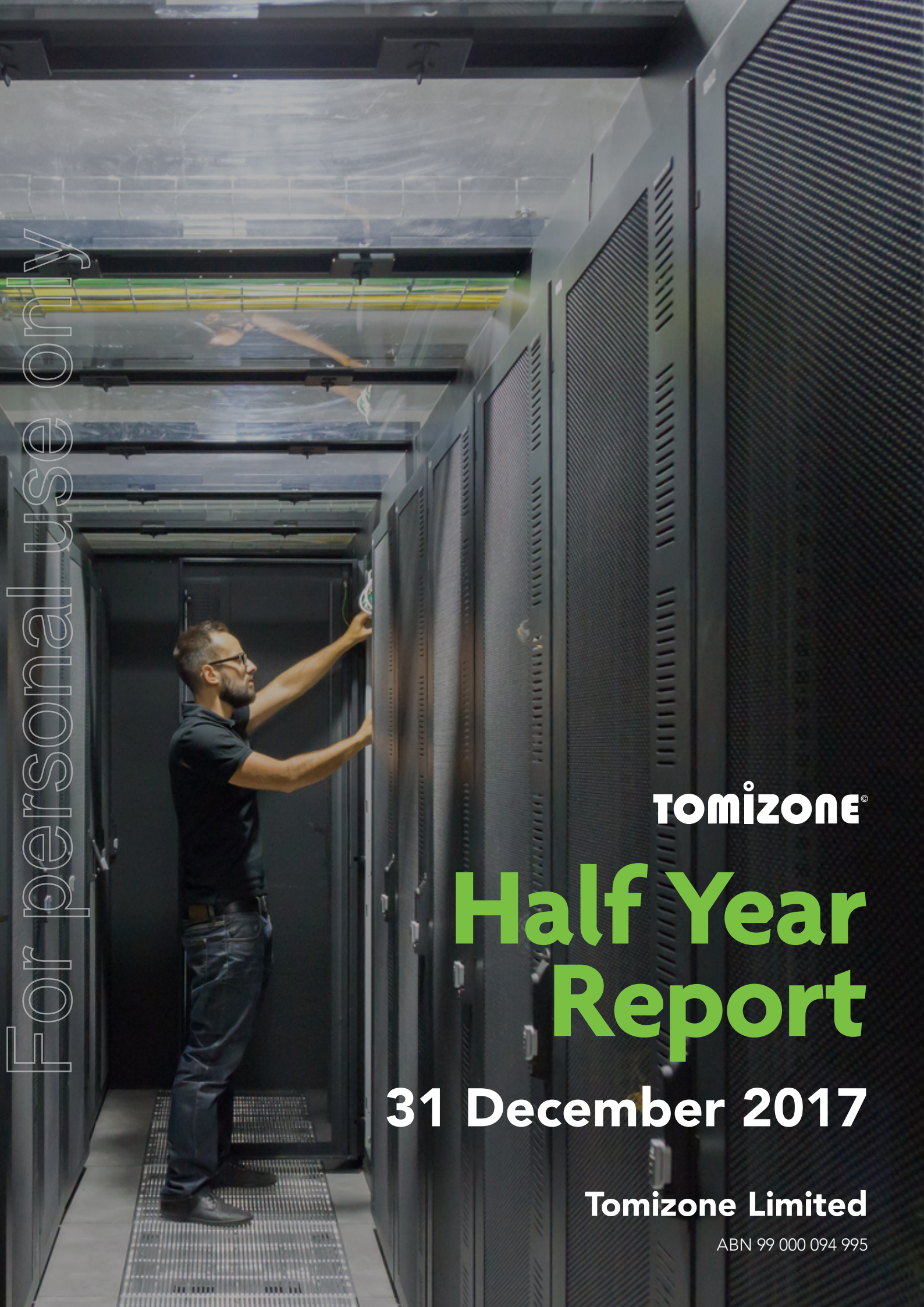


M T Ohlsson
Company Secretary
Tomizone Limited

28 February 2018

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www.tomizone.com

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tomizone®

Half Year Report

31 December 2017

Tomizone Limited

ABN 99 000 094 995

Table of Contents

DIRECTORS' REPORT	4
INDEPENDENT AUDITOR'S DECLARATION	7
FINANCIAL STATEMENTS	9
Consolidated statement of profit or loss and other comprehensive income	9
Consolidated statement of financial position	10
Consolidated statement of changes in equity	11
Consolidated statement of cash flows	12
Notes to the consolidated financial statements	13
DIRECTORS' DECLARATION	20
INDEPENDENT AUDITOR'S REVIEW REPORT	22
CORPORATE INFORMATION	24

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Directors' Report

Directors' Report

The Board are pleased to present the Half-Year report of Tomizone Limited ("the Company") and its subsidiaries (altogether "the Group") for the 6 months ended 31 December 2017.

Directors

The names and details of the Company's directors who held office from 1 July 2017 and until the date of this report, unless otherwise stated, are:

- **Tarun Kanji**, Non Executive Independent Director and Chairman (Appointed: 22 May 2015 resigned 3 July 2017)
- **Avikashan Naidu**, Non Executive Director (Appointed: 3 July 2014 resigned 1 September 2017)
- **Eric King Wai Chan**, Non Executive Director (Appointed: 3 July 2014 resigned 1 September 2017)
- **Phillip Joe**, Executive Director and Chief Commercial Officer (Appointed: 22 May 2015 resigned 15 December 2017)
- **Ian Bailey**, Non Executive Director and Chairman (Appointed 3 July 2017)
- **Matt Adams**, Non Executive Director (Appointed 3 July 2017), Managing Director from 20 February 2018
- **Maxim Carling**, Non Executive Director (Appointed 1 September 2017)

Presentation Currency

The half year financial statements are presented in Australian dollars unless otherwise stated.

Financial Results of Operation

The Group's operating loss after tax for the 6 months ended 31 December 2017 was \$2.5 million compared with a loss after tax of \$1.4 million for the 6 months ended 31 December 2016.

Operations

The Group has transformed its business in the six month period. It is now a full service managed service company supplying WiFi, ICT, VoIP, Security, payments systems and other technology related products.

In the six month period the Group has raised in excess of \$2m, acquired and integrated two businesses in Bluesky and Ironman Group and removed in excess of \$2m of costs through a combination of the integration of the two acquisitions and removal of other surplus costs.

There has also been a complete turnover of management and Board.

The Group now has annualised revenues of \$8m per annum, will be cashflow positive and profitable within the next six month period and has a sustainable business to carry it forward.

For the next six months the Group is committed to continuing its transformation through finalizing the integration of the two acquisitions and restructuring of the Group, growing the Group's organic sales channels and continuing the acquisition strategy through the responsible deployment of capital.

Revenue

The Group's revenue and gross margin has increased to \$1.7 million and \$1.0 million for the six months ended 31 December 2017 compared to \$1.2 million and \$0.8million, respectively, for the six months ended 31 December 2016. Of note is the fact that the increased revenue from the two acquisitions completed during the six month period only began to contribute to the Group from 1 October 2017 and was not fully felt during the period.

Operating Costs

The Group's operating costs, including employee & other expenses were \$2.4 million for the six months ended 31 December 2017 compared to \$1.4 million for the six months ended 31 December 2016. This main reasons for this increase are the cost of restructuring the Group (including staff redundancy costs) and the increased costs associated with the two acquisitions.

Cash Flow

Net cash outflows from operating activities for the six months ended 31 December 2017 were \$1.3 million compared to \$1.0 million for the six months ended 31 December 2016. The Group had \$0.4 million of cash and cash equivalents at

31 December 2017. Subsequent to year end the company has raised \$0.5 million in cash from the issue of shares at \$0.015 per share and also announced a Shareholders Purchase Plan to raise a further \$1 million.

Auditor's Independence Declaration

The Auditor's independence declaration for the half year ended 31 December 2017 has been received and a copy is reproduced on page 7. This report is made in accordance with a resolution of the Board of Directors and signed on behalf of the Board by:



IAN BAILEY
CHAIRMAN

28 FEBRUARY 2018

"The Group now has annualised revenues of \$8m per annum, will be cashflow positive and profitable within the next six month period and has a sustainable business to carry it forward."



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Independent Auditor's Declaration

Independent Auditor's Declaration



The Board of Directors
Tomizone Limited
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Dear Board Members

Tomizone Limited and its Controlled Entities

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the Directors of Tomizone Limited and its controlled entities.

As lead audit partner for the review of the half-year financial statements of Tomizone Limited and its controlled entities for the half-year ended 31 December 2017, I declare that to the best of my knowledge and belief, that there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours sincerely

A handwritten signature in blue ink that reads "Crowe Horwath Sydney".

CROWE HORWATH SYDNEY

A handwritten signature in blue ink that reads "Leah Russell".

LEAH RUSSELL
Senior Partner

Date this 28th day of February 2018

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Financial Statements

Financial Statements

Consolidated statement of profit or loss and other comprehensive income

For the half-year ended 31 December 2017

	Notes	31 December 2017 Unaudited \$	31 December 2016 Unaudited \$
Revenue		1,678,941	1,156,764
Direct Costs		(707,550)	(380,687)
Gross Profit		971,391	776,077
Other operating income (expense)		(19,835)	(11,577)
Employee benefits expense		(934,719)	(716,324)
Other expenses		(1,403,690)	(646,751)
Depreciation and amortisation expense		(84,524)	(259,684)
Impairment		(345,815)	-
Share Based Payment	4	(44,825)	(255,069)
Loss before income tax and finance costs		(1,862,017)	(1,113,328)
Finance costs		(634,249)	(330,629)
Finance income		739	3,775
Loss before tax from continuing operations		(2,495,527)	(1,440,182)
Income tax benefit/(expense)		22,683	23,573
Loss for the year from continuing operations		(2,472,844)	(1,416,609)
LOSS FOR THE PERIOD		(2,472,844)	(1,416,609)
Other comprehensive income			
Exchange differences on translation of foreign operations		(8,289)	8,903
Income tax effect		-	-
Other comprehensive income(loss) for the period, net of tax		(8,289)	8,903
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD, NET OF TAX		(2,481,133)	(1,407,706)
Attributable to:			
Equity holders of the Parent		(2,481,133)	(1,407,706)
Earnings per share			
Basic, profit for the year attributable to ordinary equity holders of the Parent	5	(\$0.011)	(\$0.0145)
Diluted, profit for the year attributable to ordinary equity holders of the Parent	5	(\$0.011)	(\$0.0145)

Consolidated statement of financial position

As at 31 December 2017

		31 December 2017 Unaudited \$	30 June 2017 Audited \$
	Notes		
ASSETS			
Current assets			
Cash and short-term deposits		397,570	228,791
Trade and other receivables		983,608	453,261
Inventories		-	1,230
Current tax receivables		1,863	1,699
Total Current assets		1,383,041	684,981
Non-current assets			
Intangible assets	6	3,414,084	364,896
Property, plant and equipment		526,182	164,120
Other receivables		472,832	-
Deferred tax assets		70,367	7,210
Other receivables		19,615	37,529
Total Non-current assets		4,503,080	573,755
TOTAL ASSETS		5,886,121	1,258,736
LIABILITIES AND EQUITY			
Current liabilities			
Trade and other payables		2,526,082	1,626,886
Interest-bearing loans and borrowings		1,747,168	4,028,786
Deferred revenue		252,366	134,769
Employee benefit liabilities		108,909	202,388
Total Current liabilities		4,634,525	5,992,829
Non-current liabilities			
Interest-bearing loans and borrowings		5,352,045	-
Deferred tax liabilities		46,833	6,510
Total Non-current liabilities		5,398,878	6,510
TOTAL LIABILITIES		10,033,403	5,999,339
NET ASSETS		(4,147,282)	(4,740,603)
Equity			
Contributed equity	7	23,222,261	20,186,318
Other capital reserves		1,034,794	996,283
Accumulated losses		(27,950,354)	(25,477,510)
Foreign currency translation reserve		(453,983)	(445,694)
TOTAL EQUITY		(4,147,282)	(4,740,603)
TOTAL EQUITY AND LIABILITIES		5,886,121	1,258,736

Consolidated statement of changes in equity

For the half year ended 31 December 2017

	Notes	Attributable to the equity holders of the parent				Total Equity
		Contributed equity	Other capital reserves	Retained earnings	Foreign currency translation reserve	
		\$	\$	\$	\$	\$
As at 1 July 2017		20,186,318	996,283	(25,477,510)	(445,694)	(4,740,603)
Loss for the period		-	-	(2,472,844)	-	(2,472,844)
Other comprehensive income		-	-	-	(8,289)	(8,289)
Total comprehensive income		-	-	(2,472,844)	(8,289)	(2,481,133)
Issue of share capital - private placements	7	3,029,627	-	-	-	3,029,627
Share based payments	5	6,316	53,037	-	-	59,353
Recognition of prior period issued options	5	-	(14,526)	-	-	(14,526)
At 31 December 2017		23,222,261	1,034,794	(27,950,354)	(453,983)	(4,147,282)

For the half year ended 31 December 2016

		Attributable to the equity holders of the parent				Total Equity
		Contributed equity	Other capital reserves	Retained earnings	Foreign currency translation reserve	
		\$	\$	\$	\$	\$
As at 1 July 2016		19,041,318	636,521	(21,247,083)	(442,852)	(2,012,096)
Loss for the period		-	-	(1,416,609)	-	(1,416,609)
Other comprehensive income		-	-	-	8,903	8,903
Total comprehensive income		-	-	(1,416,609)	8,903	(1,407,706)
Issue of share capital - private placements	7	185,000	-	-	-	185,000
Share based payments	5	-	141,918	-	-	141,918
Recognition of prior period issued options	5	-	113,151	-	-	113,151
Convertible note fees recognition		-	2,200	-	-	2,200
At 31 December 2016		19,226,318	893,790	(22,663,692)	(433,949)	(2,977,533)

Consolidated statement of cash flows

For the half year ended 31 December 2017

	31 December 2017 Unaudited \$	31 December 2016 Unaudited \$
Notes		
Operating activities		
Receipts from customers	1,604,309	1,535,910
Payments to suppliers and employees	(2,635,931)	(2,230,124)
Interest received	647	3,460
Interest paid	(307,802)	(291,416)
Net cash flows used in operating activities	(1,338,778)	(982,170)
Investing activities		
Receipts from sale of property, plant and equipment	61,312	-
Purchase of property, plant and equipment	(102,358)	-
Investment of Subsidiaries	(176,419)	-
Loans to other entities	(228,317)	-
Net cash flows used in investing activities	(445,782)	-
Financing activities		
Proceeds from issue of convertible notes	-	22,684
Proceeds from the issue of shares	2,172,276	-
Transaction costs on issue of convertible notes	-	(104,744)
Proceeds from borrowings	309,083	-
Repayment of borrowings	(479,375)	(178,414)
Net cash flows from financing activities	2,001,985	(260,474)
Net increase/(decrease) in cash and cash equivalents	217,425	(1,242,644)
Net foreign exchange difference	(45,592)	(6,928)
Cash and cash equivalents at 1 July	146,203	1,594,343
CASH AND CASH EQUIVALENTS at 31 December	318,036	344,771

Reconciliation of Cash and Cash Equivalents

	\$	\$
Cash at banks and on hand	396,015	418,422
Bank overdrafts	(77,915)	(73,651)
Cash and cash equivalents	318,036	344,771

Notes to the consolidated financial statements

For the half year ended 31 December 2017

1. Corporate information

The consolidated interim financial statements of Tomizone Limited (Tomizone) and its subsidiaries (collectively, the "Group") for the half year ended 31 December 2017 were authorised for issue in accordance with a resolution of the Directors on 28 February 2018.

Tomizone Limited (the Company or the parent) is a for profit company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Stock Exchange.

The separate financial statements of the parent entity, Tomizone Limited, have not been presented within this report as permitted by the Corporations Act 2001.

2. Summary of significant accounting policies

2.1. Basis of preparation

The half year financial statements are general purpose financial statements that have been prepared in accordance with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Act 2001. The half year financial statements of the Group also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). The half year financial statements do not include all of the information required for full year financial statements. Accordingly, these financial statements should be read in conjunction with the consolidated financial statements for the year ended 30 June 2017 and any public announcements made by the Company during the half year in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The accounting policies applied by the Group in the consolidated financial statements for the year ended 30 June 2017 have been consistently applied in these half year financial statements.

The financial report is presented in Australian dollars.

Going Concern

The financial statements of the Group have been prepared on a going concern basis, which contemplates the continuation of normal business operations and the realisation of assets and settlement of liabilities in the normal course of business.

The Group incurred a net loss for the six months ended 31 December 2017 of \$2.5 million. Continuation of these losses will be unable to be funded from the current cash position of the Group.

However, it is noted the following relevant matters:

- The Group has been restructured and that restructure has removed in excess of \$2 million of costs from the Group with further planned reductions of \$0.5 million.
- The Group has acquired two businesses (Bluesky and Ironman Group) which adds significant revenue to the Group.
- The Group raised in excess of \$2 million during the six month period and announced the raising of \$0.5 million post period end.
- The Group announced a Share Purchase Plan to raise \$1.0 million post period end however, this is due for completion after this half yearly report is finalised.
- It is forecast that the Group will become cashflow positive and profitable during the upcoming six month period.

The Directors of the Group consider that the cash flow projections and assumptions will be achieved and the Share Purchase Plan will be successful, and accordingly, the Group will be able to continue as a going concern.

In the event that the Group cannot continue as a going concern it may not be able to realise its assets and settle its liabilities in the normal course of operations and at the amounts stated in the financial statements.

3. Significant accounting judgements, estimates and assumptions

The interim financial statements have been prepared in accordance with the same accounting policies adopted in the Group's last annual financial statements for the year ended 30 June 2017.

The accounting policies have been applied consistently throughout the Group for the purposes of preparation of these interim financial statements.

Estimates and Assumptions

When preparing the interim financial statement, management undertakes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses. The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results.

The judgements, estimates and assumptions applied in the interim financial statements, including the key sources of estimation uncertainty were the same as those applied in the Group's last annual financial statements for the year ended 30 June 2017.

During the period Goodwill associated with an older Tomizone platform was written off. This action was taken as that platform is no longer in use by Tomizone and the customers previously on that platform have been migrated to newer, more functional platforms.

4. Share based payments

The share based payment expense includes the amortisation of the cost of issuing options in prior periods and a calculated cost for the contractual share issue obligations in executive remuneration packages using the Black Scholes methodology consistent applied with the assumptions used in the last annual financial statements.

5. Earnings per share (EPS)

Basic EPS amounts are calculated by dividing profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

Diluted EPS amounts are calculated by dividing the net profit attributable to ordinary equity holders of the parent (after adjusting for interest on the convertible preference shares) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

The following reflects the income and share data used in the basic and diluted EPS computations:

	31 December 2017	31 December 2016
(Loss) attributable to ordinary equity holders of the parent		
(Loss) attributable to ordinary equity holders of the Parent for basic earnings & dilution	(2,481,133)	(1,407,706)
(Loss) attributable to ordinary equity holders of the Parent adjusted for the effect of dilution	(2,481,133)	(1,407,706)
	'000	'000
Weighted average number of ordinary shares for basic EPS	231,289	96,912
Effect of dilution:		
Weighted average number of ordinary shares adjusted for the effect of dilution	231,289	96,912

6. Intangible Assets

	Customer Contracts \$	Goodwill \$	Intangible Assets from acquisitions \$	Contract Book From Acquisitions \$	Software \$	Total \$
Cost						
At 1 July 2017	263,000	1,544,884	-	-	787,000	2,594,884
Additions			1,994,341	1,362,495	33,665	3,390,501
As at 31 December 2017	263,000	1,544,884	1,994,341	1,362,495	820,665	5,985,385
Amortisation and Impairment						
At 1 July 2017	(237,000)	(1,205,988)	-	-	(787,000)	(2,229,988)
Amortisation	(2,417)	-	-	-	-	(2,417)
Impairment	-	(338,896)	-	-	-	(338,896)
As at 31 December 2017	(239,417)	(1,544,884)	-	-	(787,000)	(2,571,301)
Net Book Value						
At 1 July 2017	26,000	338,896	-	-	-	364,896
As at 31 December 2017	23,583	-	1,994,341	1,362,495	33,665	3,414,084

Note intangible assets have been provisionally determined as at 31 December 2017, as the process of determining the fair value of the assets acquired is still in progress. Specifically, the fair value of the contract book and intangibles is still in progress.

7. Contributed equity

Authorised shares

The share capital of Tomizone Limited consists of fully paid ordinary shares which entitle the holder to participate in dividends, and to share in the proceeds of winding up the company in proportion to the number of and amounts paid on the shares held.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

Ordinary shares have no par value and the company does not have a limited amount of authorised capital.

	31 December 2017	30 June 2017
Ordinary shares	308,308,681	108,875,175
Total	308,308,681	108,875,175

Ordinary shares issued and fully paid

		\$
At 30 June 2017	108,875,175	20,186,318
Issue of share capital - private placements	56,444,443	846,667
Issue of share capital - rights issue	126,997,396	1,949,401
Issue of share capital - employee salary sacrifice	125,000	1,875
Issue of share capital - consideration for acquisitions	15,866,667	238,000
At 31 December 2017	308,308,681	23,222,261

8. Commitments and contingencies

Contingent assets and liabilities

The Group has no contingent assets or liabilities as at 31 December 2017.

9. Business Acquisitions

Bluesky Acquisition

On 1st October 2017, the Group completed the acquisition of the Bluesky business being certain assets owned and liabilities owed by Bluesky Online Services Ltd. The Bluesky brand name is well established in New Zealand in the ICT sector (specifically in medical centres), with considerable scope to expand its distribution channels. As part of the acquisition, the Group continues to own and operate the Bluesky brand and has absorbed the Bluesky sales and technical teams in the Group.

Identifiable assets acquired and liabilities assumed

	\$
Fixed Assets	92,070
Loans Assumed	(174,933)
Net Identifiable Assets Acquired	(82,863)
Consideration Paid	303,366
Intangible on Acquisition	386,229

Ironman Group Acquisition

On 1 October 2017, the Group completed the acquisition of 100% of the issued capital of Ironman Group Ltd which was previously owned by Eftpos Warehouse Ltd. Ironman operates in the security, payment technology, digital signage and venue technology sectors. It has a customer base of in excess of 3,000 clients.

Identifiable assets acquired and liabilities assumed

	\$
Identifiable assets	
Cash	22,102
Trade debtors	186,456
Other debtors	322,503
WIP	15,255
Inventory	4,282
Fixed assets	299,065
Contract Book	1,381,050
Brand names (potential new)	24,998
Identifiable liabilities	
Trade creditors	256,826
Loans	3,252,052
Sundry Creditors	19,945
GST	73,601
Provision for Employees	42,160
Net Identifiable Assets Acquired	(1,388,873)
Consideration Paid	184,000
Intangible on Acquisition	1,572,873

Please note that the accounting for both the Bluesky and Ironman Group acquisitions has been provisionally determined as at 31 December 2017, as the process of determining the fair value of the assets acquired is still in progress. Specifically, the fair value of the contract book and intangibles is still in progress.

10. Events after the reporting period

On the 19 February 2018 the Group announced it had completed a private placement to raise \$500,000 from a group of current and new investors who subscribed for shares at an issue price of \$0.015 per share. Subscribers to the placement will also be entitled to apply for a free option on a 1:2 basis. The options have strike price of \$0.025 and have a twelve month term.

Also, on February 2018 the Group announced a Shareholders' Purchase Plan ("SPP") on the same terms as the placement. The SPP is due for completion in early March 2018.

On 26 February 2018 Tomizone announced it had signed a Heads of Agreement to acquire a small ICT and ISP company. This acquisition is subject to Tomizone completing due diligence and any regulatory approvals required. The acquisition will increase Tomizone's suite of products and increase revenues and profitability. Consideration for the acquisition is Tomizone ordinary shares with both an initial and earn-out payment.

Other than the above matters there are no other matters or circumstances that have arisen since 31 December 2017 that have significantly affected, or may significantly affect:

- the consolidated entity's operations in the future financial years, or
- the results of those operations in future financial years, or
- the consolidated entity's state of affairs in the future financial affairs.

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Directors' Declaration

Directors' Declaration



In accordance with a resolution of the directors of Tomizone Limited, I state that:

1. In the opinion of the directors:
 - a. the interim financial statements and notes for the financial half year ended 31 December 2017 are in accordance with the *Corporations Act 2001*, including:
 - i. giving a true and fair view of the consolidated entity's financial position as at 31 December 2017 and for its performance for the half year on that date; and
 - ii. complying with Accounting Standards and the *Corporation Regulations 2001*;
 - b. the interim financial statements and notes also comply with International Financial Reporting Standards; and
 - c. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
2. This declaration has been made after receiving the declarations required to be made to the directors by the managing director in accordance with section 295A of the *Corporations Act 2001* for the half year ended 31 December 2017.

On behalf of the board

A handwritten signature in black ink, appearing to be "Ian Bailey".

Ian Bailey

Non-Executive Director and Chairman

28 February 2018

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Independent Auditor's Review Report

Independent Auditor's Review Report



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Tomizone Limited and its Controlled Entities Independent Auditor's Report to the Members of Tomizone Ltd

Report on the Financial Report

We have reviewed the accompanying financial report of Tomizone Limited (the Company), which comprises the consolidated statement of financial position as at 31 December 2017, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

Directors' Responsibility for the Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410: *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the Corporations Act 2001 including giving a true and fair view of the consolidated entity's financial position as at 31 December 2017 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of Tomizone Ltd, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

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Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Tomizone Limited, would be in the same terms if given to the directors as at the time of this auditor's report

Material uncertainty related to going concern

Without modifying our audit opinion, we draw attention to Note 2.1 in the financial report, which indicates that the consolidated entity incurred a net loss after tax of \$2,472,844 during the half year ended 31 December 2017 and, as of that date, the consolidated entity's current liabilities exceeded its current assets by \$2,778,652. In addition, the Group's liabilities exceeded its assets in the amount of \$4,147,282. As stated in Note 2.1, these events or conditions, along with other matters as set forth in Note 2.1, indicate that a material uncertainty exists that may cast significant doubt on the consolidated entities ability to continue as a going concern and therefore, the consolidated entity may not be able to realise its assets and discharge its liabilities in the normal course of business.

Conclusion

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

- (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2017 and of its performance for the half-year ended on that date; and
- (ii) complying with Accounting Standard AASB 134: *Interim Financial Reporting and the Corporations Regulations 2001*.

Crowe Horwath Sydney

CROWE HORWATH SYDNEY

L Russell

LEAH RUSSELL
Senior Partner

Date this 28th day of February 2018

Corporate Information

ABN 99 000 094 995

Directors

IAN BAILEY, Non Executive Director and Chairman

MATT ADAMS, Managing Director

MAXIM CARLING, Non Executive Director

Company Secretary

MARK OHLSSON, Company Secretary

Registered Office

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Australia
Phone: +61 2 9025 3995

Principal place of business

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Wairau Valley
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New Zealand

Share register

Link Market Services

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Tomizone Limited shares are listed on the Australian Securities Exchange (ASX: TOM)

Solicitors

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SYDNEY NSW 2000

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ASB Bank Limited

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Commonwealth Bank Limited

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Auditors

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