

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 2018
Previous corresponding period is the financial year ended and half year ended	30 June 2018 31 December 2017

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

				<u>A\$'000s</u>
Revenues (item 2.1)	up/down	81.2%	to	3,041
Profit (loss) after tax attributable to members (item 2.2)	up/down	38.9%	to	(1,517)
Net profit (loss) for the period attributable to members (item 2.3)	up/down	38.9%	to	(1,517)
Dividends (item 2.4)				
It is not proposed to pay 31 December 2018 interim or 30 June 2018 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
(2.08)	(2.45)

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)	N/A
Date(s) of gain of control (item 4.2)	N/A

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, and Tomizone International Limited (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

27 February 2019

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tomizone®

Half Year Report

31 December 2018

Tomizone Limited

ABN 99 000 094 995

Table of Contents

DIRECTORS' REPORT	4-5
INDEPENDENT AUDITOR'S DECLARATION	6
FINANCIAL STATEMENTS	8
Consolidated statement of profit or loss and other comprehensive income	8
Consolidated statement of financial position	9
Consolidated statement of changes in equity	10
Consolidated statement of cash flows	11
Notes to the consolidated financial statements	12-16
DIRECTORS' DECLARATION	17
INDEPENDENT AUDITOR'S REPORT	18-19
CORPORATE INFORMATION	21

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Directors' Report

Directors' Report

Your Directors submit their report for the half year ended 31 December 2018 for Tomizone Limited ("the Company") and its subsidiaries (altogether "the Group").

Directors

The names and details of the Company's directors who held office from 1 July 2018 and until the date of this report, unless otherwise stated, are:

- **Ian Bailey**, Non-Executive Director
(*resigned as Chairman 17 December 2018*)
- **Matt Adams**, Managing Director
- **Maxim Carling**, Independent Non-Executive Director
- **John Seton**, Independent Chairman
(*Appointed 17 December 2018*)

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 2018 was \$1.5 million compared with a loss after tax of \$2.5 million for the 6 months ended 31 December 2017.

Operations

The Group has continued the transformation of its business in the six month period and 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 continued to streamline its cost base, integration of acquired businesses and grow revenue through new customers and the re-signing of several of its existing large clients. It has continued to progress the completion of two further businesses, Sweep Internet and Lighthouse Digital (see previous ASX announcements), both of which we are targeting to complete by 31 March 2019.

Further, Tomizone has continued its board renewal with the appointment of Mr John Seton, an experienced lawyer and company director. Mr Seton has been appointed as Tomizone's new Chairman and takes over from Mr Ian Bailey who remains as a non-executive director.

For the next six months the Group is committed to continuing to progress its balance sheet restructure, details of which will be announced once binding agreements are executed. This action will transform the Tomizone Group financially through lower finance costs and an improved net asset position.

Revenue

The Group's revenue and gross margin has increased to \$3.0 million and \$1.5 million respectively for the six months ended 31 December 2018 compared to \$1.7 million and \$1.0 million, respectively, for the six months ended 31 December 2017.

Operating Costs

The Group's operating costs, including employee & other expenses were \$2.2 million for the six months ended 31 December 2018 compared to

\$2.3 million for the six months ended 31 December 2017. The Group has stabilised its cost base after the restructuring carried out in the first half of 2018 which resulted in much lower labour costs along with synergies generated through the roll-up of the Ironman and Bluesky businesses.

Cash Flow

Net cash outflows from operating activities for the six months ended 31 December 2018 were \$0.7 million compared to \$1.3 million for the six months ended 31 December 2017. The Group had \$0.3 million of cash and cash equivalents at 31 December 2018.

Auditor's Independence Declaration

The Auditor's independence declaration for the half year ended 31 December 2018 has been received and a copy is reproduced on page 6.

Signed in accordance with a resolution of the Directors.



John Seton
Independent Chairman



Matt Adams
Managing Director

27 February 2019

"For the next six months, the Group is committed to continuing to progress its balance sheet restructure... This action will transform the Tomizone Group financially through lower finance costs and an improved net asset position."

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 2018, 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

CROWE HORWATH SYDNEY

A handwritten signature in blue ink, appearing to read "Leah Russell".

LEAH RUSSELL
Senior Partner

Date this 27th day of February 2019

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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 2018

	Notes	31 December 2018 \$	31 December 2017 \$
Revenue		3,041,424	1,678,941
Direct Costs		(1,497,308)	(707,550)
Gross Profit		1,544,116	971,391
Other operating income (expense)		(2,637)	(19,835)
Employee benefits expense		(1,146,351)	(934,719)
Other expenses		(1,047,183)	(1,403,690)
Depreciation and amortisation expense		(173,185)	(84,524)
Impairment		-	(345,815)
Share Based Payment		(19,309)	(44,825)
Loss before income tax and finance costs		(844,549)	(1,862,017)
Finance costs		(544,243)	(634,249)
Finance income		171	739
Loss before tax from continuing operations		(1,388,621)	(2,495,527)
Income tax benefit/(expense)		8,713	22,683
Loss for the period from continuing operations		(1,379,908)	(2,472,844)
Other comprehensive income			
Exchange differences on translation of foreign operations		(136,698)	(8,289)
Income tax effect		-	-
Other comprehensive income(loss) for the period, net of tax		(136,698)	(8,289)
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD, NET OF TAX		(1,516,606)	(2,481,133)
Attributable to:			
Equity holders of the Parent		(1,516,606)	(2,481,133)
Earnings per share			
Basic, profit for the period attributable to ordinary equity holders of the Parent	5	(\$0.0037)	(\$0.0110)
Diluted, profit for the period attributable to ordinary equity holders of the Parent	5	(\$0.0034)	(\$0.0110)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

Consolidated statement of financial position

As at 31 December 2018

	31 December 2018	30 June 2018
Notes	\$	\$
ASSETS		
Current assets		
Cash and short-term deposits	286,110	291,055
Trade and other receivables	2,044,779	1,779,889
Inventories	42,349	30,966
Current tax receivables	3,326	3,188
Total Current assets	2,376,564	2,105,098
Non-current assets		
Intangible assets	1,109,604	1,124,344
Property, plant and equipment	390,841	470,819
Other receivables	-	476,403
Deferred tax assets	43,075	33,119
Other receivables	9,506	9,142
Total Non-current assets	1,553,026	2,113,827
TOTAL ASSETS	3,929,590	4,218,925
LIABILITIES AND EQUITY		
Current liabilities		
Trade and other payables	2,790,931	2,951,315
Interest-bearing loans and borrowings	5,457,072	1,740,764
Deferred revenue	207,332	131,006
Employee benefit liabilities	123,609	122,831
Current tax liabilities	6,941	7,063
Total Current liabilities	8,585,885	4,952,979
Non-current liabilities		
Interest-bearing loans and borrowings	2,755,175	5,456,141
Deferred tax liabilities	319,390	307,168
Total Non-current liabilities	3,074,565	5,763,309
TOTAL LIABILITIES	11,660,450	10,716,288
NET ASSETS	(7,730,860)	(6,497,363)
Equity		
Contributed equity	6 24,885,935	24,622,135
Other capital reserves	1,120,855	1,101,546
Accumulated losses	(33,084,551)	(31,704,643)
Foreign currency translation reserve	(653,099)	(516,401)
TOTAL EQUITY	(7,730,860)	(6,497,363)
TOTAL EQUITY AND LIABILITIES	3,929,590	4,218,925

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

Consolidated statement of changes in equity

For the half year ended 31 December 2018

Attributable to the equity holders of the parent					
	Contributed equity (Note 6)	Other capital reserves	Retained earnings	Foreign currency translation reserve	Total Equity
Note	\$	\$	\$	\$	\$
As at 1 July 2018	24,622,135	1,101,546	(31,704,643)	(516,401)	(6,497,363)
Loss for the period	-	-	(1,379,908)	-	(1,379,908)
Other comprehensive income	-	-	-	(136,698)	(136,698)
Total comprehensive income	-	-	(1,379,908)	(136,698)	(1,516,606)
Issue of share capital - private placements	263,800	-	-	-	263,800
Share-based payments		19,309	-	-	19,309
At 31 December 2018	24,885,935	1,120,855	(33,084,551)	(653,099)	(7,730,860)

For the half year ended 31 December 2017

	Attributable to the equity holders of the parent					
		Contributed equity (Note 6)	Other capital reserves	Retained earnings	Foreign currency translation reserve	Total Equity
	Note	\$	\$	\$	\$	\$
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		3,029,627	-	-	-	3,029,627
Recognition of prior period issued options		-	(14,526)	-	-	(14,526)
Share-based payments		6,316	53,037	-	-	59,353
At 31 December 2017		23,222,261	1,034,794	(27,950,354)	(453,983)	(4,147,282)

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Consolidated statement of cash flows

For the half year ended 31 December 2018

	31 December 2018 \$	31 December 2017 \$
Operating activities		
Receipts from customers	3,145,861	1,604,309
Payments to suppliers and employees	(3,435,421)	(2,635,931)
Interest received	136	647
Interest paid	(447,487)	(307,802)
Net cash flows used in operating activities	(736,911)	(1,338,778)
Investing activities		
Receipts from sale of property, plant and equipment	34,349	61,312
Purchase of property, plant and equipment	(63,444)	(102,358)
Investment of Subsidiaries	-	(176,419)
Loans to other entities	(16,348)	(228,317)
Net cash flows used in investing activities	(45,443)	(445,782)
Financing activities		
Proceeds from issue of shares and exercise of share options	-	2,172,276
Proceeds from borrowings	1,009,129	309,083
Repayment of borrowings	(237,644)	(479,375)
Net cash flows from financing activities	771,485	2,001,985
Net increase/(decrease) in cash and cash equivalents	(10,869)	217,425
Net foreign exchange difference	6,076	(45,592)
Cash and cash equivalents at 1 July	259,171	146,203
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	254,378	318,036

	31 December 2018 \$	31 December 2017 \$
Cash at banks and on hand	286,110	395,951
Bank overdrafts	(31,732)	(77,915)
Cash and cash equivalents	254,378	318,036

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the consolidated financial statements

For the half year ended 31 December 2018

1. Corporate information

The consolidated financial statements of Tomizone Limited (Tomizone) and its subsidiaries (collectively, the Group or Consolidated Entity) for the half year ended 31 December 2018 were authorised for issue in accordance with a resolution of the Directors on 27 February 2019.

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

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 2018 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 2018 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 6 months ended 31 December 2018 of \$1.5 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:

- Of the total loss, \$0.1 million was in regard to amortisation of the contract book - a non-cash item
- The Group is in the final stages of acquiring a major contract book which will add further scale to the Group, improve cashflows through recurring revenues and create synergies across the Group in terms of cross selling of products and services and allowing further cost reductions as the Group streamlines the operations
- The Group currently has a net current liabilities of \$6.2m, net liabilities of \$7.7m and a net cash outflow from operating activities of \$0.7m for the six months ended 31 December 2018
- The Group is in active discussions to recapitalise the business including a full debt restructure and equity raise. The Group has previously raised \$3.5m for the year ended 30 June 2018. It is expected further announcements will be made in regard to this initiative prior to the 30 June 2019 year end

The Directors of the Group consider that the cash flow projections and assumptions will be achieved and, together with other initiatives, 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.

2.2. Changes in accounting policies, disclosures, standards and interpretations

New and amended Accounting Standards adopted by the Group

The Group has adopted all of the new or amended accounting standards issued by the Australian Accounting Standards Board (AASB) that are mandatory for the current reporting period.

The following account standards are most relevant to the Group:

AASB 9: Financial Instruments and associated Amending Standards

The Group has adopted AASB 9 from 1 July 2018. The standard introduced new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows which arise on specified dates and that are solely principal and interest. A debt investment shall be measured at fair value through other comprehensive income if it is held within a business model whose objective is to both hold assets in order to collect contractual cash flows which arise on specified dates that are solely principal and interest as well as selling the asset on the basis of its fair value. All other financial assets are classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading or contingent consideration recognised in a business combination) in other comprehensive income ('OCI'). For financial liabilities designated at fair value through profit or loss, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI.

From 1 July 2018, the Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables the Group applies the simplified approach permitted by AASB9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

Impact of Adoption – classification and measurement

On 1 July 2018 the Group has assessed which business models apply to the financial assets held by the Group and had classified its financial instruments into the appropriate AASB 9 categories as follows:

	Measurement Category		Carrying Amount	
	Original	New	Original \$	New \$
Financial Assets				
Cash and cash equivalents	Loans & receivables	Amortised cost	291,055	291,055
Trade and other receivables	Loans & receivables	Amortised cost	1,779,889	1,779,889
Financial Liabilities				
Trade and other payables	Amortised cost	Amortised cost	(2,951,315)	(2,951,315)
Interest bearing loans and borrowings	Amortised cost	Amortised cost	(7,196,905)	(7,196,905)

AASB 15: Revenue from Contracts with Customers

The Group has adopted AASB 15 from 1 July 2018. The standard provides a single comprehensive model for revenue recognition. The core principle of the standard is that an entity shall recognise revenue to depict the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard introduced a new contract-based revenue recognition model with a measurement approach that is based on an allocation of the transaction price. Credit risk is presented separately as an expense rather than adjusted against revenue. Contracts with customers are presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the

customer's payment. Customer acquisition costs and costs to fulfil a contract can, subject to certain criteria, be capitalised as an asset and amortised over the contract period.

For each contract with a customer the Group identifies the contract, identifies the performance obligations in the contract, determines the revenues and allocates the revenues to the separate performance obligations and recognises revenues when each performance obligation is satisfied and the goods and/or services have been transferred to the customer.

- i) *Contractual subscriptions on a month by month basis*
Revenue is recognised monthly as performance obligations are met over time.
- ii) *Contractual committed subscriptions – fixed term*
Revenue from a contract to provide services is recognised over time as the services are rendered based on a fixed price.
- iii) *Product and technical sales*
Revenue from the sale of goods is recognised at the point in time when the customer obtains control of the goods which is generally at the time of delivery.

The impact on the financial performance and position of the consolidated entity from the adoption of these Accounting Standards is not material and has not required a restatement of comparative numbers.

Accounting Standards and Interpretations issued but not yet effective

Accounting Standards and Interpretations issued by the AASB that are not yet mandatorily applicable to the Group, together with an assessment of the potential impact of such pronouncements on the Group when adopted in future periods, are discussed below:

AASB 16: Leases - (applicable to annual reporting periods commencing on or after 1 January 2019).

The Standard will result in all leases being recognised on the balance sheet, except for short-term leases and leases of low value assets. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised.

The Directors anticipate that the adoption of AASB16 will have an impact on the Group's financial statements. The assessment is still being undertaken to provide a reasonable estimate of such impact. The main impact is recognising a "right to use" asset for operating leases, with a liability recognised for future payments of operating leases.

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 2018.

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 2018.

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 2018 \$	31 December 2017 \$
(Loss) attributable to ordinary equity holders of the parent		
(Loss) attributable to ordinary equity holders of the Parent for basic earnings & dilution	(1,516,606)	(2,481,133)
(Loss) attributable to ordinary equity holders of the Parent adjusted for the effect of dilution	(1,516,606)	(2,481,133)
	'000	'000
Weighted average number of ordinary shares for basic EPS	412,043	231,289
Effect of dilution:		
Performance shares & options	31,352	-
Weighted average number of ordinary shares adjusted for the effect of dilution	443,395	231,289

6. 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.

Ordinary shares issued and fully paid

	31 December 2018 '000	30 June 2018 '000
Ordinary shares	425,201	407,614
	425,201	407,614

	'000	\$
At 30 June 2018	407,614	24,622,135
Issue of Share Capital - Jul 18	14,867	223,000
Issue of Share Capital - Aug 18	2,720	40,800
At 31 December 2018	425,201	24,885,935

7. Commitments and contingencies**Capital commitments**

	31 December 2018 \$	30 June 2018 \$
Less than one year	49,991	54,512
After one year but not more than five years	29,462	23,694
After five years	-	-
	79,453	78,206

Contingent assets and liabilities

The acquisition of the shares in Ironman Group Limited and the business of Bluesky, undertaken in October 2017, by Tomizone Holdings Limited resulted in Tomizone Holdings Limited (a subsidiary formed to hold those acquisitions) being required to enter into an all obligations guarantee for debt facilities provided to EFTPOS Warehouse Limited. EFTPOS Warehouse Limited was the original owner of Ironman and, prior to the acquisition, had a cross guarantee with Ironman to FE Investment Limited which continued post acquisition. EFTPOS Warehouse Limited has a customer base of circa 3,500 customers and a rental book of circa \$6M, with a future renewable cashflow of up to NZ\$14M. The guarantee is therefore underpinned by the value relating to the rental book and the value of the potential future contracted cashflows that the rental book can provide. The guarantee is limited by a first ranking GSA over Tomizone Holdings Limited. Total contingent liability is circa \$6M on the rental book and term loans of circa \$2M.

The Group has no other contingent assets or liabilities as at 31 December 2018.

8. Events after the reporting period

In February 2019 the Tomizone Group negotiated further funding being made available from its major funder, FE Investments Ltd, in the amount of \$200,000. The purpose of the funding was to fund the traditionally slow December and January period. The funds were received on 15 February 2019.

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 3 December 2018 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 2018 and for its performance for the half year ended on that date; and
 - ii. complying with Accounting Standards and the *Corporations 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 Chairman and Managing Director in accordance with section 295A of the *Corporations Act 2001* for the half year ended 31 December 2018.

On behalf of the board

A handwritten signature in black ink, appearing to be "John Seton".

John Seton
Independent Chairman

27 February 2019

Independent Auditor's Report



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Tomizone Ltd and 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 2018, 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 2018 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.



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 \$1,379,908 during the half year ended 31 December 2018 and, as of that date, the consolidated entity's current liabilities exceeded its current assets by \$6,209,321. In addition, the consolidated entity's liabilities exceeded its assets in the amount of \$7,730,860. 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 entity's 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 2018 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

LEAH RUSSELL
Senior Partner

Dated this 27th day of February 2019

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Corporate Information

Corporate Information

ABN 99 000 094 995

Directors

IAN BAILEY

Non-Executive Director
(resigned as Chairman 17 December 2018)

MATT ADAMS

Managing Director

MAXIM CARLING

Independent Non-Executive Director

JOHN SETON

Independent Chairman
(appointed 17 December 2018)

Company Secretary

MARK OHLSSON

Company Secretary

Registered Office

Level 32, 101 Miller Street
Sydney NSW 2001
Australia
Phone: +61 9025 3995

Principal place of business

Level 1, 110 Wairau Road
Wairau Valley, Auckland 0627
New Zealand

Share register

Link Market Services

Level 12, 680 George Street
Sydney NSW 2000
Australia
Phone: +61 1300 554 474

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

Solicitors

Claymore Partners

63 Fort Street
Auckland 1010
New Zealand

Macpherson Kelley

Level 21
20 Bond Street
Sydney NSW 2000
Australia

Bankers

ASB Bank Limited

12 Jellicoe Street
North Wharf
Auckland 1010
New Zealand

Commonwealth Bank Limited

83 Market Street
Sydney NSW 2000
Australia

Auditors

Crowe Horwath Sydney

1 O'Connell Street
Sydney NSW 2000
Australia

Website

www.tomizone.com

Corporate Governance Statement

www.tomizone.com/investor-relations/