

ASX Company Announcement | Issue Date: 29 August 2014

## **PRELIMINARY FINAL REPORT – APPENDIX 4E**

**Newzulu Limited** (formerly PieNetworks Ltd) (ASX: NWZ) is pleased to attach for immediate release the Preliminary Final Report (Appendix 4E) for the year ending 30 June 2014.

The Board wishes to emphasise to shareholders that the attached report reflects on the past financial year and on a considerably different business model. The results reported summarise the Company's performance prior to the recent acquisition of Newzulu although there are some significant corporate and advisory costs which are identified and which relate to the acquisition.

As the Company moves forward in the coming months we begin to execute on the business plan as was recently articulated at our General Meeting of Shareholders held on 11 August 2014.

On behalf of the Board



**Mark Pitts**

Director / Company Secretary

For investors further information can be found on the Company's website [www.newzululimited.com](http://www.newzululimited.com)



# **Newzulu Limited**

**(formerly Pienetworks Limited)**

**ABN 27 078 661 444**

## **Preliminary Final Report**

**For the year ended 30 June 2014**

**(Incorporating information pursuant to ASX Listing Rule 4.3A)**

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## NEWZULU LIMITED

### ASX APPENDIX 4E Results Summary

#### 1. For the year ended 30 June 2014

#### 2. RESULTS FOR ANNOUNCEMENT TO THE MARKET

Financial results	Full Year 30 June 2014 \$	Full Year 30 June 2013 \$	% change June 2013 to June 2014
Revenue from ordinary activities	337,056	471,907	(28.6%)
Profit (loss) from ordinary activities after tax attributable to members	(1,010,380)	(776,274)	30.2%*
Net profit (loss) for the period attributable to members	(1,010,380)	(776,274)	30.2%*

\* Represents increase in loss from 2013 to 2014

Dividends	Full Year 30 June 2014	Full Year 30 June 2013
Cents per ordinary share	Nil**	Nil

\*\*No dividends have been declared or are payable for the period ended 30 June 2014.

Tangible assets per ordinary share	Full Year 30 June 2014	Full Year 30 June 2013
Net tangible assets per share (cents)	1.08	2.09

#### Commentary

During the financial year, Newzulu Limited (formerly PieNetworks Limited) (the Company) had an operating loss after income tax of \$1,010,380 (2013: 776,274).

The increase in net loss for the period of 30.2% includes costs associated with legal, advisory and other costs of \$259,236 relating to the acquisition of Newzulu Holdings Limited (formerly Newzulu Limited) that was concluded in the subsequent financial period.

Revenue from the Company's kiosk and webphone business also reduced due to a general reduction in customer usage of public telephony and internet services. To this end, the Board made further changes to the Company's New Zealand network aimed at reducing the Company's costs. The adjustments to the New Zealand webphone network have seen a reduction in webphones in the field. This together with an appreciation in the New Zealand dollar against the Australian dollar and a decline in internet kiosk customer renewals has contributed to reduced revenue in the year.

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## 2.1 Going concern

The Company incurred a loss after tax for the period of \$1,010,380 (2013: \$776,274) and has a surplus in working capital at 30 June 2014 of \$932,925 (30 June 2013: \$1,231,477). During the period, the Company used cash of \$830,903 (2013: \$567,940) in its operations and the Company has continued to have net cash outflows from its operations since 30 June 2014.

The financial report for the year ended 30 June 2014 has been prepared on the basis of going concern, which contemplates continuity of business activities and the realisation of assets and settlement of liabilities in the ordinary course of business. Directors believe this to be appropriate for the following reasons:

- Directors have prepared a cash flow forecast for the 12 month period subsequent to the date of this report. The cash flow forecast takes into account, amongst other factors:
  - contractual commitments relating to its New Zealand webphone and kiosk business;
  - revenue from its current webphone and kiosk networks at levels materially consistent with recent months;
  - forecast revenues and associated expenses from the growth of the Company's Newzulu business;
  - the development of new opportunities and projects and the completion of a further capital raising.
- Subsequent to the end of the year, the Company completed the placement of 75,000,000 ordinary shares at \$0.04 per share to raise \$3,000,000 before costs. The placement was completed to provide ongoing working capital, to maintain the existing business and to develop the Newzulu business.
- Directors anticipate the support of major shareholders and are confident in the Company's ability to raise an appropriate level of funding to provide ongoing working capital, to execute its business plan and to enable the identification and assessment of new projects.

### 3. Statement of profit or loss and other comprehensive income

<i>In AUD</i>	2014	2013
Revenue from sale of goods	54,343	32,348
Revenue from rendering services	282,713	439,559
Cost of sales	(216,839)	(231,290)
<b>Gross profit</b>	<b>120,217</b>	<b>240,617</b>
Other income from ordinary activities	76,787	54,706
Network management expenses	(324,656)	(260,548)
Sales and marketing expenses	(19,533)	(23,860)
Research and development expenses	(202,064)	(198,200)
Administrative and corporate expenses	(829,012)	(650,942)
Other expenses from ordinary activities	(8,439)	(68,763)
<b>Results from operating activities</b>	<b>(1,186,700)</b>	<b>(906,990)</b>
Finance income	177,425	131,821
Finance expenses	(1,105)	(1,105)
<b>Net finance income</b>	<b>176,320</b>	<b>130,716</b>
<b>Loss before income tax</b>	<b>(1,010,380)</b>	<b>(776,274)</b>
Income tax expense	-	-
<b>Loss after income tax attributable to Owners of the Company</b>	<b>(1,010,380)</b>	<b>(776,274)</b>
<b>Other comprehensive income</b>		
<b>Items that may be reclassified subsequently to profit or loss:</b>		
Foreign currency translation differences for foreign operations	(145,030)	(98,947)
<b>Total comprehensive income attributable to Owners of the Company</b>	<b>(1,155,410)</b>	<b>(875,221)</b>
<b>Earnings per share for loss attributable to the ordinary equity holders of the Company:</b>		
Basic and diluted loss per share (cents)	(1.45)	(1.50)

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### 3.1 Notes to statement of profit or loss and other comprehensive income

#### Other income

<i>In AUD</i>	<b>2014</b>	<b>2013</b>
R&D tax incentive	75,792	54,706
Insurance claim	995	-
	<u>76,787</u>	<u>54,706</u>

#### Other expenses

<i>In AUD</i>	<b>2014</b>	<b>2013</b>
(Decrease)/increase in provisions	(54,568)	54,656
Bad debts written off	63,007	14,107
	<u>8,439</u>	<u>68,763</u>

#### Personnel expenses

<i>In AUD</i>	<b>2014</b>	<b>2013</b>
Wages and salaries	265,651	231,872
Other associated personnel expenses	855	2,733
Contributions to defined contribution superannuation funds	32,010	28,069
Consulting fees	214,959	291,976
Increase/(decrease) in liability for annual leave	4,660	(3,999)
Increase in liability for long service leave	11,483	17,735
Equity-settled transactions	150,084	12,343
	<u>679,702</u>	<u>580,729</u>

#### 4. Statement of financial position

*In AUD*

##### Assets

	2014	2013
Cash and cash equivalents	1,116,344	1,384,293
Trade and other receivables	98,907	98,028
Inventories	955	21,448
Current income tax assets	988	909
Restricted cash deposits	225,453	134,802
Other current assets	26,424	55,771

##### Total current assets

1,469,071	1,695,251
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Restricted cash deposits	-	113,722
Property, plant and equipment	3,902	40,848

##### Total non-current assets

3,902	154,570
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##### Total assets

1,472,973	1,849,821
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##### Liabilities

Trade and other payables	422,936	346,735
Loans and borrowings	2,413	2,113
Employee benefits	30,953	26,847
Deferred revenue	9,102	20,487
Provisions	70,742	67,592

##### Total current liabilities

536,146	463,774
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Loans and borrowings	928	3,340
Employee benefits	31,873	20,391
Provisions	58,843	45,140

##### Total non-current liabilities

91,644	68,871
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##### Total liabilities

627,790	532,645
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##### Net assets

845,183	1,317,176
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##### Equity

Share capital	30,617,047	29,933,714
Reserves	818,407	963,353
Accumulated losses	(30,590,271)	(29,579,891)

##### Total equity

845,183	1,317,176
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#### 4.1 Notes to statement of financial position

##### Cash and cash equivalents

<i>In AUD</i>	<b>2014</b>	<b>2013</b>
Bank balances	47,264	53,348
Call deposits	1,069,080	1,330,945
Total Cash and cash equivalents in the statement of cash flows	1,116,344	1,384,293

##### Restricted cash deposits

<i>In AUD</i>	<b>2014</b>	<b>2013</b>
Restricted term deposits*	125,453	4,802
Funds received for shares issued post year-end	100,000	130,000
Restricted cash included under current assets	225,453	134,802
Restricted term deposits*	-	113,722
Restricted cash deposits included under non-current assets	-	113,722
Total Restricted cash deposits	225,453	248,524

\*Restricted term deposits of \$125,453 (2013: \$118,524) are being held by ASB bank New Zealand Ltd as security for bank guarantees of NZ\$135,000 in favour of Westfield New Zealand Ltd.

##### Trade and other receivables

<i>In AUD</i>	<b>2014</b>	<b>2013</b>
Trade receivables	23,115	38,624
Other receivables	-	4,698
R&D tax credit	75,792	54,706
Trade and other receivables at 30 June	98,907	98,028

R&D tax credit of \$75,792 (2013: 54,706) represents the amount of grants receivable in respect of the current and prior financial periods arising from the Company's Research and Development Tax credit claim.

##### Capital and reserves

###### Share capital

	<b>The Company Ordinary shares</b>	
	<b>2014 No.</b>	<b>2013 No.</b>
On issue at 1 July	63,443,917	37,111,150
Share based payments	2,500,000	-
Issued for cash	12,383,225	26,332,767
On issue at 30 June – fully paid	78,327,142	63,443,917



## 5. Statement of cash flows

In AUD

### Cash flows from operating activities

	2014	2013
Cash receipts from customers	366,447	452,467
Cash paid to suppliers and employees	(1,252,056)	(1,478,477)
Cash utilised in operations	(885,609)	(1,026,010)
Research and development tax incentive received	54,706	458,070
<b>Net cash (used in) operating activities</b>	<b>(830,903)</b>	<b>(567,940)</b>

### Cash flows from investing activities

Interest received	33,325	30,032
Acquisition of property, plant and equipment	(486)	(54,765)
<b>Net cash (used in) investing activities</b>	<b>32,839</b>	<b>(24,733)</b>

### Cash flows from financing activities

Payment of finance lease liabilities	(2,113)	(1,850)
Proceeds from share issues	538,664	1,579,999
Payments for equity raising costs	(5,331)	(121,380)
Interest paid	(1,105)	(1,105)
<b>Net cash provided by financing activities</b>	<b>530,115</b>	<b>1,455,664</b>

Net (decrease)/ increase in cash and cash equivalents

	(267,949)	862,991
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Cash and cash equivalents at 1 July

	1,384,293	521,302
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**Cash and cash equivalents at 30 June**

	<b>1,116,344</b>	<b>1,384,293</b>
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## 6. Statement of changes in equity

<i>In AUD</i>	<u>Attributable to shareholders of the Company</u>				<b>Total equity</b>
	<b>Share capital</b>	<b>Share option reserve</b>	<b>Translation reserve</b>	<b>Accumulated losses</b>	
Balance at 1 July 2012	28,475,095	1,052,431	(2,474)	(28,803,617)	721,435
<b>Total comprehensive income for the period</b>					
Loss for the period	-	-	-	(776,274)	(776,274)
Other comprehensive income:					
Foreign currency translation differences	-	-	(98,947)	-	(98,947)
<b>Total comprehensive income for the period</b>	-	-	(98,947)	(776,274)	(875,221)
<b>Transactions with Owners, recorded directly in equity</b>					
Issue of ordinary shares (net of equity raising costs)	1,458,619	-	-	-	1,458,619
Share-based payment transactions	-	12,343	-	-	12,343
<b>Total transactions with Owners</b>	1,458,619	12,343	-	-	1,470,962
Balance at 30 June 2013	29,933,714	1,064,774	(101,421)	(29,579,891)	1,317,176

<i>In AUD</i>	<u>Attributable to shareholders of the Company</u>				<b>Total equity</b>
	<b>Share capital</b>	<b>Share option reserve</b>	<b>Translation reserve</b>	<b>Accumulated losses</b>	
Balance at 1 July 2013	29,933,714	1,064,774	(101,421)	(29,579,891)	1,317,176
<b>Total comprehensive income for the period</b>					
Loss for the period	-	-	-	(1,010,380)	(1,010,380)
Other comprehensive income:					
Foreign currency translation differences	-	-	(145,030)	-	(145,030)
<b>Total comprehensive income for the period</b>	-	-	(145,030)	(1,010,030)	(1,155,410)
<b>Transactions with Owners, recorded directly in equity</b>					
Issue of ordinary shares (net of equity raising costs)	533,333	-	-	-	533,333
Share-based payment transactions	150,000	84	-	-	150,084
<b>Total transactions with Owners</b>	683,333	84	-	-	683,417
Balance at 30 June 2014	30,617,047	1,064,858	(246,451)	(30,590,271)	845,183

## 6A. Operating segments

### Information about reportable segments

	Australia		New Zealand		Total	
In AUD	2014	2013	2014	2013	2014	2013
External revenue	296,333	397,068	40,723	74,839	337,056	471,907
Inter-segment revenue	-	-	-	-	-	-
Total segment revenue	296,333	397,068	40,723	74,839	337,056	471,907
Other income	75,792	54,706	-	-	75,792	54,706
Interest income	29,252	26,407	4,073	3,625	33,325	30,032
Interest expense	(1,105)	(1,105)	-	-	(1,105)	(1,105)
Impairment of property, plant and equipment	(1,863)	(38,710)	(2,673)	-	(4,536)	(38,710)
Impairment of inventories	(2,085)	(50,829)	(17,624)	953	(19,709)	(49,876)
Depreciation and amortisation	(15,827)	(24,585)	(18,497)	(12,462)	(34,324)	(37,047)
Segment (loss)/ profit after tax	(982,623)	(918,137)	(152,519)	18,985	(1,135,142)	(899,152)
Segment assets	1,299,544	1,661,554	173,429	188,267	1,472,973	1,849,821
Capital expenditure	486	54,765	-	-	486	54,765
Segment liabilities	434,167	372,208	1,744,472	1,586,524	2,178,639	1,958,732

## 6A. Operating segments (continued)

### Reconciliation of reportable segment revenues, loss, assets and liabilities and other material items

<i>In AUD</i>	2014	2013
<b>Revenue</b>		
Total revenue for reportable segments	337,056	471,907
Company total revenue	337,056	471,907
<b>Loss</b>		
Total loss for reportable segments	(1,135,142)	(899,152)
Impairment of intersegment assets	124,762	122,878
Company loss after tax	(1,010,380)	(776,274)
<b>Assets</b>		
Total assets for reportable segments	1,472,973	1,849,821
Company total assets	1,472,973	1,849,821
<b>Liabilities</b>		
Total liabilities for reportable segments	2,178,639	1,958,732
Elimination inter-segment liabilities	(1,550,849)	(1,426,087)
Company total liabilities	627,790	532,645

#### Other material items 2014

*In AUD*

Interest income	33,325	-	33,325
Interest expense	(1,105)	-	(1,105)
Depreciation and amortisation	(34,324)	-	(34,324)
Impairment of property, plant and equipment	(4,536)	-	(4,536)
Impairment of inventories	(19,709)	-	(19,709)

Reportable segment totals	Adjustments	Company totals
33,325	-	33,325
(1,105)	-	(1,105)
(34,324)	-	(34,324)
(4,536)	-	(4,536)
(19,709)	-	(19,709)

#### Other material items 2013

*In AUD*

Interest income	30,032	-	30,032
Interest expense	(1,105)	-	(1,105)
Depreciation and amortisation	(37,047)	-	(37,047)
Impairment of property, plant and equipment	(38,710)	-	(38,710)
Impairment of inventories	(49,876)	-	(49,876)

Reportable segment totals	Adjustments	Company totals
30,032	-	30,032
(1,105)	-	(1,105)
(37,047)	-	(37,047)
(38,710)	-	(38,710)
(49,876)	-	(49,876)

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**7. Dividends paid or provided for**

No dividends declared for the year ended 30 June 2014. Refer to results summary.

**8. Dividends reinvestment plan**

No dividends or distribution reinvestment plan were in operation during the period ended 30 June 2014.

**9. Net tangible assets per share**

Details of net tangible asset backing are set out in the results summary.

**10. Details of entities over which control has been gained or lost during the period**

Not applicable to the period under review.

**11. Details of associates and joint ventures**

Newzulu Limited had no investments in associates or joint ventures.

**12. Other significant information**

Subsequent to the end of the financial period, the company completed the acquisition of 100% of Newzulu Holdings Ltd (formerly Newzulu Limited) by issue of shares to shareholders of Newzulu Holdings Ltd. Newzulu is one of the world's leading crowd-sourced news and freelance journalism platforms which operates in partnership with Agence France-Presse, the Press Association in the UK & Ireland and Australian Associated Press in Australia and New Zealand.

The key terms of the acquisition are summarised below and were approved at a General Meeting of shareholders held on 11 August 2014:

- the approval by the Company's shareholders for the Acquisition in accordance with the requirements of the Corporations Act and the ASX Listing Rules;
- issue of 178,230,977 ordinary shares in the Company in consideration for the acquisition of 100% of the issued capital of Newzulu;
- issue of 20,000,000 options to acquire ordinary shares in the Company and issued to Mr Alex Hartman (or his nominee);
- issue of 75,000,000 ordinary shares in the Company at the price of \$0.04 per share to raise \$3,000,000.

Operating costs in the current financial period, as highlighted in the commentary in section 2, include legal, advisory and other costs associated with this transaction.

**13. Accounting standards for foreign entities**

Not applicable to Newzulu Limited.

**14. Commentary on the results for the financial year**

Refer to results summary.

**15. Compliance statement**

This report is based on accounts that are in the process of being audited. Whilst the audit has not been completed at this time, it is anticipated that the independent audit report may include an emphasis of matter paragraph in relation to appropriateness of the use of the going concern assumption in preparation of 30 June 2014 financial report.



Signed: .....  
(Director/ Company Secretary)

Date: 29 August 2014

Name: Mark Pitts