



Corporate Directory

BOARD OF DIRECTORS

Mr Alexander Hartman	Executive Chairman
Mr Peter Gunzburg	Non-executive Director
Mr Philip Kiely	Non-executive Director
Mr Mark Pitts	Non-executive Director
Mr Theo Hnarakis	Non-executive Director

COMPANY SECRETARY

Mr Mark Pitts

REGISTERED OFFICE

Suite 8, 7 The Esplanade
Mt Pleasant Western Australia 6153
Telephone: + 61 8 9316 91000

WEBSITE ADDRESS

www.newzululimited.com

AUSTRALIAN BUSINESS NUMBER

27 078 661 444

PRINCIPAL OFFICE

Australia
C/- AAP News Centre
Level 6
3 Rider Boulevard
Rhodes NSW, 2138 Australia

AUDITOR

KPMG
235 St Georges Terrace
Perth Western Australia 6000

SHARE REGISTRY

Computershare Investor Services Pty Limited
Level 2, Reserve Bank Building
45 St George's Terrace
Perth Western Australia 6000
Telephone: 1300 557 010
Facsimile: +61 8 9323 2033

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Chairmans' Review

Dear Shareholder,

Your Board advised its intention, during the year ended June 2013, to seek an acquisition to reposition the Company for growth. A number of potential acquisitions were examined, and in March 2014 the Board announced the proposed acquisition of Newzulu, one of the world's leading crowd sourced news platforms.

Shareholders approved the acquisition at a meeting on 11 August 2014 and completion occurred shortly thereafter. The Company subsequently advised the market of a change of name to Newzulu Limited and its ASX ticker to 'NWZ'.

Newzulu is now refocusing on addressing the global media market through long term partnerships with the world's leading news and multimedia agencies. Your Company is aiming to be the world's leader in crowd sourced news and media. Your Board is confident that commercial opportunities are available to Newzulu based on its vision and business plan and can be developed and monetised, with potential for revenue streams from sales of news images and videos through our major news wire partnerships and from licensing our software platform to major media outlets. We intend on investing for growth to meet global market needs.

We have identified several of the key indicators that will ultimately drive our revenue growth and pathway to cash flow positive operations targeted over a two year trajectory:

- Securing news agency partnerships in additional territories
- Securing white-label agreements with media outlets
- Registrations of freelance journalists, photographers & videographers
- Mobile app downloads for iOS and Android (Newzulu / White-label)
- Additional services launched for our freelance contributors
- Securing exclusive content and expanding content archive
- Securing image, video and live video stream sales

By way of explanation of our current operations, Newzulu's international editions are available to anyone with a story to share news through the web in English (www.newzulu.com) and French (www.citizenside.com). Please take the time to download the Newzulu and Citizenside apps that are accessible through the iOS AppStore and Google Play Store for Android.

Newzulu is investing significantly in ongoing research and development to support the evolution of its mobile applications, which are fundamental to its strategy for sourcing news materials from any smart phone, any time. In addition to news materials sent to us directly via smart phones, Newzulu sources and validates contributions of news through major social media networks including YouTube, Facebook and Twitter with the hashtag #newzulu.

Newzulu operates in partnership with Agence France Presse (AFP), The Canadian Press (CP), The Press Association (PA), Australian Associated Press (AAP) and Bulls Press in Germany, to distribute news photos and videos to over 7,000 media outlets worldwide. These news agencies are among the most outstanding news gathering operations in the world and are responsible for a large portion of news images and videos that are published and broadcasted every day, allowing them to distribute Newzulu contributor materials on the broadest possible basis for the highest possible licensing fees. As Newzulu establishes operations in further territories we will seek to enter additional news wire partnerships which give us local territory capabilities for contributor outreach and sales of local white-labels.

Newzulu delivers both significant editorial and economic benefits to media outlets and we are developing the significant opportunity to derive content sales and white-label software licensing revenues from fundamental shifts in news gathering. Newzulu harnesses smart phones and social media in response to the new reality that somebody with a smart phone is now always first on the scene of a news event.

The Company is now executing on a commercialization phase of development, with the Newzulu platform proven within the newsrooms of major news agencies, publishers and broadcasters since it was launched as Citizenside in partnership with Agence France Presse (AFP) in 2006. Newzulu is already the platform of choice for over 150,000 freelance journalists,

photographers and videographers worldwide to distribute and sell their breaking news materials and we are rapidly growing the reach of our crowd-sourced news wire and freelance journalism platform.

The Executive are supported by an exceptional team of experienced media, technology and corporate development executives worldwide, which provides tremendous confidence in our capability to deliver a sustainable company based on our strategic business plan for the benefit of Shareholders.

During the year there were a number of changes at Board level, earlier in calendar 2014 Mr Phil Kiely an experienced technology executive joined the Board and at that time Mr Bill Zikou, a Non-Executive Director of the company resigned to pursue other interests. The Board wishes to extend its gratitude to Mr Zikou for his service to the Company over a number of years.

I joined your Board subsequent to the completion of the acquisition of Newzulu and have taken on the role of Executive Chairman in the past few months.

In closing I want to thank our shareholders for their continued support. We are pleased to be working on your behalf to position our Company as a world leader in the global news revolution with our business plan to capitalize on the pervasiveness of smart phones and disruptive impact of social media networks on breaking news. I would also like to sincerely thank our staff, advisors and my fellow Board members for their hard work to date.

On behalf of the Board,

A handwritten signature in black ink, appearing to read 'Alexander Hartman', with a stylized, cursive script.

Alexander Hartman
Executive Chairman

Newzulu Limited
Directors' report
For the year ended 30 June 2014

The directors present their report together with the financial statements of the Company, Newzulu Limited (formerly Pienetworks Limited), for the financial year ended 30 June 2014 and the auditor's report thereon.

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Newzulu Limited
 Directors' report (continued)
 For the year ended 30 June 2014

1. Acquisition of Newzulu Holdings Limited

Subsequent to the end of the financial period, the Company acquired 100% of the voting interest in Newzulu Holdings Ltd (formerly Newzulu Ltd). The acquisition reflects the boards' strategy to pursue complementary business opportunities with a view to improving the performance of the Company and increasing shareholder value. The acquisition has resulted in changes to the Company's name and board of directors and is expected to have an impact on its scale of operations.

2. Directors and company secretary

The directors of the Company at any time during or since the end of the financial year are:

<i>Name, qualifications and independence status</i>	<i>Age</i>	<i>Experience, special responsibilities and other directorships</i>
Alexander J. Hartman Managing Director Executive Chairman	34	Co-founder of Newzulu, Matilda Media Group and Rightstrade. He received the Young Australian of the Year Award for Career Achievement in 2001 and the Pearcey Medal from the Australian Computer Society. Alex was a pioneer of broadband internet services in Australia with Telstra and has advised Commonwealth Bank of Australia, Filmon.TV and Gresham Advisory Partners. The Australian Government appointed Alex as a Director of the Industry Research & Development Board, Chairman of the Youth IT Skills Hub and as founding Director of Headspace, the National Youth Mental Health Foundation. Appointed Managing Director 14 August 2014. Appointed Executive Chairman 26 August 2014.
Peter L Gunzburg BComm, ASIA Non-Executive Director	62	Over 20 years experience as a stockbroker. Currently the Chairman of Eurogold Limited (director since 2001), Brinkley Mining PLC and a director of Fleetwood Corporation Limited (director since 2002). Past Director of Resolute Limited, The Australian Securities Exchange Limited, Evers Reed Limited, CIBC World Markets Australia Limited, AIM listed Matra Petroleum PLC and Strike Oil Limited. Chairman of the Audit and Compliance Committee (since 30 January 2012, previously member) and Chairman of the Remuneration and Nomination Committee. Appointed 29 April 2002. Held the role of Chairman from 30 July 2002 to 10 August 2010, and from 6 February 2012 to 26 August 2014.
Philip Kiely Non-Executive Director	60	Over 30 years experience in the technology and digital media sectors in Australia and internationally, serving as Vice President Oracle Online, Asia Pacific and Regional Managing Director of Oracle Corporation, Australia. He has been a member of the Victorian Government IT Task Force and Career Education Foundation and member of the review committee into Teaching and Teacher Education. Appointed 28 March 2014.

Newzulu Limited
 Directors' report (continued)
 For the year ended 30 June 2014

2. Directors and company secretary (continued)

The directors of the Company at any time during or since the end of the financial year are:

Name, qualifications and independence status	Age	Experience, special responsibilities and other directorships
Mark Pitts BBus, FCA Independent Non-Executive Director/Company Secretary	52	Over 25 years experience in business administration. He is a partner in corporate advisory firm Endeavour Corporate offering accounting; corporate and compliance advice; and governance services to listed public companies in Australia and elsewhere. Member of the Audit and Compliance Committee and Remuneration and Nomination Committee. Appointed Company Secretary 12 March 2008. Appointed Director on 6 February 2012.
Bill Zikou BEng, MBA Independent Non-Executive Director	63	Over 35 years experience in the telecommunications industry with 25 years in senior management and executive roles. His previous recent roles include CEO of Ericsson South East Europe (consisting of 9 countries) and CEO of Ericsson Australia, New Zealand and the Pacific islands. Member of the Audit and Compliance Committee and Remuneration and Nomination Committee. Appointed 10 August 2010. Resigned 4 April 2014.

3. Directors' meetings

The number of directors' meetings (including meetings of committees of directors) and number of meetings attended by each of the directors of the Company during the financial year are:

Director	Board Meetings		Audit and Compliance Committee Meetings		Remuneration & Nomination Committee Meetings ¹	
	A	B	A	B	A	B
Alex J Hartman	-	-	-	-	-	-
Peter L Gunzburg	8	8	2	2	-	-
Bill Zikou	6	6	2	2	-	-
Mark Pitts	8	8	2	2	-	-
Philip Kiely	2	2	-	-	-	-
A – Number of meetings attended						
B – Number of meetings held during the time the director held office during the year						
¹ - Committee exists but did not meet during the year						

4. Corporate governance statement

The directors of Newzulu Limited (the "Company") have established a framework of corporate governance, which they review on a regular basis.

The Company operates in accordance with the principles of corporate governance as set out by the ASX Corporate Governance Council (CGC) and as required by the ASX Listing Rules. The directors have implemented policies and practices which they believe will focus their attention and that of their Senior Executives on accountability, risk management and ethical conduct.

Newzulu Limited
Directors' report (continued)
For the year ended 30 June 2014

4. Corporate governance statement (continued)

The CGC Principles, in conjunction with the ASX Listing Rules, require companies to disclose whether their corporate governance practices follow the revised CGC Principles on an "if not, why not" basis. This statement outlines the main corporate governance practices in place throughout the year, which comply with the CGC Principles and Best Practice Recommendations, unless otherwise stated.

4.1 Board of Directors

The roles of the Board and management

The role of the Board is to oversee and guide the management of the Company and its business with the aim of protecting and enhancing the interests of its shareholders and taking into account the interests of all stakeholders.

Details of the background, experience and professional skills of each director are set out on page 6 and 7 of this Directors' Report.

In summary the Board is responsible for:

- setting the strategic direction of the Company;
- appointing and removing the managing director;
- ratifying the appointment and/or removal of the Chief Financial Officer and the Company Secretary;
- reviewing and ratifying the systems of risk management, internal control and compliance;
- approving operating budgets;
- approving and monitoring progress of major capital expenditure, capital management, acquisitions and divestments;
- approving the form of and monitoring financial and other reporting; and
- establishing goals for management and monitoring the achievement of those goals.

The Chief Executive Officer is responsible to the Board for the day-to-day management of the Company. The role of management is to support the Chief Executive Officer in the implementation of the agreed strategy in accordance with the delegated authority of the Board. The Board liaises regularly with the Chief Executive Officer, at least monthly, to discuss the general performance of the Company and any issues arising.

Board structure and independence

The Company recognises the importance of having a Board comprising of directors with an appropriate range of backgrounds, skills and experience to suit the Company's current and future strategies and requirements. The composition of the board is determined by the application of the following principles:

- persons nominated as non-executive directors shall be expected to have qualifications, experience and expertise of benefit to the Company and to bring an independent view to the Board's deliberations. Persons nominated as executive directors must be of sufficient stature and security of employment to express independent views on any matter;
- the Chairman should ideally be independent, but in any case be non-executive and be elected by the Board based on his suitability for the position;
- all non-executive directors are expected voluntarily to review their membership of the Board from time-to-time taking into account length of service, age, qualifications and expertise relevant to the Company's then current policy and programme, together with the other criteria considered desirable for composition of a balanced Board and the overall interests of the Company; and
- executive directors shall be expected to retire from the Board on the relinquishment of their executive responsibilities.

The Company considers that the Board should have at least three directors and will aim to have a majority of independent directors (as required) but acknowledges that this may not be possible at all times due to the size of the Company.

Directors are expected to bring independent views and judgement to the Board's deliberations. In determining each director's independence the Board will use the guiding principle that an independent director is independent of management and free of any business or other relationship that could materially interfere with – or could reasonably be perceived to materially interfere with – the exercise of their unfettered and independent judgement. In applying the guiding principle, the Board will take into consideration the definition in the revised CGC Principles and Recommendations and appropriate materiality.

Newzulu Limited
Directors' report (continued)
For the year ended 30 June 2014

4. Corporate governance statement (continued)

4.1 Board of Directors (continued)

During the year, the Board comprised of four non-executive directors, including the Chairman. Mr Peter Gunzburg, the former Chairman and a Non-Executive Director, is a substantial shareholder of the Company and therefore would not be regarded as being independent consistent with the CGC criteria.

Mr Phil Kiely, Mr Bill Zikou and Mr Mark Pitts, were all Non-Executive Directors of the Company during the financial year and are regarded as being independent based on the criteria set out above.

Under the Company's Constitution, the minimum number of directors is three. At each Annual General Meeting, one third of the directors (excluding the Managing Director) must resign, with directors resigning by rotation based on the date of their appointment. Directors resigning by rotation may offer themselves for re-election.

Meetings of the board

The Board meets formally at least six times a year and on other occasions, as required. The agenda for meetings is prepared by the Company Secretary in consultation with the Chairman. Standard items include the operations report, financial reports, strategic matters and governance and compliance matters. Executives are available to participate in Board discussions as required.

Board access to information and independent advice

All directors have unrestricted access to all employees of the Company and, subject to the law and the terms of Deeds of Access, Insurance and Indemnity, access to all Company records.

Consistent with CGC Principle 2, each director may, with the prior written approval of the Chairman, obtain independent professional advice to assist the director in the proper exercise of powers and discharge of duties as a director or as a member of a Board Committee. The Company will reimburse the director for the reasonable expense of obtaining that advice.

4.2 Business Ethics

Code of conduct

The Board has adopted a Company Code of Conduct to promote ethical and responsible decision-making by all employees (including directors). The Code embraces the values of honesty, integrity, accountability and equality and to strive to enhance the reputation and performance of the Company. In summary, the overriding principles are:

- All employees must conduct their duties honestly and in the best interests of the Company as a whole;
- Treat other stakeholders fairly and without discrimination;
- Respect confidentiality and do not misuse Company information or assets;
- Conduct themselves in accordance with both the letter and spirit of the law; and
- Maintain a safe working environment.

Diversity Policy

The Board has implemented a Diversity Policy in accordance with best practice and governance guidelines. The Company believes that the promotion of diversity on its Boards, in senior management and within the organisation generally is good practice and strengthens its decision making.

The Diversity Policy operates to confirm existing employment practices which seek to attract and retain people by promoting an environment where employees are treated with fairness and respect and have equal access to opportunities as they arise. Diversity within the workforce includes such factors as religion, race, ethnicity, language, gender, disability and age.

The Company employs new employees and promotes current employees on the basis of performance, ability and attitude. The Board is continually reviewing its practices with a focus on ensuring that the selection process at all levels within the organisation is formal and transparent and that the workplace environment is open, fair and tolerant.

Newzulu Limited
 Directors' report (continued)
 For the year ended 30 June 2014

4. Corporate governance statement (continued)

4.2 Business ethics (continued)

Gender Diversity

The Company, in keeping with the recommendations of the Corporate Governance Council provides the following information regarding the proportion of gender diversity in the organisation as at 30 June 2014:

	Male	Female	Total	Proportion female
Newzulu Board	4	-	4	0%
Senior Management	2	-	2	0%
Balance of Employees	1	2	3	67%
	7	2	9	22%

The recommendations of the Corporate Governance Council relating to reporting require a Board to set measurable objectives for achieving diversity within the organisation, and to report against them on an annual basis. The Company has implemented measurable objectives as follows:

Measurable Objective	Objective Satisfied	Comment
Adoption and promotion of a Formal Diversity Policy	Yes	The Company has adopted a formal diversity policy which has been made publicly available via the ASX and the Company's website.
To ensure Company policies are consistent with and aligned with the goals of the Diversity Policy	Yes	The Company's selection, remuneration and promotion practices are merit based and as such are consistent with the goals of the Company's Diversity Policy.
To provide flexible work and salary arrangements to accommodate family commitments, study and self-improvement goals, cultural traditions and other personal choices of current and potential employees.	Yes	The Company does, where considered reasonable, and without prejudice, accommodate requests for flexible working arrangements.
To implement clear and transparent policies governing reward and recognition practices.	Yes	The Company grants reward and promotion based on merit and responsibility as part of its annual and ongoing review processes.
To provide relevant and challenging professional development and training opportunities for all employees.	Yes	The Company seeks to continually encourage self-improvement in all employees, irrespective of seniority, ability or experience, through external and internal training courses, regular staff meetings and relevant on job mentoring.

The Company has not implemented specific measurable objectives regarding the proportion of females to be employed within the organisation or implement requirements for a proportion of female candidates for employment and Board positions. The Board considers that the setting of quantitative gender based measurable targets is not consistent with the merit and ability based policies currently implemented by the Company.

Newzulu Limited
Directors' report (continued)
For the year ended 30 June 2014

4. Corporate governance statement (continued)

4.2 Business Ethics (continued)

Gender Diversity (continued)

The Board will consider the future implementation of gender based diversity measurable objectives when more appropriate to the size and nature of the Company's operations.

Securities trading policy

The Board has adopted a policy and procedure on dealing in the Company's securities by directors, officers and employees. The policy prohibits trading by all employees and directors of the Company and its related entities at all times where the transaction is intended for short term or speculative gain or where the person is in possession of price sensitive information. All Directors and employees (including their immediate family or any entity for which they control investment decisions), must ensure that any trading in securities issued by the Company is undertaken within the framework set out in the Securities trading policy.

The Securities trading policy does not prevent Directors or employees (including their immediate family or any entity for which they control investment decisions) from participating in any share plan or share offers established or made by the Company. However, Directors or employees are prevented from trading in the securities once acquired if the individual is in possession of price sensitive information not generally available to all security holders.

In keeping with recent listing rule amendments, additional restrictions are placed on trading by Directors, Executives and other key management personnel as determined by the Chairman and Company Secretary from time to time ('Restricted Employees').

In addition to the overriding prohibition against dealing in the Company's securities when a person is in possession of inside information, Restricted Employees and their associated parties are at all times prohibited from dealing in the Company's securities during prescribed 'closed' periods. The Company has nominated closed periods to run from the end of the financial quarter up to the day after the release date of the quarterly report. Restricted Employees must also obtain written consent from the Chairman or Managing Director/Chief Executive Officer prior to trading in the Company's securities.

The Securities trading policy also includes a clause prohibiting Directors and Executives from entering into transactions in associated products which operate to limit the economic risk of security holdings in the Company over unvested entitlements.

Financial reporting

The Board requires the persons performing the roles of chief executive officer and chief financial officer to state in writing to the Board that the Company's financial reports represent a true and fair view, in all material respects, of the Company's financial condition and operational results in accordance with the relevant accounting standards.

The Board has established an Audit & Compliance Committee ("A&CC"). The role of the A&CC is set out in a charter and its responsibilities include reviewing all published accounts of the Company; reviewing the scope and independence of external audits; monitoring and assessing the systems for internal compliance and control, legal compliance and risk management; and advising on the appointment, performance and remuneration of the external auditors.

The Company's auditor is KPMG. Consistent with CGC Principle 6, KPMG attend, and are available to answer questions at, the Company's annual general meeting.

Continuous disclosure

The Company understands and respects that timely disclosure of price sensitive information is central to the efficient operation of the Australian Securities Exchange's securities market and has adopted a comprehensive policy covering announcements to the Australian Securities Exchange, prevention of selective or inadvertent disclosure, conduct of investor and analysts briefings and media communications. The Company Secretary has responsibility for coordinating disclosure of information to the Australian Securities Exchange.

New ulu Limited
Directors' report (continued)
For the year ended 30 June 2014

4. Corporate governance statement (continued)

4.2 Business Ethics (continued)

Continuous disclosure (continued)

The Company's continuous disclosure policy is reviewed periodically and updated as required and is consistent with ASX Principle 5.

4.3 Communication with shareholders

The Company places considerable importance on effective communication with shareholders to ensure their access to timely and relevant information. The Company communicates information on its activities and financial performance through the issue of the annual and half-year financial reports, quarterly reports on activities and cash flows and through other announcements released to the Australian Securities Exchange.

The Company posts all reports, ASX announcements, media releases and copies of newspaper reports on the Company's website at www.Newzululimited.com. The website contains an archive of ASX announcements and annual reports for at least the last 3 years. The Company will, wherever practicable, take advantage of new technologies that provide greater opportunities for more effective communications with shareholders.

The Company will ensure that the annual general meeting is held in a manner that enables as many shareholders as possible to attend and encourages effective participation by shareholders. The Company requires the attendance of the external auditor at the Company's annual general meeting and to be available to answer shareholder questions about the conduct of the audit and the preparation and content of the auditor's report.

4.4 Risk management

Management is ultimately responsible to the Board for the Company's system of internal control and risk management. The Audit & Compliance Committee assists the Board in monitoring this role.

The Company is committed to the identification, monitoring and management of risks associated with its business activities and has established various financial and operational reporting procedures and other internal control and compliance systems in this regard. These include:

- delegated authority limits in respect of financial expenditure and other business activities;
- a comprehensive annual insurance programme;
- internal controls to safeguard the Company's assets and ensure the integrity of business processes and reporting systems;
- regular cashflow reporting and capital adequacy monitoring;
- annual budgeting and monthly reporting systems for all businesses which enable the monitoring of progress against performance targets and the evaluation of trends;
- appropriate due diligence procedures for acquisitions and divestments; and
- disaster recovery procedures and crisis management systems.

4.5 Audit & Compliance Committee

The Audit & Compliance Committee assists the Board by:

- reviewing with management the adequacy and effectiveness of internal control systems, expenditure controls and reporting systems;
- reviewing all published financial statements of the Company;
- reviewing the scope and independence of external audits;
- advising on the appointment, performance and remuneration of external auditors;
- reviewing and evaluating risk management policies in the light of the Company's business strategy, capital strength, legal compliance requirements and overall risk tolerance;
- reviewing the adequacy of its insurance policies; and
- periodically reviewing the adequacy of accounting, financial, legal and other personnel resources.

Consistent with the requirements of CGC Principles 4 and 7, the persons performing the roles of chief operating officer and financial controller must state in writing to the Board that the Company's financial reports present a true and fair view, in all

Newzulu Limited
Directors' report (continued)
For the year ended 30 June 2014

4. Corporate governance statement (continued)

4.5 Audit & Compliance Committee (continued)

material respects, of the Company's financial condition and operational results and are in accordance with relevant accounting standards. Additionally, the persons performing the roles of chief executive officer and chief financial officer are required to state in writing that this is based on a sound system for risk management and internal compliance and control which implements the policies adopted by the Board and is operating efficiently and effectively in all material respects.

In view of the size of the Board, the Audit & Compliance Committee comprised all directors during the year ended 30 June 2014. Mr Peter Gunzburg is chairman of the committee. The external auditors and the chief financial officer are invited to committee meetings at the discretion of the committee.

4.6 Remuneration and Nomination Committee

Nomination

The Board has established a Remuneration & Nomination Committee that is comprised of all Non-Executive Directors. The committee reviews its composition as required to ensure that the Board has the appropriate mix of expertise and experience. When a vacancy exists, for whatever reason, or where it is considered that the Board would benefit from the services of a new director with particular skills, candidates with the appropriate expertise and experience are considered. The Board then appoints the most suitable candidate who must stand for election at the next general meeting of shareholders. No formal meetings of the committee were held during the year.

The Chairman reviews the performance of all directors each year. Directors whose performance is unsatisfactory are counselled and encouraged to improve their performance. If the Chairman believes their performance has not adequately improved, they are asked to retire.

Remuneration

During the 2014 year, the role of the Remuneration and Nomination Committee was undertaken by the full Board.

The role of the Remuneration & Nomination Committee is to ensure that appropriate remuneration policies are in place and that they meet the needs of the Company and enhance corporate and individual performance. No formal meetings of the committee were held during the year.

The Remuneration & Nomination Committee is responsible for reviewing:

- executive remuneration and incentive policies;
- the remuneration packages of senior management;
- the Company's recruitment, retention and termination policies and procedures for senior management;
- superannuation arrangements;
- the performance management system operating within the organisation and its effectiveness; and
- the remuneration framework for directors.

Remuneration levels are competitively set to attract suitably qualified and experienced directors and senior executives, having regard for Company performance. Shareholders in general meeting have approved a directors' fee pool limit of \$300,000 from which non-executive directors' fees may be paid.

The performance of the Chief Executive Officer and other executive directors is reviewed by the Remuneration & Nomination Committee. The performances of the other executives and staff are reviewed on an annual basis by the Chief Executive Officer.

Newzulu Limited
Directors' report (continued)
For the year ended 30 June 2014

4.7 Remuneration report - audited

4.7.1 Compensation policies

Remuneration is referred to as compensation throughout this report.

Overview of compensation policies

Compensation levels for directors of the Company are competitively set to attract and retain appropriately qualified and experienced directors.

Key management personnel have authority and responsibility for planning, directing and controlling the activities of the Company. Other than the directors and executives identified in 4.7.2, no other person is concerned in, or takes part in, the management of the Company ("senior manager") or has authority and responsibility for planning, directing and controlling the activities of the entity. As such, during the financial year, the Company did not have any other persons that would meet the definition of "key management personnel" for the purposes of AASB 124 or "company executive", or "relevant company executive" for the purposes of section 300A of the Corporations Act 2001 ("Act").

Compensation packages may include a mix of fixed and variable compensation and short and long-term performance-based incentives.

The Company does not provide non-cash benefits to key management personnel other than statutory superannuation contributions.

Fixed compensation

Fixed compensation consists of base compensation (which is calculated on a total cost basis), as well as employer contributions to superannuation funds.

Compensation levels are reviewed by the Remuneration and Nomination Committee through a process that considers individual, segment and overall performance of the entity. The Remuneration and Nomination Committee has regard to compensation levels external to the Company to ensure the director's compensation is competitive in the market place.

Performance linked compensation

Performance linked compensation may include both short-term and long-term incentives and is designed to reward executive directors and senior executives for meeting or exceeding their financial and personal objectives. The short-term incentive (STI), when in place, is intended to be an "at risk" bonus provided in the form of cash, while the long-term incentive (LTI) is provided as options over ordinary shares in the Company.

Short-term incentive bonus

There is currently no short term incentive bonus plan in place.

Long-term incentive

The Company has for several years promoted the issuance of (unlisted) options to acquire ordinary shares to its Board and executives with a view to aligning the interest of executives and Board with shareholders (refer paragraph 10, in this Directors Report).

Newzulu Limited
Directors' report (continued)
For the year ended 30 June 2014

4.7 Remuneration report – audited (continued)

4.7.1 Compensation policies (continued)

The grant of options to directors and employees is designed to encourage the recipients to have a greater involvement in the achievement of the Company's objectives and to provide an incentive to directors and employees by participating in the future growth and prosperity of the Company through share ownership. The ability to compensate directors and employees by way of a grant of options enables the Company to provide a means of non-cash compensation and thereby reduce the amount that would otherwise have to be paid in cash.

The Company has a policy that prohibits those that are granted share-based payments as part of their remuneration from entering into other arrangements that limit their exposure to losses that would arise from share price decreases.

As per the Securities trading policy Directors and Executives are not allowed to enter into transactions in associated products which operate to limit the economic risk of security holdings in the Company over unvested entitlements.

Consequences of performance on shareholders wealth

In considering the Company's performance and benefits for shareholder wealth, regard is had to the following indices in respect of the current financial year and the previous four financial years.

	2014	2013	2012	2011	2010
Net (loss)	(1,010,380)	(776,274)	(3,906,768)	(3,361,578)	(2,074,815)
Loss per share (cents per share)*	(1.45)	(1.50)	(10.8)	(11.4)	(9.0)
Dividends paid	-	-	-	-	-
Change in share price – (decrease)/increase	\$0.05	(\$0.24)	(\$0.021)	\$0.002	\$0.011
Net cash (used in) operations	(830,903)	(567,940)	(2,817,176)	(2,943,081)	(1,964,165)

*Amounts represent post share consolidation loss per share.

In establishing performance measures and benchmarks to ensure incentive plans are appropriately structured to align corporate behaviour with the long term creation of shareholder wealth, the Board has had regard to the stage of development of the Company's business and given consideration to each of the indices outlined above. In relation to long term incentives, a share price exceeding the option exercise price is required before holders can realise any value from Directors' Options or options issued under the Pienetworks OIP.

Service agreements

On 15 April 2005, the Company entered into a contract for services with Atamo Pty Ltd, a Company of which Mr S. Snell is a director and shareholder. The contract was for the provision of services of Mr Snell as Chief Operating Officer. The contract was for an initial period of 2 years and fees payable on the contract were based on market rates. The contract was terminated on 21 May 2012. Mr S. Snell continues to act as the Company's Chief Operating Officer. Fees payable for the services that he provides are based on market rates.

In March 2008, the Company entered into a contract for services with Endeavour Corporate Pty Ltd, a Company of which Mr Mark Pitts is a partner, for the provision of company secretarial services. The contract is for no fixed term and fees payable are based on market rates for these types of services and are payable on a monthly basis for the duration of the contract. The contract may be terminated by either party on 30 days written notice.

Newzulu Limited
Directors' report (continued)
For the year ended 30 June 2014

4.7 Remuneration report – audited (continued)

4.7.1 Compensation policies (continued)

Service agreements (continued)

On 22 March 2012, the Company entered a contract for services with Profound Accounting and Tax, an entity owned by Mr Ohimai Mukanda. The contract is for the supply of accounting, tax and financial management services. The contract is for no fixed term and fees payable are based on market rates for these types of services.

Non-executive directors

Shareholders in a general meeting have approved a directors' fee pool limit of \$300,000 from which non-executive directors' fees may be paid.

4.7.2 Directors' and executive officers' remuneration

Details of the nature and amount of each major element of remuneration of each director of the Company, and other key management personnel of the Company are:

		Short-term				Post-employment benefits	Other long term	Termination benefits	Share-based payments		Total \$	Proportion of remuneration performance related %	Value of options as proportion of remuneration %
		Salary & fees \$	STI cash bonus \$	Non-monetary benefits \$	Total \$				Super-annuation benefits \$	Options \$			
DIRECTORS (i) Non-executive Directors Mr PL Gunzburg, Chairman Mr BV Zikou (Resigned 4 April 2014) Mr ME Pitts (i) Mr P Kiely (Appointed 28 March 2014) (iii) Executives Mr S Snell, Chief Operating Officer Mr O Mukanda, Financial Controller Total compensation: key management personnel													
	2014	40,000	-	-	40,000	3,700	-	-	-	43,700	0%	0%	
	2013	40,000	-	-	40,000	3,600	-	-	778	44,378	2%	2%	
	2014	27,111	-	-	27,111	6,149	-	-	-	33,260	0%	0%	
	2013	17,500	-	-	17,500	26,100	-	-	-	43,600	0%	0%	
	2014	60,000	-	-	60,000	-	-	-	30	60,030	0%	0%	
	2013	60,000	-	-	60,000	-	-	-	1,630	61,630	3%	3%	
	2014	10,430	-	-	10,430	965	-	-	-	11,395	0%	0%	
	2013	-	-	-	-	-	-	-	-	-	-	-	-
	2014	29,719	-	-	29,719	-	-	-	-	29,719	0%	0%	
	2013	48,755	-	-	48,755	-	-	-	-	48,755	0%	0%	
	2014	88,416	-	-	88,416	-	-	-	-	88,416	0%	0%	
	2013	80,652	-	-	80,652	-	-	-	-	80,652	0%	0%	
	2014	255,676	-	-	255,676	10,814	-	-	30	266,520	0%	0%	
2013	246,907	-	-	246,907	29,700	-	-	2,408	279,015	1%	1%		

(i) Fees paid / payable are for Company Secretarial services

Newzulu Limited
 Directors' report (continued)
 For the year ended 30 June 2014

4.7 Remuneration report – audited (continued)

4.7.3 Analysis of bonuses included in remuneration

There were no bonuses paid during or since the end of the financial year.

4.7.4 Equity instruments

All options refer to options over ordinary shares of Newzulu Limited, which are exercisable on a one-for-one basis. All options expire on the earlier of their expiry date or termination of the individual's employment.

4.7.4.1 Options over equity instruments granted as compensation

During the year, the Company did not grant any options to Directors and Executives.

4.7.4.2 Modification of terms of equity-settled share-based payment transactions

On 20 September 2012, the Company's shareholders, in general meeting, approved a share consolidation of the Company's issued capital on a 1 for 30 basis with any fractional entitlements being rounded to the nearest whole number. The record date for the capital consolidation was 22 October 2012. The number of share options outstanding and the exercise prices were also amended on a 1 for 30 basis.

4.7.4.3 Exercise of options granted as compensation

During the financial year, no shares were issued as a result of the exercise of options.

4.7.4.4 Vesting profile of options granted as compensation

Details of vesting profile of the options granted as remuneration to key management personnel of the Company are detailed below.

Directors	Options granted		% vested in year	% forfeited in year	Financial years in which grant vests
	Number	Date			
Peter Gunzburg	100,000	27 Nov 2009	-	-	2011-2015
Bill Zikou	33,333	24 Nov 2010	-	-	2011
Mark Pitts	24,999	8 Jul 2010	-	-	2012-2015
Executives					
Stewart Snell	38,888	8 Jul 2010	-	-	2012-2015
Ohimai Mukanda	33,333	8 Jul 2010	-	-	2012-2015

4.7.4.5 Analysis of movements in options

There were no options granted to Directors and Executives during the year. In addition, no options were exercised or lapsed during the year.

4.7.4.6 Options over equity instruments

The movement during the period, by number of options over ordinary shares of the Company held, directly, indirectly or beneficially, by each key management person, including their related parties, is as follows:

Newzulu Limited
 Directors' report (continued)
 For the year ended 30 June 2014

4.7 Remuneration report – audited (continued)

4.7.4 Equity instruments (continued)

4.7.4.6 Options over equity instruments (continued)

	Held at 1 July 2013	Granted as compensation	Other changes	Expired	Held at 30 June 2014	Vested during the year	Vested and exercisable at 30 June 2014
Directors							
Peter L Gunzburg	100,000	-	-	-	100,000	-	-
Bill Zikou	33,333	-	-	-	33,333	-	33,333
Mark Pitts	24,999	-	-	-	24,999	-	-
Executives							
Stewart Snell	38,888	-	-	-	38,888	-	-
Ohimai Mukanda	33,333	-	-	-	33,333	-	-

4.7.5 Key management personnel transactions

4.7.5.1 Movements in shares

The movement during the period, by number of ordinary shares of the Company held, directly, indirectly or beneficially, by each key management person, including their related parties, is as follows:

	Held at 1 July 2013	Purchases	Sales	Other changes	Held at 30 June 2014
Directors					
Peter L Gunzburg	11,094,824	-	(300,000)	-	10,794,824
Bill Zikou	2,952,500	-	-	-	2,952,500
Mark Pitts	150,000	-	-	-	150,000
Executives					
Stewart Snell	66,639	-	-	-	66,639
	<u>14,263,963</u>	<u>-</u>	<u>(300,000)</u>	<u>-</u>	<u>13,963,963</u>

5. Principal activities

The principal activities of the Company during the financial period were the continued development and commercialisation of its public internet access, WiFi and telephony terminals, network management systems and related services.

6. Operating and financial review

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 after the year end.

Newzulu Limited
Directors' report (continued)
For the year ended 30 June 2014

6. Operating and financial review (continued)

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.

The Board continues to support the Company's existing product offering and is actively supporting the Telstra Network across Australian Airports. The Board has however, outlined that it believes the Company needs to pursue other opportunities in order to achieve profitability and growth in shareholder value. To this end the Board has been actively reviewing a number of complementary businesses and investment opportunities.

On 26 September 2013, the Company announced that it had issued 4,666,667 ordinary shares. The issue comprised a placement of 2,166,667 ordinary shares at 6 cents per share to raise \$130,000 and the issue of 2,500,000 ordinary shares at 6 cents in lieu of a \$150,000 consulting fee to Mr Leon Carr and Mr Michael Bailey.

On 31 March 2014, the Company announced that it had completed a placement of 10,216,588 ordinary shares to raise \$408,663 (before costs) at \$0.04 per share.

On 16 May 2014, the Company announced that it had entered into a binding agreement with majority shareholders of Newzulu Holdings Limited (formerly Newzulu limited) to acquire 100% of the issued capital of Newzulu Holdings Limited. The acquisition was subject to various conditions, including shareholder approval. The binding agreement reflected the completion of due diligence and negotiations following the execution of a non-binding term sheet that was announced on 28 March 2014.

7. Dividends

No dividends were paid or declared since the end of the previous financial year. The directors do not recommend a payment of a dividend in respect of the current financial year.

8. Events subsequent to reporting date

Subsequent to 30 June 2014, with the exception of the items listed below, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the Company, the results of those operations, or the state of affairs of the Company, in future financial years.

- On 12 August 2014, the Company announced that it had completed the placement of 75,000,000 ordinary shares to raise \$3,000,000 at \$0.04 per share. The placement was approved at a General meeting of shareholders held on 11 August 2014.
- On 14 August 2014, the company announced that it had 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.

Operating costs in the current financial period include \$259,236 of legal, advisory and other costs associated with this transaction.

- On 14 August 2014, the Company announced that it had issued 178,230,977 ordinary shares to shareholders of Newzulu Holdings Limited in consideration for the acquisition of 100% Newzulu holdings Limited and pursuant to the completion of the acquisition approved at a General meeting of shareholders held on 11 August 2014. The shares are subject to escrow for twelve months from the date of issue.

Newzulu Limited
 Directors' report (continued)
 For the year ended 30 June 2014

8. Events subsequent to reporting date (continued)

- On 14 August 2014, the Company announced that it had issued 24,000,000 share options exercisable at \$0.10 on or before 30 June 2017. 20,000,000 of these share options were issued to Mr Alex Hartman pursuant to the completion of the acquisition approved at a General meeting of shareholders held on 11 August 2014. The options were issued for no consideration while 4,000,000 share options were issued to Messrs P. Gunzburg and B. Zikou in lieu of director fees.
- On 14 August 2014, the Company announced that following the completion of the acquisition of Newzulu Holdings Limited, it had appointed Mr Alex Hartman as Managing Director.
- On 15 August 2014, the Company announced that it had issued 5,838,318 ordinary shares in part payment of advisor fees pursuant to the completion of the acquisition on Newzulu.
- On 19 August 2014, the Company announced that following the receipt of shareholder approval at a General Meeting held on 11 August 2014, it had changed its name from Pienetworks Limited to Newzulu Limited. The change of name resulted in a change of ASX code. The Company's new ASX code is NWZ.

9. Likely developments

The Board continues to support the Company's existing kiosk and webphone products and services. However, the Company has begun to and will continue to focus its resources on the development of the Newzulu business model, and on the development of technologies, and relationships with customers and strategic partners that are key to the growth and success of the business.

Further information about likely developments in the operations of the Company and the expected results of those operations in future financial years has not been included in this report because disclosure of the information would be likely to result in unreasonable prejudice to the Company.

10. Directors' interests

The relevant interest of each director in the shares and options over such instruments issued by the Company and other related bodies corporate, as notified by the directors to the Australian Securities Exchange in accordance with S205G(1) of the Corporations Act 2001, at the date of this report is as follows:

	Ordinary shares	Options over ordinary shares
Alex J Hartman	100,776,032	20,000,000
Peter L Gunzburg	11,095,784	2,100,000
Mark Pitts	150,000	24,999
Philip Kiely	4,450,870	-

11. Share options

Options granted to directors and officers of the Company

Other than the options granted to Directors detailed in section 3.7.4.1 and section 7 of this Directors' report, there were no options over ordinary shares in the Company granted to directors and officers of the Company during the reporting period or options granted since the end of the financial year.

Newzulu Limited
 Directors' report (continued)
 For the year ended 30 June 2014

11. Share options (continued)

Unissued shares under options

At the date of this report unissued ordinary shares of the Company under option are:

Option Plan	Expiry date	Exercise price	Number of shares
Director Incentive options	30 November 2014	\$0.30	100,000
Employee incentive options	30 June 2015	\$0.30	586,660
Director Incentive options	30 November 2014	\$0.90	33,333
Options to financial advisors	30 November 2015	\$0.90	666,666
Options to former director	30 June 2017	\$0.30	500,000
Options to directors	30 June 2017	\$0.10	24,000,000
			<hr/> 25,886,659 <hr/>

Except for options granted to former directors and unless determined otherwise by the Board, all options expire on the earlier of their expiry date or termination of the employee's employment.

These options do not entitle the holder to participate in any share issue of the Company or any other body corporate.

Shares issued on exercise of options

During and since the end of the financial year, the Company has not issued ordinary shares as a result of the exercise of options.

12. Indemnification and insurance of officers

Indemnification

The Company has agreed to indemnify the current directors of the Company Mr. Alex J Hartman, Mr. Peter L Gunzburg, Mr. Mark Pitts, Mr Philip Kiely and certain former directors, against all liabilities to another person (other than the Company or a related body corporate) that may arise from their position as directors of the company, except where the liability arises out of conduct involving a lack of good faith. The agreement stipulates that the Company will meet the full amount of any such liabilities, including costs and expenses.

Insurance premiums

Since the end of the previous financial year the Company has paid or agreed to pay insurance premiums in respect of directors' and officers' liability, legal expenses and insurance contracts, for current and former directors and officers, including executive officers of the Company. The details of the policy remain confidential between the insurer and the Company.

13. Non-audit services

During the year KPMG, the Company's auditor, has not performed other services in addition to their statutory duties.

Newzulu Limited
 Directors' report (continued)
 For the year ended 30 June 2014

13. Non-audit services (continued)

Details of the amounts paid to the auditor of the Company, KPMG, and its related practices for audit and non-audit services provided during the year are set out below

	2014 \$	2013 \$
Audit services:		
Auditors of the Company		
<i>KPMG Australia:</i>		
Audit and review of financial reports	45,000	63,273
	<hr/> 45,000	<hr/> 63,273
Services other than statutory audit:		
Auditors of the Company		
<i>KPMG Australia</i>		
Taxation services	-	10,100
	<hr/> 45,000	<hr/> 73,373

14. Lead auditor's independence declaration

The Lead auditor's independence declaration is set out on page 64 and forms part of the directors' report for financial year ended 30 June 2014.

This report is made with a resolution of the directors:



Alex J Hartman
 Director

Dated at Perth this 30th day of September 2014.

Newzulu Limited
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2014

<i>In AUD</i>	Note	2014	2013
Revenue from sale of goods	6	54,343	32,348
Revenue from rendering services	6	282,713	439,559
Cost of sales		(216,839)	(231,290)
Gross profit		120,217	240,617
Other income from ordinary activities	7	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	(8,439)	(68,763)
Results from operating activities		(1,186,700)	(906,990)
Financial income		177,425	131,821
Financial expenses		(1,105)	(1,105)
Net financing income	10	176,320	130,716
Loss before income tax		(1,010,380)	(776,274)
Income tax expense	11	-	-
Loss after income tax attributable to Owners of the Company		(1,010,380)	(776,274)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation differences for foreign operations		(145,030)	(98,947)
Total comprehensive income attributable to Owners of the Company		(1,155,410)	(875,221)
Earnings per share for loss attributable to the ordinary equity holders of the Company:			
Basic and diluted loss per share (cents)	19	(1.45)	(1.50)

The notes on pages 28 to 60 are an integral part of these financial statements

Newzulu Limited
Statement of changes in equity
For the year ended 30 June 2014

	Note	Attributable to shareholders of the Company				Total equity
		Share capital	Share option reserve	Translation reserve	Accumulated losses	
<i>In AUD</i>						
Balance at 1 July 2012		28,475,095	1,052,431	(2,474)	(28,803,617)	721,435
Total comprehensive income for the period						
Loss for the period		-	-	-	(776,274)	(776,274)
<i>Other comprehensive income</i>						
Foreign currency translation differences		-	-	(98,947)	-	(98,947)
Total comprehensive income for the period		-	-	(98,947)	(776,274)	(875,221)
Transactions with Owners, recorded directly in equity						
Issue of ordinary shares	18	1,458,619	-	-	-	1,458,619
Share-based payment transactions	22	-	12,343	-	-	12,343
Total transactions with Owners		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

	Note	Attributable to shareholders of the Company				Total equity
		Share capital	Share option reserve	Translation reserve	Accumulated losses	
<i>In AUD</i>						
Balance at 1 July 2013		29,933,714	1,064,774	(101,421)	(29,579,891)	1,317,176
Total comprehensive income for the period						
Loss for the period		-	-	-	(1,010,380)	(1,010,380)
<i>Other comprehensive income</i>						
Foreign currency translation differences		-	-	(145,030)	-	(145,030)
Total comprehensive income for the period		-	-	(145,030)	(1,010,380)	(1,155,410)
Transactions with Owners, recorded directly in equity						
Issue of ordinary shares	18	533,333	-	-	-	533,333
Share-based payment transactions	18,22	150,000	84	-	-	150,084
Total transactions with Owners		683,333	84	-	-	683,417
Balance at 30 June 2014		30,617,047	1,064,858	(246,451)	(30,590,271)	845,183

The notes on pages 28 to 60 are an integral part of these financial statements.

Newzulu Limited
Statement of financial position
As at 30 June 2014

<i>In AUD</i>	Note	2014	2013
Assets			
Cash and cash equivalents	16(a)	1,116,344	1,384,293
Trade and other receivables	15	98,907	98,028
Inventories	14	955	21,448
Current income tax assets		988	909
Restricted cash	17	225,453	134,802
Other current assets		26,424	55,771
Total current assets		1,469,071	1,695,251
Restricted cash	17	-	113,722
Property, plant and equipment	12	3,902	40,848
Total non-current assets		3,902	154,570
Total assets		1,472,973	1,849,821
Liabilities			
Trade and other payables	23	422,936	346,735
Loans and borrowings	20	2,413	2,113
Employee benefits	21	30,953	26,847
Deferred revenue		9,102	20,487
Provisions	30	70,742	67,592
Total current liabilities		536,146	463,774
Loans and borrowings	20	928	3,340
Employee benefits	21	31,873	20,391
Provisions	30	58,843	45,140
Total non-current liabilities		91,644	68,871
Total liabilities		627,790	532,645
Net assets		845,183	1,317,176
Equity			
Share capital	18	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

The notes on pages 28 to 60 are an integral part of these financial statements.

Newzulu Limited
Statement of cash flows
For the year ended 30 June 2014

In AUD	Note	2014	2013
Cash flows from operating activities			
Cash receipts from customers		366,447	452,467
Cash paid to suppliers and employees		(1,252,056)	(1,478,477)
Cash utilised in operating activities		(885,609)	(1,026,010)
Research and development tax offset rebate received		54,706	458,070
Net cash (used in) operating activities	16b	(830,903)	(567,940)
Cash flows from investing activities			
Interest received		33,325	30,032
Acquisition of property, plant and equipment		(486)	(54,765)
Net cash (used in) investing activities		32,839	(24,733)
Cash flows from financing activities			
Payment of finance lease liabilities		(2,113)	(1,850)
Proceeds from share issues	18	538,664	1,579,999
Payments for equity raising costs	18	(5,331)	(121,380)
Interest paid	10	(1,105)	(1,105)
Net cash provided by financing activities		530,115	1,455,664
Net (decrease)/increase in cash and cash equivalents		(267,949)	862,991
Cash and cash equivalents at 1 July		1,384,293	521,302
Cash and cash equivalents at 30 June	16a	1,116,344	1,384,293

The notes on pages 28 to 60 are an integral part of these financial statements.

Newzulu Limited

Notes to the financial statements for the year ended 30 June 2014

1. Entity

Newzulu Limited (formerly Pienetworks Limited) (the 'Company') is a company domiciled in Australia. The address of the Company's registered office is C/- Suite 8, 7 The Esplanade, Mount Pleasant WA 6153. The Company is a global, multi-lingual crowd-sourced news wire and digital media agency operating in the USA, Canada, UK, Ireland, Germany, France, Australia, New Zealand and other territories. The company sources and validates editorial content from smart phones and social media networks for distribution worldwide to publishers and broadcasters through news wire partnerships. The company provides digital media services and crowd sourcing software platforms for publishers, broadcasters and brands.

2. Basis of Preparation

(a) Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards (AASBs) (including Australian Accounting Interpretations) adopted by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. The financial statements comply with International Financial Reporting Standards (IFRS) adopted by the International Accounting Standards Board (IASB).

The financial statements were approved by the Board of Directors on 26 September 2014.

(b) Going concern basis

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 business;
 - revenue from its current webphone and kiosk networks at levels materially consistent with recent months;
 - forecast revenues and associated expenses from the establishment and 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.

Should the Company be unable to achieve its business plan including the establishment and the anticipated growth in its Newzulu business and/ or identify new opportunities and projects to achieve a sustainable business and/or be unable to raise sufficient capital when required there is a material uncertainty which may cast significant doubt as to whether the Company will continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

(c) Basis of measurement

The financial report is prepared on the historical cost basis.

(d) Functional and presentation currency

These financial statements are presented in Australian dollars, which is the Company's functional currency. The functional currency of the Company's New Zealand branch is New Zealand dollar.

Newzulu Limited

Notes to the financial statements for the year ended 30 June 2014

2. Basis of Preparation (continued)

(e) Use of estimates and judgements

The preparation of a financial report requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are disclosed in the following notes:

- note 22 – measurement of share-based payments
- note 30 – measurement of onerous contract provisions

3. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements. Certain comparative amounts have been reclassified to conform to the current year's presentation.

(a) Basis of Preparation

(i) Elimination of transactions

Inter-segment balances and any unrealised income and expenses arising from inter-segment transactions, are eliminated in preparing the financial statements.

(ii) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Company entities at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the foreign exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognised in profit or loss.

(iii) Foreign operations

The assets and liabilities of foreign operations, including fair value adjustments arising on acquisition, are translated to Australian dollars at foreign exchange rates at the reporting date. The income and expenses of foreign operations are translated to Australian dollars at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income, and presented in the foreign currency translation reserve (translation reserve) in equity. When a foreign operation is disposed of such that control or significant influence is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and are presented in the translation reserve in equity.

Newzulu Limited

Notes to the financial statements for the year ended 30 June 2014

3. Significant accounting policies (continued)

(b) Financial instruments

(i) Non-derivative financial instruments

Non-derivative financial instruments comprise trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables. Loans and receivables are initially recognised on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Company becomes a party to the contractual provisions of the instrument.

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in such transferred financial assets that is created or retained by the Company is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

The Company classifies non-derivative financial assets into the following categories: financial assets at fair value through profit or loss, held-to-maturity financial assets, loans and receivables and available-for-sale financial assets. Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses (see Note 3(g)).

Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments.

(ii) Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to issue of ordinary shares and share options are recognised as a deduction from equity, net of any related income tax benefit.

(c) Property, plant and equipment

(i) Recognition and measurement

Items of plant and equipment are stated at cost or deemed cost less accumulated depreciation and impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials, direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located, when the Company has an obligation to remove the assets or restore the site on which the assets are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within "other income" in profit or loss.

Newzulu Limited

Notes to the financial statements for the year ended 30 June 2014

3. Significant accounting policies (continued)

(c) Property, plant and equipment (continued)

(ii) Subsequent costs

Subsequent expenditure is capitalised only if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment and repairs are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is calculated to write off the cost of property, plant and equipment less their estimated residual values using the straight-line basis over their estimated useful lives. Depreciation is recognised in profit or loss. Items of property, plant and equipment are depreciated from the date they are ready to use.

The estimated useful lives in the current and comparative periods are as follows:

- equipment and fittings 5 years
- Kiosks and webphones 2.5 years

Depreciation methods, useful lives and residual values are reassessed at the reporting date, and adjusted if appropriate.

(d) Intangible assets

(i) Research and development

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in profit or loss when incurred.

Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditure is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Company intends to and has sufficient resources to complete development and to use or sell the asset. The expenditure capitalised includes the cost of materials, direct labour and overhead costs that are directly attributable to preparing the asset for its intended use. Other development expenditure is recognised in profit or loss when incurred.

Capitalised development expenditure is measured at cost less accumulated amortisation and accumulated impairment losses.

The R&D tax incentive is accounted for as a government grant (see note 3(p)).

(ii) Other intangible assets

Other intangible assets that are acquired by the Company, which have finite useful lives, are measured at cost less accumulated amortisation and impairment losses.

(iii) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss when incurred.

(iv) Amortisation

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use. The estimated useful lives in the current and comparative periods are as follows:

- capitalised software and business management systems 2.5 years

Newzulu Limited

Notes to the financial statements for the year ended 30 June 2014

3. Significant accounting policies (continued)

(e) Leased assets

Leases in terms of which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Other leases are operating leases and are not recognised in the Company's statement of financial position.

Determining whether an arrangement contains a lease

At inception of an arrangement, the Company determines whether such an arrangement is or contains a lease. This will be the case if the following two criteria are met:

- the fulfilment of the arrangement is dependent on the use of a specific asset or assets; and
- the arrangement contains a right to use the asset(s).

At inception or upon reassessment of the arrangement, the Company separates payments and other consideration required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Group concludes for a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognised at an amount equal to the fair value of the underlying asset. Subsequently the liability is reduced as payments are made and an imputed finance cost on the liability is recognised using the Company's incremental borrowing rate.

(f) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the weighted average cost, and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(g) Impairment

(i) Financial assets

A financial asset not classified as at fair value through profit or loss, is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset, that can be estimated reliably.

Objective evidence that financial assets are impaired includes default or delinquency by a debtor, restructuring of an amount due to the Company on terms that the Company would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers, economic conditions that correlate with defaults or the disappearance of an active market for a security.

In assessing collective impairment the Company uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or lesser than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics

All impairment losses are recognised in profit or loss.

Newzulu Limited

Notes to the financial statements for the year ended 30 June 2014

3. Significant accounting policies (continued)

(g) Impairment (continued)

ii) Non-financial assets

The carrying amounts of the Company's non-financial assets, other than inventories, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount and reflected in an allowance account against receivables.

The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. Impairment losses are recognised in profit or loss. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(h) Employee benefits

(i) Defined contribution superannuation funds

Obligations for contributions to defined contribution superannuation funds are recognised as an expense in profit or loss when they are due.

(ii) Long-term service benefits

The Company's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods plus related on costs; that benefit is discounted to determine its present value, and the fair value of any related assets is deducted. The discount rate is the yield at the reporting date on Commonwealth Government bonds that have maturity dates approximating the terms of the Company's obligations. Any gains or losses are recognised in profit or loss in the period in which they arise.

(iii) Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(iv) Share-based payment transactions

The grant date fair value of options granted to employees is recognised as an employee expense with a corresponding increase in equity, over the period in which the employees become unconditionally entitled to the options. The amount recognised is adjusted to reflect the actual number of share options that are expected to vest, except for those that fail to vest due to market conditions not being met.

Newzulu Limited

Notes to the financial statements for the year ended 30 June 2014

3. Significant accounting policies (continued)

(h) Employee benefits (continued)

(v) Termination benefits

Termination benefits are recognised as an expense when the Company is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the Company has made an offer encouraging voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting period, then they are discounted to their present value.

(i) Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

(i) Onerous contracts

A provision for onerous contracts is recognised when the expected benefits to be derived by the Company from a contract are lower than the unavoidable costs of meeting its obligations under the contract. The provision is measured at present value of the lower of the expected cost of terminating the contract and the expected cost of continuing with the contract. Before a provision is established, the Company recognises any impairment loss on assets associated with that contract.

(j) Revenue

(i) Goods sold

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods and the amount of revenue can be measured reliably.

Transfers of risks and rewards vary depending on the individual terms of the contract of sale.

(ii) Services

Revenue from services rendered is recognised in profit or loss in proportion to the stage of completion of the transaction at reporting date. The stage of completion is assessed by reference to the extent of work performed.

(k) Expenses

(i) Lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance lease are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Newzulu Limited

Notes to the financial statements for the year ended 30 June 2014

3. Significant accounting policies (continued)

(k) Expenses (continued)

(ii) Finance income and expenses

Finance income comprises interest income on funds invested. Interest income is recognised as it accrues, using the effective interest method. The interest expense component of finance lease payments is recognised in profit or loss using the effective interest method.

Financial costs comprise interest expense on borrowings and unwinding of the discount on provisions.

Foreign currency gains and losses are reported on a net basis as either finance income or finance cost depending on whether foreign currency movements are in a net gain or loss position.

(l) Income tax

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

In determining the amount of current tax the Company takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Company to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of the assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for differences relating to investments in subsidiaries to the extent that they probably will not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted by the reporting date.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(m) Segment reporting

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses that relate to transactions with any of the Company's other components. An operating segment's operating results are reviewed by the Chief Executive Officer (CEO) to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the CEO include items directly attributable to a segment as well as those that can be allocated based on a reasonable basis. Unallocated items comprise mainly corporate assets (primarily the Company's headquarters), head office expenses, and income tax assets and liabilities.

Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment, and intangible assets other than goodwill.

Newzulu Limited

Notes to the financial statements for the year ended 30 June 2014

3. Significant accounting policies (continued)

(n) Earnings per share

The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise share options granted to employees.

(o) Goods and services tax

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the balance sheet.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

(p) Government grants

Government grants that compensate the Company for expenses incurred are recognised in the profit and loss as other income on a systematic basis in the same periods in which the expenses are recognised.

(q) New standards and interpretations

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 30 June 2014, and have not been applied in preparing these financial statements. Except for those listed below, none of these is expected to have a significant effect on the financial statements of the Company.

- **AASB 9 Financial Instruments (2010), AASB 9 Financial Instruments (2009)**

AASB 9 (2009) introduces new requirements for the classification and measurement of financial assets. Under AASB 9 (2009), financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. AASB 9 (2010) introduces additional changes relating to financial liabilities. AASB 9 (2010) and AASB 9 (2009) are effective for annual periods beginning on or after 1 January 2018, with early adoption permitted. The adoption of these standards is expected to have an impact to the Company's financial assets, but no impact to the Company's liabilities.

The Company has adopted the following new standards and amendments to standards, including any consequential amendments to other standards, with a date of initial application of 1 July 2013:

- **AASB 10 Consolidated Financial Statements**

AASB 10 introduces a new approach to determining which investees should be consolidated. Under the standard, an investor controls an investee when the investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect returns through its power over the investee. The adoption of the standard had no significant impact on the Company's financial statements.

- **AASB 11 Joint Arrangements**

AASB 11 introduces changes to the accounting for joint arrangements. Under AASB 11 if parties to a joint arrangement have rights to and obligations for underlying assets and liabilities, the joint arrangement is considered a joint operation and partial consolidation is applied. Otherwise the joint arrangement is considered a joint venture and equity accounting is applied. The adoption of the standard had no significant impact on the Company's financial statements.

- **AASB 12 Disclosure of Interests in Other Entities**

AASB 12 contains disclosure requirements for entities that have interests in subsidiaries, joint arrangements, associates and or consolidated structured entities. The adoption of the standard had no significant impact on the Company's financial statements.

Newzulu Limited

Notes to the financial statements for the year ended 30 June 2014

3. Significant accounting policies (continued)

(q) New standards and interpretations (continued)

- **AASB 13 Fair Value Measurement**

AASB 13 explains how to measure fair value when required to by other AASBs. It does not introduce new fair value measurements, nor does it eliminate the practicability exceptions to fair value that current exist in certain standards. The adoption of the standard had no significant impact on the measurement of the Company's assets and liabilities.

- **AASB 119 Employee Benefits**

The introduction of AASB 119 changes the definition of short-term and long-term employee benefits. There was no material impact on the Company's financial statements from adopting this standard.

4. Determination of fair values

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and / or disclosure purposes based on the following methods. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

(a) Trade and other receivables

The fair value of trade and other receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date. Short-term receivables with no stated interest rate are measured at the original invoice amount if the effect of discounting is immaterial. Fair value is determined at initial recognition and, for disclosure purposes, at each annual reporting date.

(b) Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. For finance leases, the market rate of interest is determined by reference to similar lease agreements.

c) Share-based payment transactions

The fair value of employee share options is measured using a Binomial model. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility (based on weighted average historic volatility adjusted for changes expected due to publicly available information), weighted average expected life of the instruments (based on historical experience and general option holder behaviour), expected dividends, and the risk-free interest rate (based on government bonds). Service and non-market performance conditions attached to the transactions are not taken into account in determining fair value.

The fair value of share based transactions with suppliers is measured by reference to the fair value of goods or services received. Where this cannot be measured directly, it is measured by reference to the fair value of share options granted. The measurement model and inputs are the same as those used for employee share options.

5. Financial Risk Management

The Company has exposure to the following risks from their use of financial instruments:

- credit risk
- liquidity risk
- market risk.

This note presents information about the Company's exposure to each of the above risks, its objectives, policies and processes for measuring and managing risk, and the management of capital. Further quantitative disclosures are included throughout this financial report.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The Board and the Audit & Compliance Committee is responsible for developing and monitoring risk management policies. The committee reports regularly to the Board of Directors on its activities.

Newzulu Limited

Notes to the financial statements for the year ended 30 June 2014

5. Financial Risk Management (continued)

Various financial and operational reporting procedures and other internal control and compliance systems are implemented to identify and monitor risks associated with the Company's business activities.

The Audit & Compliance Committee oversees how management monitors compliance with the Company's risk management procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

(a) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from transactions with customers and cash holdings with financial institutions.

Trade and other receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The Company is not materially exposed to credit risk as the majority of their services are prepaid. Approximately 39% percent (2013: 31% percent) of the Company's revenue is attributable to sales transactions with its largest customer. The Company's largest receivable balance at 30 June 2014 related to amounts to be claimed from the Australian Taxation Office under the Research and Development tax incentive program.

The Audit & Compliance Committee assists the Board in monitoring material business risks of the Company. Procedures are in place to monitor customer payments which include follow up of debtors aging reports on a regular basis.

The Company has established a provision for doubtful debts that represents their estimate of incurred losses in respect of trade and other receivables.

Cash and cash equivalents, restricted term deposits

The Company maintains its bank accounts with major Australian and New Zealand financial institutions only.

(b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company manages its liquidity risk by monitoring its cash reserves and forecast spending. Management is cognisant of the future demands for liquid finance resources to finance the Company's current and future operations, and consideration is given to the liquid assets available to the Company before commitment is made to future expenditure or investment. Further information is set out in note 24.

(c) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising any return.

Currency risk

The Company is exposed to currency risk on transactions with its foreign branch that is denominated in a currency other than the respective functional currency of the Company, being the Australian dollar (AUD). The currency in which these transactions primarily are denominated is NZD (New Zealand Dollar).

Transactions with foreign suppliers also expose the Company to currency risk. Such transactions are predominantly denominated in USD (United States Dollar).

Newzulu Limited

Notes to the financial statements for the year ended 30 June 2014

5. Financial Risk Management (continued)

Interest rate risk

As the Company has interest bearing assets, its income and operating cash flows are exposed to changes in market interest rates. The assets are short term interest bearing deposits, and no financial instruments are employed to mitigate risk. (Note 24 – Financial Instruments).

(d) Capital management

The Board's policy is to seek to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors closely monitors capital expenditure and cash.

The Board's approach to capital management has been to regularly monitor the Company's capital and to seek additional funding from investors on an as needs basis so as to facilitate the Company's webphone deployment and commercialisation strategy.

Details of the fundraising activities by the Company during the year are set out in note 18.

There were no changes in the Company's approach to capital management during the year. Neither the Company nor its subsidiary is subject to externally imposed capital requirements.

Newzulu Limited
Notes to the financial statements for the year ended 30 June 2014

6. Revenue

<i>In AUD</i>	2014	2013
Sales	54,343	32,348
Services	282,713	439,559
Total revenues	337,056	471,907

7. Other income

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

- (i) The Company has incurred certain research and development expenditure which qualify for a research and development tax incentive pursuant to the Research and Development Tax Incentive Program commencing 1 July 2011. The amount has been accounted for in accordance with AASB 120 *Accounting for Government Grants and Disclosure of Government Assistance*.

8. Other expenses

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

9. Personnel expenses

<i>In AUD</i>	Note	2014	2013
Wages and salaries		265,652	231,872
Other associated personnel expenses		855	2,733
Contributions to defined contribution superannuation funds	21(a)	32,010	28,069
Consulting fees		214,959	291,976
Increase/(decrease) in liability for annual leave	21	4,660	(3,999)
Increase in liability for long service leave	21	11,482	17,735
Equity-settled share based payment transactions	22	150,084	12,343
		679,702	580,729

Newzulu Limited

Notes to the financial statements for the year ended 30 June 2014

10. Finance income and expense

<i>In AUD</i>	2014	2013
Interest income	33,325	30,032
Net foreign exchange gain	144,100	101,789
Financial income	177,425	131,821
Interest expense	(1,105)	(1,105)
Financial expenses	(1,105)	(1,105)
Net finance income	176,320	130,716

11. Income tax benefit

Numerical reconciliation between tax benefit and pre-tax net profit

<i>In AUD</i>	2014	2013
Loss for the period	1,010,380	776,274
Income tax using the domestic corporation tax rate of 30% (2013: 30%)	(303,114)	(232,882)
Increase in income tax expense due to:		
Non-deductible expenses	45,418	3,703
R&D costs	50,528	36,471
Tax losses and movements in deferred taxes not recognised	207,168	192,708
Income tax benefit on pre-tax net loss	-	-

Newzulu Limited
Notes to the financial statements for the year ended 30 June 2014

12. Property, plant and equipment

<i>In AUD</i>	Kiosks and Webphones	Equipment and fittings	Total
Cost			
Balance at 1 July 2012	463,530	233,952	697,482
Acquisitions	6,738	48,027	54,765
Movements in exchange rates	34,259	864	35,123
Impairment and write offs	(32,860)	(54,370)	(87,230)
Balance at 30 June 2013	471,667	228,473	700,140
Balance at 1 July 2013	471,667	228,473	700,140
Acquisitions	-	486	486
Movements in exchange rates	40,775	1,107	41,882
Impairment and write offs	(383,859)	1,646	(382,213)
Balance at 30 June 2014	128,583	231,712	360,295
Depreciation			
Balance at 1 July 2012	430,470	206,641	637,111
Depreciation charge for the year	22,082	14,965	37,047
Movements in exchange	32,797	857	33,654
Impairment and write offs	(41,734)	(6,786)	(48,520)
Balance at 30 June 2013	443,615	215,677	659,292
Balance at 1 July 2013	443,615	215,677	659,292
Depreciation charge for the year	25,147	9,177	34,324
Movements in exchange rates	39,357	1,098	40,455
Impairment and write offs	(379,536)	1,858	(377,678)
Balance at 30 June 2014	128,583	227,810	356,393
Carrying amounts			
At 1 July 2012	33,060	27,311	60,371
At 30 June 2013	28,052	12,796	40,848
At 1 July 2013	28,052	12,796	40,848
At 30 June 2014	-	3,902	3,902

Depreciation is included in administrative and corporate expenses in the income statement.

During the year, the Company recorded impairment losses of \$4,535 (2013: \$38,710) relating to Property, Plant and Equipment. These losses are disclosed as part of administrative and corporate expenses. The impairment losses have arisen as a consequence of the assessment by Directors as at 30 June 2014, that these assets will not be able to recover their carrying values from future cashflows.

Newzulu Limited

Notes to the financial statements for the year ended 30 June 2014

12. Property, plant and equipment (Continued)

Key determinants in these write downs include:

- an assessment that the scale and profitability of the New Zealand webphone network will not be sufficient to recover the carrying value of these assets; and
- the uncertainty of future arrangements with Telstra relating to further deployments of the Company's webphones resulting in the write-off of equipment and other assets acquired to support this deployment.

The recoverable amount of Property, Plant and Equipment was predominantly measured using a value in use model utilising a pre-tax discount rate of 15%. Other assets impaired were written off in full, based on the uncertainty in relation to future arrangements with Telstra.

Leased office equipment

The Company leases office equipment under finance lease agreements. At the end of the leases the Company has the option to purchase the equipment at a beneficial price. At 30 June 2014, the net carrying amount of leased equipment was \$2,914 (2013: \$4,971). The leased equipment secures the lease obligations (see note 20).

13. Tax assets and liabilities

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items:

In AUD (net)	2014	2013
Deductible temporary differences	(37,322)	(830)
Tax losses	5,714,272	5,430,901
	<u>5,676,950</u>	<u>5,430,071</u>

The deductible temporary differences and tax losses do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the entity can utilise the benefits there from.

14. Inventories

In AUD	2014	2013
Raw materials and consumables	955	21,448
	<u>955</u>	<u>21,448</u>

In the 2014 financial year raw materials and consumables recognised as cost of sales amounted to \$4,452 (2013: \$14,220). Write-down of inventories to net realisable value amounted to \$20,216 (2013: \$49,876). These write-downs are disclosed as part of administrative and corporate expenses.

Newzulu Limited
Notes to the financial statements for the year ended 30 June 2014

15. Trade and other receivables

<i>In AUD</i>	2014	2013
Current		
Trade receivables	23,115	38,624
Other receivables	-	4,698
R&D tax incentive	75,792	54,706
	98,907	98,028

Trade and other receivables are recorded net of an impairment provision of \$13,781 (2013: \$68,116).

16a. Cash and cash equivalents

<i>In AUD</i>	2014	2013
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

The effective interest rate on call deposits was 2.34% (2013: 2.77%).

Newzulu Limited

Notes to the financial statements for the year ended 30 June 2014

16b. Reconciliation of cash flows from operating activities

<i>In AUD</i>	<i>Note</i>	2014	2013
Cash flows from operating activities			
Loss for the period		(1,010,380)	(776,274)
<i>Adjustments for:</i>			
Depreciation	12	34,324	37,047
Interest income	10	(33,325)	(30,032)
Interest expense	10	1,105	1,105
Write down in value of plant and equipment		4,535	38,710
Write down in value of inventories		19,709	49,876
Write down in value of trade and other receivables		8,439	68,763
Unrealised foreign exchange gains		(123,386)	(108,768)
Equity-settled share-based payment expense	22	150,084	12,343
Operating loss before changes in Working capital and provisions		(948,895)	(707,230)
Change in trade and other receivables		(64,024)	(124,502)
Change in other current assets		29,346	904
Change in inventories		784	12,240
Change in other income tax assets		(79)	1,045
Change in trade and other payables		76,201	(126,796)
Change in deferred revenue		(11,384)	(4,343)
Change in employee provisions		15,589	(177)
Change in other provisions		16,853	(77,151)
Cash utilised in operating activities		(885,609)	(1,026,010)
R&D tax incentive/ offset rebate received		54,706	458,070
Net cash (used in) operating activities		(830,903)	(567,940)

17. Restricted cash

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

Newzulu Limited

Notes to the financial statements for the year ended 30 June 2014

17. Restricted cash deposits (continued)

*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 (2013: NZ\$140,700) in favour of Westfield New Zealand Ltd and AMP Capital Property Portfolio Ltd, respectively. The effective interest rate on those deposits was 3.41% (2013: 3.17%).

18. Capital and reserves

Share capital

	The Company Ordinary shares			
	2014 No.	2014 \$	2013 No.	2013 \$
On issue at 1 July	63,443,917	29,933,714	37,111,150	28,475,095
Share based payments	2,500,000	150,000	-	-
Issued for cash	12,383,225	533,333	26,332,767	1,458,619
On issue at 30 June – fully paid	78,327,142	30,617,047	63,443,917	29,933,714

During the year, 12,383,225 (2013: 26,332,767) shares were issued to raise \$538,664 (2013: \$1,579,999) before \$5,331 (2013: \$121,380) of issue costs.

Effective 1 July 1998, the Company Law Review Act abolished the concept of par value shares and the concept of authorised capital. Accordingly, the Company does not have authorised capital or par value in respect of its issued shares.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

On 20 September 2012, the Company announced that its members, in general meeting, had approved a share consolidation of the Company's issued capital on a 1 for 30 basis with any fractional entitlements being rounded to the nearest whole number. The record date for the capital consolidation was 22 October 2012.

Share options reserve

The share option reserve comprises the cumulative fair value of vested and vesting options provided as compensation by the Company.

Translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

19. Loss per share

Basic Loss per share

The calculation of basic and diluted loss per share at 30 June 2014 was based on the loss attributable to ordinary shareholders of \$1,010,380 (2013: \$776,274) and a weighted average number of ordinary shares outstanding of 69,532,612 (2013: 51,650,991), calculated as follows:

Weighted average number of ordinary shares

	Note	2014	2013
Issued ordinary shares at 1 July	18	63,443,917	37,111,150
Effect of shares issued		6,088,695	14,539,841
Weighted average number of ordinary shares at 30 June		69,532,612	51,650,991

Newzulu Limited

Notes to the financial statements for the year ended 30 June 2014

19. Loss per share (continued)

Options to acquire ordinary shares granted by the Company and not exercised at the reporting date which are considered to be potential ordinary shares are included in the determination of diluted earnings per share to the extent to which they are dilutive. At 30 June 2014, none of the options on issue were considered to be dilutive and accordingly the options have not been included in the determination of diluted loss per share. Refer to note 22 for details of the options granted.

20. Loans and borrowings

This note provides information about the contractual terms of the Company's interest-bearing loans and borrowings. For more information about the Company's exposure to interest rate risk see note 24.

<i>In AUD</i>	2014	2013
Current liabilities		
Finance lease liabilities	2,413	2,113
Non-current liabilities		
Finance lease liabilities	928	3,340

Finance lease liabilities

Finance lease liabilities of the Company are payable as follows:

	Future Minimum lease payments	Interest	Principal*	Future Minimum lease payments	Interest	Principal*
<i>In AUD</i>	2014	2014	2014	2013	2013	2013
Less than one year	2,715	302	2,413	2,715	602	2,113
Between one and five years	955	27	928	3,669	329	3,340
	3,670	329	3,341	6,384	931	5,453

* Principal represents the present value of minimum lease payments.

The Company leases office equipment under a finance lease expiring in 2 years. At the end of the lease term, the Company has the option to purchase the equipment at a price deemed to be a bargain purchase option.

Newzulu Limited
Notes to the financial statements for the year ended 30 June 2014

21. Employee benefits

<i>In AUD</i>	2014	2013
Current		
Liability for annual leave	24,483	19,823
Employee superannuation	6,470	7,024
	30,953	26,847
Non Current		
Liability for long-service leave	31,873	20,391
Total employee benefits	31,873	20,391

(a) Defined contribution superannuation funds

The Company makes contributions to a defined contribution superannuation fund. The amount recognised as an expense was \$32,010 for the financial year ended 30 June 2014 (2013: \$28,069).

22. Share based payments

All figures below (current and comparative) reflect post share consolidation number of options.

The terms and conditions of the grants in 2014 and 2013 are as follows:

Grant date / employee entitled	Number of instruments	Note	Vesting conditions	Exercise price	Contractual life of options
Options outstanding at 1 July 2012					
Option grant to director at 27 November 2009	100,000		Vest in 3 tranches over 3 years	\$0.30	5 years
Option grant to employees and contractors 8 July 2010	586,660		Vest in 3 tranches over 3 years	\$0.30	5 years
Option grant to CPS Securities at 8 July 2010	666,666	(i)	Fully vested from the date of grant	\$1.50	2.7 years
Option grant to directors at 24 November 2010	33,333		Fully vested from the date of grant	\$0.90	4 years
Option grant to Bell Potter Securities at 29 November 2011	666,666	(ii)	Fully vested from the date of grant	\$0.90	4 years
	<u>2,053,325</u>				
Options granted during 2013					
Option grant to former director at 26 November 2012	500,000	(iii)	Fully vested from the date of grant	\$0.30	4.6 years
	<u>500,000</u>				
Options granted during 2014					
	<u>-</u>				
	<u>-</u>				
Total share options	<u>2,553,325</u>				

Newzulu Limited

Notes to the financial statements for the year ended 30 June 2014

22. Share based payments (continued)

- (i) The Company granted these options pursuant to the terms of an advisory mandate and services related to an equity raising. These options expired unexercised in the previous year.
- (ii) These options were issued as part consideration for advisory and equity raising services.
- (iii) These options were issued as part of a termination payment to Mr. Smith, a former director of the Company.

The number and weighted average exercise prices of share options are as follows:

	Weighted average exercise price	Number of options	Weighted average exercise price	Number of options
	2014	2014	2013	2013
Outstanding at the beginning of the period	0.52	1,886,659	0.89	2,053,325
Expired during the period	-	-	1.50	(666,666)
Granted during the period	-	-	0.30	500,000
Outstanding at the end of the period	0.52	1,886,659	0.52	1,886,659
Exercisable at the end of the period	0.65	1,199,999	0.65	1,199,999

The options outstanding at 30 June 2014 have exercise prices of \$0.30 and \$0.90 and a weighted average contractual life of 4.6 years.

There were no options exercised during the financial year (2013: Nil).

The fair value of options granted in the previous financial year to Mr C Smith, a former director of the Company, at grant date has been determined using the Binomial model, which is considered to approximate the fair value of the services rendered, utilising the following assumptions:

Item	
Underlying share spot price	\$0.032
Exercise price	\$0.30
Grant date	26 November 2012
Expiration date	30 June 2017
Life of options	5 Years
Volatility	70%
Risk free rate	2.58%
Fair value	\$0.014

The full cost of these options was recognised as a termination expense in the income statement in the 2012 financial year.

During the financial period, the Company issued 2,500,000 ordinary shares at \$0.06 per share to consultants in lieu of fees. The value of these shares of \$150,000 is reflected in Administration and corporate expenses for the year to 30 June 2014.

Newzulu Limited
Notes to the financial statements for the year ended 30 June 2014

22. Share based payments (continued)

Share based costs

<i>In AUD</i>	<i>Note</i>	2014	2013
Recognised in profit and loss			
Share options granted to employees	9	84	12,343
Shares issued to consultants	9	150,000	-
		150,084	12,343

23. Trade and other payables

<i>In AUD</i>	2014	2013
Payables and accrued expenses	322,936	216,735
Payables for share issue not finalised in the period	100,000	130,000
Trade and other payables	422,936	346,735

24. Financial instruments

Credit risk

The carrying amount of the Company's financial assets represents the maximum credit exposure. The Company's maximum exposure to credit risk at the reporting date was:

<i>In AUD</i>	<i>Note</i>	Carrying amount	
		2014	2013
Trade and other receivables	15	98,907	98,028
Cash and cash equivalents	16(a)	1,116,344	1,384,293
Restricted cash	17	225,453	248,524
		1,440,704	1,730,845

The Company's maximum exposure to credit risk for trade and other receivables by geographic region was:

<i>In AUD</i>	Carrying amount	
	2014	2013
Australia	96,530	96,163
New Zealand	2,377	1,865
	98,907	98,028

Newzulu Limited

Notes to the financial statements for the year ended 30 June 2014

24. Financial instruments (continued)

The Company's maximum exposure to credit risk for trade and other receivables at the reporting date by type of customer was:

<i>In AUD</i>	Carrying amount	
	2014	2013
Wholesale customers	10,345	24,248
Retail customers	12,770	14,376
Other receivables (Note (i) below)	75,792	59,404
	98,907	98,028

- (i) Other receivables comprise the amount to be received by the Company from the Australian Taxation Office pursuant to its R&D Tax Incentive applications and amounts refundable to the Company following the lodgement of its fringe benefits tax returns.

The Company's most significant customer accounts for \$10,345 of the trade receivables carrying amount at 30 June 2014 (2013: \$24,248).

Impairment losses

\$19,495 of the Company's trade receivables are past due (2013: \$39,042). The aging of the Company's trade receivables at the reporting date was:

<i>In AUD</i>	Gross 2014	Impairment 2014	Gross 2013	Impairment 2013
Not past due	17,401	-	17,617	-
Past due 0-30 days	-	-	13,532	-
Past due 31-90 days	19,495	13,781	25,510	18,035
	36,896	13,781	56,659	18,035

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

<i>In thousands of AUD</i>	2014	2013
Balance at 1 July	18,035	13,267
Impairment (reversal)/loss recognised	(4,254)	4,768
Balance at 30 June	13,781	18,035

Based on past customer default experience, the provision for impairment at the year-end is considered to be sufficient for the Company.

Liquidity risk

The following are the contractual maturities of financial liabilities, including estimated interest payments:

30 June 2014

In AUD

	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-2 years	2-5 years
Trade and other payables	422,936	(422,936)	(422,936)	-	-	-
Finance lease liabilities	3,341	(3,670)	(1,358)	(1,357)	(955)	-
	426,277	(426,606)	(424,294)	(1,357)	(955)	-

Newzulu Limited

Notes to the financial statements for the year ended 30 June 2014

24. Financial instruments (continued)

30 June 2013

In AUD

	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-2 years	2-5 years
Trade and other payables	346,735	(346,735)	(346,735)	-	-	-
Finance lease liabilities	5,453	(6,384)	(1,358)	(1,357)	(2,714)	(955)
	352,188	(353,119)	(348,093)	(1,357)	(2,714)	(955)

Currency risk

The Company was not exposed to foreign currency risk during the years ended 30 June 2014 and 30 June 2013.

The following significant exchange rates applied during the year:

	Average rate	Reporting date spot rate	Average rate	Reporting date spot rate
	2014	2014	2013	2013
AUD/NZD	1.1071	1.0761	1.2497	1.1871

Interest rate risk

At the reporting date the interest profile of the Company's interest-bearing financial instruments was:

	Carrying amount	
AUD	2014	2013
Fixed rate instruments		
Financial liabilities – finance lease	(3,341)	(5,453)
Financial assets – term deposits	125,453	118,524
Variable rate instruments		
Cash and cash equivalents	1,116,344	1,384,293
Financial assets-Other restricted cash	100,000	130,000

Fair value sensitivity analysis for fixed rate investments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore a change in interest rates at the reporting date would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased/ (decreased) loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	Loss	
AUD	100bp increase	100bp decrease
30 June 2014		
Variable rate instruments	(12,163)	12,163
30 June 2013		
Variable rate instruments	(15,143)	15,143

Newzulu Limited

Notes to the financial statements for the year ended 30 June 2014

24. Financial instruments (continued)

Fair values

Fair values versus carrying amounts

The fair values of financial assets and liabilities approximate their carrying amounts shown in the statement of financial position due to their short term nature. The basis for determining fair values is disclosed in note 4.

25. Operating leases

Leases as lessee

Non-cancellable operating lease rentals are payable as follows:

<i>In AUD</i>	2014	2013
Less than one year	-	9,800
Between one and five years	-	-
	-	9,800

The Company leased office space in Sydney under an operating lease. The lease was for a period of 2 years, with an option to renew the lease after that date. The lease expired in November 2013 and was not renewed. The Company also leases office space in Perth under a sublease arrangement. The sublease is ongoing and can be terminated on a month's notice.

During the financial year ended 30 June 2014 \$42,172 was recognised as an expense in the statement of profit or loss and other comprehensive income in respect of operating leases and subleases (2013: \$59,182).

26. Capital and other commitments

Capital commitments

The Company did not have outstanding commitments at 30 June 2014 (2013: Nil).

27. Related parties

The following were key management personnel of the Company at any time during the reporting period and unless otherwise indicated were key management personnel for the entire period:

Non-executive directors

Peter L Gunzburg (Chairperson)

Philip Kiely (since 28 March 2014)

Mark Pitts

Bill Zikou (until 4 April 2014)

Executives

Stewart Snell (Chief Operating Officer)

Ohimai Mukanda (Financial Controller)

Newzulu Limited

Notes to the financial statements for the year ended 30 June 2014

27. Related parties (continued)

Key management personnel compensation

The key management personnel compensation included in 'personnel expenses' (see note 9) are as follows:

In AUD	2014	2013
Short-term employee benefits	255,676	246,907
Share-based payments	30	2,408
Post-employment benefits	10,814	29,700
	266,520	279,015

Individual directors and executive compensation disclosure

Information regarding individual directors and executives compensation and some equity instruments disclosures as required by the Corporations Regulations 2M.3.03 is provided in the remuneration report section of the directors' report.

Apart from the details disclosed in this note and the Remuneration Report, no director has entered into a material contract with the Company since the end of the financial year and there were no material contracts involving directors' interests existing at year-end.

Key management personnel and director transactions

Mr. S. Snell, a key management person of the Company, holds a position in another entity, Atamo Pty Ltd, that results in him having control or significant influence over the financial or operating policies of that entity.

The Company transacted with Atamo Pty Ltd in the reporting period. The terms and conditions of transactions with Atamo Pty Ltd were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-key management personnel related entities on an arm's length basis.

The aggregate value of transactions and outstanding balances relating to Key management personnel and entities over which they have control or significant influence were as follows:

In AUD	Note	Transaction value year ended		Balance outstanding	
		30 June		at 30 June	
		2014	2013	2014	2013
Key management person					
S. Snell	(i)	141,596	135,898	13,464	8,197
		141,596	135,898	13,464	8,197

- (i) The Company used technical consultancy services of Atamo Pty Ltd in relation to product development and other related research and development activities. Amounts were billed based on normal market rates for such services and were due and payable under normal payment terms. The Company also entered into a sublease arrangement with Atamo Pty Ltd for the supply of office space for the Company's operations in Perth. Rents paid under the sublease arrangement are based on normal market rates and are due and payable on normal payment terms. These amounts exclude compensation paid to Mr S. Snell in connection with performance of his key management person role.

Newzulu Limited

Notes to the financial statements for the year ended 30 June 2014

27. Related parties (continued)

Options over equity instruments

Key management personnel also participate in the Company's share option programme (see note 22).

28. Operating segments

The Company had two reportable segments, as detailed below, which are the Company's strategic operational units. The strategic operational units operate in separate geographical locations and offer similar products and services, and are managed centrally because they require similar administrative, operational and marketing support. For each strategic operational unit, the Chief Executive Officer (CEO) reviews internal management reports on a monthly basis. The following summary describes the operations in each of the Company's reportable segments:

- Australia – Includes manufacture, distribution and management of self service telecommunications infrastructure within Australia.
- New Zealand – Includes assembly, distribution and management of self service telecommunications infrastructure within New Zealand.

There is some level of integration between the two segments. The integration includes transfers of webphone units and component parts between the two segments. The accounting policies of the two segments are the same as those described in notes 2 and 3.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit/loss after income tax as included in the internal management reports that are reviewed by the Company CEO. Segment profit/loss is used to measure performance as management believes that such information is the most relevant in evaluating the results of the two segments. Inter-segment pricing is determined on an arm's length basis.

Newzulu Limited
Notes to the financial statements for the year ended 30 June 2014

28. Operating segments (continued)

Information about reportable segments

	Australia		New Zealand		Total
In AUD	2014	2013	2014	2013	2014
External revenue	296,333	397,068	40,723	74,839	337,056
Total segment revenue	296,333	397,068	40,723	74,839	337,056
Other income	75,792	54,706	-	-	75,792
Interest income	29,252	26,407	4,073	3,625	33,325
Interest expense	(1,105)	(1,105)	-	-	(1,105)
Impairment of inventories	(2,085)	(50,829)	(17,624)	953	(19,709)
Impairment of property, plant and equipment	(1,863)	(38,710)	(2,672)	-	(4,535)
Depreciation and amortisation	(15,827)	(24,585)	(18,497)	(12,462)	(34,324)
Segment (loss)/ profit after tax	(982,623)	(918,137)	(152,519)	18,985	(899,152)
Segment assets	1,299,544	1,661,554	173,429	188,267	1,472,973
Capital expenditure	486	54,765	-	-	486
Segment liabilities	434,167	372,208	1,744,472	1,586,524	2,178,639
					1,849,821
					54,765
					1,958,732

Newzulu Limited
Notes to the financial statements for the year ended 30 June 2014

28. Operating segments (continued)

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

In AUD

Revenue

	2014	2013
Total revenue for reportable segments	337,056	471,907
Company total revenue	337,056	471,907

Loss

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)

Assets

Total assets for reportable segments	1,472,973	1,849,821
Company total assets	1,472,973	1,849,821

Liabilities

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

	Reportable segment totals	Adjustments	Company totals
Interest revenue	33,325	-	33,325
Interest expense	(1,105)	-	(1,105)
Depreciation and amortisation	(34,324)	-	(34,324)
Impairment of inventories	(19,709)	-	(19,709)
Impairment of property, plant and equipment	(4,535)	-	(4,535)

Other material items 2013

In AUD

	Reportable segment totals	Adjustments	Company totals
Interest revenue	30,032	-	30,032
Interest expense	(1,105)	-	(1,105)
Depreciation and amortisation	(37,047)	-	(37,047)
Impairment of inventories	(49,876)	-	(49,876)
Impairment of property, plant and equipment	(38,710)	-	(38,710)

Newzulu Limited

Notes to the financial statements for the year ended 30 June 2014

28. Operating segments (continued)

Major Customer

Revenues from one customer of the Company's Australian segment amounts to 39% (2013: 31%) of the Company's total revenue. The customer represents \$131,445 (2013: \$148,274) of the Company's total revenues.

29. Auditors' remuneration

In AUD

Audit services

Auditors of the Company

KPMG Australia:

Audit and review of financial reports

	2014	2013
	45,000	63,273
	45,000	63,273

Other services

Auditors of the Company

KPMG Australia

Taxation services

	2014	2013
	-	10,100
	-	10,100

30. Provisions

In AUD

Current

Provision for onerous contracts

Current provisions

Non-current

Provision for onerous contracts

Non-current provisions

Total provisions

	2014	2013
	70,742	67,592
	70,742	67,592
	58,843	45,140
	58,843	45,140
	129,585	112,732

The Company has recognised a provision for onerous contracts of \$129,585 (Jun 2013: 112,732) in relation to its contracts with Westfield shopping centres and Christchurch Airports in New Zealand. The Company has assessed these contracts as onerous in the light of reduced opportunities for further revenue development in shopping centre webphones, reduced business development resources assigned to the New Zealand market and the high costs of terminating or continuing with these contracts. The provision is determined based on the least net cost of exiting from the contracts, which is the lower of the cost of fulfilling them and any compensation or penalties arising from the failure to fulfil them.

Newzulu Limited

Notes to the financial statements for the year ended 30 June 2014

30. Provisions (continued)

In estimating the cost to fulfil contract obligations, uncertainties about the amount and timing of outflows include monthly phone and internet usage revenue, RBNZ Government bond rates and ISP and phone operating costs.

Movements in Provisions

<i>In AUD</i>	2014	2013
Opening balance 1 July	112,732	189,883
Increase/(decrease) in provision	16,853	(77,151)
Closing balance 30 June	129,585	112,732

31. Subsequent events

- On 12 August 2014, the Company announced that it had completed the placement of 75,000,000 ordinary shares to raise \$3,000,000 at \$0.04 per share. The placement was approved at a General meeting of shareholders held on 11 August 2014.
- On 14 August 2014, the company announced that it had 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.

Operating costs in the current financial period include \$259,236 of legal, advisory and other costs associated with this transaction.

- On 14 August 2014, the Company announced that it had issued 178,230,977 ordinary shares to shareholders of Newzulu Holdings Limited in consideration for the acquisition of 100% Newzulu holdings Limited and pursuant to the completion of the acquisition approved at a General meeting of shareholders held on 11 August 2014. The shares are subject to escrow for twelve months from the date of issue.
- On 14 August 2014, the Company announced that it had issued 24,000,000 share options exercisable at \$0.10 on or before 30 June 2017. 20,000,000 of these share options were issued to Mr Alex Hartman pursuant to the completion of the acquisition approved at a General meeting of shareholders held on 11 August 2014. The options were issued for no consideration while 4,000,000 share options were issued to Messrs P. Gunzburg and B. Zikou in lieu of director fees.
- On 14 August 2014, the Company announced that following the completion of the acquisition of Newzulu Holdings Limited, it had appointed Mr Alex Hartman as Managing Director.
- On 15 August 2014, the Company announced that it had issued 5,838,318 ordinary shares in part payment of advisor fees pursuant to the completion of the acquisition on Newzulu.
- On 19 August 2014, the Company announced that following the receipt of shareholder approval at a General Meeting held on 11 August 2014, it had changed its name from Pienetworks Limited to Newzulu Limited. The change of name resulted in a change of ASX code. The Company's new ASX code is NWZ.

Other than the matters discussed above, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the Company, the results of those operations, or the state of affairs of the Company, in future financial years.

Newzulu Limited

Notes to the financial statements for the year ended 30 June 2014

32. Acquisition of subsidiary

Subsequent to the end of the financial period, on 14 August 2014, the Company acquired 100% of the shares and voting interests in Newzulu Holdings Ltd (formerly Newzulu Ltd). For details of the shares issued see Note 31.

(a) Consideration transferred

Management's initial view is that the business combination should be accounted for as a reverse acquisition and Newzulu Holdings Ltd would be deemed to be the acquirer for accounting purposes. Given the timing of the acquisition, the details of the purchase consideration have not been finalised and are provisional. The provisional fair value of the consideration transferred is \$17,888,823 based on the listed share price of the Company at 14 August 2014 of \$0.125 per share.

(b) Identifiable assets acquired and liabilities assumed

Given the timing of the acquisition, the details of the identifiable net assets acquired have not been finalised.

(c) Acquisition-related costs

During the financial period, the Company incurred acquisition related costs of \$259,236 on legal, advisory and due diligence costs. These costs have been included in 'administrative and corporate expenses'.

Directors' declaration

- 1 In the opinion of the directors of Newzulu Limited ('the Company'):
 - (a) the financial statements and notes that are set out on pages 23 to 59 and the remuneration report in paragraph 4.7.1 to 4.7.5 of the Directors' report, are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the Company's financial position as at 30 June 2014 and of its performance, for the financial year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.
 - (b) as set out in note 2(b), 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 The directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the chief operating officer and financial controller for the financial year ended 30 June 2014.
- 3 The directors draw attention to note 2(a) to the financial statements, which includes a statement of compliance with International Financial Reporting Standards.

Dated at Perth on 30th day of September 2014.

Signed in accordance with a resolution of the directors:



Alex J Hartman
Director



Independent auditor's report to the members of Newzulu Limited

Report on the financial report

We have audited the accompanying financial report of Newzulu Limited (the Company), which comprises the statement of financial position as at 30 June 2014, and the statement of profit and loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, notes 1 to 32 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the 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 financial report that is free from material misstatement, whether due to fraud or error. In note 2a, the directors also state, in accordance with Australian Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001* and Australian Accounting Standards, a true and fair view which is consistent with our understanding of the Company's financial position and of its performance.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

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



Auditor's opinion

In our opinion:

(a) the financial report of Newzulu Limited is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Company's financial position as at 30 June 2014 and of its performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

(b) the financial report also complies with International Financial Reporting Standards as disclosed in note 2(a).

Material uncertainty regarding continuation as a going concern

Without modification to the opinion expressed above, attention is drawn to the following matter.

As detailed in note 2(b), there is material uncertainty which may cast significant doubt as to whether the Company will be able to continue as a going concern and therefore whether it will be able to realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

Report on the remuneration report

We have audited the Remuneration Report included in paragraphs 4.7.1 to 4.7.5 of the directors' report for the year ended 30 June 2014. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with Section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with auditing standards.

Auditor's opinion

In our opinion, the remuneration report of Newzulu Limited for the year ended 30 June 2014, complies with Section 300A of the *Corporations Act 2001*.

Grant Robinson
Partner

Perth

30 September 2014



Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To: the directors of Newzulu Limited

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2014 there have been:

- (i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.




Grant Robinson
Partner

Perth

30 September 2014

ASX Additional Information

Pursuant to the Listing Requirements of the Australian Securities Exchange, the shareholder information set out below was applicable as at 16 October 2014.

Distribution of Equity Securities

Distribution	Number of Holders	Securities Held
1 – 1,000	620	229,296
1,001 – 5,000	438	1,179,054
5,001 – 10,000	199	1,481,573
10,001- 100,000	298	10,780,222
More than 100,000	155	323,726,322
Total	1,710	337,396,467
Holding less than a marketable parcel	950	952,013

Substantial Shareholders

An extract of the Company's Register of Substantial Shareholders (who holds 5% or more of the issued capital) is set out below:

Shareholder Name	Issued Ordinary Shares	
	Number of shares	Percentage of shares
Matilda Media Pty Ltd and Associated entities	155,228,686	46.01

Twenty Largest Shareholders

The names of the twenty largest holders of ordinary shares are listed below:

	Shareholder Name	Listed Ordinary Shares	
		Number	Percentage
1	MATILDA MEDIA PTY LTD <MATILDA MEDIA A/C>	55,617,482	16.48
2	WYUNA GROUP PTY LTD <WYUNA GROUP A/C>	44,643,574	13.23
3	GANDALF HOLDING (NSW) PTY LTD <GANDALF A/C>	35,643,743	10.56
4	MS JENNIFER ANNE CARR <LOUISE ACCOUNT>	12,500,000	3.70
5	PAPELLA PTY LTD	10,216,588	3.03
6	MR PETER SCARF	9,809,080	2.91
7	SUPERGUN PTY LTD <BRICKLANDING SUPER A/C>	9,718,284	2.88
8	MR ALEXANDER JAMES HARTMAN	9,514,807	2.82
9	RBC TRUST COMPANY (GUERNSEY) LIMITED <RAG1 A/C>	8,750,000	2.59
10	HARTPOWER PTY LIMITED <THE KEITH HARTMAN NO 2 A/C>	8,239,627	2.44
11	NEWECONOMY COM AU NOMINEES PTY LIMITED <900 ACCOUNT>	5,908,703	1.75
12	MR JASON RICH	5,025,000	1.49
13	MONEX BOOM SECURITIES (HK) LTD <CLIENTS ACCOUNT>	5,000,000	1.48
14	DOMINET DIGITAL INVESTMENTS PTY LTD <DOMINET DIGITAL A/C>	4,450,870	1.32
15	ECRUCIS PTY LTD <KIELY FAMILY SUPER FUND A/C>	4,450,870	1.32
16	WESTBLOCK SERVICES PTY LTD <WESTBLOCK INVESTMENT A/C>	3,099,176	0.92
17	MR WARREN NUTT + MS MIRIAM NUTT <THE NUTT SUPERANNUATION FUND A>	3,000,000	0.89
18	ZITTA PTY LTD	2,952,500	0.88
19	MR JONATHON JAMES QUIGLEY + MRS SARAH CAMILLA QUIGLEY <QUIGLEY FAMILY A/C>	2,875,000	0.85
20	PISTACHIO PTY LTD <THE SURE THING A/C>	2,674,591	0.79
		244,089,895	72.35

Unquoted securities on issue

Unquoted securities	Number on issue	Exercise price	Expiry date
Director options	22,000,000	\$0.10	30 June 2017
	100,000	\$0.30	30 November 2014
	33,000	\$0.30	30 November 2014
Former Director options	2,000,000	\$0.10	30 June 2017
	500,000	\$0.30	30 June 2017
Incentive plan options	586,660	\$0.30	30 June 2015
Options to Corporate Advisor	666,666	\$0.30	30 November 2015

Names of persons holding more than 20% of a given class of unquoted securities (other than employee options)

Securities	Name	Number of securities
Director Options	Mr Alexander James Hartman	20,000,000

Restricted Securities

There are 178,230,977 ordinary shares subject to Escrow until 13 August 2015.

Voting Rights

The voting rights to each class of securities are set out below.

Fully paid ordinary shares

Each shareholder is entitled to vote in person or by proxy, attorney or representative.

On a show of hands, every person present, who is a shareholder or a proxy, attorney or representative of a shareholder has one vote, and on a poll, every person present, who is a shareholder or a proxy, attorney or representative of a shareholder shall, in respect of each fully paid share held by him, or in respect of which he is appointed proxy, attorney or representative, have one vote per share.

Options

No voting rights

On-market buy back

There is currently no On-Market Buy-Back in operation by Newzulu Limited.

