

ASX Company Announcement | Issue Date: 2 February 2015

APPENDIX 4C COMMENTARY QUARTER ENDED 31 DECEMBER 2014

HIGHLIGHTS

Operational

- Global news agencies sign as partners for Newzulu Live, including Australian Associated Press (**AAP**) and Canadian Press.
- Newzulu signs first clients to Newzulu Platform, its flagship crowd-sourcing rich media workflow and social media service suite.
- Newzulu signs first clients to Newzulu Prime, its crowd-sourced creative service for brands and advertisers.
- Newzulu deploys Newzulu Live video streaming infrastructure to bureaus in New York, Los Angeles, Toronto, Paris, London and Sydney.
- Newzulu launches website boomzulu.com and Boomzulu mobile apps for crowd-sourced show business, celebrity and entertainment newswire in English and French.
- Newzulu launches website sportzulu.com and Sportzulu mobile apps for crowd-sourced sports newswire in English and French.
- Continued growth in Newzulu contributor community, app downloads and sales of images and videos through news agency partnerships.

Corporate

- Theo Hnarakis joins the Board as a non-executive director.
- Annual General Meeting held and all resolutions passed.
- General Meeting held subsequent to the end of the quarter and approvals obtained for the acquisition of Filemobile and the offer of up to 170 million shares.
- Re-compliance Prospectus issued subsequent to the end of the quarter for the purposes of satisfying Chapters 1 and 2 of the Listing Rules following a change of scale to the Company's activities.

December 2014 Quarter Report

Crowd sourced global media company Newzulu Limited (**"Newzulu" ASX: "NWZ"**) is pleased to report to shareholders on the quarter ended 31 December 2014.

The Company has been preparing to launch its live validated streaming video news capability, Newzulu Live, which will offer traditional and digital publishers and broadcasters the capability to access and distribute to audiences moderated live video streams direct from any mobile device or personal computer. Newzulu has advanced the Newzulu Live platform to a stage of beta testing releases in the Newzulu New York Bureau.

Newzulu Live allows news organisations to plug into verified, produced, secure live streams from citizen and/or staff reporters, worldwide, 24/7. Newzulu Live delivers edited, pre-produced and broadcast-ready live streams. All streams are "cleaned" according to set editorial guidelines, i.e. no profanity, no nudity and media companies can launch newscalls to get the coverage they need.

During the December 2014 quarter, the Company announced that it had entered into an agreement with Australian Associated Press (**AAP**) to launch live video streaming capabilities across Australia. Subsequent to the end of the December 2014 quarter the Company announced that it had entered into an agreement with The Canadian Press (**CP**) to launch live video streaming capabilities across Canada.

The agreement will build on our existing relationship where CP market and distribute crowd-sourced photos and videos from the growing Newzulu community of contributors. Newzulu Live will deliver additional functionality, capabilities and benefits to CP as well as to our community of contributors.

Working capital loan agreement extended

The Company had previously announced a working capital loan to provide A\$3,500,000 (**Loan**) to advance the execution of the Company's business plan. During the December 2014 quarter, Newzulu finalised an extension to the Loan to provide further interim working capital during the period until completion of the capital raising offer and re-quotation of shares on the Official List of ASX.

The Company entered into a second loan agreement with Blueroom Capital Pty Ltd, to provide a further A\$1,500,000 of finance (**Second Loan**). The Second Loan is repayable by 31 March 2015 and is otherwise convertible at the Company's option at the higher of \$0.10 and 80% of the price of a future placement by the Company.

For full details refer to the ASX announcement made on 30 December 2014.

Corporate

Appointment of Mr Theo Hnarakis

On 22 October 2014, Mr Theo Hnarakis accepted an offer to join the Board as a non-executive independent director.

Mr Hnarakis is an experienced ASX-listed Company Director with particular experience in the media, IT and internet industries. Mr Hnarakis was most recently the Chief Executive of the global internet registrar Melbourne IT (ASX:MLB), leading that organisation through significant international growth to reach a market capitalisation of \$180 million.

Annual General Meeting

The Company held its Annual General Meeting on 27 November 2014 and all resolutions were passed unanimously by shareholders on a show of hands.

General Meeting and Application for Re-quotation on ASX

The Company held a General Meeting on Friday, 30 January 2015. The meeting was required to be held to seek shareholder approval for:

- the acquisition of Filemobile Inc (and related resolutions);
- a capital raising for up to \$17 million;
- directors' participation in the capital raising; and
- the issue of shares in satisfaction of a working capital loan which the Company had in place.

The Company advised that all resolutions put to the meeting were passed on a show of hands.

Re Compliance Prospectus issued

A replacement re-compliance Prospectus was lodged with ASIC on 12 January 2015, subsequent to the end of the December 2014 quarter. The Prospectus is required for the purposes of satisfying Chapters 1 and 2 of the ASX Listing Rules following a change of scale to the Company's activities relating to the acquisition of Filemobile and the offer of up to 170 million shares to raise \$17 million.

The offer closed on 30 January 2015 and raised in excess of the minimum subscription specified in the Prospectus, in the amount of A\$11.5 million. Subscribers under the offer include media-related investors, institutional investors, high net worth individuals, directors and existing shareholders of the Company.

Acquisition of Filemobile Inc

As previously announced, Newzulu entered into an agreement to acquire leading media and brand software platform company Filemobile, Inc. (www.filemobile.com) for up to C\$5,000,000 in cash, (approx. A\$5,060,000), subject to various conditions. The acquisition of Filemobile brings with it a roster of major white-label media clients including USA Today, Fox News, Wall Street Journal, and Hearst TV, iTV, CTV, CBC, The Weather Network and Scientific American as well as global brands such as Underarmour, Cisco, Allrecipes.com and JC Penney.

The acquisition of Filemobile is consistent with Newzulu's growth strategy and further strengthens the Company's product solutions and global delivery platform. Together, the companies' online platforms achieve over 50 million unique visitors per month, 200,000 video and photo uploads per month, and will have over 8 million registered users. Following this acquisition, many of the world's leading media companies and brands including AFP, Canadian Press, The Press Association and AAP, Fox News, The Wall Street Journal, USA Today / Gannett, and Hearst TV in the USA, The Weather Network, CTV, CBC, Canadian Geographic in Canada, iTV, London Live Scottish TV, and Swiss TV (RTS) in Europe, Under Armour, Tim Hortons, Cisco, JC Penney, Honda, Farmers Insurance, Lincoln Financial, World Bank, Allrecipes.com, GAdventures and more, will utilise Newzulu's global content delivery platforms to drive engagement with their respective audiences.

Completion of the acquisition of Filemobile was subject to and conditional upon the satisfaction (or waiver) of a number of conditions by 31 January 2015, including:

- no governmental entity issuing any order which prohibits the Filemobile Acquisition; and
- Newzulu obtaining all necessary regulatory and shareholder approvals, including shareholder approval pursuant to ASX listing Rule 11.1.2.

Completion of these conditions has been extended by mutual agreement to enable the satisfaction of various regulatory and offer related matters.

Quarterly cash flow

During the December 2014 quarter there was a net cash outflow from operating activities of \$2,576K (compared with an outflow of \$2,179K in the September 2014 quarter). This result includes increased research and development expenditure associated with the Newzulu Live initiative (\$646K), sales and marketing related costs (\$155K) and costs associated with the Filemobile acquisition (\$352K).

The net cash inflow from operating activities did not include the benefit of the Google Grant, which was scheduled to be received in the December 2014 quarter. Costs associated with the Social Media Reporter project have therefore been incurred and funded from the Company's existing cash resources. However, Newzulu anticipates that the next tranche of the Google Grant to be received in the March 2015 quarter.

Net cash outflow from investing activities of \$853K for the December 2014 quarter was due to substantial investment being made in the Newzulu Live initiative (\$342K) and the development of the Newzulu mobile apps (\$307K).

The Company had \$2,693k in cash at the end of the December 2014 quarter (September 2014 quarter: \$1,589K).

- ENDS -

For further information please contact:

Alexander Hartman
Executive Chairman
E: alexassist@newzulu.com

About Newzulu

Newzulu is a crowd-sourced media company that allows anybody, anywhere, with a smart phone and a story, to share news, get published and get paid.

For investors, further information can be found on www.newzululimited.com

Appendix 4C

Quarterly report For entities admitted On the basis of commitments

Introduced 31/3/2000, Amended 30/09/2001, 24/10/2005, 17/12/2010

Name of entity
Newzulu Limited

ABN
27 078 661 444

Quarter ended ("current quarter")
31 December 2014

Consolidated statement of cash flows

Cash flows related to operating activities

	Current quarter \$A'000	Year to date (6 months) \$A'000
1.1 Receipts from customers	153	215
1.2 Payments for		
(a) (i) administrative staff costs	(815)	(1,273)
(a) (ii) technology staff costs (note 1)	(409)	(657)
(a) (iii) sales and marketing staff costs	(59)	(98)
(b) advertising and marketing	(96)	(157)
(c) research and development (note 1)	(237)	(597)
(d) other corporate costs	(530)	(1,026)
(e) other working capital	(592)	(1,179)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	9	14
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Other – Tax Rebate		
Net operating cash flows	(2,576)	(4,758)

	Current quarter \$A'000	Year to date (6 months) \$A'000
1.8 Net operating cash flows (carried forward)	(2,576)	(4,758)
Cash flows related to investing activities		
1.9 Payment for acquisition of: (a) businesses (item 5)		
(b) equity investments		
(c) intellectual property	(307)	(602)
(d)(i) physical non-current assets	(535)	(653)
(e) other non-current assets		
1.10 Proceeds from disposal of: (a) businesses (item 5)		
(b) equity investments		
(c) intellectual property		
(d) physical non-current assets		
(e) other non-current assets		
1.11 Loans to other entities	(11)	(12)
1.12 Loans repaid by other entities		
1.13 Other – Cash acquired on acquisition	0	3,780
Net investing cash flows	(853)	2,513
1.14 Total operating and investing cash flows	(3,429)	(2,245)
Cash flows related to financing activities		
1.15 Proceeds from issues of shares, options, etc.		
1.16 Proceeds from the sale of forfeited shares		
1.17 Proceeds from borrowings	5,000	5,464
1.18 Repayment of borrowings	0	(177)
1.19 Cash held in trust		
1.20 Other - equity raising and loan establishment costs	(439)	(439)
Net financing cash flows	4,561	4,848
Net increase (decrease) in cash held	1,132	2,603
1.21 Cash at beginning of quarter/year to date	1,589	75
1.22 Exchange rate adjustments to item 1.20	-28	15
1.23 Cash at end of quarter	2,693	2,693

Payments to directors of the entity and associates of the directors**Payments to related entities of the entity and associates of the related entities**

	Current quarter \$A'000
1.24 Aggregate amount of payments to the parties included in item 1.2	99
1.25 Aggregate amount of loans to the parties included in item 1.11	10

1.26 Explanation necessary for an understanding of the transactions

Payments related to Directors Fees and for the services of Mr Alex Hartman under an Executive Services Agreement.
Loans were advanced to Mr Alex Hartman to the value of \$9,241 and to Matilda Media to the value of \$1,233.

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

On 10 August 2014, all loans to and from Related Parties of companies within the Newzulu Holdings Limited Group were forgiven. The value of forgiven loans to Related Parties was \$183,452 and the value of forgiven loans from Related Parties was \$820,365.

2.2 Details of outlays made by other entities to establish or increase their share in businesses in which the reporting entity has an interest

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Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount Available \$A'000	Amount used \$A'000
3.1 Loan facilities	684	684
3.2 Credit standby arrangements	129	-

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.		Current quarter \$A'000	Previous quarter \$A'000
4.1	Cash on hand and at bank	2,205	468
4.2	Deposits at call	359	1,001
4.3	Bank overdraft		
4.4	Other -Term Deposits	129	120
Total: cash at end of quarter (item 1.23)		2,693	1,589

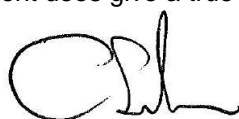
Acquisitions and disposals of business entities

	Acquisitions (Item 1.9(a))	Disposals (Item 1.10(a))
5.1	Name of entity	
5.2	Place of incorporation or registration	
5.3	Consideration for acquisition or disposal	
5.4	Total net assets	
5.5	Nature of business	

Compliance statement

1. This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Law (except to the extent that information is not required because of note 2) or other standards acceptable to ASX.
2. This statement does give a true and fair view of the matters disclosed.

Sign here:



Chief Financial Officer

Date: 2 February 2015

Print name: Craig Sowden

Notes

1. Research & Development represents those costs associated with R&D activities other than personnel costs. For the purposes of the Appendix 4C the personnel component of R&D expenditure has been disclosed at item 1.2 (a)(ii) – Technology Staff Costs. R&D expenditure (and Technology Staff costs) has been classified as a cash flow from an operating activity in the current period.
2. Commentary on the cashflow for the period is included in the accompanying update and accordingly the Appendix 4C should be read in conjunction with that report.
3. *Preparation:*
The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position.

The definitions in, and provisions of, *AASB 107: Cash Flow Statements* apply to this report except for the paragraphs of the Standard set out below.

- 20.1 reconciliation of cash flows arising from operating activities to operating profit or loss.
- 51 itemised disclosure relating to maintaining operating capacity
- 52 itemised disclosure relating to segment reporting