

ASX Company Announcement | Issue Date: 31 August 2015

PRELIMINARY FINAL REPORT

- + Revenue growth of 124% in FY15 compared with FY14.
- + Investment in establishment of Newzulu Editorial business globally with the development of several major partnerships to further increase revenue in FY16.
- + Significant research and development and investment in Newzulu Platform and Newzulu Live products and support infrastructure in FY15.
- + Acquisitions of Newzulu and Filemobile businesses and advancement of Octiplex business positions the Company as the world's leading crowd-sourced content and technology company with a focus on mobile and video.
- + Net loss impacted by significant items unrelated to Newzulu's operating business.

Newzulu Limited (ASX: **NWZ**) is pleased to present the Company's preliminary final report for the year ended 30 June 2015, a year of transformative change for the Company. This year's financial report reflects that Newzulu has been through a year of transformation at both a corporate and operational level. Investment over the past year has focused on building products and partnership platform for Newzulu's content and technology business.

Acquisition activities were a focus of the group in FY15. The acquisition of Newzulu in August 2014, Filemobile in February 2015 and advancement in Q4 FY15 of the Octiplex acquisition strengthen the Newzulu Platform, Live and Mobile product offerings. Newzulu has an active interest in considering acquisitions that have synergy with Newzulu's business or has capability to improve Newzulu's sustainable competitive advantages.

The Company's net loss after tax of \$28.5m for FY15 included the following significant expenses:

- Non-cash items:
 - \$15.7m of impairment losses recognised following strategic review of the PieNetworks Kiosk business and associated intangible asset (goodwill recognised on the PieNetworks reverse acquisition) in 1H FY15, consistent with the prescribed accounting standards.
 - \$2.6m of share based payment expenses recognised in relation to equity issued to directors and executives of the Company.
- Cash item:
 - \$1.5m Newzulu and Filemobile acquisition related costs.

The Company's operating loss before the effect of the abovementioned non-cash charges, corporate expenses and income tax was \$8.7m. Revenues generated in FY15 totalled \$1.5m (FY14: \$0.7m).

Newzulu made significant capital expenditure of \$2.6m during FY15 to support its' growth and expansion plans as follows:

- \$0.9m invested in ongoing product development to support the evolution of Android and iOS mobile applications;
- \$0.4m invested in the development and launch of Newzulu Live;
- \$0.5m invested in the ongoing development of Newzulu Editorial and Platform;
- \$0.4m invested in equipment deployed in the Los Angeles, New York, Toronto, London, Paris and Sydney offices to support Newzulu Live; and
- \$0.4m invested in equipment and hardware installed in the setup of offices in the USA, Canada and the UK.

To support these growth and expansion plans, the Group undertook a number of capital raisings during the year. However, significant and high profile recent client signings of major media companies to Newzulu Live, Platform and Editorial in the period since balance date give the directors' confidence in Newzulu's business model, product offering and positioning in the market.

As an extension to these recent client signings, Newzulu continues to secure strategic collaborative partnerships to syndicate premium user-generated content, specifically syndicating high quality, crowd-sourced videos sourced from the Newzulu Live platform but also regional user-generated content into all corners of the globe.

Subsequent to balance date, Newzulu was able to complete an oversubscribed placement of \$5m to high net worth, institutional and existing shareholders to fund the group's global sales and client support infrastructure to underpin recent client signings and pursue expansion into the USA and European markets. The directors are proud of the continuing support from all stakeholders in Newzulu. Having been approached by several media groups regarding cornerstone and strategic investment opportunities in Newzulu, the Company has appointed KPMG Corporate Finance as its advisor to lead a formal process with interested parties.

Executive Chairman, Alexander Hartman commented “Newzulu has made significant progress over the past year including major investments and corporate partnerships in our content, technology and mobile live video business. This financial result reflects that Newzulu has moved from the product development stage to commercialisation with a focus on sales in Australia, the US and Europe. Newzulu is well positioned to capitalise on the significant disruption brought to the reporting of news by mobile live video technologies.”

- ENDS -

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About Newzulu

Newzulu is a crowd-sourced media company that allows anybody, anywhere, with a mobile device and a story, to share news, get published and get paid. Headquartered in Paris, Newzulu operates bureaus in London, New York, Los Angeles, Toronto and Sydney. In February 2015 Newzulu completed the acquisition of leading Toronto based user-generated content marketing software company Filemobile Inc. Newzulu operates in partnership with Getty Images, Tribune Content Agency, Alamy, Agence France-Presse (AFP) in France, Press Association (PA) in the UK & Ireland, ddp images in Germany, Belga News Agency in Belgium, Canadian Press (CP) in Canada, Australian Associated Press (AAP) in Australia, Czech News Agency (CTK) in the Czech Republic, ITAR TASS in Russia, Mahatta Multimedia in India and Aflo Co., Ltd in Japan. Further information can be found on www.newzululimited.com.



Appendix 4E - Preliminary Financial Report for the year ended 30 June 2015

Details of the reporting period and previous reporting period

This report is for the year ended 30 June 2015. The previous corresponding period is the year ended 30 June 2014.

Results for announcement to the market

Revenue from ordinary activities	up \$812,758 (124%)	to \$1,465,868
Operating loss before corporate expenses, significant non-cash items and income tax	up \$7,529,847 (Note 1)	to \$8,699,241
Loss from ordinary activities after tax attributable to members	up \$27,325,911 (Note 1)	to \$28,495,305
Loss from the period attributable to members	up \$27,325,911 (Note 1)	to \$28,495,305

Dividends	Amount per security	Franked amount per security
Final dividend	Nil	N/A
Interim dividend	Nil	N/A
Record date for determining entitlements to the dividend	N/A	

Brief explanation of results

On 14 August 2014, Newzulu Limited (the "Company") acquired 100% of the voting interest in Newzulu Holdings Limited. In accordance with Australian Accounting Standards, the business combination was accounted for as a reverse acquisition. Consequently, this report presents the consolidated results of Newzulu Holdings Limited for the year period from 1 July 2014 to 30 June 2015 and of the Company for the period from 14 August 2014 to 30 June 2015.

The comparative financial information included in the Company's financial statements is that of Newzulu Holdings Limited, not the Company. However, the capital structure of the legal acquirer, the Company, is adopted in the financial statements.

The loss from ordinary activities includes expenses relating to acquisitions of Newzulu Holdings Limited and Filemobile Inc of \$1,484,981, goodwill impairment of \$15,746,707 and employee share based payment expenses of \$2,656,834.

Note 1:

Percentage change is not meaningful as a result of the transactions described above.

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for the year ended 30 June 2015**

Net tangible assets per security with the comparative figure for the previous corresponding period

	30 June 2015	30 June 2014
Net tangible asset backing per share	0.98 cents	-1.15 cents

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

Name of entity	Newzulu Holdings Limited
Date of gain of control	14 August 2014
Contribution of entity	Of the loss from ordinary activities reported for the Company for the reporting period, Newzulu Holdings Limited and its controlled entities contributed a loss of \$8,009,204. Contribution to the prior reporting period: N/A

Name of entity	Filemobile Inc
Date of gain of control	10 February 2015
Contribution of entity	Of the loss from ordinary activities reported for the Company for the reporting period, Filemobile Inc contributed a profit of \$267,331. Contribution to the prior reporting period: N/A

Dividend paid or reinvested.

No dividends have been declared or are payable for the year ended 30 June 2015.

Dividend reinvestment plan

No dividend or distribution reinvestment plan was in operation during the period ended 30 June 2015.

Audit report

This report is based on accounts that have not yet been audited. It is anticipated that the independent audit report may include an emphasis of matter paragraph in relation to appropriateness of the use of the going concern assumption in preparation of 30 June 2015 financial report.

Accounting standard for foreign entities

The accounts of foreign entities within the Newzulu Group has been prepared in accordance with International financial Reporting Standards.

**Preliminary Consolidated Statement of Profit or Loss & Other
Comprehensive Income
for the year ended 30 June 2015**

In \$ AUD

	2015	2014
Revenue	1,465,868	653,110
Cost of sales	(532,401)	(170,248)
Gross profit	933,467	482,863
Other income	45,609	-
Selling and distribution expenses	(779,152)	(18,010)
Research and development expenses	(1,843,275)	(388,448)
Impairment of goodwill	(15,746,707)	-
Administrative and corporate expenses	(11,511,429)	(1,132,073)
Other expenses	(157,990)	(98,341)
Results from operating activities	(29,059,477)	(1,154,009)
Financial income	642,138	6,324
Financial expenses	(170,424)	(21,709)
Net financial income/(cost)	471,714	(15,385)
Loss before income tax	(28,587,763)	(1,169,394)
Income tax expense/(benefit)	(92,458)	-
Loss after income tax attributable to Owners of the Company	(28,495,305)	(1,169,394)
Other comprehensive income: <i>Items that may be reclassified subsequently to profit or loss:</i>		
Foreign currency translation differences for foreign operations	(454,469)	17,066
Total comprehensive income attributable to Owners of the Company	(28,949,774)	(1,152,328)
Earnings per share for loss attributable to the ordinary equity holders of the Company		
Basic and diluted loss per share (cents)	(7.3)	(0.7)

**Preliminary Consolidated Statement of Financial Position
as at 30 June 2015**

	30 June 2015	30 June 2014
<i>In \$ AUD</i>		
Current Assets		
Cash and cash equivalents	3,807,461	75,037
Restricted cash	119,532	-
Trade and other receivables	1,144,943	198,499
Other current assets	314,786	110,927
Total current assets	5,386,722	384,463
Non-current assets		
Property, plant and equipment	2,532,108	8,275
Intangible assets	3,120,029	771,788
Goodwill	3,303,491	222,033
Total non-current assets	8,955,628	1,002,096
Total assets	14,342,350	1,386,559
Current Liabilities		
Trade and other payables	1,002,802	893,710
Loans and borrowings from related parties	781	820,770
Employee benefits	615,461	239,324
Other current liabilities	371,130	-
Total current liabilities	1,990,174	1,953,804
Non-current Liabilities		
Loans and borrowings from related parties	618,329	336,823
Deferred tax liabilities	776,729	162,075
Other non-current liabilities	122,017	-
Total non-current liabilities	1,517,075	498,898
Total liabilities	3,507,249	2,452,702
Net assets/(deficiency)	10,835,101	(1,066,143)
Equity		
Share capital	37,403,629	181
Reserves	3,096,171	103,070
Accumulated losses	(29,664,699)	(1,169,394)
Total equity/(deficiency)	10,835,101	(1,066,143)

Appendix 4E - Preliminary Financial Report
for the year ended 30 June 2015

**Preliminary Consolidated Statement of Changes in Equity
for the year ended 30 June 2015**

In \$ AUD

Balance at 1 July 2014

Total comprehensive loss for the period

Loss for the period

Other comprehensive income

Foreign currency translation differences

Total comprehensive loss for the period

Transactions with Owners, recorded directly in equity

Consideration for business acquisition

Share based payments, net of issue costs

Issue of options to directors

Issue of options and performance rights to executives

Shares issued

Share issuance costs

Loans converted to shares, net of costs

Fair value gains recognised directly in equity

Contributions to equity

Total transactions with Owners

Balance at 30 June 2015

	Share capital	Share option reserve	Translation reserve	Other equity contributions	Accumulated losses	Total equity
Balance at 1 July 2014	181	-	17,066	86,004	(1,169,394)	(1,066,143)
Total comprehensive loss for the period						
Loss for the period	-	-	-	-	(28,495,305)	(28,495,305)
<i>Other comprehensive income</i>						
Foreign currency translation differences	-	-	(454,469)	-	-	(454,469)
Total comprehensive loss for the period	-	-	(454,469)		(28,495,305)	(28,949,774)
Transactions with Owners, recorded directly in equity						
Consideration for business acquisition	19,165,897	-	-	-	-	19,165,897
Share based payments, net of issue costs	1,170,210	-	-	-	-	1,170,210
Issue of options to directors	-	2,236,000	-	-	-	2,236,000
Issue of options and performance rights to executives	-	383,534	-	-	-	383,534
Shares issued	14,103,804					14,103,804
Share issuance costs	(1,736,463)					(1,736,463)
Loans converted to shares, net of costs	4,700,000	-	-	-	-	4,700,000
Fair value gains recognised directly in equity	-	-	-	59,397	-	59,397
Contributions to equity	-	-	-	768,639	-	768,639
Total transactions with Owners	37,403,448	2,619,534	-	828,036	-	40,851,018
Balance at 30 June 2015	37,403,629	2,619,534	(437,403)	914,040	(29,664,699)	10,835,101



**Appendix 4E - Preliminary Financial Report
for the year ended 30 June 2015**

<i>In \$ AUD</i>	Share capital	Share option reserve	Translation reserve	Other equity contributions	Retained Earnings	Total equity
Balance at 1 July 2013	-	-	-	-	-	-
Total comprehensive income for the period						
Loss for the period	-	-	-	-	(1,169,394)	(1,169,394)
<i>Other comprehensive income</i>						
Foreign currency translation differences	-	-	17,066	-	-	17,066
Total comprehensive income for the period	-	-	17,066	-	(1,169,394)	(1,152,328)
Transactions with Owners, recorded directly in equity						
Issue of ordinary shares	181	-	-	-	-	181
Merger Reserve	-	-	-	23,088	-	23,088
Fair value gains recognised directly in equity	-	-	-	62,916	-	62,916
Total transactions with Owners	181	-	-	86,004	-	86,185
Balance at 30 June 2014	181	-	17,066	86,004	(1,169,394)	(1,066,143)

**Appendix 4E - Preliminary Financial Report
for the year ended 30 June 2015**

**Preliminary Consolidated Statement of Cash Flows
for the year ended 30 June 2015**

In \$ AUD

	30 June 2015	30 June 2014
Cash flows from operating activities		
Receipts from customers (inclusive of GST)	1,355,860	697,207
Payments to suppliers and employees (inclusive of GST)	(11,363,956)	(1,396,523)
Interest received	21,832	6,324
Interest paid	(921)	(5,176)
Net cash used in operating activities	(9,987,185)	(698,169)
Cash flows from investing activities		
Acquisition of subsidiary	(5,148,800)	-
Payments for property, plant and equipment	(980,850)	(10,489)
Payments for intangible assets	(1,500,427)	-
Cash acquired on acquisition of subsidiary	3,654,751	83,950
Loans advanced	(55,404)	(120,573)
Net cash used in investing activities	(4,030,730)	(47,112)
Cash flows from financing activities		
Proceeds from issue of shares	14,103,804	-
Share issuance costs	(1,303,840)	-
Proceeds from loans converted to shares	4,700,000	-
Proceeds from borrowings	410,827	820,317
Repayment of borrowings	(180,071)	-
Net cash provided by financing activities	17,730,720	820,317
Net increase in cash and cash equivalents	3,712,805	75,037
Cash and cash equivalents at 1 July	75,037	-
Effect of exchange rate fluctuations on cash held	19,619	-
Cash and cash equivalents at 30 June	3,807,461	75,037

1. Review of results and operations

On 14 August 2014, the Company acquired 100% of the voting interests in Newzulu Holdings Limited (formerly Newzulu Limited). In accordance with Australian Accounting Standards, the business combination was accounted for as a reverse acquisition. Consequently, this report presents the consolidated results of Newzulu Holdings Limited for the period from 1 July 2014 to 30 June 2015.

The comparative financial information included in these financial statements is that of Newzulu Holdings Limited, not the Company. However, the capital structure of the legal acquirer, the Company, is adopted in the financial statements.

Reported revenue for the year is \$1,465,868 (2014: \$653,110) reflecting an increase of 124%.

The operating loss after income tax for the year ended 30 June 2015 was \$28,495,305 (2014: loss of \$1,169,394). The significant factors related to the net loss for the current period include:

- Goodwill of \$15,746,707 relating to the acquisition of the PieNetworks Limited Kiosk business arising from the reverse acquisition referred to above was assessed to be impaired and was written down to nil.
- Legal, advisory and other expenses relating to the reverse acquisition of PieNetworks Limited on 14 August 2014 (\$863,878) and the acquisition of Filemobile Inc on 10 February 2015 (\$621,103).
- A non-cash expense of \$2,656,834 relating to the fair value of options and performance rights issued to directors and executives as required under Accounting Standards.

On 12 August 2014, the Company completed a 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 it had completed the acquisition of 100% of Newzulu Holdings Limited. As consideration for the acquisition, 178,230,977 ordinary shares were issued to shareholders of Newzulu Holdings Limited. The shares are subject to escrow for twelve months from the date of issue, with an additional 5,838,318 ordinary shares issued as part payment of advisor fees. In addition, the Company issued 24,000,000 share options exercisable at \$0.10 on or before 30 June 2017 comprising 20,000,000 share options issued to Mr Alexander Hartman pursuant to the terms of the acquisition and 2,000,000 share options issued to each of Mr Peter Gunzburg and Mr Bill Zikou in lieu of director fees. The fair value of these options of \$2,008,800 has been recognised as a non-cash share-based payment expense.

Following the completion of the acquisition, Mr Hartman was appointed as Managing Director of the Company on 14 August 2014 and on 19 August 2014, the Company changed its name from Pienetworks Limited to Newzulu Limited, and its ASX ticker code to NWZ.

To support the Company's planned revenue growth, a total of \$2,614,933 (2014: \$8,275) was invested in property, plant and equipment and product development. Of this amount, \$859,427 was invested in the ongoing development of Android and

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iOS mobile applications and \$380,519 was invested in development of Live software systems to support the launch of Newzulu Live; \$392,392 was invested in video hardware deployed in the Los Angeles, New York, Toronto, London, Paris and Sydney offices to support Newzulu Live; the balance related to equipment and hardware purchased to set up new offices in the USA, Canada and the UK.

As a consequence of the reverse acquisition of PieNetworks on 14 August 2014, the acquisition by Newzulu Holdings Limited resulted in goodwill of \$15,746,707 being recognised in respect of PieNetwork's Kiosk business. Following a strategic review of the Kiosk business, the Directors do not view this business as a strategic priority and have written down this goodwill in full in the accounts.

On 1 February 2015, the Company completed a capital raising in the amount of A\$11,500,000, issuing 115,000,000 shares at an issue price of \$0.10 per share. Following the capital raising, the Company announced on 10 February 2015 that it had completed the acquisition of leading Toronto based user-generated content marketing software company Filemobile Inc. for C\$5,000,000 in cash (A\$5,148,800).

The acquisition of Filemobile delivers Newzulu a well-established, market leading global media and brand software business with a significant footprint of clients in Canada and the USA, including USA Today, Fox News, Wall Street Journal, and Hearst TV, iTV, CTV, CBC, The Weather Network and Scientific American and global brands such as Underarmour, Cisco, Allrecipes.com and JC Penney.

Filemobile recorded over A\$2,000,000 in annual revenue for the 2014 financial year and provides Newzulu with a highly scalable software as a service business model associated with relatively low capital expenditure and product offerings that can be customised for clients worldwide.

Newzulu issued the following Executive Options and Executive Performance Rights to its new key executives from Filemobile:

- 5,000,000 Executive Options and 250,000 Executive Performance Rights to Mr Marc Milgrom;
- 150,000 to Executive Performance Rights to Mr Stephen Hulford; and
- 150,000 to Executive Performance Rights to Mr David Minogue.

A 12 month restriction period applies to the Executive Options and Executive Performance Rights.

On 9 February 2015, Newzulu converted working capital loans totalling A\$5,000,000 into 50,000,000 fully paid ordinary shares at an issue price of \$0.10 per share. Pursuant to the loan agreements, a facility fee was paid of 3,571,429 Shares and 5,500,000 options exercisable at \$0.20 each on or before 9 February 2018. A 12 month restriction period applies to the Facility Fee.

On 29 April 2015, Newzulu completed a placement in the amount of \$2,603,804, issuing 26,038,040 shares at an issue price of \$0.10 per share.



**Appendix 4E - Preliminary Financial Report
for the year ended 30 June 2015**

2. Post Report Date Events

On 24 August 2015, the Company completed a placement in the amount of \$5,000,000 to advance its expansion strategy into USA and European markets, \$150,000 of which is subject to shareholder approval. The placement was supported by directors and major shareholders.

Other than the matters discussed above, there has not arisen in the interval between the end of the period 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 Group, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial years.

3. Acquisitions of Subsidiaries

(a) Acquisition of Newzulu Holdings Limited

On 14 August 2014, the Company acquired 100% of the shares and voting interests in Newzulu Holdings Ltd (formerly Newzulu Ltd). Newzulu is one of the world's leading crowd-sourced news and freelance journalism platforms that operates in partnership with several of the leading national new wire agencies in the world.

(i) Consideration transferred

Management's 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. The owners of Newzulu Holdings Limited hold a majority voting interest in the combined entity and the management of Newzulu Holdings Limited hold the senior management positions in the combined entity.

The fair value of the consideration transferred is \$19,165,897 based on the listed share price of Newzulu Ltd at 14 August 2014 of \$0.125 per share.

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(ii) Fair value of identifiable assets acquired and liabilities assumed

<i>In AUD</i>	\$
Property, plant and equipment	3,600
Restricted deposits	122,493
Inventories	955
Current tax assets	1,423
Loans advanced	288,392
Trade and other receivables	96,448
Cash and cash equivalents	3,368,613
Other current assets	21,421
Trade and other payables	(276,041)
Unearned income	(11,327)
Employee liabilities	(75,090)
Interest bearing liabilities	(3,011)
Provision for onerous contracts	(118,686)
Fair value of identifiable net assets	<u>3,419,190</u>

(iii) Goodwill recognised

Goodwill was recognised as a result of the acquisition as follows:

<i>In AUD</i>	\$
Total consideration transferred	19,165,897
Fair value of identifiable net assets	<u>(3,419,190)</u>
Goodwill	<u>15,746,707</u>

(b) Acquisition of Filemobile, Inc

On 10 February 2015, the Company acquired 100% of the shares and voting interests in Filemobile, Inc in Toronto, Canada. The details of consideration and fair value of the identifiable assets acquired were:

(i) Consideration transferred

Consideration for the acquisition was CAD \$5,000,000 cash (AUD \$5,148,800)

(ii) Fair value of identifiable assets acquired and liabilities assumed

The fair values of the net assets acquired by Newzulu Canada Pty Limited on 10 February 2015 are as follows:

<i>In AUD</i>	\$
Trade & other receivables	680,622
Other current assets	35,549
Tangible fixed assets	15,228
Intangible assets	2,728,864
Trade & other payables	(223,241)
Loans & borrowings	(16,087)
Deferred revenues	(430,445)
Other non-current liabilities	(723,149)
Net fair value of identifiable net assets acquired	<u>(2,067,341)</u>

(iii) Goodwill recognised

<i>In AUD</i>	\$
Total consideration transferred	5,148,800
Fair value of identifiable net assets acquired	<u>(2,067,341)</u>
Goodwill	<u>3,081,459</u>



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4. Operating Segments

The Group has five reportable segments, as detailed below, which are the Group's strategic geographic areas. The Group businesses are managed along geographic lines with regional managers responsible for activities of their regions.

For each strategic geographic area, the Managing Director reviews internal management reports on a monthly basis.

The accounting policies of the individual segments are the same as those of the Group.

AUD '000	Australia		USA		Canada		France		UK		Unallocated/ Elimination		Consolidated	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
	30 Jun	30 Jun	30 Jun	30 Jun	30 Jun	30 Jun	30 Jun	30 Jun	30 Jun	30 Jun	30 Jun	30 Jun	30 Jun	30 Jun
External revenue	205	2	-	-	796	-	405	650	60	1	-	-	1,466	653
Reportable segment loss (before tax)	(21,784)	(200)	(1,153)	-	(1,646)	(11)	(1,619)	(868)	(2,107)	(90)	(279)	-	(28,588)	(1,169)
Segment assets	37,399	1,193	416	-	7,024	-	2,216	482	2,952	1,058	(35,665)	(1,628)	14,342	1,387
Segment liabilities	18,737	1,639	1,630	-	5,850	13	4,717	1,318	5,083	824	(32,510)	(1,623)	3,507	2,453

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Going concern

For the year ended 30 June 2015, the Company incurred a loss after tax of \$28,495,305 (2014: \$1,169,394), including impairment of goodwill of \$15,746,707 (2014: nil). During the year ended 30 June 2015, the Company used cash of \$9,987,185 in its operations (2014: \$698,169). The Company has forecast future net cash outflows from operations in 2016 due to the setup of infrastructure to support the development of future revenue streams.

The Preliminary Final Report for the year ended 30 June 2015 has been prepared on the basis that the Company is a going concern, which contemplates the realisation of assets and settlement of liabilities in the ordinary course of business. The Directors believe this to be appropriate and 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:

- forecast revenues and associated expenses from the establishment and growth of the Group's Live and Platform businesses; and
- the development of new opportunities and projects and the completion of a further capital raising.

The directors anticipate the support of major shareholders and are confident in the Group'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. This was demonstrated by the capital raising of \$5,000,000 which was completed on 24 August 2015.

Should the Group 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 Group 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.