

# ANNUAL REPORT

NEWZULU LIMITED | 2015

**NEWZULU LIMITED****ANNUAL REPORT**

For the year ended 30 June 2015

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**NEWZULU LIMITED**

# CHAIRMAN'S REVIEW

For the year ended 30 June 2015

Dear Shareholder,

Newzulu Limited ("Newzulu") in the course of the past year has transformed to become a global crowd-sourced media company selling world leading Content and Technology to media companies and brands.

The year was characterised by significant investment in Newzulu's editorial capabilities, products, sales capabilities and infrastructure to support clients for both its Content and Technology divisions. Newzulu expects to further capitalise on its Content and Technology from a revenue and cash flow perspective in future years capitalizing on its technology leadership and a major market opportunity. After a period of extensive investment in its capabilities, Newzulu is now well positioned to convert the interest in its Content and Technology into a thriving business with a focus on the USA & Europe.

Newzulu's two major revenue streams are from Newzulu Content which sells images and video materials and Newzulu Technology which sells technology enabling clients to crowd source content. Newzulu Content significantly expanded its contributor community in terms of content volume, reach and skillset. The business saw major increases in app downloads and social media impact. Newzulu Technology invested heavily in R&D in order to extend the competitive advantages of its products in a year where mobile live video streaming was a defining industry development. Newzulu commenced sales and marketing of its Newzulu Live technology through its international bureaus, signing numerous client trials and significantly advancing sales opportunities.

Newzulu has developed the key areas previously identified that will drive our revenue growth and pathway to cash flow positive operations that is targeted over a twelve month trajectory:

- + Securing news agency partnerships in additional territories for Newzulu Content.
- + Securing white-label agreements with media outlets for Newzulu Technology.
- + 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.

Newzulu Content made major advances in implementing Newzulu's editorial vision to become the pre-eminent global crowd-sourced news agency. Newzulu Content has the ability to syndicate photos and videos sent by contributors instantly to the world's media and to pay the contributor for the sales through global licensing and news agency partnerships. The Newzulu Content team, leveraging Newzulu's unique crowd-sourced content technology, operates 24/7 in English and French to validate news stories and distribute them around the world. Newzulu Content also has the capability to offer crowd-sourced creative agency services through its Newzulu Prime platform.

Newzulu Technology continued to develop and establish Newzulu Platform and Newzulu Live as breakthrough solutions for publishers, broadcasters and brands seeking to harness the power of crowd-sourced content. Newzulu Platform enables clients to source images and videos from their audiences or clients with rich media workflow capabilities. The launch of Newzulu Live represented a major technological innovation by Newzulu's global software engineering team. Newzulu Live brings the power of mobile live video streaming to any client seeking to improve coverage of stories by their own reporters or to seek the submission of live streams from anybody with a smartphone.

Newzulu Content and Newzulu Technology are early-stage businesses that have required major investment and are only now entering a commercialisation stage to generate significant revenues.

**NEWZULU LIMITED**

## CHAIRMAN'S REVIEW

For the year ended 30 June 2015

Newzulu's revenues grew to \$1.47 million in FY2015 from \$0.65 million in FY2014. The Company recorded a NPAT loss of \$28.3 million in the financial year, including non-operational costs of \$19.5 million, with a normalised operating loss of \$8.8m.

The Company raised \$19.1 million in the past year to finance its business plan and anticipates continued investment is required to fund Newzulu's business plan as it pursues cash flow positive operations.

The Company has also grown through acquisitive activity and completed the acquisition of Filemobile Inc. in February 2015 for CAD\$5,000,000. The Filemobile acquisition provided significant benefits to the Company, including its unique technology, management team and client base in North America.

The Newzulu management team is comprised of experienced media, technology and corporate development executives worldwide, who deliver the capability to build an innovative and commercially successful company.

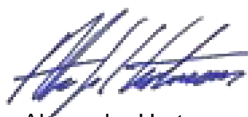
During the year there were a number of additions to the Board of the Company, including Theo Hnarakis as an independent Director and James Bodel representing Blueroom Capital. Both Theo and James bring significant skills and expertise to Newzulu that will be of great assistance and I welcome them to the Company.

The Company has continued to support its existing kiosk customers together with the Webphones installed for Telstra Corporation and for the Company's network in New Zealand.

I wish to thank all our shareholders for their continued support through a period of significant change and development of the Company and in particular for your investment in our management team and technology. The Newzulu team is committed to work on your behalf to capitalise on the revenue potential of Newzulu Content and Newzulu Technology and hold great confidence that the past year of investment and development will prove commercially rewarding for the Company in the near future.

Newzulu has now established itself as a world leader in disruptive, crowd-sourced media and technology. I would like to sincerely thank our staff, advisers and my fellow Board members for their hard work to date.

On behalf of the Board,



Alexander Hartman  
Executive Chairman

**“Newzulu allows anybody with a smart phone to share content, get published and get paid.”**

NEWZULU LIMITED

**DIRECTOR'S REPORT**

For the year ended 30 June 2015

The directors present their report together with the financial statements of the Group, comprising the Company, Newzulu Limited and its controlled entities, for the financial year ended 30 June 2015 and the auditor's report thereon.

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## NEWZULU LIMITED

**DIRECTOR'S REPORT (CONTINUED)**

For the year ended 30 June 2015

**1. Directors and company secretary**

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

Name, qualifications and independence status	Experience, special responsibilities and other directorships
Alexander J. Hartman Managing Director Executive Chairman	<p>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 Percy 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 Gershon Advisory Partners. The Australian Government appointed Alex as a Director of the Industry Research &amp; Development Board, Chairman of the Youth IT Skills Hub and as founding Director of Headspace, the National Youth Mental Health Foundation. In 2015, Alex was appointed to the Council of the National Museum of Australia by the Governor General of the Commonwealth of Australia.</p> <p>Appointed Managing Director 14 August 2014. Appointed Executive Chairman 26 August 2014.</p>
Peter L Gunzburg B.Comm, ASIA Independent Non-Executive Director	<p>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).</p> <p>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.</p> <p>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.</p>
Philip Kiely B.Comm, LLB Independent Non-Executive Director	<p>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.</p> <p>Chairman of the Nomination and Remuneration Committee. Appointed 28 March 2014.</p>
Theo Hnarakis B.Acc Independent Non-Executive Director	<p>Past CEO and Managing Director of Melbourne IT for 12 years, Managing Director of Canberra Press and Pacific Publications, Managing Director of Southdown Press and Chairman of Crowd Mobile Ltd (CM8). Named one of the world's top 25 pioneers in Domain names by Verisign in 2012.</p> <p>Mr. Hnarakis holds a Bachelor of Accounting from the University of South Australia and is a member of the Australian Institute of Company Directors (MAICD) and was an ambassador for the Starlight Foundation until 2013.</p> <p>Chairman of the Audit and Compliance Committee. Appointed 22 October 2014.</p>



## NEWZULU LIMITED

# DIRECTOR'S REPORT (CONTINUED)

For the year ended 30 June 2015

### 3. Corporate governance

Newzulu is committed to implementing sound standards of corporate governance. In determining what those standards should involve, the Group has had regard to the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (3rd Edition). This corporate governance statement outlines the key principles and practices of the Company which in the terms of the Group's Corporate Governance Charter, define the Group's system of governance. A copy of the Group's Corporate Governance Statement has been placed on the Group's website at <http://newzululimited.com/investors/corporate-governance/>.

### 4. Principal activities

The principal activities of the Group during the financial period primarily involved the provision of crowd-sourced news material and licencing of media related software.

### 5. Operating and financial review

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 and its controlled entities 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 \$28,312,427 (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 \$2,284,734 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 20,000,000 share options to Mr Alex Hartman exercisable at \$0.10 on or before 30 June 2017. The fair value of these options of \$1,674,000 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.



## NEWZULU LIMITED

# DIRECTOR'S REPORT (CONTINUED)

For the year ended 30 June 2015

To support the Company's planned revenue growth, a total of \$2,443,666 (2014: \$8,275) was invested in product development and property, plant and equipment. Of this amount, \$859,427 was invested in the ongoing development of Android and 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 C\$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.

## 6. 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.

## NEWZULU LIMITED

# DIRECTOR'S REPORT (CONTINUED)

For the year ended 30 June 2015

## 7. Events subsequent to reporting date

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.

On 1 July 2015, the Company announced that it had entered into a binding agreement to acquire 100% of Octiplex for €725,000 (AUD \$1,155,562). Newzulu completed the acquisition of Octiplex on 17 September 2015.

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.

## 8. Likely developments

The Group will continue to develop its technologies and expand its customer base in Australia and overseas.

## 9. Remuneration report - audited

### 9.1 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 ("KMP") have authority and responsibility for planning, directing and controlling the activities of the Company. Other than the directors and executives identified in 9.2, 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.

#### 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 and KMP's compensation is competitive in the market place.

## NEWZULU LIMITED

**DIRECTOR'S REPORT (CONTINUED)**

For the year ended 30 June 2015

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

The Company operates a short term incentive bonus plan.

Long-term incentive

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.

	<b>2015</b>
Net (loss)	(28,312,428)
Loss per share (cents per share)	(7.2)
Dividends paid	-
Change in share price – decrease	(\$0.055)
Return on capital	-
Net cash used in operations	(10,044,452)

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.

Service agreements

In May 2014, the Company entered into a contract for services with Gandalf Ventures Limited, a Company of which Mr Alex Hartman is a director, for the provision of Consultancy Services by Mr Hartman to the Company. The contract commenced on 13 August 2014. 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 can be terminated by either party on six months' written notice. Payments made pursuant to this contract also remunerate Mr Hartman for his services as a director.

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 was for no fixed term and fees payable were based on market rates for these types of services and were payable on a monthly basis for the duration of the contract. The contract could be terminated by either party on 30 days' written notice. Since 6 February 2012, payments made pursuant to this contract also compensated Mr Pitts for his role as a director. The contract ended through the resignation by Mr Pitts, effective 2 February 2015.

**NEWZULU LIMITED**
**DIRECTOR'S REPORT (CONTINUED)**

For the year ended 30 June 2015

In July 2014, the Company entered into a contract with Mr Craig Sowden for the provision of CFO services to the Company. The contract is for no fixed term, 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 can be terminated by either party on one months' written notice.

**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.

**9.2 Directors and key management personal remuneration**

Details of the remuneration of the Directors and KMP of the Group (as defined in AASB 124 Related Party Disclosures) are set out in the following table. As a result of the Reverse acquisition of Newzulu Limited by Newzulu Holdings Limited on 14 August 2014, the disclosures contained in the table represent those calculated in accordance with AASB 124 Related Party Disclosures in combination with applying AASB 3 Business Combinations and in particular, the reverse acquisition provisions of that standard.

The amounts disclosed for the current financial year in the table represent remuneration paid by Newzulu Holdings Limited (the accounting acquirer) to KMP and Directors of the accounting acquirer over the period 1 July 2014 to 14 August 2014 (the acquisition date) and remuneration paid by the Newzulu Limited Group following the completion of the acquisition on 14 August 2014 (The Post-acquisition Group) to KMP and Directors of the Post-acquisition Group from 15 August 2014 to 30 June 2015. This ensures that the remuneration report disclosures are calculated on a basis that is consistent with that applied in reporting the results and balances of the Group and related party disclosures in the Financial Statements under the reverse acquisition rules of AASB 3 Business Combinations.

No comparative information is disclosed as Newzulu Holdings Limited (accounting acquirer) was not subject to section 300A of the Corporations Act 2001.

NEWZULU LIMITED

**DIRECTOR'S REPORT (CONTINUED)**

For the year ended 30 June 2015

9.2 Directors and key management personal remuneration (continued)

		Short-term				Post-employment	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 and rights \$			
<b>DIRECTORS</b>										
<b>(i) Executive Directors</b>										
Mr A J Hartman	2015	314,585	131,666	53,146	499,397	-	1,674,000	2,173,397	83%	77%
<b>(ii) Non-executive Directors</b>										
Mr P Kiely	2015	35,000	-	-	35,000	3,325	-	38,325	0%	0%
Mr P Gunzburg	2015	35,000	-	-	35,000	3,325	-	38,325	0%	0%
Mr T Hnarakis (appointed 22 October 2014)	2015	27,742	-	-	27,742	2,635	227,200	257,577	88%	88%
Mr M Pitts (resigned 2 February 2015)	2015	27,500	-	-	27,500	-	-	27,500	0%	0%
Mr J Bodel (appointed 18 March 2015)	2015	11,086	-	-	11,086	1,053	-	12,139	0%	0%
Mr P Scarf*	2015	-	-	-	-	-	-	-	0%	0%
Mr X Gouyou-Beauchamps*	2015	-	-	-	-	-	-	-	0%	0%
<b>(iii) Executives</b>										
Mr M Milgrom	2015	80,979	15,856	-	96,835	-	377,788	474,623	83%	80%
Mr C Sowden	2015	166,958	-	-	166,958	23,000	-	189,958	0%	0%
<b>Total compensation: key management personnel</b>	2015	698,850	147,522	53,146	899,518	33,339	2,278,988	3,211,845		

\* Mr P Scarf and Mr X Gouyou-Beauchamps are directors of Newzulu Holdings Limited (the accounting acquirer) and they did not join the Board of Newzulu Limited after the acquisition. No remuneration was paid to them for the period of 1 July 2014 to 14 August 2014.



## NEWZULU LIMITED

## DIRECTOR'S REPORT (CONTINUED)

For the year ended 30 June 2015

## 9. Remuneration report – audited (continued)

## 9.3 Analysis of bonuses included in remuneration

Short term incentive cash bonus amounts are those earned during the current financial year and provided for in the current year's financial statements. Bonus to Mr Alex Hartman was settled in cash during the year. Bonus to Mr M Milgrom will be settled after 30 June 2015.

## 9.4 Equity instruments

All options refer to options over ordinary shares of Newzulu Limited, which are exercisable on a one-for-one basis under the Director Option plan and under the Newzulu OIP.

## 9.4.1 Rights and options over equity instruments granted as compensation

Details on rights and options over ordinary shares in the Company that were granted as compensation to each key management person during the reporting period and details on options that vested during the reporting period are as follows:

Options	Options granted during 2015		Fair value per option at grant date	Exercise price per option	Expiry date	Number of options vested during 2015
	Number	Grant date				
Alex Hartman	20,000,000	13 Aug 2014	\$0.0837	\$0.10	30 June 2017	20,000,000
Theo Hnarakis	2,000,000	27 Nov 2014	\$0.1136	\$0.20	31 Oct 2017	2,000,000
Marc Milgrom	5,000,000	10 Feb 2015	\$0.0746	\$0.20	9 Feb 2018	5,000,000

Rights	Number of rights granted during 2015		Vesting condition	Grant date	Fair value at grant date	Expiry date
Marc Milgrom	250,000		Continuing employment	10 Feb 2015	\$0.10	10 Feb 2017

All rights expire on earlier of their expiry date or termination of the individual's employment.

## 9.4.2 Exercise of options granted as compensation

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

## 9.4.3 Vesting profile of rights and options granted as compensation

Details of vesting profile of the rights and options held by each key management personnel of the Group are detailed below.

	Instrument		Grant date	% vested in year	% forfeited in year	Financial years in which grant vests
Alex Hartman	Options	20,000,000	13 Aug 2014	100%	-	2015
Theo Hnarakis	Options	2,000,000	27 Nov 2014	100%	-	2015
Peter Gunzburg	Options	2,000,000	13 Aug 2014	100%	-	2015
	Options	100,000	27 Nov 2010	-	-	2013-2015
Marc Milgrom	Options	5,000,000	10 Feb 2015	100%	-	2015
	Rights	250,000	10 Feb 2015	-	-	2017
Marc Pitts*	Options	24,999	8 July 2010	-	-	2013-2015

\* Options held by Mark Pitts expired on 8 July 2015.

## NEWZULU LIMITED

## DIRECTOR'S REPORT (CONTINUED)

For the year ended 30 June 2015

9.4.4 Analysis of movements in rights and options

27,000,000 options with a fair value of \$2,274,200 were granted as compensation to directors and management during the year. No options were exercised during the year and 100,000 options (granted on 27 November 2009) expired during the year.

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

	Held at 1 July 2014	Held at the date of reverse acquisition	Granted as compensa- tion	Expired	Held at date of resignation	Held at 30 June 2015	Vested during the year	Vested and exercisable at 30 June 2015
<b>Options</b>								
Alex Hartman	-	-	20,000,000	-	N/A	20,000,000	20,000,000	20,000,000
Peter Gunzburg	-	2,100,000	-	(100,000)	N/A	2,000,000	2,000,000	2,000,000
Theo Hnarakis	-	-	2,000,000	-	N/A	2,000,000	2,000,000	2,000,000
Mark Pitts	-	24,999	-	-	24,999	N/A	-	24,999
Marc Milgrom	-	-	5,000,000	-	N/A	5,000,000	5,000,000	5,000,000
<b>Rights</b>								
Marc Milgrom	-	-	250,000	-	N/A	250,000	-	-

9.4.5 Loans and other transactions with key management personnel and their related parties

Details regarding the aggregate of all loans made or received by any entity in the Group to / from KMP and their related parties, and the number of individuals in each group as at 30 June 2015, are as follows:

	Opening balance	Closing balance	Number in group at 30 June
Total loans granted to KMP and their related parties	\$37,902	\$3,418	1
Total loans received from Alex Hartman, Peter Scarf and their related parties (all loans are interest free and payable on demand or until 31 December 2015)	(\$1,157,593)	(\$781)	2

During the year, net amount of \$733,590 of loans from Alex Hartman and his related parties were forgiven to the Group.

9.4.6 Analysis of movements in shares

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

	Held at 1 July 2014	Held at date of appointment	Purchases	Sales	Other Changes	Held at date of resignation	Held at 30 June 2015
Alex Hartman	-	91,261,225	-	-	-	N/A	91,261,225
Philip Kiely	-	4,450,870	1,000,000	-	-	N/A	5,450,870
Peter Gunzburg	10,804,407	-	-	-	-	N/A	10,804,407
Theo Hnarakis	-	-	2,000,000	-	-	N/A	2,000,000
James Bodel	-	1,000,000	-	-	-	N/A	1,000,000
Mark Pitts	150,000	-	-	-	-	150,000	N/A
	10,954,407	206,782,231	3,000,000	-	-	150,000	220,586,638

## NEWZULU LIMITED

**DIRECTOR'S REPORT (CONTINUED)**

For the year ended 30 June 2015

**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	91,261,225	20,000,000
Peter L Gunzburg	10,804,407	2,000,000
Philip Kiely	5,450,870	-
Theo Hnarakis	2,000,000	2,000,000
James Bodel	1,000,000	-

**11. Share options**Options granted to directors and officers of the Company

Other than the options granted to Directors and Executives detailed in section 9.4.1 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.

Unissued shares under options

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

Options	Expiry date	Exercise price	Number of options
Options held by financial adviser	30 November 2015	\$0.90	666,666
Options to directors	30 June 2017	\$0.10	24,000,000
Options to former directors	30 June 2017	\$0.10	500,000
Options to directors	31 October 2017	\$0.20	2,000,000
Options to lenders	9 February 2018	\$0.20	5,500,000
Options to executives	9 February 2018	\$0.20	5,000,000
			<b>37,666,666</b>

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. Environmental Regulation**

It is the Group's policy to comply with all environmental regulations applicable to it. The Company confirms, for the purposes of section 299(1)(f) of the Corporations Act 2001 that it is not aware of any breaches by the Group of any environmental regulations under the laws of the Commonwealth of Australia, or of a State or Territory of Australia.

**13. Proceedings on Behalf of the Group**

There are no proceedings on behalf of the Group under Section 237 of the Corporations Act 2001 in the financial year or at the date of the report.

**14. Indemnification and insurance of officers**Indemnification

The Company has agreed to indemnify the current directors of the Company Mr Alex Hartman, Mr Peter Gunzburg, Mr Theo Hnarakis, Mr Philip Kiely, Mr James Bodel 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.

## NEWZULU LIMITED

**DIRECTOR'S REPORT (CONTINUED)**

For the year ended 30 June 2015

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.

**15. Non-audit services**

During the year KPMG and BDO Canada LLP (for certain subsidiaries), the Company's auditors, have performed certain other services in addition to their statutory duties.

The board has considered the non-audit services provided during the year by the auditor and is satisfied that the provision of those non-audit services during the year by the auditor is compatible with, and did not compromise, the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services were subject to the corporate governance procedures adopted by the Company and have been reviewed by the Audit and Compliance Committee to ensure they do not impact the integrity and objectivity of the auditor; and
- the non-audit services provided do not undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants*, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision making capacity for the Company, acting as an advocate for the Company or jointly sharing risks and rewards.

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

	2015 \$	2014 \$
<b>Audit services:</b>		
Auditors for the Company - KPMG		
Audit and review of financial reports	211,439	55,658
Other auditors - BDO Canada LLP		
Audit and review of financial reports of subsidiaries	47,569	-
	<u>259,008</u>	<u>55,658</u>
<b>Other services:</b>		
Auditors of the Company - KPMG		
Taxation services	7,250	-
Other auditors - BDO Canada LLP		
Due diligence services	201,828	-
	<u>209,078</u>	<u>-</u>

**16. Lead auditor's independence declaration**

The Lead auditor's independence declaration is set out on page 57 and forms part of the directors' report for financial year ended 30 June 2015.

This report is made with a resolution of the directors:



Alex J Hartman  
Executive Chairman

Dated at Perth this 30<sup>th</sup> day of September 2015.

## NEWZULU LIMITED

# Consolidated statement of profit or loss and other comprehensive income

For the year ended 30 June 2015

<i>In AUD</i>	<b>Note</b>	<b>2015</b>	<b>2014</b>
Revenue	6	1,465,868	653,110
Other income	7	45,609	-
Impairment of goodwill	13	(15,746,707)	-
Employee benefit expenses	9	(7,794,345)	(674,192)
Consultants		(1,057,742)	(651)
Rent		(722,364)	(175,980)
Depreciation and amortisation		(567,666)	853
Impairment of related party loans	8	(62,678)	(98,341)
Other expenses		(4,433,147)	(858,809)
Results from operating activities		(28,873,172)	(1,154,010)
Financial income		642,138	6,324
Financial expenses		(173,852)	(21,709)
Net financing income/(costs)	10	468,286	(15,385)
Loss before income tax		(28,404,886)	(1,169,395)
Income tax benefit	11	92,458	-
<b>Loss after income tax attributable to Owners of the Company</b>		<b>(28,312,428)</b>	<b>(1,169,395)</b>
<b>Other comprehensive income</b>			
<b>Items that may be reclassified subsequently to profit or loss:</b>			
Foreign currency translation differences for foreign operations		(222,137)	17,066
<b>Total comprehensive loss attributable to Owners of the Company</b>		<b>(28,534,565)</b>	<b>(1,152,329)</b>
Earnings per share for loss attributable to the ordinary equity holders of the Company:			
Basic and diluted loss per share (cents)	19	(7.2)	(0.7)

As set out in note 3(a) to the Financial Statements, as a result of the reverse acquisition of Newzulu Limited by Newzulu Holdings Limited and its controlled entities, the comparative information for 2014 represents results of Newzulu Holdings Limited only for the period 25 June 2013 (date of incorporation) to 30 June 2014. The consolidated statement of profit and loss and other comprehensive income for the year ended 30 June 2015 represents the results of Newzulu Holdings Limited only for the period from 1 July 2014 to 13 August 2014 and the consolidated results for Newzulu Holding Limited and Newzulu Limited for the period from 14 August 2014 to 30 June 2015.

The notes on pages 22 to 53 are an integral part of these financial statements



Newzulu Limited

# Consolidated statement of financial position

For the year ended 30 June 2015

<i>In AUD</i>	<i>Note</i>	<b>2015</b>	<b>2014</b>
<b>Assets</b>			
Cash and cash equivalents	16a	3,715,805	75,037
Restricted cash	17	119,532	-
Trade and other receivables	15	1,129,806	198,499
Other current assets		271,202	110,927
<b>Total current assets</b>		<b>5,236,345</b>	<b>384,463</b>
Intangible assets	13	4,942,865	771,788
Goodwill	13	3,414,104	222,033
Property, plant and equipment	12	819,891	8,275
Other non-current assets		127,518	-
<b>Total non-current assets</b>		<b>9,304,378</b>	<b>1,002,096</b>
<b>Total assets</b>		<b>14,540,723</b>	<b>1,386,559</b>
<b>Liabilities</b>			
Trade and other payables	23	1,118,550	893,710
Loans and borrowings from related parties	20	619,110	820,770
Employee benefits	21	609,010	239,324
Other current liabilities		362,907	-
<b>Total current liabilities</b>		<b>2,709,577</b>	<b>1,953,804</b>
Loans and borrowings	20	-	336,823
Deferred tax liabilities	14	829,612	162,075
Employee benefits	21	38,295	-
Other non-current liabilities		47,728	-
<b>Total non-current liabilities</b>		<b>915,635</b>	<b>498,898</b>
<b>Total liabilities</b>		<b>3,625,212</b>	<b>2,452,702</b>
<b>Net assets/(deficiency)</b>		<b>10,915,511</b>	<b>(1,066,143)</b>
<b>Equity</b>			
Share capital		37,403,629	181
Reserves		2,993,704	103,070
Accumulated losses		(29,481,822)	(1,169,394)
<b>Total equity</b>		<b>10,915,511</b>	<b>(1,066,143)</b>

As set out in note 3(a) to the Financial Statements, as a result of the reverse acquisition of Newzulu Limited by Newzulu Holdings Limited and its controlled entities, the consolidated statement of financial position as at 30 June 2014 reflects the balances of Newzulu Holdings Limited only, while the consolidated statement of financial position as at 30 June 2015 reflects the balances of post-acquisition consolidated Group, including Newzulu Limited and Newzulu Holdings Limited.

The notes on pages 22 to 53 are an integral part of these financial statements.

## Newzulu Limited

**Consolidated statement of changes in equity**

For the year ended 30 June 2015

		<b>Attributable to shareholders of the Company</b>					
<i>In AUD</i>	<b>Note</b>	Share capital	Share option reserve	Translation reserve	Other equity contributions	Accumulated losses	Total equity
Balance at 25 June 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	18	-	-	-	23,088	-	23,088
Fair value gains recognised directly in equity	18	-	-	-	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)
<i>In AUD</i>		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 income for the period							
Loss for the period		-	-	-	-	(28,312,428)	(28,312,428)
<i>Other comprehensive income</i>							
Foreign currency translation differences		-	-	(222,137)	-	-	(222,137)
Total comprehensive income for the period		-	-	(222,137)	-	(28,312,428)	(28,534,565)
Transactions with Owners, recorded directly in equity							
Consideration for business acquisition	28a	19,165,897	-	-	-	-	19,165,897
Share based payments, net of issue costs	18	813,067	-	-	-	-	813,067
Issue of options to directors	22	-	1,901,200	-	-	-	1,901,200
Issue of options and performance rights to executives	22	-	383,534	-	-	-	383,534
Shares issued		14,103,804	-	-	-	-	14,103,804
Share issuance costs		(1,379,320)	-	-	-	-	(1,379,320)
Loans converted to shares, net of costs	18	4,700,000	-	-	-	-	4,700,000
Fair value gains recognised directly in equity	18	-	-	-	59,397	-	59,397
Contributions to equity	18	-	-	-	768,640	-	768,640
Total transactions with Owners		37,403,448	2,284,734	-	828,037	-	40,516,219
Balance at 30 June 2015		37,403,629	2,284,734	(205,071)	914,041	(29,481,822)	10,915,511

As set out in note 3(a) to the Financial Statements, as a result of the reverse acquisition of Newzulu Limited by Newzulu Holdings Limited and its controlled entities, the comparative information for 2014 represents results of Newzulu Holdings Limited only for the period 25 June 2013 (date of incorporation) to 30 June 2014. The consolidated statement of changes in equity for the year ended 30 June 2015 represents the results of Newzulu Holdings Limited only for the period from 1 July 2014 to 13 August 2014 and the consolidated results for Newzulu Holding Limited and Newzulu Limited for the period from 14 August 2014 to 30 June 2015.

The notes on pages 22 to 53 are an integral part of these financial statements.

Newzulu Limited

# Consolidated statement of cash flows

For the year ended 30 June 2015

In AUD	Note	2015	2014
<b>Cash flows from operating activities</b>			
Cash receipts from customers		1,436,511	697,207
Cash paid to suppliers and employees		(11,501,744)	(1,396,523)
Interest received		21,832	6,324
Interest paid		(1,051)	(5,176)
<b>Net cash used in operating activities</b>	16b	(10,044,452)	(698,168)
<b>Cash flows from investing activities</b>			
Acquisition of subsidiary	28b	(5,148,800)	-
Payments for property, plant and equipment		(907,219)	(10,489)
Payments for intangible assets		(1,535,311)	-
Cash acquired on acquisition of subsidiary		3,369,471	83,950
Loans advanced		(53,656)	(120,573)
<b>Net cash used in investing activities</b>		(4,275,515)	(47,112)
<b>Cash flows from financing activities</b>			
Proceeds from share issues	18	14,103,804	-
Share issuance costs		(1,379,320)	-
Proceeds from loans ultimately converted to shares		4,700,000	-
Proceeds from borrowings		694,392	820,317
Repayments of borrowings		(177,760)	-
<b>Net cash provided by financing activities</b>		17,941,116	820,317
Net increase in cash and cash equivalents		3,621,149	75,037
Cash and cash equivalents at 1 July		75,037	-
Effect of exchange rate fluctuations and cash held		19,619	-
<b>Cash and cash equivalents at 30 June</b>	16a	<b>3,715,805</b>	<b>75,037</b>

As set out in note 3(a) to the Financial Statements, as a result of the reverse acquisition of Newzulu Limited by Newzulu Holdings Limited and its controlled entities, the comparative information for 2014 represents results of Newzulu Holdings Limited only for the period 25 June 2013 (date of incorporation) to 30 June 2014. The consolidated statement of cash flow for the year ended 30 June 2015 represents the results of Newzulu Holdings Limited only for the period from 1 July 2014 to 13 August 2014 and the consolidated results for Newzulu Holding Limited and Newzulu Limited for the period from 14 August 2014 to 30 June 2015.

The notes on pages 22 to 53 are an integral part of these financial statements.

# Notes to the consolidated financial statements

For the year ended 30 June 2015

## 1. Entity

Newzulu Limited (the "Company") is a for-profit entity domiciled in Australia. The Company's registered office is at Level 1, 1139 Hay Street, West Perth, WA, 6005. These consolidated financial statements comprise the Company and its subsidiaries (collectively 'the Group' and individually 'Group companies'). The Group is primarily involved in the provision of crowd sourced news services.

## 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 30 September 2015.

### (b) Basis of measurement

The financial report is prepared on the historical cost basis.

### (c) Functional and presentation currency

These financial statements are presented in Australian dollars, which is the Group's functional currency. All amounts have been rounded to the nearest dollar, unless otherwise stated. The functional currencies of the Group's major subsidiaries are Euro, British pound, Canadian dollar and United States dollar.

### (d) Going concern basis

For the year ended 30 June 2015, the Group incurred a loss after tax of \$28,312,428 (2014: \$1,169,394), including impairment of goodwill of \$15,746,707 (2014: nil). During the year ended 30 June 2015, the Group used cash of \$10,044,452 in its operations (2014: \$698,169). The Group 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 Group remains in the formative development and expansion phase of its operations and accordingly there is significant uncertainty around, in particular, revenue generation (i.e. market acceptance and take up of product offerings and services).

These financial statements for the year ended 30 June 2015 have been prepared on the basis that the Group are 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;
- 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.

# Notes to the consolidated financial statements

For the year ended 30 June 2015

## (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 13 – Impairment of intangible assets
- Note 22 – Fair value of share-based payments
- Note 28 – Fair value of identifiable net assets in business combinations

## 3. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

### (a) Reverse Acquisition Accounting

On 14 August 2014, Newzulu Limited (previously PieNetworks Limited) completed an acquisition of Newzulu Holdings Limited (previously Newzulu Limited). In accordance with the accounting standards, this acquisition has been treated as a reverse acquisition business combination for accounting purposes.

The impacts of all transactions between the entities in the Group were eliminated in full.

AASB 3 Business Combinations requires that consolidated financial statements prepared following a reverse acquisition be issued under the name of the legal parent (Newzulu Limited), but be a continuation of the financial statements of the legal subsidiary (Newzulu Holdings Limited). The impact on each of the primary financial statements is as follows:

#### (i) Statement of financial position

The consolidated statement of financial position as at 30 June 2015 represents the consolidated financial position of Newzulu Limited and all controlled entities.

#### (ii) Statement of profit or loss and other comprehensive income

The consolidated statement of profit or loss and other comprehensive income for the period ended 30 June 2015 includes the results of Newzulu Holdings Limited for the full period and Newzulu Limited from the date of acquisition (14 August 2014) to 30 June 2015.

#### (iii) Statement of changes in equity

The comprehensive income for the period ended 30 June 2015 includes the results of Newzulu Holdings Limited for the full period and Newzulu Limited from the date of acquisition (14 August 2014) to 30 June 2015.

#### (iv) Statement of cash flows

Cash flows for the period to 30 June 2015 includes those of Newzulu Holdings Limited for the full period and those of Newzulu Limited from the date of acquisition (14 August 2014) to 30 June 2015.



# Notes to the consolidated financial statements

For the year ended 30 June 2015

## (b) Basis of consolidation

### (i) Business combinations

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment or half-yearly if there are indicators of possible impairment since the last test date. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

If share-based payment awards (replacement awards) are required to be exchanged for awards held by the acquiree's employees (acquiree's awards), then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market-based measure of the replacement awards compared with the market-based measure of the acquiree's awards and the extent to which the replacement awards relate to pre-combination service.

Where a business combination relates to commonly controlled entities, the Group accounts for such combinations using book value accounting.

### (ii) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

### (iii) Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related non-controlling interests and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

### (iv) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated.

### (v) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group 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.

### (vi) 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

# Notes to the consolidated financial statements

For the year ended 30 June 2015

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.

## (c) 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 Group becomes a party to the contractual provisions of the instrument.

The Group 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 Group 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 Group 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 Group 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.

## (d) 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.

# Notes to the consolidated financial statements

For the year ended 30 June 2015

## (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:

- Computer hardware            3 years
- Equipment and fittings       5 years

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

## (e) Intangible assets

### (i) Goodwill

Goodwill arising on the acquisition of subsidiaries is measured at cost less accumulated impairment losses.

### (ii) 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)).

### (iii) Other intangible assets

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

### (iv) 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.

### (v) 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:

- Trademarks                      20 years
- Domain names                  5 years
- External software              2.5 years
- Internally developed software 4 years
- Client relationships           4 years

### (f) Leased assets

Leases in terms of which the Group 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.

# Notes to the consolidated financial statements

For the year ended 30 June 2015

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

## Determining whether an arrangement contains a lease

At inception of an arrangement, the Group 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 Group 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 Group's incremental borrowing rate.

## (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 Group on terms that the Group 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 Group 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.

### (ii) Non-financial assets

The carrying amounts of the Group's non-financial assets 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.

# Notes to the consolidated financial statements

For the year ended 30 June 2015

## (ii) Long-term service benefits

The Group'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 used was based on high quality corporate bond rates. 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.

## (v) Termination benefits

Termination benefits are recognised as an expense when the Group 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 Group 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 Group 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 Group 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 Group recognises any impairment loss on assets associated with that contract.

## (j) Revenue

Revenue represents the fair value of consideration received or receivable from customers for goods and services provided by the Group under contract, net of discounts or sales taxes. The Group receives revenue from the sale of photos and videos, the licencing of software applications and the sale of crowd sourced storytelling content.

Revenues from the sale of photos and videos are recognised at the time the photos and videos are provided to the customers. Revenues from licence fees and fees for services provided at the start of the contract are recognised on a straight-line basis over the life of the initial contract period. The timing of revenue recognition may differ from the contractual invoicing arrangements in place with the customer. Amounts invoiced but not yet earned are reported within deferred income.

Revenue from the sales of storytelling content services are recognised 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.



# Notes to the consolidated financial statements

For the year ended 30 June 2015

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.

## (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 Group that engages in business activities from which it may earn revenues and incur expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed by the Managing Director (MD) 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 MD 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 Group'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.

## (n) Earnings per share

The Group 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 Group 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 (and Value added 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.

# Notes to the consolidated financial statements

For the year ended 30 June 2015

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.**

## (r) New standards and interpretations not yet adopted

The following new standards are not yet effective for the year ended 30 June 2015, may impact the Group, and have not been applied in preparing these financial statements:

AASB 9 Financial Instruments includes requirements for the classification and measurement of financial assets resulting from the first part of Phase 1 of the project to replace AASB 139 Financial Instruments: Recognition and Measurement. AASB 9 will become mandatory for the Group's 30 June 2019 financial statements. Retrospective application is generally required, although there are exceptions. The Group has not yet determined the potential effect of the standard.

AASB 15 Revenue from Contracts with Customers contains a single model that applies to contracts with customers and two approaches to recognising revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognised. AASB 15 will become mandatory for the Group's 30 June 2018 financial statements. Choice of retrospective application, or as of the application date using the "cumulative effect approach" is required. The Group has not yet determined the potential effect of the 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 values of employee share options are measured using a Binomial or Black Scholes 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.

# Notes to the consolidated financial statements

For the year ended 30 June 2015

## 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.

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 9% (2014: 15%) of the Company's revenue is attributable to sales transactions with its largest customer.

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.

# Notes to the consolidated financial statements

For the year ended 30 June 2015

## Currency risk

The Company is exposed to currency risk on transactions with its foreign subsidiaries and with foreign suppliers that are denominated in a currency other than the respective functional currency of the Company, being the Australian dollar (AUD). Such transactions are predominantly denominated in EUR (Euro), CAD (Canadian Dollar), USD (United States Dollar) and GBP (Great Britain Pound).

## 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).

## 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 product development 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 subsidiaries are subject to externally imposed capital requirements.

## 6. Revenue

<i>In AUD</i>	2015	2014
Sales	1,437,845	631,393
Services	28,023	21,717
Total revenues	1,465,868	653,110

## 7. Other income

<i>In AUD</i>	2015	2014
Loans from related parties forgiven (see Note 18)	27,628	-
Government research grant	17,981	-
	45,609	-

## 8. Impairment of related party loans

<i>In AUD</i>	2015	2014
Related party loan impairment	-	98,341
Loans to related parties forgiven (see Note 18)	62,678	-
	62,678	98,341

## 9. Employee benefit expenses

<i>In AUD</i>	Note	2015	2014
Wages and salaries		3,505,510	449,318
Salaries paid through service agreements		852,486	-
Other associated personnel expenses		539,579	-
Social security contributions		464,644	192,630
Contributions to superannuation funds		89,942	1,662
Increase in liability for annual leave		52,012	30,582
Increase in liability for long service leave		5,438	-
Equity-settled share based payment transactions	22	2,284,734	-
		7,794,345	674,192

# Notes to the consolidated financial statements

For the year ended 30 June 2015

## 10. Finance income and expense

<i>In AUD</i>	2015	2014
Interest income	21,832	6,324
Net foreign exchange gain	620,306	-
Financial income	642,138	6,324
Unwind of discount on loan	(112,001)	-
Interest expense	(1,051)	(5,176)
Net foreign exchange loss	(60,800)	(16,533)
Financial expenses	(173,852)	(21,709)
Net finance income	468,286	(15,385)

## 11. Income tax benefit

### (a) Income tax benefit

<i>In AUD</i>	2015	2014
Current tax	-	-
Deferred tax	92,458	-
	92,458	-

### (b) Numerical reconciliation between tax benefit and pre-tax net profit

<i>In AUD</i>	2015	2014
Loss for the period	(28,404,886)	(1,169,394)
Income tax using the domestic corporation tax rate of 30% (2014: 30%)	(8,521,466)	(350,818)
Effect of tax rates in foreign jurisdictions	128,719	(20,402)
Increase in income tax expense due to:		
Non-deductible expenses	5,034,079	43,999
Tax losses and movements in deferred taxes not recognised	3,266,210	327,221
Income tax benefit	92,458	-

## 12. Property, plant and equipment

<i>In AUD</i>	Computer hardware and Equipment and Fittings
<b>Cost</b>	
Balance at 25 June 2013	-
Additions	9,128
Balance at 30 June 2014	9,128
Balance at 1 July 2014	9,128
Acquisitions through business combinations	18,757
Additions	908,356
Disposals	(50)
Effect of movements in exchange rates	49,005
Balance at 30 June 2015	985,195

# Notes to the consolidated financial statements

For the year ended 30 June 2015

## Accumulated depreciation

Balance at 25 June 2013	-
Depreciation charge for the year	853
Balance at 30 June 2014	853
Balance at 1 July 2014	853
Depreciation charge for the year	155,433
Movements in exchange rates	(49)
Movements in exchange rates	9,067
Balance at 30 June 2015	165,304

## Carrying amounts

At 30 June 2014	8,275
At 30 June 2015	819,891

## Leased office equipment

The Company leases office equipment under a finance lease agreement. At the end of the lease, the Company has the option to purchase the equipment at a beneficial price. At 30 June 2015, the net carrying amount of leased equipment was \$1,137 (2014: Nil). The leased equipment secures the lease obligations (see note 24).

## 13. Intangible assets and Goodwill

Cost	Goodwill	Trade marks, domain names, software, customer relationships	Total
Balance at 25 June 2013	-	-	-
Acquisitions through business combinations	222,032	771,788	993,820
Balance as at 30 June 2014	222,032	771,788	993,820
Balance as at 1 July 2014	222,032	771,788	993,820
Acquisitions through business combinations	18,828,166	2,728,864	21,557,030
Additions	-	968,595	968,595
Additions - internally developed	-	566,716	566,716
Effect of exchange rates	110,613	339,728	450,341
Balance at 30 June 2015	19,160,811	5,375,691	24,536,502
<b>Accumulated amortisation &amp; impairment losses</b>			
Balance at 25 June 2013	-	-	-
Balance as at 30 June 2014	-	-	-
Balance as at 1 July 2014	-	-	-
Amortisation	-	412,233	412,233
Impairment loss	15,746,707	-	15,746,707
Effect of exchange rates	-	20,593	20,593
Balance at 30 June 2015	15,746,707	432,826	16,179,533
<b>Carrying amounts</b>			
At 30 June 2014	222,032	771,788	993,821
At 30 June 2015	3,414,104	4,942,865	8,356,969

# Notes to the consolidated financial statements

For the year ended 30 June 2015

Goodwill is allocated to the Group's cash generating units (CGU's) identified according to the appropriate operating segment. Allocation is made within the individual operating subsidiaries of the Group.

A segment level summary of the goodwill allocation is presented below.

	Australia	United Kingdom	Canada	Total
Balance at 30 June 2014	-	222,032	-	222,032
Cost	15,746,707	222,032	3,081,459	19,160,811
Impairment	(15,746,707)	-	-	(15,746,707)
Balance at 30 June 2015	-	222,032	3,081,459	3,414,104

## (a) Australia goodwill

In December 2015, following a strategic review of the Kiosks CGU acquired through the acquisition of Newzulu Limited (previously PieNetworks Limited), the Company assessed that the carrying amount of the CGU was higher than its recoverable amount of nil and an impairment loss of \$15,746,707 was recognised (2014: Nil). The impairment loss was allocated fully to goodwill, reducing goodwill in the Kiosk CGU to Nil.

## (b) United Kingdom goodwill

The recoverable amount of goodwill has been determined by a value-in-use calculation using a discounted cash flow model, based on a five year projection period approved by management.

For the five years forecast from July 2015 forwards, the United Kingdom segment has revenue growth assumptions per annum of up to 1600% in the first year, 141% in the second year and an average growth rate of between 25% and 30% in the last three years. This high initial growth rate is due to the low starting revenue base in the current financial year and the initial stage of development of this market and the products sold into it. The average growth of total costs per annum ranges between 14% and 30%. A discount rate of 13.7% was used for the discounted cash flow.

Based on the impairment analysis performed the carrying amount of CGU was determined to be lower than its recoverable amount and as a result no impairment was recognised.

## (c) Canada goodwill

The recoverable amount of goodwill has been determined by a value-in-use calculation using a discounted cash flow model, based on a five year projection period approved by management.

The Canadian CGU has an average revenue growth assumption per annum range of between 17% and 33% due to the early stage of development of this market and the products sold into it. The average growth of total costs per annum ranges between 1% and 12%. A discount rate of 13.7% was used for the discounted cash flow.

Based on the impairment analysis performed the carrying amount of CGU was determined to be lower than its recoverable amount and as a result no impairment was recognised.



# Notes to the consolidated financial statements

For the year ended 30 June 2015

## 14. Tax assets and liabilities

### (a) Unrecognised deferred tax assets

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

In AUD	2015	2014
Deductible temporary differences	295,455	4,890
Tax losses	3,378,654	322,331
	<b>3,674,109</b>	<b>327,221</b>

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 therefrom.

### (b) Movement in deferred tax balances

Deferred tax liabilities relating to intangible assets.

In AUD	2015	2014
Balance at start of year	162,075	-
Acquired through business combinations	723,149	162,075
Amortisation of intangibles	(92,458)	-
Effect of foreign exchange	36,846	-
Balance at end of year	<b>829,612</b>	<b>162,075</b>

## 15. Trade and other receivables

In AUD	2015	2014
<b>Current</b>		
Trade receivables	673,096	52,798
GST and other tax receivables	454,761	145,701
Other receivables	1,949	-
	<b>1,129,806</b>	<b>198,499</b>

Trade and other receivables are recorded net of an impairment provision of \$46,190 (2014: Nil).

## 16a. Cash and cash equivalents

In AUD	2015	2014
Bank balances	1,308,111	75,037
Call deposits	2,407,694	-
Total Cash and cash equivalents in the statement of cash flows	<b>3,715,805</b>	<b>75,037</b>

The effective interest rate on call deposits was 2.1% (2014: 2.34%)

# Notes to the consolidated financial statements

For the year ended 30 June 2015

## 16b. Reconciliation of cash flows from operating activities

<i>In AUD</i>	<i>Note</i>	<b>2015</b>	<b>2014</b>
<b>Cash flows from operating activities</b>			
Loss for the period		(28,312,428)	(1,169,394)
<i>Adjustments for:</i>			
Income tax benefit	11	(92,458)	-
Depreciation	12	155,433	853
Amortisation	13	412,233	-
Interest income		-	(6,324)
Unwind of discount on loan	10	112,001	5,176
Impairment of plant and equipment		-	3,174
Non-cash revenue		-	(99,763)
Impairment and forgiveness of related parties loans		36,790	98,341
Impairment of goodwill	13	15,746,707	-
Bad debt expense		46,190	-
Unrealised foreign exchange gains		(673,802)	33,599
Equity granted to directors and management	22	2,284,734	-
Equity-settled share-based payment expense	22	813,067	-
<b>Operating loss before changes in Working capital and provisions</b>		<b>(9,471,533)</b>	<b>(1,134,338)</b>
Change in trade and other receivables		(133,562)	(140,172)
Change in other assets		(264,352)	(73,023)
Change in trade and other payables		(393,620)	649,365
Change in other liabilities		165,273	-
Change in other provisions		53,342	-
<b>Net cash (used in) operating activities</b>		<b>(10,044,452)</b>	<b>(698,168)</b>

## 17. Restricted cash

<i>In AUD</i>	<b>2015</b>	<b>2014</b>
<b>Current assets</b>		
Restricted cash deposits	119,532	-
Total current restricted cash	119,532	-

Restricted term deposits of \$119,532 (2014: Nil) are being held by ASB Bank New Zealand Ltd as security for bank guarantees of NZ\$135,000 (2014: Nil) in favour of Westfield New Zealand Ltd and AMP Capital Property Portfolio Ltd, respectively. The effective interest rate on those deposits was 3.65% (2014: N/A)

# Notes to the consolidated financial statements

For the year ended 30 June 2015

## 18. Capital and reserves

### Share capital

	2015	2014
	No.	No.
On issue at 1 July	78,327,142	63,443,917
Shares issued for cash (pre-reverse acquisition)	75,000,000	2,500,000
On issue at 14 August 2014 (date of reverse acquisition)	153,327,142	-
Shares issued to acquire Newzulu Holdings Limited	178,230,977	-
Share based payments	9,409,777	-
Loans converted to shares	50,000,000	-
Issued for cash	141,038,040	12,383,225
On issue at 30 June – fully paid	532,005,936	78,327,142

The 78,327,142 opening balance shares were those issued to Newzulu Limited shareholders. On 12 August 2014 (pre-reverse acquisition), the Company completed a capital raising in the amount of \$3,000,000, issuing 75,000,000 shares at an issue price of \$0.04 per share.

On 14 August 2014, the Company issued 178,230,977 shares in consideration for the acquisition of Newzulu Holdings Limited. The acquisition was treated on an accounting basis as a reverse acquisition (refer to note 3a).

On 15 August 2014, the Company issued 5,838,318 shares (\$813,067 net of insurance costs) for advisory services in connection with the acquisition of Newzulu Holdings Limited.

On 8 October 2014 and 30 December 2014, Blueroom Capital Pty Ltd advanced loans totalling \$5,000,000 to the Company. The loans have been accounted for as other equity, net of equity raising costs of \$300,000. On 9 February 2015, the Group announced that it had converted the loans to equity via the issue of 53,571,429 shares and 5,500,000 options exercisable at \$0.20 each on or before 9 February 2018.

On 1 February 2015, the Company completed a capital raising in the amount of \$11,500,000, issuing 115,000,000 shares at an issue price of \$0.10 per share.

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.

The Company does not have authorised capital or par value in respect of its issued shares. Holders of these shares are entitled to dividends as declared from time to time. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

### Other Equity Contributions

Other equity contributions include:

- the differences between the value of consideration provided and the nominal value of shares acquired in commonly controlled acquisition transactions (2014: \$23,088);
- the difference between loan amount received from the shareholder and its fair value in the amount of \$59,397 (2014: \$62,916) (calculated with the reference to current market rate prevailing on similar instruments), which is treated as an equity contribution to the Group, which represents a further investment by the shareholder;
- forgiveness of loans to and from Alex Hartman and his related parties in advance of business combination of the Company and Newzulu Holdings Limited, recorded as equity contribution in the amount of \$768,640 (2014: nil), recorded as expense of \$62,678 (see Note 8) and as income of \$27,628 (see Note 7).

### Share options reserve

The share option reserve comprises the cumulative fair value of vested and vesting options provided as compensation by the Company. Refer to note 22.

# Notes to the consolidated financial statements

For the year ended 30 June 2015

## 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 and diluted loss per share

The calculation of basic and diluted loss per share at 30 June 2015 was based on the loss attributable to ordinary shareholders of \$28,312,428 (2014: \$1,169,395) and a weighted average number of ordinary shares outstanding of 391,266,190 (2014: 178,230,977), calculated as follows:

	2015	2014
Basic and diluted loss per share (cents)	(7.2)	(0.7)

### Weighted average number of ordinary shares

	Note	2015	2014
Issued ordinary shares at 1 July	18	178,230,977	-
Effect of shares issued		213,035,213	178,230,977
Weighted average number of ordinary shares at 30 June		391,266,190	178,230,977

On 14 August, Newzulu Holdings Limited acquired Newzulu Limited in a reverse acquisition for accounting purposes. In the period prior to the reverse acquisition, the accounting acquirer's shares are used for the EPS calculation, adjusted to be proportionate to the number of shares issued during the business combination. In the period after the reverse acquisition, the legal acquirer's shares are used for the EPS calculation.

For the 2014 comparatives and for the period 1 July 2014 to 13 August 2014, the deemed number of shares of Newzulu Holdings Limited was used. For the period from 14 August 2014 to 30 June 2015, the shares of Newzulu Limited were used.

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 2015, 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. Related Party loans and borrowings

In advance of the business combination of Newzulu Limited and Newzulu Holdings Limited that was completed on 14 August 2014, loans to and from related parties of Newzulu Holdings Limited were forgiven on 10 August, with the exception of the loan from Mr Peter Scarf.

### (a) Loans to related parties

In AUD	30 Jun 2015	30 Jun 2014
Loan to director	1,941	4,306
Loan to Matilda Media and subsidiaries	1,477	33,596
<b>Balance at end of period</b>	<b>3,418</b>	<b>37,902</b>

During the period from 14 August to 30 June 2015, the Company made loans of \$1,941 to Mr Alex Hartman, a director of Newzulu Limited, and \$1,477 to Matilda Media Pty Ltd and subsidiaries. The loans are for no fixed term and are interest free.

# Notes to the consolidated financial statements

For the year ended 30 June 2015

(b) Loans from related parties

*In AUD*

*Current*

Loans from Matilda Media Pty Ltd and subsidiaries

Loan from Mr Peter Scarf

Loans from Mr Alex Hartman

**Total current loans at end of period**

*Non-current*

Loan from Mr Peter Scarf

**Total non-current loans at end of period**

	30 Jun 2015	30 Jun 2014
	-	820,770
	618,329	-
	781	-
	<b>619,110</b>	<b>820,770</b>
	-	336,823
	<b>-</b>	<b>336,823</b>

On 10 August 2014, loans from related parties with a balance of \$820,365 were forgiven.

During the year, the Company borrowed \$406,000 from Mr Peter Scarf (2014: \$455,000). The loan is interest free and payable no later than 31 December 2015 and is secured by current and future assets of the Group. The loan was recorded at fair value, using a 20% discount rate. During the year, \$177,097 of the loan was repaid (2014: Nil).

(c) Terms and debt repayment schedule for loans from related parties

Terms and conditions of outstanding loans are as follows:

*In AUD*

				30 June 2015	
	Currency	Interest rate	Year of maturity	Face value	Carrying amount
Peter Scarf Loan	AUD	20%	2015	683,903	618,329
<b>Total loans and borrowings from related parties</b>				<b>683,903</b>	<b>618,329</b>

## 21. Employee benefits

*In AUD*

**Current**

Liability for annual leave

Social charges accrued

Bonus provision

Employee superannuation

Other liabilities

**Non-Current**

Liability for long-service leave

**Total employee benefits**

	2015	2014
	207,589	29,969
	301,834	205,145
	26,656	-
	12,069	227
	60,862	3,983
	<b>609,010</b>	<b>239,324</b>
	38,295	-
	<b>38,295</b>	<b>-</b>

(a) Defined contribution superannuation funds

The Company makes contributions to a defined contribution superannuation fund. The amount recognised as an expense was \$89,942 for the financial year ended 30 June 2015 (2014: \$1,662).

# Notes to the consolidated financial statements

For the year ended 30 June 2015

## 22. Share based payments

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

	Weighted average exercise price	Number of options	Weighted average exercise price	Number of options
	2015	2015	2014	2014
Outstanding at the beginning of the period	0.52	1,886,659	0.52	1,886,659
Expired during the period	0.33	(719,993)	-	-
Granted during the period	0.13	36,500,000	-	-
Outstanding at the end of the period	0.15	37,668,891	0.52	1,886,659
Exercisable at the end of the period	0.15	37,668,891	0.65	1,199,999

The options outstanding at 30 June 2015 have exercise prices of \$0.10, \$0.20, \$0.30 and \$0.90 and a weighted average contractual life of 2.1 years.

There were no options exercised during the financial year (2014: Nil).

### Share based costs

	Note	2015	2014
<i>In AUD</i>			
<b>Recognised in profit and loss</b>			
Share options granted to directors		1,901,200	-
Share options granted to employees		373,000	-
Performance rights granted to employees		10,534	-
Options & rights granted to directors & management	9	2,284,734	-
Shares issued to consultants		817,365	-
Total share based payments		3,102,099	-

- 1) On 11 August 2014, the Group granted 20 million incentive options to Mr Alex Hartman pursuant to the terms of the Newzulu acquisition. The fair value of options granted has been determined using the Binomial model, utilising the following assumptions:

Item	
Underlying spot share price	\$0.11
Exercise price	\$0.10
Grant date	11 August 2014
Expiration date	30 June 2017
Life of options	2.89 years
Volatility	149%
Risk free rate	2.50%
Fair value	\$0.0837

The full fair value of these options of \$1,674,000 has been recognised as share based payment expense in the statement of profit or loss and other comprehensive Income.

- 2) On 15 August 2014, the Group issued 5,838,318 ordinary shares to financial advisors as part consideration for advisory services received in relation to the Newzulu acquisition. The full fair value of these shares of \$817,365 has been recognised as share based payment expense in the statement of profit or loss and other comprehensive income, less costs of \$4,288.

# Notes to the consolidated financial statements

For the year ended 30 June 2015

- 3) On 27 November 2014, the Group granted 2 million director incentive options to Mr Theo Hnarakis. The fair value of options granted has been determined using the Binomial model, utilising the following assumptions:

Item	
Underlying spot share price	\$0.15
Exercise price	\$0.20
Grant date	27 November 2014
Expiration date	31 October 2017
Life of options	2.93 years
Volatility	149%
Risk free rate	2.50%
Fair value	\$0.1136

The full fair value of these options of \$410,300 has been recognised as share based payment expense in the statement of profit or loss and other comprehensive Income.

- 4) On 10 February 2015, the Group granted 5 million executive incentive options to Mr Marc Milgrom. The fair value of options granted has been determined using the Black Scholes model, utilising the following assumptions:

Item	
Underlying spot share price	\$0.10
Exercise price	\$0.20
Grant date	10 February 2015
Expiration date	9 February 2018
Life of options	3 years
Volatility	152%
Risk free rate	1.96%
Fair value	\$0.0746

The full fair value of these options of \$373,000 has been recognised as share based payment expense in the statement of profit or loss and other comprehensive income.

- 5) On 10 February 2015, the Group granted 550,000 executive performance rights to Messrs Marc Milgrom, Steve Hulford and David Minogue. The rights will automatically convert to shares after two years provided the executives remain employed by the Newzulu Group. The fair value of the rights granted has been determined using the Black Scholes model, utilising the following assumptions:

Item	
Underlying spot share price	\$0.10
Exercise price	\$0.00
Grant date	10 February 2015
Conversion date	10 February 2017
Life of rights	2 years
Volatility	152%
Risk free rate	2.50%



# Notes to the consolidated financial statements

For the year ended 30 June 2015

Fair value

\$0.10

The full fair value of these rights has been determined at \$55,000. The value will be recognised proportionately over the two year period. \$10,534 has been recognised in the financial year as share based payment expense in the statement of profit or loss and other comprehensive Income.

## 23. Trade and other payables

<i>In AUD</i>	<b>2015</b>	<b>2014</b>
Trade payables	758,315	802,987
Accrued expenses	360,235	90,723
Trade and other payables	1,118,550	893,710

## 24. Financial instruments

### (a) 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>	<b>Note</b>	<b>Carrying amount</b>	
		<b>2015</b>	<b>2014</b>
Trade and other receivables	15	675,045	198,499
Cash and cash equivalents	16	3,715,805	75,037
Restricted cash	17	119,532	-
Related party loans	20	3,418	37,902
		4,513,800	311,439

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

<i>In AUD</i>	<b>Carrying amount</b>	
	<b>2015</b>	<b>2014</b>
Australia	9,166	36,029
New Zealand	21,238	-
France	152,133	131,247
United Kingdom	10,384	31,155
Canada	482,124	55
	675,045	198,499

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>	<b>Carrying amount</b>	
	<b>2015</b>	<b>2014</b>
Wholesale customers	673,096	10,345
Other receivables	1,949	-
	675,045	10,345

### Impairment losses

\$417,599 of the Company's trade receivables (gross) are past due (2014: \$17,072). The aging of the Company's trade receivables at the reporting date was:

<i>In AUD</i>	<b>Gross 2015</b>	<b>Impairment 2015</b>	<b>Gross 2014</b>	<b>Impairment 2014</b>
Not past due	301,687	-	35,726	-
Past due 0-30 days	62,320	-	16,874	-
Past due 31-90 days	355,279	46,190	198	-
	719,286	46,190	52,798	-

# Notes to the consolidated financial statements

For the year ended 30 June 2015

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

<i>In AUD</i>	2015	2014
Balance at start of period	-	-
Impairment loss recognised	46,190	-
Balance at 30 June	46,190	-

Management consider the provision for impairment at the year-end to be sufficient.

## Related party loans

The Group's maximum exposure to credit risk for related party loans by geographic region were:

<i>In AUD</i>	2015	2014
Australia	902	18,306
France	539	19,234
United Kingdom	1,977	362
	3,418	37,902

## (b) Liquidity risk

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

### 30 June 2015

<i>In AUD</i>	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-2 years
Trade and other payables	1,118,550	(1,118,550)	(1,118,550)	-	-
Loans and borrowings from related parties	619,110	(684,683)	(684,683)	-	-
Credit card facility	17,052	(17,052)	(17,052)	-	-
Finance lease liabilities	1,137	(1,164)	(1,164)	-	-
	1,755,849	(1,821,449)	(1,821,449)	-	-

### 30 June 2014

<i>In AUD</i>	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-2 years
Trade and other payables	893,710	(893,710)	(893,710)	-	-
Loans and borrowings from related parties	1,157,593	(1,275,770)	(820,770)	-	(455,000)
	2,051,303	(2,169,480)	(1,714,480)	-	(455,000)

## (c) Market risk

### i) Currency risk

The following significant exchange rates applied during the year:

	Average rate	Reporting date spot rate	Average rate	Reporting date spot rate
	2015	2015	2014	2014
AUD/EUR	1.4367	1.4491	1.4774	1.4478
AUD/GBP	1.8851	2.0530	1.8076	1.8067
AUD/CAD	1.0231	1.0571	0.9951	1.0271
AUD/USD	1.1954	1.3062	-	-
AUD/NZD	0.9294	0.8854	-	-

The Group's foreign subsidiaries have significant intercompany loan balances owing to the Australian parent companies. As a result, the Group has a significant exposure to movements in foreign exchange rates.

# Notes to the consolidated financial statements

For the year ended 30 June 2015

## ii) Interest rate risk

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

		Carrying amount	
AUD	Note	2015	2014
<b>Fixed rate instruments</b>			
Financial liabilities – finance lease		(1,137)	-
Financial assets –term deposits	16a	2,407,694	-
<b>Variable rate instruments</b>			
Cash and cash equivalents	16a	1,308,111	75,037
Credit card facility		(17,052)	-

### 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.

AUD	Profit or Loss	
	100bp increase	100bp decrease
<b>30 June 2015</b>		
Variable rate instruments	(13,081)	13,081
<b>30 June 2014</b>		
Variable rate instruments	(750)	750

### 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

The Company leases office space in Sydney, Perth, Paris, London, Los Angeles, New York and Toronto under operating leases of various durations. The Paris lease is for a period of three years, with two options to renew the lease for further periods of three years. The Toronto lease is for a period of five years. The Los Angeles lease is for a period of two years. As at 30 June 2015, the office leases in the other cities have durations of fewer than twelve months.

Future minimum lease payments:

In AUD	2015	2014
Less than one year	462,094	48,163
Between one and five years	848,698	-
More than five years	19,912	-
	<b>1,330,704</b>	<b>48,163</b>

During the financial year ended 30 June 2015, \$652,593 was recognised as an expense in the statement of profit or loss and other comprehensive income in respect of operating leases and subleases (2014: \$175,980).

## Newzulu Limited

# Notes to the consolidated financial statements

For the year ended 30 June 2015

## 26. Capital and other commitments

### Capital commitments

The Company did not have outstanding commitments at 30 June 2015 (2014: \$25,000).

## 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:

### Executive Director

Alex Hartman (Chairperson)

### Non-executive directors

Philip Kiely

Peter Gunzburg

Theo Hnarakis (appointed 22 October 2014)

James Bodel (appointed 18 March 2015)

Mark Pitts (resigned 2 February 2015)

**Non-executive directors of Newzulu Holdings Ltd (KMP until 14 August 2014, the reverse acquisition date)**

Xavier Gouyou-Beauchamps

Peter Scarf

### Executives

Marc Milgrom [Chief Operating Officer] (appointed 10 February 2015)

Craig Sowden [Chief Financial Officer] (appointed 28 July 2014)

### Key management personnel compensation

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

In AUD	2015
Short-term employee benefits	899,518
Share-based payments	2,278,988
Post-employment benefits	33,339
	<u>3,211,845</u>

### 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 Alex Hartman, a director of the Company, holds a position in another entity Gandalf Ventures Limited that results in him having control or significant influence over the financial or operating policies of that entity.

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

# Notes to the consolidated financial statements

For the year ended 30 June 2015

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:

<i>In AUD</i>	<i>Note</i>	Transaction value year ended		Balance outstanding	
		30 June		at 30 June	
		2015	2014	2015	2014
<b>Key management person</b>					
Alex Hartman	(i)	499,397	-	-	-
		499,397	-	-	-

- (i) The Company used the consultancy services of Gandalf Ventures Limited in relation to executive services and is included in the remuneration report. Amounts were invoiced based on normal market rates for such services and were due and payable under normal payment terms.

## 28. Acquisitions of Subsidiaries

### (a) Reverse 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 Limited 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 Limited at 14 August 2014 of \$0.125 per share.

# Notes to the consolidated financial statements

For the year ended 30 June 2015

## (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	<u>(118,686)</u>
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>

## (iv) Acquisition-related costs

During the financial period, the Group incurred acquisition related costs of \$863,878 on legal, advisory and due diligence costs.

In the period from 14 August 2014 to 30 June 2015, Newzulu Limited contributed revenue of \$197,777 and a loss of \$4,404,595 (before goodwill impairment) to the Group's results.

## (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)

# Notes to the consolidated financial statements

For the year ended 30 June 2015

## (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	<u>(723,149)</u>
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>

## (iv) Acquisition-related costs

During the financial period, the Group incurred acquisition related costs of \$621,103 on legal, advisory and due diligence costs.

In the period from 10 February 2015 to 30 June 2015, Filemobile Inc contributed revenue of \$782,698 and a profit of \$52,022 to the Group's results.

## (c) Acquisition of Octiplex

Subsequent to the end of the financial period, on 17 September 2015, the Company completed the acquisition of 100% of the shares and voting interests in Octiplex in Paris, France. The details of consideration and fair value of the identifiable assets acquired were:

### (i) Consideration transferred

Consideration for the acquisition was €725,000 (AUD \$1,155,562), 50% of the consideration settled in cash and 50% by way of issued shares.

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

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



# Notes to the consolidated financial statements

For the year ended 30 June 2015

## (iii) Acquisition-related costs

During the financial period, the Group incurred acquisition related costs of \$27,636 on legal, advisory and due diligence costs. These costs have been included in 'administrative and corporate expenses

## 29. Operating segments

The Group has five reportable segments, as detailed below, which are the Group's strategic geographic areas. 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 Managing Director reviews internal management reports on a monthly basis. The Group businesses are managed along geographic lines with regional managers responsible for activities of their regions.

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

### Information about reportable segments

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 Managing Director. Segment profit/loss is used to measure performance as management believes that such information is the most relevant in evaluating the results of the segments. Inter-segment pricing is determined on an arm's length basis.

## Newzulu Limited

## Notes to the consolidated financial statements

For the year ended 30 June 2015

	Australia	USA	Canada	France	UK	Total	Inter-segment elimination	Consolidated
<b>2015</b>								
External revenue	205,377	-	795,587	405,398	59,506	1,465,868	-	1,465,868
Inter-segment revenue	-	-	-	1,320,097	-	1,320,097	(1,320,097)	-
<b>Segment revenue</b>	<b>205,377</b>	<b>-</b>	<b>795,587</b>	<b>1,725,495</b>	<b>59,506</b>	<b>2,785,965</b>	<b>(1,320,097)</b>	<b>1,465,868</b>
Segment loss before tax	(21,442,523)	(1,152,945)	(1,692,058)	(1,771,575)	(2,073,804)	(28,132,904)	(272,782)	(28,405,686)
Interest income	316,263	1,250	-	46,487	-	364,000	(342,168)	21,832
Interest expense	(112,921)	(31,467)	(109,015)	(92,853)	(108,963)	(455,219)	342,168	(113,051)
Depreciation and amortisation	(19,119)	(67,273)	(247,090)	(30,043)	(204,140)	(567,666)	-	(567,666)
<b>Other material non-cash items:</b>								
Impairment of goodwill	(15,746,707)	-	-	-	-	-	-	(15,746,707)
Segment assets	37,398,903	415,880	6,932,905	2,127,065	3,010,245	49,884,997	(35,344,273)	14,540,723
Segment liabilities	(18,736,828)	(1,629,665)	(5,866,417)	(4,780,451)	(5,005,832)	(36,019,191)	32,393,979	(3,625,212)
Capital expenditure	(85,897)	(359,972)	(179,285)	(230,393)	(1,860,902)	(2,716,449)	272,782	(2,443,667)
<b>2014</b>								
External revenue	2,323	-	649,527	1,260	-	-	-	653,110
Segment loss before tax	(199,965)	-	(11,186)	(868,087)	(90,157)	-	-	(1,169,394)
Segment assets	1,192,824	-	153	481,834	1,058,101	2,732,912	(1,346,354)	1,386,558
Segment liabilities	(1,639,384)	-	(12,506)	(1,318,064)	(824,139)	(3,794,093)	1,341,391	(2,452,702)

# Notes to the consolidated financial statements

For the year ended 30 June 2015

## Major Customer

Revenues from one customer of the Company's French segment amounts to 9% (2014: nil) of the Company's total revenue. The customer represents \$135,760 (2014: \$Nil) of the Company's total revenues.

## 30. Subsequent 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.

On 1 July, the Company announced that it had entered into a binding agreement to acquire 100% of Octiplex for €725,000 (AUD \$1,155,562). Newzulu completed the acquisition of Octiplex on 17 September 2015. See note 28.

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.

## 31. Group entities

Parent entity		2015	2014
Newzulu Limited	<i>Australia</i>	100%	-
<b>Subsidiaries</b>			
Newzulu Holdings Limited	Australia	100%	-
Newzulu Pacific Pty Limited	Australia	100%	100%
Newzulu Australia Pty Limited	Australia	100%	100%
Newzulu SAS	France	100%	100%
Newzulu Canada Ltd	Canada	100%	100%
Filemobile, Inc.	Canada	100%	-
Newzulu USA Inc.	United States of America	100%	-
Newzulu UK Limited	United Kingdom	100%	100%
Newzulu Limited	United Kingdom	100%	100%
Newzulu Europe Limited	United Kingdom	100%	100%
Newzulu Americas Limited	United Kingdom	100%	100%
Newzulu Middle East Limited	United Kingdom	100%	-
Citizenside Limited	United Kingdom	100%	100%
Newzulu Live Limited	United Kingdom	100%	-
Newzulu Sport Limited	United Kingdom	100%	-
Newzulu Prime Limited	United Kingdom	100%	-
Newzulu Pay Limited	United Kingdom	100%	-
Newzulu Mobile Limited	United Kingdom	100%	-
Newzulu Weather Limited	United Kingdom	100%	-
Newzulu Ireland Limited	Ireland	100%	-

# Notes to the consolidated financial statements

For the year ended 30 June 2015

## 32. Parent entity disclosures

As at 30 June 2015, the parent entity of the Group was Newzulu Limited.

<i>In AUD</i>	<b>2015</b>	<b>2014</b>
<b>Result of the parent entity</b>		
Loss for the period to 30 June 2015	(36,211,779)	(1,010,380)
Other comprehensive income	41,900	(145,030)
Total comprehensive loss for the period 30 June 2015	(36,169,880)	(1,155,410)
<b>Financial position of parent entity at period end</b>		
Current assets	11,200,743	1,469,071
Total assets	20,099,905	1,472,973
Current liabilities	435,804	536,146
Total liabilities	521,651	627,790
<b>Total equity of parent entity at period end comprising of:</b>		
Share capital	73,969,321	30,617,047
Retained earnings	(67,011,466)	(30,590,271)
Reserves	3,726,291	818,407
<b>Total equity</b>	<b>10,684,147</b>	<b>845,183</b>

The loss for the current year includes an impairment of the investment in the Newzulu Holdings Limited subsidiary in order to limit the total equity of the Parent Entity to the equity of its subsidiary.

The Parent entity did not have any outstanding commitments at 30 June 2015.

## 33. Auditors' remuneration

	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
<b>Audit services:</b>		
Auditors of the Company - KPMG		
Audit and review of financial reports	211,439	55,658
Other auditors - BDO Canada LLP		
Audit and review of financial reports of subsidiaries	47,569	-
	<b>259,008</b>	<b>55,658</b>
<b>Other services:</b>		
Auditors of the Company - KPMG		
Taxation services	7,250	-
Other auditors - BDO Canada LLP		
Due diligence services	201,828	-
	<b>209,078</b>	<b>-</b>

Newzulu Limited

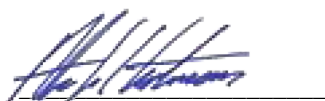
## Directors' declaration

For the year ended 30 June 2015

- 1 In the opinion of the directors of Newzulu Limited ('the Company'):
  - (a) the financial statements and notes that are set out on pages 22 to 53 and the remuneration report in paragraph 9 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 2015 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) for the reasons set out in Note 2(d), 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 Executive Chairman and the Chief Financial Officer for the financial year ended 30 June 2015.
- 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 30<sup>th</sup> day of September 2015.

Signed in accordance with a resolution of the directors:



Alex J Hartman  
Executive Chairman



## **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 consolidated statement of financial position as at 30 June 2015, and consolidated statement of profit and loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the Group comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

#### *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 2(a), the directors also state, in accordance with Australian Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements of the Group 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 Group'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 the Group is in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the Group's financial position as at 30 June 2015 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(d), there is a 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 paragraph 9 of the directors' report for the year ended 30 June 2015. 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 2015, complies with Section 300A of the *Corporations Act 2001*.

KPMG

Grant Robinson  
*Partner*

Perth

30 September 2015





***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 2015 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.

A stylized signature of the KPMG firm, written in black ink.

KPMG

A handwritten signature of Grant Robinson, written in black ink.

Grant Robinson  
*Partner*

Perth

30 September 2015

## Newzulu Limited

## Shareholder Information

as at 28 September 2015

## Top holders

The 20 largest registered holders of each class of quoted security as at 28 September 2015 were:

## Fully paid ordinary shares

	Name	No. of Shares	%
1.	BLUEROOM CAPITAL PTY LTD	96,378,447	15.13
2.	WYUNA GROUP PTY LTD <WYUNA GROUP A/C>	56,924,276	8.94
3.	MATILDA MEDIA PTY LTD <MATILDA MEDIA A/C>	55,617,482	8.73
4.	GANDALF HOLDING (NSW) PTY LTD <GANDALF A/C>	35,643,743	5.60
5.	PAPELLA PTY LTD	30,216,588	4.74
6.	MR DAMIEN GOSSET	19,920,327	3.13
7.	GLENEAGLE SECURITIES NOMINEES PTY LIMITED	14,000,000	2.20
8.	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	11,004,812	1.73
9.	RBC TRUST COMPANY (GUERNSEY) LIMITED <RAG1 A/C>	10,000,000	1.57
10.	MR PETER SCARF	9,809,080	1.54
11.	SUPERGUN PTY LTD <BRICKLANDING SUPER A/C>	9,718,284	1.53
12.	MR ALEXANDER JAMES HARTMAN	9,514,807	1.49
13.	HARTPOWER PTY LIMITED <THE KEITH HARTMAN NO 2 A/C>	8,239,627	1.29
14.	PISTACHIO PTY LTD <THE SURE THING A/C>	7,820,000	1.23
15.	MS JENNIFER ANNE CARR <LOUISE ACCOUNT>	7,500,000	1.18
16.	TOM HALE PTY LTD	6,008,772	0.94
17.	ECAPITAL NOMINEES PTY LIMITED <ACCUMULATION A/C>	5,500,000	0.86
18.	BT PORTFOLIO SERVICES LIMITED <KIELY FAMILY SUPER FUND A/C>	5,450,870	0.86
19.	ZACOB PTY LTD <R & M BIANCARDI A/C>	5,216,330	0.82
20.	MR JASON RICH	5,000,000	0.78
		409,483,445	64.29

## Distribution schedule

A distribution schedule of each class of equity security as at 28 September 2015:

## Fully paid ordinary shares

Range	Holders	Units	%
1 - 1,000	608	222,721	0.03
1,001 - 5,000	423	1,147,868	0.18
5,001 - 10,000	224	1,695,267	0.27
10,001 - 100,000	574	24,696,636	3.88
100,001 - Over	370	609,251,497	95.64
Total	2,199	637,013,989	100.00

# Shareholder Information

as at 28 September 2015

## Substantial shareholders

The names of substantial shareholders and the number of shares to which each substantial shareholder and their associates have a relevant interest, as disclosed in substantial shareholding notices given to the Company, are set out below:

Substantial shareholder	Number of Shares
MATILDA MEDIA PTY LTD <MATILDA MEDIA TRUST>	167,509,388
BLUEROOM CAPITAL PTY LTD	96,378,447

## Restricted securities

Fully paid ordinary shares

Number of Shares	Escrow Period
3,571,429	Restricted securities until 26 January 2016
9,514,807	Securities subject to voluntary escrow until 29 July 2016
19,920,327	Securities subject to voluntary escrow until 17 September 2016

Options exercisable at \$0.20 on or before 9 February 2018

Number of Options	Escrow Period
5,500,000	Restricted securities until 26 January 2016

Performance rights

Number of Rights	Escrow Period
550,000	Restricted securities until 9 February 2016

## Unlisted securities

Fully paid ordinary shares

Class	No. of shares	No. of security holders
Shares	3,571,429	1

Options

Class	Expiry Date	Exercise Price	No. of Options	No. of Holders
Options	9-Feb-18	\$0.20	5,500,000	1
Options	30-Nov-15	\$0.90	666,666	1
Options	30-Jun-17	\$0.30	500,000	2
Options	30-Jun-17	\$0.10	24,000,000	3
Options	31-Oct-17	\$0.20	2,000,000	1
Options	9-Feb-18	\$0.20	5,000,000	1

## Newzulu Limited

## Shareholder Information

as at 28 September 2015

*Performance rights*

<b>Class</b>	<b>No. of rights</b>	<b>No. of security holders</b>
Rights	550,000	3

## Unmarketable parcels

Holdings less than a marketable parcel of ordinary shares (being 13,889 as at 30 September 2015):

<b>Holders</b>	<b>Units</b>
1314	3,771,053

## Voting Rights

The voting rights attaching to ordinary shares are:

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

Options do not carry any voting rights.

Performance rights do not carry any voting rights.

## On-Market Buy Back

There is no current on-market buy-back.



**NEWZULU LIMITED**  
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