NEWZULU

ANNUAL REPORT

NEWZULU LIMITED | 2016

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Dear Shareholders,

During the past year Newzulu Limited ("Newzulu"), a global crowd-sourced technology and media company, has undergone a process of change and renewal; we have restructured our business and positioned it for future growth and success.

This restructuring was characterised by: a shift in emphasis to the software as a service (SaaS) technology solutions for clients (leveraging the Newzulu Platform product); a North American focus; changes to management and the Board of Directors; and significant cost reductions.

During the year, Newzulu made several strategic enhancements to strengthen its product offerings, including: enhanced mobile applications for iOS and Android supported by the acquisition of Octiplex, now known as Newzulu Mobile; release of the first phase of its Social Hub product, providing clients with an easy way to gather, manage and publish content from popular social networks using hashtags; and an updated, internally developed, mobile Live Streaming solution for reporters to live stream and upload videos and photos from their mobile devices directly into the Newzulu Platform, where they can be pushed direct to broadcast and the web. Newzulu plans to continue to add functionality during the coming year to increase the benefits provided to clients and ensure that it maintains its competitive advantage.

These new products combine the ability of acquiring, managing, publishing and amplifying user-generated content (UGC) at scale from direct upload, social networks and live streaming all within a single solution: Newzulu Platform. This unified approach solves the UGC content problems faced by businesses in an easy, cost-effective and efficient manner.

New clients were added during the year to Newzulu Platform, and employed the Company's Prime film production services. Newzulu's Content business increased its USA and global reach by signing additional video content licensing agreements including AP Video Hub, the online video delivery platform of The Associated Press, and Getty Images. Newzulu is looking at further integrating the Newzulu Platform and Content businesses, taking advantage of its strong content technology capabilities, to add further value to our clients.

In addition to my joining Newzulu as non-executive Chairman, Clive Dickens was appointed as a non-executive director during the year. Subsequent to year-end, Ed Wilson also was appointed as an independent non-executive director. These appointments significantly expand Newzulu's network in the USA, Europe, the UK and Australia, and provide a wealth of media industry experience that will support the Company's revenue growth.

Newzulu also refreshed its management team, hiring a new CEO and CFO toward the end of the year, and a Senior Vice President, Global Sales, subsequent to year end. These hires, their experience and location (Toronto and New York) are consistent with a shift in focus to Newzulu Platform in North America.

During FY 2016, Newzulu consolidated operations and technologies, and significantly reduced its headcount and cost structure. New management continues to focus on sales, cost management and fiscal responsibility.

The Company raised $13 million before costs in the past year to finance its business and product development, and welcomed strategic investor Seven West Media and financial cornerstone Thorney Investment Group and its associates to its register. Subsequent to year end, on 1 July 2016, Newzulu completed a fully underwritten non-renounceable entitlement issue to shareholders to raise an additional $2 million, before costs.

In FY 2016 Newzulu's revenues grew to $2.78 million, compared to $1.47 million in FY2015. The Company recorded a loss of $16.4 million in the financial year.

The Company ceased operations in its historical kiosk and web phone business both in Australia and New Zealand in March 2016.

These significant changes made in FY 2016 position Newzulu with a strong product offering, experienced management team and Board, all underpinned by a streamlined cost structure. The focus going forward will be to further enhance the technology offering and increase revenue by capitalizing on the market opportunity in North America and the need for publishers, broadcasters and brands to connect with their audience through content.

The ongoing support of you, our shareholders, is greatly appreciated as we move into an exciting phase of growing the Company through its strong technology offering in a world where businesses have an increasing need for tools to gather, manage and publish affordable content.

I also want to thank our talented staff, Board members and advisers for their passion, innovation, and tireless work and dedication to our clients and our Company.

On behalf of the Board,

Charles Koones
Non-Executive Chairman

NEWZULU LIMITED | DIRECTORS' REPORT
For the year ended 30 June 2016

The directors present their report together with the consolidated financial statements of the Group, comprising the Company, Newzulu Limited and its subsidiaries, for the financial year ended 30 June 2016 and the auditor's report thereon.

Contents of directors' report

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*
Charles Koones Non-Executive Director Independent Chairman	Highly experienced executive who has been involved in the US and international media industry for several decades. Mr Koones is the Managing Partner of Moon Tide Media, LLC a Los Angeles based media company and advertising agency. He previously served as a director of several media companies including American Media Inc., a major US publisher of magazines and digital titles, The Wrap In. and PaidContent.org. He was the president and the publisher of Variety magazine and President of Reed Elsevier's RBI Entertainment Group. He is currently vice chairman of the L.A. based non-profit Coalition for Engaged Education. Mr Koones holds a Bachelor of Arts from the University of Richmond. Appointed Non Executive Director 12 February 2016. Appointed Independent Chairman 12 February 2016.
Clive Dickens Non-Executive Director	Chief Digital Officer for Seven West Media and a non-executive director of Yahoo 7. Mr Dickens has over 30 years of experience in digital media content and broadcast media spanning the US, South Africa, Europe, the UK and Australia. He has advised organisations such as Shazam and co-founded Absolute Radio for the Times of India and UK Radio Player Limited, a joint venture between UK broadcasters and the BBC. Appointed 29 June 2016. Subsequent to the year end, on 30 August 2016 Mr. Dickens was appointed as the Chairman of the Nomination and Remuneration Committee.
Ed Wilson Independent Non-Executive Director	Mr Wilson has served as CEO of Tribune Broadcasting and at various points of his career, President of FOX Television Network, NBC Enterprises and CBS Enterprises. Most recently, as executive chairman and CEO of Dreamcatcher Media. He is an innovative business builder with a proven track record in both traditional and emerging media. Mr Wilson brings his distinctive know how and strategic perspective to emerging organisations ranging from global digital content platforms to big data social intelligence. Subsequent to the year end, on 31 August 2016 Mr. Wilson was appointed as a director of the Company.
James Bodel B.Comm, LLB, MBBS, MBA, MAICD Non-Independent Non-Executive Director	Director of Goodtime Hospitality Group. Past Managing Director of Assess Medical Group for over eight years and is Investment Manager for Blueroom Capital Pty Ltd. Mr Bodel holds an MBA (Executive) with the Australian Graduate School of Management (UNSW) and holds degrees in Commerce, Law and Medicine. Appointed 18 March 2015. Subsequent to the year end, on 30 August 2016 Mr. Bodel was re-appointed as the Chairman of the Audit and Compliance Committee.

Alexander J. Hartman Managing Director Executive Chairman	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 Percey 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 Gershom Advisory Partners. The Australian Government appointed Alex as a Director of the Industry Research & Development Board, Chairman of the Youth IT Skills Hub and as founding Director of Headspace, the National Youth Mental Health Foundation. In 2015, Mr Hartman was appointed to the Council of the National Museum by the Governor General of the Commonwealth of Australia. Appointed Managing Director 14 August 2014. Appointed Executive Chairman 26 August 2014 until 12 February 2016. On 2 August 2016 the Company announced that it had completed termination arrangements with Mr Hartman in relation to his consultancy deed with the Company. Mr Hartman subsequently resigned as a director of the Company effective 3 August 2016.
Peter L Gunzburg B.Comm, ASIA Independent Non-Executive Director	Over 20 years' experience as a stockbroker. Currently the Chairman of Eurogold Limited (director since 2001), Brinkley Mining PLC and a director of Fleetwood Corporation Limited (director since 2002). Past Director of Resolute Limited, The Australian Securities Exchange Limited, Eyers Reed Limited, CIBC World Markets Australia Limited, AIM listed Matra Petroleum PLC and Strike Oil Limited. 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. Resigned 31 December 2015.
Philip Kiely B.Comm, LLB Independent Non-Executive Director	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. Chairman of the Nomination and Remuneration Committee. Appointed 28 March 2014. Resigned 29 June 2016.
Theo Hnarakis B.Acc Independent Non-Executive Director	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. 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. Chairman of the Audit and Compliance Committee. Appointed 22 October 2014. Resigned 12 February 2016.
Karen Logan BCom, Grad Dip AppCorpGov, ACIS, AGIA, F Fin, GAICD Company Secretary	Over 12 years' experience in corporate governance and compliance. She has extensive capital raising, merger and acquisition, IPO and backdoor listing experience in a diverse range of industries including technology, media, resources, health care and life science. She is presently the principal of a consulting firm and secretary to a number of ASX-listed companies, providing corporate and accounting services to those clients. Appointed 2 February 2015.

2. DIRECTORS' MEETINGS

The number of directors' meetings (including meetings of committees of directors) and number of meetings attended by each of the directors of the Company is as follows:

Director	Board Meetings		Audit and Compliance Committee Meetings		Nomination & Remuneration Committee Meetings	
	A	**B**	**A**	**B**	**A**	**B**
Alex J Hartman	25	25	2	2	1	1
Peter L Gunzburg	6	8	1	1	-	-
Philip Kiely	21	25	-	2	1	1
Theo Hnarakis	10	10	1	1	-	-
Charles Koones	15	15	1	1	1	1
James Bodel	24	25	2	2	1	1
Clive Dickens	1	1	-	-	-	-

A – Number of meetings attended

B – Number of meetings held during the time the director held office during the year

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). The 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 year primarily involved the provision of crowd-sourced news material and licencing of media related software.

5. OPERATING AND FINANCIAL REVIEW

Revenue for the year ended June 30, 2016 was $2,779,242 (2015: $1,465,868) reflecting an increase of $1,313,374 or an increase of 90%. During the course of the year the Company saw an increase in revenue in each of its reportable segments (Australia, USA, Canada, France and UK). The largest revenue increase occurred in Canada reporting $1,644,215 compared to $795,587 for the same period in the prior year. The revenue increase is reflective of the purchase and integration of Filemobile Inc on 10 February 2015.

The operating loss after income tax for the year ended 30 June 2016 was $16,378,901 (2015: loss of $28,312,428) a decrease in the loss of $11,933,527 or a decrease of 42%.

By 30 June 2016, the Company had significantly restructured its business, with a greater emphasis on the technology platform (Newzulu Platform) part of the business and a North American focus. As part of this restructuring, the Company welcomed two new Directors, including a non-executive Chairman of the Board of Directors, and a new CEO. The Company also hired key new people to lead sales (joined the Company subsequent to year end, in July 2016) and finance (joined the Company in June 2016). During the year ended 30 June 2016, Newzulu also consolidated operations and technologies, and significantly reduced its headcount and cost structure. New management continues to focus on cost management and fiscal responsibility.

New client contracts during the year for Newzulu Platform included Provokr, City of Toronto, ABC (Australia) News on Australia Day and ANZAC Day, and Archant Regional Ltd., and for Prime film production projects included Natixis Interépargne, Entre Nous Soit Dit, Michelin, Prevention Routière and Darty. The Company increased the global reach of its Newzulu Content business signing additional video content licensing agreements including AP Video Hub, the online video delivery platform of The Associated Press, and Getty Images.

During the year, Newzulu made several strategic enhancements to its product offering, including: enhanced mobile applications for iOS and Android supported by the acquisition of Octiplex SAS, now known as Newzulu Mobile; release of the first phase of its Social Hub, providing clients with an easy way to gather, manage and publish content from popular social networks using hashtags; and an updated, internally developed, mobile Live Streaming solution for reporters to live stream and upload videos and photos from their mobile devices directly into Newzulu Platform. The Company plans to build and release additional functionality in the coming quarters to add further value to clients through these products.

These new products combine the ability of acquiring, managing, publishing and amplifying user-generated content (UGC) at scale from direct upload, social networks and live streaming all within a single solution: Newzulu Platform. This unified approach solves the UGC content problems faced by businesses in a quick, cost-effective and efficient manner.

On 18 August 2015, the Company announced a placement to raise $5,000,000 via the issue of 87,719,298 fully paid ordinary shares (Shares) at $0.057 per share. The placement was completed in two tranches, with the second of two tranches completing on 1 October 2015, following shareholder approval obtained at an EGM held on 30 September 2015.

On 18 September 2015, the Company announced that it had completed the acquisition of 100% of the issued share capital of Octiplex SAS, a leading mobile applications and solutions developer with operations in France and Brazil. Consideration for the acquisition was €725,000 ($1,155,562), settled via cash payment of €362,500 ($577,781) and the issuance of 19,920,327 shares (Consideration Shares) in Newzulu with a value of €362,500 ($577,781), calculated pursuant to the terms of the agreement. Shareholder approval for the issue of Consideration Shares was obtained at an EGM held on 31 July 2015. A 12-month restriction period applies to the Consideration Shares.

On 24 December 2015, the Company completed a placement to raise $3,000,000 via the issue of 85,714,286 Shares at $0.035 per share.

On 31 December 2015, the Company announced that non-executive director, Mr Peter Gunzburg, had stepped down from the Board, after 14 years of service with the Company.

On 12 February 2016, the Company announced the appointment of Mr. Charles Koones as the Company's independent Chairman of the Board. At the same time, the Company announced Mr Theo Hnarakis, a non-executive, independent director of Newzulu, had resigned from the Board.

On 20 April 2016, the Company announced that it had successfully raised $5,000,000 (before costs) through a placement to strategic investors Seven West Media and financial cornerstone Thorney Investment Group and its associates. The placement was completed in three tranches, with two of the tranches completing on 14 June 2016, following shareholder approval obtained at an EGM held on 8 June 2016.

On 21 April 2016, the Company announced the restructuring of the management team. The Company announced the appointment of Mr. Marc Milgrom as interim CEO, the appointment of Mr. Damien Gosset as Chief Technology Officer, Newzulu Mobile and Ms. Laura Placide as the Global Editor-in-Chief.

On 29 June 2016, Mr Clive Dickens was appointed as a non-executive director of Newzulu.

Mr. Philip Kiely resigned as a non-executive director of Newzulu also effective 29 June 2016 to ensure that the Board of Directors remains of a size and composition that is suited to a company of Newzulu's stage of development.

During the course of the year the Company issued the following Executive Options and Executive Performance Rights to directors and executives:

- 12,000,000 Executive Options and 250,000 Executive Performance Rights to Mr Marc Milgrom;
- 5,000,000 Director Options to Mr Charles Koones;
- 150,000 Executive Performance Rights to Mr Steve Hulford; and
- 150,000 Executive Performance Rights to Mr David Minogue.

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.

7. EVENTS SUBSEQUENT TO REPORTING DATE

On 1 July 2016, the Company completed a fully underwritten non-renounceable entitlement issue to shareholders. A total of 208,816,689 fully paid ordinary shares were issued to raise $2,088,167, before costs. Of this $1,838,822 had been received in advance at 30 June 2016.

On 2 August 2016, the Company announced that it had completed termination arrangements with Mr. Alex Hartman in relation to his consultancy deed with the Company. Mr. Hartman subsequently resigned as a director of the Company effective 3 August 2016.

On 31 August 2016, the Company announced that it had appointed Mr Ed Wilson as an independent non-executive director of the Company. Mr Wilson is an innovative business leader with a proven track record in both traditional and emerging media. As a multi-faceted business leader, his expertise spans across content creation, sales and talent development to the corporate boardroom.

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 around the world, with emphasis in North America. Refer to the Chairman's Review for further discussion.

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 Related Parties 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 directors' and KMP's compensation is competitive in the market place.

Performance linked compensation

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

Short-term incentive bonus

The Company operates a short term incentive bonus plan. The annual and/or cash bonus is a short-term incentive that is intended to reward each executive officer for their individual contribution and performance of personal objectives in the context of the overall corporate performance in the short and medium term. The annual and/or cash bonus is design to motivate executives to achieve personal business objectives, to be accountable for their relative contribution to the Corporation's performance, as well as to attract and retain executives.

Long-term incentive

The grant of options and performance rights 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 (and in some cases vesting immediately) 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 and previous financial year.

	2016	2015
Net (loss)	($16,738,901)	($28,312,428)
Loss per share (cents per share)	(2.3)	(7.2)
Dividends paid	-	-
Change in share price – decrease	($0.06)	($0.055)
Return on capital	N/A	N/A

Further historical information has not been presented due to the acquisition of Newzulu Holdings in August 2014.

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 was for no fixed term and the 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 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. As first announced on 1 July, 2016 the Company had received a notice of termination from Mr. Hartman which provided six months' notice of termination to his Consultancy Deed with Newzulu. Subsequent to the year end, on 2 August 2016 the Company announced that it had completed termination arrangements with Mr Hartman in relation to his consultancy deed.

In July 2014, the Company entered into a contract with Mr Craig Sowden for the provision of CFO services to the Company. The contract was for no fixed term, 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 can be terminated by either party on one months' written notice. On 27 June 2016, Mr Sowden resigned as CFO.

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 personnel 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.

1. **On 2 August 2016 the Company announced that it had completed termination arrangements with Alex Hartman in relation to his consultancy deed with the Company. Mr Hartman subsequently resigned as a director of the Company effective 3 August 2016. The below amounts include Mr Hartman's notice of termination in amount of $197,500, plus payment of accrued leave entitlements of $27,741.**

2. **Mr Milgrom was appointed as the Chief Operating Officer of the Company in February 2015. Subsequently on 21 April 2016, Mr Milgrom was reappointed as the interim Chief Executive Officer.**

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		Short-term				Post-employment	Share-based payments			
	Year	Salary & fees $	STI cash bonus $	Non-monetary benefits $	**Total $**	Super-annuation benefits $	Options and rights $	**Total $**	Proportion of remuneration performance related %	Value of options as proportion of remuneration %
DIRECTORS										
(i) Executive Directors										
Mr A J Hartman 1.	2016	653,158	263,333	81,862	**998,353**	-	-	**998,353**	26%	0%
	2015	314,585	131,666	53,146	**499,397**	-	1,674,000	**2,173,397**	83%	77%
(ii) Non-executive Directors										
Mr C Koones (Chairman–appointed 10 Feb 16)	2016	52,643	-	-	**52,643**	-	31,913	**84,556**	0%	38%
Mr C Dickens (appointed 29 Jun 16)	2016	-	-	-	**-**	-	-	**-**	0%	0%
Mr P Kiely (resigned 29 Jun 16)	2016	40,000	-	-	**40,000**	3,800	-	**43,800**	0%	0%
	2015	35,000	-	-	**20,000**	3,325	-	**38,325**	0%	0%
Mr P Gunzburg (resigned 31 Dec 15)	2016	20,000	-	-	**-**	1,900	-	**21,900**	0%	0%
	2015	35,000	-	-	**35,000**	3,325	-	**38,325**	0%	0%
Mr T Hnarakis (resigned 12 Feb 16)	2016	24,713	-	-	**24,713**	2,348	-	**27,061**	0%	0%
	2015	27,742			**27,742**	2,635	227,200	**257,577**	0%	88%
Mr J Bodel (appointed 18 Mar 15)	2016	40,000	-	-	**40,000**	3,800		**43,800**	0%	0%
	2015	11,086	-	-	**11,086**	1,053	-	**12,139**	0%	0%
(iii) Executives										
Mr M Milgrom 2.	2016	211,577	42,095	-	**253,672**	3,891	46,456	**304,019**	29%	15%
	2015	80,979	15,856	-	**96,835**	-	377,788	**474,623**	83%	80%
Mr C Sowden, CFO (resigned 27 Jun 16)	2016	214,583	-	-	**214,583**	-	-	**214,583**	0%	0%
	2015	166,958	-	-	**166,958**	23,000	-	**189,958**	0%	0%
Mr T Lieu, CFO (appointed 20 Jun 16)	2016	7,203	-	-	**7,203**	484	-	**7,687**	0%	0%
Total compensation: key management personnel	**2016**	**1,263,877**	**305,428**	**81,862**	**1,651,167**	**16,223**	**78,369**	**1,745,759**	**22%**	**4%**
	2015	671,350	147,522	53,146	872,018	33,338	2,278,988	3,184,344		

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. A 100% of Mr Alex Hartman's bonus was settled in cash during the year and paid in June 2016. Bonus to Mr M Milgrom will be settled after 30 June 2016; 100% of the total possible bonus has been accrued at 30 June 2016. The maximum total bonus payable to Mr M Milgrom in the coming financial year is CAD$40,000.

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, under the Newzulu Option Incentive Plan and under the Performance Rights Plan.

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 to the date of this report; details on options that vested during the reporting period are as follows:

Options	Options granted during 2016		Fair value per option at grant date	Exercise price per option	Expiry date	Number of options vested during 2016
	Number	Grant date				
Charles Koones	5,000,000	15 Jun 2016	$0.0064	$0.02	15 Jun 2019	5,000,000
Marc Milgrom	4,000,000	15 Jun 2016	$0.0064	$0.02	15 Jun 2019	4,000,000
	4,000,000	15 Jun 2016	$0.0064	$0.02	15 Jun 2019	nil
	4,000,000	15 Jun 2016	$0.0064	$0.02	15 Jun 2019	nil

Mr Milgrom was issued 12,000,000 options vesting as follows: 4,000,000 options vested on the date of the grant, 4,000,000 options will vest upon the board confirming Mr Milgrom's appointment to the position of CEO on a permanent basis and 4,000,000 options will vest six months after the appointment of Mr Milgrom to the position of CEO on a permanent basis.

Rights	Number of rights granted during 2016	Vesting condition	Grant date	Fair value at grant date	Expiry date
Marc Milgrom	250,000	Continuing employment	9 May 2016	$0.0082	9 May 2018

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 by 30 June 2016	% forfeited in year	Financial years in which grant vests
Charles Koones	Options	5,000,000	15 Jun 2016	100%	-	2016
Alex Hartman*	Options	20,000,000	13 Aug 2014	100%	-	2015
Marc Milgrom	Options	12,000,000	15 Jun 2016	34%	-	2016 and 2017
	Rights	250,000	9 May 2016	100%	-	2018
	Options	5,000,000	10 Feb 2015	100%	-	2015
	Rights	250,000	10 Feb 2015	-	-	2017

*Subsequent to the year end, on 2 August 2016 the Company announced that it had completed termination arrangements with Mr Hartman in relation to his consultancy deed with the Company. Mr Hartman subsequently resigned as a director of the Company effective 3 August 2016.

9.4.4 Analysis of movements in rights and options

17,250,000 options and rights with a fair value of $110,548 were granted as compensation to directors and executives during the year. No options were exercised 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 2015	Granted as compensation	Expired	Held at date of resignation	Held at 30 June 2016	Vested during the year	Vested and exercisable at 30 June 2016
Options							
Charles Koones		5,000,000	-	N/A	5,000,000	5,000,000	5,000,000
Alex Hartman	20,000,000	-	-	20,000,000	20,000,000	-	20,000,000
Peter Gunzburg	2,000,000	-	-	2,000,000	2,000,000	-	2,000,000
Theo Hnarakis	2,000,000	-	-	2,000,000	2,000,000	-	2,000,000
Marc Milgrom	5,000,000	12,000,000	-	N/A	17,000,000	4,000,000	9,000,000
Rights							
Marc Milgrom	250,000	250,000	-	N/A	500,000	250,000	nil

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 2016, are as follows:

	Opening balance	Closing balance	Number in group at 30 June
Total loans granted to KMP and their related parties	$3,418	$332	1
Total loans received from Alex Hartman, Peter Scarf and their related parties (all loans are interest free, Peter Scarf loan is repayable on 1 July 2017, all other loans are payable on demand)	$559,182	$559,182	2

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 2015	Held at date of appointment	Purchases	Sales	Other Changes	Held at date of resignation	Held at 30 June 2016
Alex Hartman*	100,776,032	-	-	-	-	N/A	100,776,032
Philip Kiely	5,450,870	-	877,193	-	-	6,328,063	N/A
Peter Gunzburg	10,804,407	-	291,377	-	-	11,095,784	N/A
Theo Hnarakis	2,000,000	-	1,754,386	-	-	3,754,386	N/A
James Bodel **	1,000,000	-	-	-	-	N/A	1,000,000
Charles Koones	N/A	-	1,000,000	-	-	N/A	1,000,000
	120,031,309	**-**	**3,922,956**	**-**	**-**	**21,178,233**	**102,776,032**

*Subsequent to the year end, on 2 August 2016 the Company announced that it had completed termination arrangements with Mr Hartman in relation to his consultancy deed with the Company. Mr Hartman subsequently resigned as a director of the Company effective 3 August 2016.

** Subsequent to year end, Mr Bodel purchased an additional 250,000 ordinary shares.

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
Charles Koones	1,000,000	5,000,000
James Bodel	1,250,000	-
Clive Dickens	-	-
Ed Wilson	-	-

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 to former directors	30 June 2017	$0.10	500,000
Options to former directors	30 June 2017	$0.10	24,000,000
Options unlisted	31 August 2017	$0.075	43,859,665
Options to former 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
Options to directors	15 June 2019	$0.02	5,000,000
Options to executives	15 June 2019	$0.02	12,000,000
Lead Manager options	14 June 2019	$0.02	12,000,000
Cornerstone investor options (Type A)	14 June 2019	$0.02	72,000,000
Cornerstone investor options (Type B)	14 June 2019	$0.03	18,000,000
			199,859,665

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 of 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 against all liabilities to another person (other than the Company or a related body corporate) that may arise from their position as directors of the company, except where the liability arises out of conduct involving a lack of good faith. The agreement stipulates that the Company will meet the full amount of any such liabilities, including costs and expenses.

Insurance premiums

Since the end of the previous financial year the Company has paid or agreed to pay insurance premiums in respect of directors' and officers' liability, legal expenses and insurance contracts, for current and former directors and officers, including executive officers of the Company. The Directors have not included details of the nature of the liabilities covered or the amount of the premium paid in respect of the directors' and officers' liability and legal expenses insurance contracts, as such disclosure is prohibited under the terms of the contract.

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.

	2016 $	2015 $
Audit services:		
Auditors for the Company - KPMG		
Audit and review of financial reports	157,419	211,439
Other auditors - BDO Canada LLP		
Audit and review of financial reports of subsidiaries	103,091	47,569
Total	**260,510**	**259,008**

In AUD	2016 $	2015 $
Other services:		
Auditors of the Company - KPMG		
Taxation and advisory services	97,121	7,250
Other auditors - BDO Canada LLP		
Due diligence services	14,520	201,828
Total:	**111,641**	**209,078**

16. LEAD AUDITOR'S INDEPENDENCE DECLARATION

The Lead auditor's independence declaration is set out on page 55 and forms part of the directors' report for financial year ended 30 June 2016.

This report is made in accordance with a resolution of the directors:

Charles Koones
Non-Executive Chairman

Dated at Sydney this 28th day of September 2016.

NEWZULU LIMITED

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2016

In AUD	Note	2016	2015
Revenue	6	2,779,242	1,465,868
Other income	7	82,060	45,609
Impairment of goodwill	14	(3,781,902)	(15,746,707)
Employee benefit expenses	9	(7,724,440)	(7,794,345)
Consultants		(501,780)	(1,057,742)
Rent		(921,714)	(722,364)
Depreciation and amortisation	13	(1,869,308)	(567,666)
Impairment of related party loans	8	(6,681)	(62,678)
Other expenses	11	(4,667,701)	(4,433,147)
Results from operating activities		(16,612,224)	(28,873,172)
Financial income		207,985	642,138
Financial expenses		(741,292)	(173,852)
Net financing income/(costs)	10	**(533,307)**	**468,286**
Loss before income tax		(17,145,531)	(28,404,886)
Income tax benefit	12	766,630	92,458
Loss after income tax attributable to Owners of the Company		**(16,378,901)**	**(28,312,428)**
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation differences for foreign operations		(280,937)	(222,137)
Total comprehensive loss attributable to Owners of the Company		**(16,659,838)**	**(28,534,565)**
Earnings per share for loss attributable to the ordinary equity holders of the Company:			
Basic and diluted loss per share (cents)	20	(2.3)	(7.2)

The notes on pages 22 to 51 are an integral part of these financial statements

NEWZULU LIMITED | CONSOLIDATED STATEMENT OF FINANCIAL POSITION

For the year ended 30 June 2016

In AUD	*Note*	**2016**	**2015**
Assets			
Cash and cash equivalents	*17a*	5,510,535	3,715,805
Restricted cash	*18*	-	119,532
Trade and other receivables	*16*	607,017	1,129,806
Other current assets		319,599	271,202
Total current assets		**6,437,151**	**5,236,345**
Intangible assets	*14*	4,912,144	4,942,865
Goodwill	*14*	-	3,414,104
Property, plant and equipment	*13*	588,088	819,891
Other non-current assets		131,622	127,518
Total non-current assets		5,631,854	9,304,378
Total assets		**12,069,005**	**14,540,723**
Liabilities			
Trade and other payables	*24*	1,167,150	1,118,550
Loans and borrowings from related parties	*21*	559,963	619,110
Employee benefits	*22*	842,723	609,010
Other current liabilities		440,940	362,907
Total current liabilities		**3,010,776**	**2,709,577**
Deferred tax liabilities	*15*	311,207	829,612
Employee benefits	*22*	290	38,295
Other non-current liabilities		-	47,728
Total non-current liabilities		311,497	915,635
Total liabilities		3,322,273	3,625,212
Net assets		**8,746,732**	**10,915,511**
Equity			
Share capital		49,730,545	37,403,629
Reserves	*19*	4,876,910	2,993,704
Accumulated losses		(45,860,723)	(29,481,822)
Total equity		**8,746,732**	**10,915,511**

The notes on pages 22 to 51 are an integral part of these financial statements.

NEWZULU LIMITED | CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2016

In AUD		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)
Other comprehensive income							
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		19,165,897	-	-	-	-	19,165,897
Share based payments, net of issue costs		813,067	-	-	-	-	813,067
Issue of options to directors		-	1,901,200	-	-	-	1,901,200
Issue of options and performance rights to executives		-	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		4,700,000	-	-	-	-	4,700,000
Fair value gains recognised directly in equity		-	-	-	59,397	-	59,397
Contributions to equity		-	-	-	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**

In AUD		Share capital	Share option reserve	Translation reserve	Other equity contributions	Accumulated losses	Total equity
Balance at 1 July 2015		37,403,629	2,284,734	(205,071)	914,041	(29,481,822)	10,915,511
Total comprehensive income for the period							
Loss for the period		-	-	-	-	(16,378,901)	(16,378,901)
Other comprehensive income							
Foreign currency translation differences		-	-	(280,937)	-	-	(280,937)
Total comprehensive income for the period		-	-	(280,937)	-	(16,378,901)	(16,659,838)
Transactions with Owners, recorded directly in equity							
Consideration for business acquisition	29a	577,781	-	-	-	-	577,781
Issue of options to lead manager		-	52,425	-	-	-	52,425
Issue of options to director	23	-	31,913	-	-	-	31,913
Issue of options and performance rights to executives	23	-	63,908	-	-	-	63,908
Shares issued	19	13,000,000	-	-	-	-	13,000,000
Share issuance costs		(1,250,865)	-	-	-	-	(1,250,865)
Employee share scheme shares issued		260,000	-	-	-	-	260,000
Own shares held		(260,000)	-	-	-	-	(260,000)
Fair value gains recognised directly in equity	19	-	-	-	177,075	-	177,075
Share issue reserve	19	-	-	-	1,838,822	-	1,838,822
Total transactions with Owners		12,326,916	148,246	-	2,015,897	-	14,491,059
Balance at 30 June 2016		**49,730,545**	**2,432,980**	**(486,008)**	**2,929,938**	**(45,860,723)**	**8,746,732**

NEWZULU LIMITED | CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 30 June 2016

In AUD	Note	2016	2015
Cash flows from operating activities			
Cash receipts from customers		3,328,972	1,436,511
Cash paid to suppliers and employees		(13,808,499)	(11,501,744)
Interest received		8,118	21,832
Interest paid		(5,149)	(1,051)
Net cash used in operating activities	17b	**(10,476,558)**	**(10,044,452)**
Cash flows from investing activities			
Acquisition of subsidiary	29a	(577,781)	(5,148,800)
Payments for property, plant and equipment		(72,640)	(907,219)
Payments for intangible assets		(1,015,794)	(1,535,311)
Cash acquired on disposal property, plant and equipment		31,533	-
Cash acquired on acquisition of subsidiary		208,983	3,369,471
Loans advanced		(3,578)	(53,656)
Net cash used in investing activities		**(1,429,277)**	**(4,275,515)**
Cash flows from financing activities			
Proceeds from share issues	19	13,000,000	14,103,804
Share issuance costs		(1,250,865)	(1,379,320)
Share subscription funds received in advance		1,838,822	-
Proceeds from loans ultimately converted to shares		-	4,700,000
Proceeds from borrowings		-	694,392
Repayments of borrowings		(22,088)	(177,760)
Net cash provided by financing activities		**13,565,869**	**17,941,116**
Net increase in cash and cash equivalents		1,660,034	3,621,149
Cash and cash equivalents at 1 July		3,715,805	75,037
Effect of exchange rate fluctuations and cash held		15,164	19,619
Release of previously restricted funds		119,532	-
Cash and cash equivalents at 30 June	**17a**	**5,510,535**	**3,715,805**

The notes on pages 22 to 51 are an integral part of these financial statements.

1. ENTITY

Newzulu Limited (the "Company") is a for-profit entity domiciled in Australia. The Company's registered office is at Level 1, Office F, 1139 Hay Street, West Perth, WA, 6005. These consolidated financial statements comprise the Company and its subsidiaries (collectively 'the Group' and individually 'Group companies'). Newzulu is a crowd-sourced technology and media company that links broadcasters, publishers and brands with the public to Connect Through Content.

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) adopted by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. The consolidated 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 for release on 28 September 2016.

(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 2016, the Company incurred a loss after tax of $16,378,901 (2015: $28,312,428), including impairment of goodwill of $3,781,902 (2015: $15,746,707). During the year ended 30 June 2016, the Company used net cash in operating activities of $10,476,558 (2015: $10,044,452). The directors have prepared the financial report for the year ended 30 June 2016 on the basis that the Company will raise additional capital in 2017 and is a going concern which contemplates the realisation of assets and settlement of liabilities in the ordinary course of business.

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.

(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 14 – Impairment of intangible assets
- Note 23 – Fair value of share-based payments
- Note 29 – 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) 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 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.

(b) Financial instruments

(i) Non-derivative financial instruments

Non-derivative financial instruments comprise trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables. Loans and receivables are initially recognised on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the 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(f)).
Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments.

(ii) Share capital

Ordinary shares

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

(c) Property, plant and equipment

(i) Recognition and measurement

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

When parts of an item of plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment. Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within “other income” in profit or loss.

(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.

(d) 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.

(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

(e) 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.

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.

(f) 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

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together in the smallest group of assets that generates cash inflows from continuing that are largely independent of the cash inflows of other assets of Cash Generating Units (CGU). Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, 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 of CGU.

An impairment loss is recognised if the carrying amount of an asset of CGU exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, 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.

(g) Employee benefits

(i) Defined contribution superannuation funds

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

(ii) Long-term service benefits

The 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.

(h) 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) 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.

Revenues 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.

(j) Expenses

(i) Lease payments

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

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

(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.

(k) 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 in respect of 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.

(l) 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 Board 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 Board 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.

(m) 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.

(n) 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.

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.

(o) 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.

(p) New standards and interpretations not yet adopted

The following new standards are not yet effective for the year ended 30 June 2016, 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 2019 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.

AASB 16 Leases removes the lease classification test for lessees and requires all leases (including operating leases) to be brought onto the balance sheet. The definition of a lease is also amended and is now the new on/off balance sheet test to lessees. AASB 16 will become mandatory for the Group’s 30 June 2020 financial statements, with early adoption permitted where AASB 15 Revenue from Contracts with Customers is adopted at the same time. 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.

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included in level 1 that are observable for the asset of liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: inputs for the asset of liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirely in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The group recognises transfers between the levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

5. FINANCIAL RISK MANAGEMENT

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

- credit risk
- liquidity risk
- market risk.

This note presents information about the Group'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 Group's business activities.

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

Credit risk

Credit risk is the risk of financial loss to the Group 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 Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The Group is not materially exposed to credit risk as the majority of their services are prepaid. Approximately 11% (2015: 9%) of the Group'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 Group. Procedures are in place to monitor customer payments which include follow up of debtors aging reports on a regular basis. The Group 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 Group maintains its bank accounts with major Australian, French, US and Canadian banks.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group'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 Group's reputation.

The Group 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 Group's current and future operations, and consideration is given to the liquid assets available to the Group before commitment is made to future expenditure or investment. Further information is set out in note 25.

Market risk

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

Currency risk

The Group 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 25 – 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 Group's capital and to seek additional funding from investors on an as needs basis so as to facilitate the Group's product development strategy.

Details of the fundraising activities by the Group during the year are set out in note 19.

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

6. REVENUE

In AUD	2016	2015
Revenue including software as a service and content	2,779,242	1,465,868
Total revenue	2,779,242	1,465,868

7. OTHER INCOME

In AUD	2016	2015
Loans from related parties forgiven	-	27,628
Government research grant	82,060	17,981
Total	82,060	45,609

8. IMPAIRMENT OF RELATED PARTY LOANS

In AUD	2016	2015
Related party loan impairment	-	-
Loans to related parties forgiven (see note 21)	6,681	62,678
Total	6,681	62,678

9. EMPLOYEE BENEFIT EXPENSES

In AUD	*Note*	2016	2015
Wages and salaries		4,937,359	3,505,510
Salaries paid through service agreements		1,217,936	852,486
Other personnel expenses		764,346	539,579
Social security contributions		617,337	464,644
Contributions to superannuation funds		115,068	89,942
Increase in liability for annual leave		14,402	52,012
Increase in liability for long service leave		(37,829)	5,438
Equity-settled share based payment transactions	23	95,821	2,284,734
Total		7,724,440	7,794,345

10. FINANCE INCOME AND EXPENSE

In AUD	2016	2015
Interest income	8,118	21,832
Net foreign exchange gain	199,867	620,306
Financial income	207,985	642,138
Unwind of discount on loan	(118,708)	(112,001)
Interest expense	(5,149)	(1,051)
Net foreign exchange loss	(617,435)	(60,800)
Financial expenses	(741,292)	(173,852)
Net finance income/(expense)	(533,307)	468,286

11. TOTAL OTHER EXPENSES

In AUD	2016	2015
Cost of sales	327,801	278,670
Accounting fees	639,015	463,284
Computer, internet and IT expenses	1,354,168	691,820
Legal fees	311,798	125,812
Travel and accommodation	716,304	686,132
Advertising, promotion and development	299,644	399,131
Other administrative costs	1,018,971	1,788,288
Total other expenses	4,667,701	4,433,147

12. INCOME TAX BENEFIT

In AUD	2016	2015
Current tax	-	-
Deferred tax	766,630	92,458
Total	766,630	92,458

In AUD	2016	2015
Loss for the period	(17,145,531)	(28,404,886)
Income tax using the domestic corporation tax rate of 30% (2015: 30%)	(5,143,659)	(8,521,466)
Effect of tax rates in foreign jurisdictions	316,306	128,719
Increase in income tax expense due to:		
Non-deductible expenses	804,431	5,034,079
Tax losses and movements in deferred taxes not recognised	3,256,292	3,266,210
Income tax (benefit)/expense	(766,630)	(92,458)

13. PROPERTY, PLANT AND EQUIPMENT

In AUD	Computer hardware and Equipment and Fittings
Cost	
Balance at 01 July 2014	9,128
Acquisitions through business combinations	18,757
Additions	908,356
Disposals	(50)
Effect of movements in exchange rates	49,004
Balance at 30 June 2015	985,195
Balance at 1 July 2015	985,195
Acquisitions through business combinations	267,077
Additions	72,640
Disposals	(172,212)
Effect of movements in exchange rates	(45,784)
Balance at 30 June 2016	1,106,916
Accumulated depreciation	
Balance at 01 July 2014	853
Depreciation charge for the year	155,433
Disposals	(49)
Effect of movement in exchange rates	9,067
Balance at 30 June 2015	165,304
Balance at 1 July 2015	165,304
Opening balance through business combinations	50,111
Depreciation charge for the year	391,330
Disposals	(95,052)
Effect of movements in exchange rates	7,135
Balance at 30 June 2016	518,828
Carrying amounts	
At 30 June 2015	819,891
At 30 June 2016	588,088
Depreciation & Amortisation expense	
Depreciation expensed in the year ended 30 June 2016	391,330
Amortisation expensed in the year ended 30 June 2016	1,477,978
	1,869,308

14. INTANGIBLE ASSETS AND GOODWILL

Cost	Goodwill	Trade marks, domain names, software, customer relationships	Total
Balance 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 as at 30 June 2015	19,160,811	5,375,691	24,536,502
Balance as at 1 July 2015	19,160,811	5,375,691	24,536,502
Acquisitions through business combinations	489,681	878,228	1,367,909
Additions	-	136,685	136,685
Additions - internally developed	-	879,109	879,109
Effect of exchange rates	(121,883)	(556,777)	(678,660)
Balance at 30 June 2016	19,528,609	6,712,936	26,241,545
Accumulated amortisation & impairment losses			
Balance 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 as at 30 June 2015	15,746,707	432,826	16,179,533
Balance as at 1 July 2015	15,746,707	432,826	16,179,533
Amortisation	-	1,477,978	1,477,978
Impairment loss	3,781,902	-	3,781,902
Effect of exchange rates	-	(110,012)	(110,012)
Balance at 30 June 2016	19,528,609	1,800,792	21,329,401
Carrying amounts			
At 30 June 2015	3,414,104	4,942,865	8,356,969
At 30 June 2016	**-**	**4,912,144**	**4,912,144**

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. The CGU's of the group are based on geographical area.

	Australia	United Kingdom	Canada	France	Total
Balance at 30 June 2015	-	250,885	3,163,219	-	3,414,104
Acquisitions cost	-	-	-	489,681	489,681
Effect of exchange rates	-	(30,970)	(59,710)	(31,203)	(121,883)
Impairment	-	(219,915)	(3,103,509)	(458,478)	(3,781,902)
Exchange rate effect 2016	-	-	-	-	-
Balance at 30 June 2016	-	-	-	-	-

At the end of the year management calculated the recoverable amount of goodwill and intangible assets for each CGU, as determined by a value-in-use calculation using a discounted cash flow model, based on a five-year projection period. For the five year forecast from July 2016, management applied revenue growth assumptions between 7% per annum to 24% per annum, average growth of total costs per annum of 3% and an after tax discount rate of 17.5% was used to discount cash flows to present values. Cash flows beyond the five year period are projected using a per annum growth of 3%.

Based on the impairment analysis performed, goodwill was written down to nil for each CGU, being an amount of $3,781,902 (2015: $15,746,707). Following the current financial year impairment of goodwill, the recoverable amount of each CGU is equal to its carrying value. Therefore any future adverse movements in key assumptions could lead to further impairment loss.

In December 2015, the Goodwill acquired on acquisition of Newzulu Ltd (formerly PieNetworks) was written down to nil, being an amount of $15,746,707. The impairment loss was fully allocated to goodwill, reducing goodwill in the Kiosk (Australian) CGU to nil.

15. TAX ASSETS AND LIABILITIES

(a) Unrecognised deferred tax assets

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

In AUD	2016	2015
Deductible temporary differences	484,568	295,455
Tax losses	6,689,434	3,378,654
	7,174,002	3,674,109

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 and other items.

In AUD	2016	2015
Balance at start of year	829,612	162,075
Acquired through business combinations	292,449	723,149
Recognition of previously unrecognised tax losses	(666,476)	-
Amortisation of intangibles	(100,154)	(92,458)
Effect of foreign exchange	(44,224)	36,846
Balance at end of year	311,207	829,612

16. TRADE AND OTHER RECEIVABLES

In AUD	2016	2015
Current		
Trade receivables	446,620	673,096
GST and other tax receivables	160,397	454,761
Other receivables	-	1,949
	607,017	1,129,806

Trade and other receivables are recorded net of an impairment provision of $222,262 (2015: $46,190).

17A. CASH AND CASH EQUIVALENTS

In AUD	2016	2015
Bank balances	4,058,935	1,308,111
Call deposits	1,451,600	2,407,694
Total Cash and cash equivalents in the statement of cash flows	5,510,535	3,715,805

The effective interest rate on call deposits was 0% (2015: 2.1%)

17B. RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES

In AUD	Note	2016	2015
Cash flows from operating activities			
Loss for the period		(16,378,901)	(28,312,428)
Adjustments for:			
Income tax benefit	12	(766,630)	(92,458)
Depreciation	13	391,330	155,433
Amortisation	14	1,477,978	412,233
Interest income		-	-
Unwind of discount on loan	10	118,708	112,001
Impairment of plant and equipment		45,623	-
Non-cash revenue		-	-
Impairment and forgiveness of related parties loans		-	36,790
Impairment of goodwill	14	3,781,902	15,746,707
Bad debt expense		269,874	46,190
Unrealised foreign exchange gains		287,980	(673,802)
Equity granted to directors and management	23	95,821	2,284,734
Equity-settled share-based payment expense	23	52,425	813,067
Operating loss before changes in Working capital and provisions		(10,623,890)	(9,471,533)
Change in trade and other receivables		466 ,658	(133,562)
Change in other assets		(18,626)	(264,352)
Change in trade and other payables		(22,618)	(393,620)
Change in other liabilities		(1,007)	165,273
Change in other provisions		(277,075)	53,342
Net cash (used in) operating activities		(10,476,558)	(10,044,452)

18. RESTRICTED CASH

In AUD	2016	2015
Current assets		
Restricted cash deposits	-	119,532
Total current restricted cash	-	119,532

During the year ended 30 June 2016 there was no restricted deposits. In the prior year $119,532 was being held by ASB Bank New Zealand Ltd as security for bank guarantees of NZ$135,000 in favour of Westfield New Zealand Ltd and AMP Capital Property Portfolio Ltd, respectively. As of 30 June 2016, these funds have been released.

19. CAPITAL AND RESERVES

(a) Share capital

	2016 No.	2015 No.
On issue at 1 July	532,005,936	78,327,142
Shares issued for cash (pre-reverse acquisition)	-	75,000,000
On issue at 14 August 2014 (date of reverse acquisition)	-	153,327,142
Shares issued to acquire Newzulu Holdings Limited	-	178,230,977
Shares issued to acquire Octiplex SAS	19,920,327	-
Share based payments	-	9,409,777
Loans converted to shares	-	50,000,000
Issued for cash	673,433,591	141,038,040
Employee Share Scheme	16,883,096	-
On issue at 30 June – fully paid	1,242,242,950	532,005,936

On 24 August 2015, the Company completed a capital raising in the amount of $5,000,000, issuing 87,719,305 shares at an issue price of $0.057 per share. For every two shares issued pursuant to the placement, one option was granted for no additional consideration.

On 17 September 2015, the Company issued 19,920,327 shares as part consideration for the acquisition of Octiplex SAS. Consideration for the acquisition was €725,000 (AUD $1,155,562), settled via a cash payment of €362,500 (AUD $577,781) and the issue of fully paid ordinary shares in Newzulu Limited with a value of €362,500 (AUD $577,781).

On 24 December 2015, the Company completed a capital raising in the amount of $3,000,000, issuing 85,714,286 shares at an issue price of $0.035 per share

On 14 June 2016, the Company completed a capital raising in the amount of $5,000,000, issuing 500,000,000 shares at an issue price of $0.01 per share. The company also issued a further 90 million options in support of the cornerstone investors and 12 million options to Gleneagle Securities in consideration for services provided as lead arranger and adviser to the placement. The capital raising was completed in 2 Traches, the first in April 2016 the second in June 2016.

On the 22 June 2016, the Company implemented an Employee Share Trust Incentivisation Plan (ESTP). The ESTP was established as a mechanism to assist in the recruitment, reward, retention and motivation of employees and senior management of the company. Recognising the importance of cash conservation, $260,000 worth of fully paid ordinary shares in the capital of the company was issued to the trustee of the ESTP, a total of 16,883,096 shares were issued with vesting conditions as follows:

(i) 50% will vest 12 months from the date of issue; and
(ii) 50% will vest 24 months from the date of issue.

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.

(b) 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 23.

(i) $31,913 options issued to directors (2015: $1,901,200)
(ii) $63,908 options and rights issued to executives (2015: $383,534)
(iii) $52,425 options issued to lead manager (2015: nil)

(c) Other Equity Contributions

Other equity contributions include:

- the difference between loan amount received from the shareholder and its fair value in the amount of $177,075 (2015: $59,397) (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;
- Cash received in June 2016 for shares not yet issued – to be issued July 2016, recorded as share issues reserve in the amount of $1,838,822 (2015: nil).
- Forgiveness of loans to and from Alex Hartman and his related parties in prior periods $768,640 (2016:nil).

(d) Translation reserve

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

20. LOSS PER SHARE

Basic and diluted loss per share

The calculation of basic and diluted loss per share at 30 June 2016 was based on the loss attributable to ordinary shareholders of $16,378,901 (2015: $28,312,428) and a weighted average number of ordinary shares outstanding of 703,116,877 (2015: 391,266,190). For the year ended, 30 June 2016 the Company had a basic and diluted loss per share of $0.023 (2015: loss of $0.072), calculated as follows:

	2016	2015
Basic and diluted loss per share (cents)	(2.3)	(7.2)

Weighted average number of ordinary shares

	Note	2016	2015
Issued ordinary shares at 1 July	19	532,005,936	178,230,977
Effect of shares issued		171,110,941	213,035,213
Weighted average number of ordinary shares at 30 June		703,116,877	391,266,190

For the 2015 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 2016, 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 23 for details of the options granted.

21. RELATED PARTY LOANS AND BORROWINGS

(a) Loans to related parties

In AUD	30 Jun 2016	30 Jun 2015
Loan to director	-	1,941
Loan to Matilda Media and subsidiaries	331	1,477
Balance at end of period	**331**	**3,418**

During the period from 01 July 2015 to 30 June 2016, the Company forgave loans of $6,681 to Mr Alex Hartman, a director of Newzulu Limited. The loans are for no fixed term and are interest free. The Related Party Receivables of $331 is found on the balance sheet under employee benefits.

(b) Loans from related parties

In AUD	30 Jun 2016	30 Jun 2015
Current		
Loans from Matilda Media Pty Ltd and subsidiaries	-	-
Loan from Mr Peter Scarf	559,963	618,329
Loans from Mr Alex Hartman	-	781
Total current loans at end of period	**559,963**	**619,110**

During the year, the Company borrowed $0 from Mr Peter Scarf (2015: $406,000). The loan is interest free and payable no later than 1st July 2017 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, $0 of the loan was repaid (2015: $177,097).

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

Terms and conditions of outstanding loans are as follows:

					30 June 2016
In AUD	Currency	Interest rate	Year of maturity	Face value	Carrying amount
Peter Scarf Loan	AUD	0%	2017	683,903	559,963
Total loans and borrowings from related parties				683,903	559,963

22. EMPLOYEE BENEFITS

In AUD	2016	2015
Current		
Liability for annual leave	221,992	207,589
Social security charges accrued	192,164	301,834
Bonus provision	304,980	26,656
Employee superannuation	9,444	12,069
Other liabilities	114,143	60,862
Total Current	842,723	609,010
Non-Current		
Liability for long-service leave	290	38,295
	290	38,295

(a) Defined contribution superannuation funds

The Company makes contributions to a defined contribution superannuation fund. The amount recognised as an expense was $115,068 for the financial year ended 30 June 2016 (2015: $89,942).

23. 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
	2016	**2016**	**2015**	**2015**
Outstanding at the beginning of the period	0.15	37,668,891	0.52	1,886,659
Expired during the period	-	-	0.33	(719,993)
Granted during the period	0.02	17,000,000	0.13	36,500,000
Outstanding at the end of the period	0.11	54,668,891	0.15	37,668,891
Exercisable at the end of the period	0.12	46,668,891	0.15	37,668,891

The options outstanding at 30 June 2016 have exercise prices of $0.02, $0.03, $0.075, $0.10 and $0.20 and a weighted average contractual life of 1.68 years. There were no options exercised during the financial year (2015: Nil).

1) On 9 May 2016, the Group granted 550,000 executive performance rights to Messrs Marc Milgrom, Steve Hulford and David Minogue. The fair value of the rights granted has been determined using the Black Scholes model, utilising the following assumptions:

Item	
Underlying spot share price	$0.013
Grant date	9 May 2016
Conversion date	9 May 2018
Life of rights	2 years
Volatility	126%
Risk free rate	1.75%
Fair value	$0.0082

The full fair value of these rights of $4,495 has been recognized as share based payment expense in the statement of profit or loss and other comprehensive income.

2) On 15 June 2016, the Group granted 5,000,000 incentive options to Mr. Charles Koones, The fair value of the options granted has been determined using the Black Scholes model, utilising the following assumptions:

Item	
Underlying spot share price	$0.011
Exercise price	$0.02
Grant date	15 June 2016
Conversion date	15 June 2019
Life of rights	3 years
Volatility	115%
Risk free rate	1.75%
Fair value	$0.0064

The full fair value of these options of $31,913 has been recognized as share based payment expense in the statement of profit or loss and other comprehensive income.

3) On 15 June 2016, the Group granted 12,000,000 incentive options to Mr. Marc Milgrom, The fair value of the options granted has been determined using the Black Scholes model, utilising the following assumptions:

Item	
Underlying spot share price	$0.011
Exercise price	$0.02
Grant date	15 June 2016
Conversion date	15 June 2019
Life of rights	3 years
Volatility	115%
Risk free rate	1.75%
Fair value	$0.0064

The full fair values of these options are $76,592 of which $31,913 has been recognized as share based payment expense in the statement of profit or loss and other comprehensive income. The remainder of the cost will be expensed according to their vesting conditions.

Share based compensation costs

In AUD	Notes	2016	2015
Recognised in profit and loss			
Share options granted to directors		31,913	1,901,200
Share options granted to employees		31,913	373,000
Performance rights granted to employees*		31,995	10,534
Options & rights granted to directors, management and employees	9	95,821	2,284,734
Shares issued to consultants		52,425	817,365
Total share based payments		146,246	3,102,099

*Including expenses for performance rights granted in the prior year in amount of $27,500.

24. TRADE AND OTHER PAYABLES

In AUD	2016	2015
Trade payables	461,065	758,315
Accrued expenses	706,085	360,235
Trade and other payables	1,167,150	1,118,550

25. FINANCIAL INSTRUMENTS

(a) Credit risk

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

		Carrying amount	
In AUD	Note	**2016**	**2015**
Trade and other receivables	16	466,620	675,045
Cash and cash equivalents	17	5,510,535	3,715,805
Restricted cash	18	-	119,532
Related party loans	21	331	3,418
		5,977,486	4,513,800

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

	Carrying amount	
In AUD	**2016**	**2015**
Australia	1,443	9,166
New Zealand	-	21,238
France	113,375	152,133
United Kingdom	56,774	10,384
Canada	258,075	482,124
USA	16,953	-
	446,620	675,045

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

	Carrying amount	
In AUD	**2016**	**2015**
Wholesale customers	466,620	673,096
Other receivables	-	1,949
	466,620	675,045

Impairment losses

$445,140 of the Group's trade receivables (gross) are past due (2015: $417,599). The aging of the Group's trade receivables at the reporting date was:

In AUD	**Gross 2016**	**Impairment 2016**	**Gross 2015**	**Impairment 2015**
Not past due	223,742	-	301,687	-
Past due 0-30 days	84,851	-	62,320	-
Past due 31-90 days	360,289	222,262	355,279	46,190
	668,882	222,262	719,286	46,190

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

In AUD	**2016**	**2015**
Balance at start of period	46,190	-
Impairment loss recognised	176,072	46,190
Balance at 30 June	222,262	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:

In AUD	2016	2015
Australia	-	902
France	331	539
United Kingdom	-	1,977
	331	3,418

(b) Liquidity risk

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

30 June 2016 In AUD	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-2 years
Trade and other payables	1,167,150	(1,167,150)	(1,167,150)	-	-
Loans and borrowings from related parties	559,963	(683,903)	-	(683,903)	-
Credit card facility	44,769	(44,769)	(44,769)	-	-
Finance lease liabilities	-	-	-	-	-
	1,771,882	(1,895,822)	(1,211,919)	(683,903)	-

30 June 2015 In AUD	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)	-	-

(c) Market risk

i) Currency risk

	Average rate 2016	Reporting date spot rate 2016	Average rate 2015	Reporting date spot rate 2015
AUD/EUR	1.5234	1.4923	1.4367	1.4491
AUD/GBP	2.0330	1.7995	1.8851	2.0530
AUD/CAD	1.0355	1.0371	1.0231	1.0571
AUD/USD	1.3725	1.3437	1.1954	1.3062
AUD/NZD	0.9168	0.9534	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.

ii) Interest rate risk

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

		Carrying amount	
AUD	Note	**2016**	**2015**
Fixed rate instruments			
Financial liabilities – finance lease		-	(1,137)
Financial assets –term deposits	17a	1,451,600	2,407,694
Variable rate instruments			
Cash and cash equivalents	17a	4,058,935	1,308,111
Credit card facility		(44,769)	(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.

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.

26. OPERATING LEASES

Leases as lessee

The Company leases office space in Sydney, Paris, London, 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, As at 30 June 2016, the office leases in the other cities have durations of fewer than twelve months.

Future minimum lease payments:

In AUD	**2016**	**2015**
Less than one year	399,270	462,094
Between one and five years	583,294	848,698
More than five years	-	19,912
	982,564	1,330,704

During the financial year ended 30 June 2016, $831,418 was recognised as an expense in the statement of profit or loss and other comprehensive income in respect of operating leases and subleases (2015: $652,593).

In AUD	**2016**	**2015**
Rent expense to 30 June 2016	831,418	$652,593
Outgoings – Utilities to 30 June 2016	90,296	$69,771
	921,714	$722,364

27. CAPITAL AND OTHER COMMITMENTS

Capital commitments

The Company did not have outstanding commitments at 30 June 2016 (2015: Nil).

28. 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 (resigned 3 August 2016)

Non-executive directors
Philip Kiely (resigned 29 June 2016)
Peter Gunzburg (resigned 31 December 2015)
Theo Hnarakis (resigned 12 February 2016)
James Bodel
Charles Koones (appointed 10 February 2016)

Executives
Marc Milgrom [Chief Operating Officer]
Craig Sowden [Chief Financial Officer] (resigned 27 June 2016)
Tom Lieu [Chief Financial Officer] (appointed 20 June 2016)

Key management personnel compensation

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

In AUD	2016	2015
Short-term employee benefits (i)	1,651,168	899,518
Share-based payments	78,369	2,278,988
Post-employment benefits	16,223	33,339
	1,745,760	3,211,845

(i) Includes termination payments to Alex Hartman accrued at 30 June 2016.

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 during the financial year, 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. As at the date of this report, Mr Hartman is no longer a director of the Company.

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.

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

In AUD		Transaction value year ended 30 June		Balance outstanding at 30 June	
	Note	**2016**	**2015**	**2016**	**2015**
Key management person					
Alex Hartman	(i)	998,353	499,397	258,158	-

(i) The Company used the consultancy services of Gandalf Ventures Limited in relation to executive services and is included in the remuneration report. The total includes a termination pay-out totalling $258,158 paid in August 2016. Other amounts were invoiced based on normal market rates for such services and were due and payable under normal payment terms.

29. ACQUISITIONS OF SUBSIDIARIES

(a) Acquisition of Octiplex SAS

On 17 September 2015, the Group acquired 100% of the shares and voting interests in French based Octiplex SAS for €725,000 (AUD$1,155,562).

(i) Consideration transferred

Consideration for the acquisition was settled via a cash payment of €362,500 ($577,781) and the issue of fully paid ordinary shares in the value of €362,500 ($577,781). The fair value of the ordinary shares issued was based on the listed share price of the Company as at 17 September 2015 of $0.029.

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

In AUD	$
Property, plant and equipment	216,966
Cash and cash equivalents	208,983
Trade receivables	203,513
Other receivables and prepayments	29,116
Other current assets	18,075
Trade and other payables	(71,217)
Loans and overdrafts	(47,816)
Employee liabilities	(89,739)
Tax liabilities	(159,581)
Related party payables	(27,776)
Other current liabilities and provisions	(200,420)
Fair value of identifiable net assets	80,104

(iii) Goodwill recognised

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

In AUD	$
Total consideration transferred	1,155,564
Fair value of identifiable net assets	80,104
Fair value of intangible net assets acquired	878,228
Deferred tax liability	(292,449)
Goodwill	489,681

As at 30 June 2016, the full balance of goodwill allocated on acquisition of $489,681 has been written off (see note 14).

(iv) Acquisition-related costs

During the financial period, the Group incurred acquisition related costs of $78,468 on legal, advisory and due diligence costs.

(v) Contribution of Octiplex since acquisition

In AUD	$
External Revenue	118,039
Net Loss After Tax Adjusted for Internal Revenue	(554,275)

30. 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 Board 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 Board. 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.

30. OPERATING SEGMENTS (CONTINUED)

	Australia	USA	Canada	France	UK	Total	Inter-segment elimination	Consolidated
2016								
External revenue	374,260	93,000	1,644,215	579,875	87,892	2,779,242	-	2,779,242
Inter-segment revenue	1,997,341	221	-	1,931,824	-	3,929,386	(3,929,386)	-
Segment revenue	2,371,601	93,221	1,644,215	2,511,699	87,892	6,708,628	(3,929,386)	2,779,242
Segment loss before tax	(2,960,849)	(1,669,099)	(5,622,984)	(1,822,529)	(3,949,241)	(16,024,702)	(1,120,829)	(17,145,531)
Interest income	4,188	-	-	-	-	4,188	3,930	8,118
Interest expense	(119,076)	-	(651)	(4,025)	-	(123,752)	(105)	(123,857)
Depreciation and amortisation	(41,074)	(135,929)	(646,166)	(290,282)	(755,857)	(1,869,308)	-	(1,869,308)
Tax benefit	-	-	(666,476)	-	-	(666,476)	(100,154)	(766,630)
Other material non-cash items:	-	-	-	-	-	-	-	-
Impairment of goodwill	-	-	(3,103,509)	(458,478)	(219,915)	(3,781,902)	-	(3,781,902)
Capital expenditure	(11,117)	(26,080)	(132,299)	(30,713)	(1,281,893)	(1,482,102)	393,668	(1,088,434)
2015								
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)	-
Segment revenue	205,377	-	795,587	1,725,495	59,506	2,785,965	(1,320,097)	1,465,868
Segment loss before tax	(21,442,523)	(1,152,945)	(1,692,058)	(1,771,575)	(2,073,803)	(28,132,904)	(271,982)	(28,404,886)
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)
Other material non-cash items:								
Impairment of goodwill	(15,746,707)	-	-	-	-	-	-	(15,746,707)
Capital expenditure	(85,897)	(359,972)	(179,285)	(230,393)	(1,860,902)	(2,716,449)	272,782	(2,443,667)

30. OPERATING SEGMENTS (CONTINUED)

Major Customer

Revenues from one customer of the Group's Canadian segment amounts to 11% (2015: 9%) of the Group's total revenue. The customer represents $300,411 (2015: $135,760) of the Group's total revenues.

31. SUBSEQUENT EVENTS

On 1 July 2016, the Company completed a fully underwritten non-renounceable entitlement issue to shareholders. A total of 208,816,689 fully paid ordinary shares were issued to raise $2,088,167, before costs. Of this $1,838,822 had been received in advance at 30 June 2016.

On 2 August 2016, the Company announced that it had completed termination arrangements with Mr. Alex Hartman in relation to his consultancy deed with the Company. Mr. Hartman subsequently resigned as a director of the Company effective 3 August 2016.

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.

32. GROUP ENTITIES

Companies in the Group	Location	% owned	% owned
Parent entity		2016	2015
Newzulu Limited	Australia		
Subsidiaries			
Newzulu Holdings Limited	Australia	100%	100%
Newzulu Pacific Pty Limited	Australia	100%	100%
Newzulu Australia Pty Limited	Australia	100%	100%
Citizenside SAS	France	100%	100%
Newzulu Mobile SAS (formerly Octiplex SAS)	France	100%	-
Newzulu Canada Ltd	Canada	100%	100%
Newzulu USA Inc.	United States of America	100%	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%	100%
Citizenside Limited	United Kingdom	100%	100%
Newzulu Live Limited	United Kingdom	100%	100%
Newzulu Sport Limited	United Kingdom	100%	100%
Newzulu Prime Limited	United Kingdom	100%	100%
Newzulu Pay Limited	United Kingdom	100%	100%
Newzulu Mobile Limited	United Kingdom	100%	100%
Newzulu Weather Limited	United Kingdom	100%	100%
Newzulu Ireland Limited	Ireland	100%	100%

33. PARENT ENTITY DISCLOSURES

As at 30 June 2016, the parent entity of the Group was Newzulu Limited.

In AUD	2016	2015
Result of the parent entity		
Loss for the period to 30 June 2016	(16,122,678)	(36,211,780)
Other comprehensive income	(128,223)	41,900
Total comprehensive loss for the period 30 June 2016	(16,250,901)	(36,169,880)
Financial position of parent entity at period end		
Current assets	9,277,841	11,200,743
Total assets	9,277,841	11,205,797
Current liabilities	531,108	435,804
Total liabilities	531,108	521,651
Total equity of parent entity at period end comprising of:		
Share capital	86,296,238	73,969,321
Accumulated losses	(83,262,367)	(67,011,466)
Reserves	5,712,862	3,726,291
Total equity	8,746,733	10,684,146

The loss for the 2016 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 group.
The Parent entity did not have any outstanding commitments at 30 June 2016, (30 June 2015: nil).

34. AUDITORS' REMUNERATION

In AUD	2016	2015
Audit services:		
Auditors of the Company - KPMG		
Audit and review of financial reports	157,419	211,439
Other auditors - BDO Canada LLP		
Audit and review of financial reports of subsidiaries	103,091	47,569
	260,510	259,008
Other services:		
Auditors of the Company - KPMG		
Taxation and advisory services	97,121	7,250
Other auditors - BDO Canada LLP		
Due diligence services	14,520	201,828
	111,641	209,078

1 In the opinion of the directors of Newzulu Limited ('the Company'):

(a) the consolidated financial statements and notes that are set out on pages 18 to 51 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 Group's financial position as at 30 June 2016 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 2016.

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 Sydney on 28th day of September 2016.

Signed in accordance with a resolution of the directors:

Charles Koones
Non-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 2016, 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 1 to 34 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 2016 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 2016. 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 2016, complies with Section 300A of the *Corporations Act 2001*.

KPMG

KPMG

David Sinclair
Partner

Sydney
28 September 2016

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 2016 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.

KPMG

KPMG

David Sinclair
Partner

Sydney
28 September 2016

DETAILS OF SECURITIES AS AT 21 SEPTEMBER 2016:

Top holders

The 20 largest registered holders of each class of quoted security as at 21 September 2016 were:

Fully paid ordinary shares

Name	No. of Shares	%
SEVEN WEST MEDIA INVESTMENTS LIMITED	268,846,610	18.53
UBS NOMINEES PTY LTD	194,285,715	13.39
BLUEROOM CAPITAL PTY LTD	120,378,447	8.30
WYUNA GROUP PTY LTD <WYUNA GROUP A/C>	56,924,276	3.92
MATILDA MEDIA PTY LTD <MATILDA MEDIA A/C>	55,617,482	3.83
GANDALF HOLDING (NSW) PTY LTD <GANDALF A/C>	34,443,743	2.37
PAPELLA PTY LTD	30,216,588	2.08
GLENEAGLE SECURITIES NOMINEES PTY LIMITED	26,203,978	1.81
MR MICHAEL SAFAR	20,900,000	1.44
MR DAMIEN GOSSET	19,920,327	1.37
SMARTEQUITY EIS PTY LTD	16,883,096	1.16
MDH CAPITAL PTY LTD	13,392,875	0.92
PISTACHIO PTY LTD <THE PECAN SUPERANNUATION A/C>	12,443,750	0.86
SUPERGUN PTY LTD <BRICKLANDING SUPER FUND A/C>	11,625,000	0.80
BICKHAM COURT SUPERANNUATION PTY LTD <BICKHAM COURT SUPER FUND A/C>	10,288,414	0.71
RBC TRUST COMPANY (GUERNSEY) LIMITED <RAG1 A/C>	10,000,000	0.69
MR PETER SCARF	9,809,080	0.68
HARTPOWER PTY LIMITED <THE KEITH HARTMAN NO 2 A/C>	9,239,627	0.64
PISTACHIO PTY LTD <THE SURE THING A/C>	8,863,417	0.61
BT PORTFOLIO SERVICES LIMITED <KIELY FAMILY SUPER FUND A/C>	7,910,079	0.55
	938,192,504	64.66

Number of holders of each class of security

The number of holders of each class of equity security as at 21 September 2016:

Number of Holders	Class of security
2,561	Ordinary shares
9	Options at 2 cents
1	Options at 3 cents
63	Options at 7.5 cents
1	Options at 30 cents
3	Options at 10 cents
3	Options at 20 cents
3	Performance rights

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
SEVEN WEST MEDIA LIMITED, AUSTRALIAN CAPITAL EQUITY PTY LTD, SEVEN GROUP HOLDINGS LIMITED AND SUBSIDIARIES	268,846,610
MATILDA MEDIA PTY LTD <MATILDA MEDIA TRUST>	167,509,388
BLUEROOM CAPITAL PTY LTD, MR JAMES GERARD BODEL AND MS PIA LISBETH RASMUSSEN	120,378,447

Distribution schedule

A distribution schedule of each class of equity security as at 21 September 2016:
Fully paid ordinary shares

Range			Holders	Units	%
1	-	1,000	610	218,334	0.02
1,001	-	5,000	408	1,098,009	0.08
5,001	-	10,000	197	1,476,865	0.10
10,001	-	100,000	667	31,116,248	2.14
100,001	-	Over	679	1,417,150,183	97.66
Total			2,561	1,451,059,639	100.00

Restricted securities

There are no restricted securities as at 21 September 2016.

Unlisted securities

Options over shares

Class	Expiry Date	Exercise Price	No. of Options	No. of Holders
Options	9-Feb-18	$0.20	5,500,000	1
Options	14-Jun-19	$0.02	84,000,000	7
Options	15-Jun-19	$0.02	17,000,000	2
Options	14-Jun-19	$0.03	18,000,000	1
Options	30-Jun-17	$0.30	500,000	1
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
Options	31-Aug-17	$0.075	43,859,665	63

Performance rights

Class	No. of rights	No. of security holders
Rights	1,100,000	3

Approved issue of securities

There are no securities approved for the purpose of item 7 of section 611 of the *Corporations Act 2001*.

Unmarketable parcels

Holdings less than a marketable parcel of ordinary shares (being 83,334 as at 21 September 2016):

Holders	Units
1,778	23,785,359

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.

ASX Admission Statement

During the year, the Company has used its cash and assets in a form readily convertible to cash in a way that is consistent with its objectives.

Principal Registered Office

Newzulu Limited
Level 1, Office F
1139 Hay Street
West Perth WA 6005
Telephone: +61 8 9321 0715
Facsimile: +61 9321 0721

www.newzulu.com

Company Secretary

Ms Karen Logan BCom, Grad Dip AppCorpGov, ACIS, AGIA, F Fin, GAICD

Location of Share Registry

Computershare Investor Services
Level 11, 172 St Georges Terrace
Perth WA 6000
Telephone: +61 8 9323 2000
Facsimile: +61 8 9323 2033

www.computershare.com

Tornado near Matha (France) by Newzulu Contributor Axel Guibourg

NEWZULU LIMITED
newzululimited.com

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ASX:NWZ