



APPENDIX 4E

Please find attached the Company's Appendix 4E Preliminary Final Result for the 2009 financial year.

A handwritten signature in black ink, appearing to read "Mark Pitts".

Mark Pitts
Company Secretary
31 August 2009

For more information contact Campbell Smith at pieNETWORKS on (08) 9444 9088.

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pieNETWORKS Limited

ABN 27 078 661 444

Preliminary Final Report

**For the year ended 30 June 2009
(Incorporating information pursuant to ASX Listing Rule 4.3A)**

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pieNETWORKS LIMITED

ASX APPENDIX 4E Results Summary

1. For the year ended 30 June 2009

2. RESULTS FOR ANNOUNCEMENT TO THE MARKET

Financial results (consolidated)	Full Year 30 June 2009 \$	Full Year 30 June 2008 \$	% change June 2008 to June 2009
Revenue from ordinary activities	985,292	1,209,938	(18.57%)
Profit (loss) from ordinary activities after tax attributable to members	(2,307,613)	(2,042,111)	(13%)
Net profit (loss) for the period attributable to members	(2,307,613)	(2,042,111)	(13%)

* Refer note 12

** Represents increase in loss from 2008 to 2009.

Dividends	Full Year 30 June 2009	Full Year 30 June 2008
Cents per ordinary share	Nil*	Nil

*No dividends have been declared or are payable for the period ended 30 June 2009.

Tangible assets per ordinary share	Full Year 30 June 2009	Full Year 30 June 2008
Net tangible assets per share (cents)	0.11	0.30

Commentary

The consolidated net loss after tax for the year was \$2,307,613 compared with a net loss after tax of \$2,042,111 in 2008.

The Company has invested substantially in product and market development over the past two years in particular and has established and cultivated business relationships with potential partners, sales channels and customers for the Company's suite of products, particularly the newly launched Hotspot Webphone.

The Company has also applied its efforts to building relationships within the telecommunications, media and other industry sectors. The Company spent \$1,499,018 on Research, development and the commercialisation of the Webphone Business plan. The Company also invested \$253,639 in non-current assets necessary for the implementation of the Webphone Business Plan.

Going Concern

The group has continued to record a net loss from operations, the loss which can be largely explained by the level of expenditure on research and development and additional resources focused on commercialisation of the Hotspot Webphone business plan.

The accounts have been prepared on the basis of going concern, which contemplates continuity of normal business activities and the realisation of asset and settlement of liabilities in the ordinary course of business.

The directors believe this to be appropriate for the following reasons:

- The Directors have been closely monitoring the operations of the Company to ensure the momentum of transformation and growth could be maintained but within the available resources;
- Directors had implemented certain measures to reduce cash burn including the accrual, rather than payment, of directors fees, and a reduction in other overheads, these measures are being maintained in the interim;
- Subsequent to the end of the financial year the Directors finalised placements to raise AUD\$1.38m to fund the commercialisation of the HOTSPOT Webphone
- The Company is continually encouraged by the ongoing interest shown in its Hotspot Webphone business plan and the developing relationships and business opportunities are of a scale that, in the Directors opinion, warrants the ongoing commitment of the Group's financial resources.
- The Directors consider that success in these activities will enhance the company's ability to raise additional funding to meet the future working capital needs of the business.
- To the extent that the operational and financial performance of the business does not achieve plan and materially reduce the monthly cash burn within an acceptable timeframe, the Directors will take action to reduce costs and divest the loss making activities and, in addition, pursue alternative business opportunities for the listed structure.
- The Company has accrued a receivable relating to the Research and Development Tax Offset Rebate which the Company has successfully claimed in the past.

For the reasons discussed above, the directors are confident that the Company and Group will be able to continue its operations into the foreseeable future.

Although the Directors are confident in the Company's ability to continue as a going concern, should the Company be unsuccessful in continuing to raise sufficient capital when required and / or be unable to successfully commercialise its 'HOTSPOT webphone' within a reasonable timeframe, there is significant uncertainty as to whether the Company and Group will continue as a going concern and therefore whether it will realise their assets and extinguish their liabilities in the normal course of business and at the amounts set out in this Appendix 4E.

3. Consolidated income statement

<i>In AUD</i>	Consolidated	
	2009	2008
Revenue from sale of goods	291,183	337,925
Revenue from rendering services	672,813	831,658
Cost of sales	<u>(200,588)</u>	<u>(198,765)</u>
Gross profit	763,408	970,818
Other revenues from ordinary activities	21,296	40,355
Service revenue expenses	(404,261)	(433,661)
Sales and marketing expenses	(527,402)	(852,800)
Research and development expenses	(1,419,295)	(1,316,075)
Administrative and corporate expenses	(1,127,642)	(927,321)
Other expenses from ordinary activities	(14,523)	1,684
Operating loss before financing	<u>(2,708,419)</u>	<u>(2,517,000)</u>
Financial income	12,727	45,308
Financial expenses	<u>(7,935)</u>	<u>(22,140)</u>
Net financing profit	4,792	23,168
Loss before tax	(2,703,627)	(2,498,383)
Income tax benefit relating to ordinary activities	<u>396,014</u>	<u>451,721</u>
Loss for the year	<u>(2,307,613)</u>	<u>(2,042,111)</u>
Earnings per share for loss attributable to the ordinary equity holders of the Company:		
Basic loss per share from continuing operations (cents)	<u>(0.55)</u>	<u>(0.72)</u>

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3.1 Notes to consolidated income statement

Other income

<i>In AUD</i>	Consolidated	
	2009	2008
Traineeship rebate	-	719
Sublet rental income	12,000	12,000
Bad debts recovered	9,296	10,686
Write off loans for discontinued operations	-	16,950
	<u>21,296</u>	<u>40,355</u>

Other expenses

<i>In AUD</i>	Consolidated	
	2009	2008
Increase/(decrease) in provisions	11,302	(1,684)
Other	3,221	-
	<u>14,523</u>	<u>(1,684)</u>

Personnel expenses

<i>In AUD</i>	Consolidated	
	2009	2008
Wages and salaries	1,015,670	1,090,035
Other associated personnel expenses	45,035	68,582
Contributions to defined contribution superannuation funds	95,292	95,843
Consulting & Contractor fees	1,095,329	1,133,131
Increase/(decrease) in liability for annual leave	9,792	8,635
Increase in liability for long service leave	6,996	4,102
Equity-settled transactions	-	71,618
	<u>2,268,114</u>	<u>2,471,946</u>

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4. Consolidated balance sheets

<i>In AUD</i>	Consolidated	
	2009	2008
Assets		
Cash and cash equivalents	220,592	697,438
Trade and other receivables	199,579	135,991
Inventories	86,982	124,933
Current tax assets	396,016	402,928
Other current assets	32,976	51,135
Total current assets	936,145	1,412,425
Property, plant and equipment	429,037	97,615
Intangible assets	4,106	11,459
Total non-current assets	433,143	109,074
Total assets	1,369,288	1,521,499
Liabilities		
Trade and other payables	523,298	235,720
Interest-bearing loans and borrowings	3,841	3,452
Employee benefits	146,629	129,936
Unearned revenues	44,050	85,603
Total current liabilities	717,818	454,711
Interest-bearing loans and borrowings	685	4,222
Employee benefits	27,328	20,331
Total non-current liabilities	28,013	24,553
Total liabilities	745,831	479,264
Net assets	623,457	1,042,235
Equity		
Issued capital	19,857,327	17,968,492
Reserves	226,588	226,588
Accumulated losses	(19,460,458)	(17,152,845)
Total equity	623,457	1,042,235

4.1 Notes to consolidated balance sheets

Cash and cash equivalents

<i>In AUD</i>	Consolidated	
	2009	2008
Bank balances and cash on hand	45,482	67,295
Call deposits	66,484	630,143
Term deposits	108,626	-
Cash and cash equivalents	220,592	697,438
Cash and cash equivalents in the statement of cash flows	220,592	697,438

Capital and reserves

Reconciliation of movement in capital and reserves attributable to equity holders of the parent Consolidated

<i>In AUD</i>	Share capital	Share options reserve	Accumulated Losses	Total equity
Balance at 1 July 2007	16,425,652	154,970	(15,110,734)	1,469,888
Total recognised income and expense	-	-	(2,042,111)	(2,042,111)
Equity-settled transactions, net of tax	-	71,618	-	71,618
Shares issued (net of costs)	1,542,840	-	-	1,542,840
Balance at 30 June 2008	<u>17,968,492</u>	<u>226,588</u>	<u>(17,152,845)</u>	<u>1,042,235</u>
Balance at 1 July 2008	17,968,492	226,588	(17,152,845)	1,042,235
Total recognised income and expense	-	-	(2,307,613)	(2,307,613)
Shares issued (net of costs) (i)	1,888,835	-	-	1,888,835
Balance at 30 June 2009	<u>19,857,327</u>	<u>226,588</u>	<u>(19,460,458)</u>	<u>623,457</u>

(i) During the year, 199,106,762 shares were issued to raise \$1,991,068 and \$102,233 issue costs were incurred.

Share capital

	The Company Ordinary shares	
	2009	2008
On issue at 1 July	345,411,692	259,206,137
Issued for cash	199,106,762	86,205,555
On issue at 30 June – fully paid	<u>544,518,454</u>	<u>345,411,692</u>

5. Consolidated statement of cash flows

<i>In AUD</i>	Consolidated	
	2009	2008
Cash flows from operating activities		
Cash receipts from customers	978,681	1,305,941
Cash paid to suppliers and employees	(3,352,568)	(3,733,096)
Cash (used in) operations	(2,373,887)	(2,427,155)
Research and development tax offset rebate	402,928	396,761
Net cash (used in) operating activities	(1,970,959)	(2,030,394)
Cash flows from investing activities		
Proceeds from sale of property, plant and equipment	-	-
Interest received	12,726	43,541
Acquisition of property, plant and equipment	(390,251)	(73,187)
Acquisition of intangible asset	(1,179)	(2,320)
Net cash provided by investing activities	(378,704)	(31,966)
Cash flows from financing activities		
Payment of finance lease liabilities	(3,148)	(3,073)
Proceeds from share issues	1,991,068	1,558,900
Payments for equity raising costs	(102,233)	(16,060)
Proceeds from borrowings	400,000	-
Repayment of borrowings	(400,000)	-
Interest paid	(12,870)	-
Net cash (used in) provided by financing activities	1,872,817	1,539,767
Net (decrease) increase in cash and cash equivalents	(476,846)	(522,593)
Cash and cash equivalents at 1 July	697,438	1,220,031
Effect of exchange rate fluctuations on cash held	-	-
Cash and cash equivalents at 30 June	220,592	697,438

6. Dividends paid or provided for

No dividends declared for the year ended 30 June 2009. Refer to results summary.

7. Dividends reinvestment plan

No dividends or distribution reinvestment plan were in operation during the period ended 30 June 2009.

8. Movements in retained earnings

Refer to capital and reserves note under item 4.1.

9. NTA backing

Details of net tangible asset backing are set out in the results summary

10. Control gained over entities having material effect

There were no entities over which control has been gained or lost during the period.

11. Details of associates and joint ventures

The pieNETWORKS group has no investments in associates or joint ventures.

12. Other significant information

At the date of this Appendix 4E there was no other matter of a significant nature.

13. Accounting standards for foreign entities

Not applicable to pieNETWORKS Limited.

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14. Commentary on the results for the financial year

Refer to results summary.

14.1 Earnings per share

Refer to income statement at item 3

15. Compliance statement

This report is based on accounts which are in the process of being audited.



Signed: _____
(Company Secretary)

Date: 31 August 2009

Name: Mark Pitts

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