

Zoono Limited



Interim Financial Report For the Half-year Ended 31 March 2016

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COMPANY DIRECTORY

Nature of Business	Development and wholesale distribution of antimicrobial products
Registered Office	9 Redmond Street Ponsonby, Auckland
Directors	Paul R Hyslop
Auditor	Hall Chadwick Level 40, 2 Park Street Sydney NSW 2000 Australia
Bankers	ANZ Bank New Zealand Limited
Solicitors	Chapman Tripp
Business Location	281 Victoria Avenue Remuera, Auckland
Shareholder	Zoono Group Limited (100%) 1,000 ordinary shares

Zoono Limited Financial Report 31 March 2016

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 30 SEPTEMBER 2016

	Note	Half-year Ended 30 September 2016	Year Ended 31 March 2016
		\$	\$
Revenue		352,127	944,877
Cost of sales		(155,454)	(182,143)
Gross profit		196,673	762,734
Other revenue		649	7,067
Administration expenses		(65,089)	(71,421)
Depreciation expenses		(15,891)	(28,433)
Directors' fee		(385,000)	(548,000)
Finance costs		(23,452)	(40,888)
Management fee		(820,000)	(400,000)
Occupancy expenses		(1,793)	(2,380)
Selling and distribution expenses		(138,586)	(21,133)
Marketing expenses		(2,310)	(265,294)
Other expenses		(4,270)	(23,026)
(Loss)/ profit before income tax		(1,259,069)	(630,774)
Income tax expense	3	-	-
(Loss)/ profit for the period		(1,259,069)	(630,774)
 Other comprehensive income		 -	 -
 Total comprehensive income for the period		 (1,259,069)	 (630,774)

The accompanying notes form part of these financial statements.

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STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 30 SEPTEMBER 2016

	Issued Capital (Ordinary Shares)	Accumulated losses	Total
	\$	\$	\$
Balance at 1 April 2015	1	(607,990)	(607,989)
<hr/>			
Comprehensive income			
Profit for the year	-	(630,774)	(630,774)
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	-	(630,774)	(630,774)
<hr/>			
Transactions with owners, in their capacity as owners	-	-	-
<hr/>			
Balance at 31 March 2016	1	(1,238,764)	(1,238,763)
<hr/>			
Comprehensive income			
Loss for the period	-	(1,259,069)	(1,259,069)
Other comprehensive income for the period	-	-	-
Total comprehensive income for the period	-	(1,259,069)	(1,259,069)
<hr/>			
Transactions with owners, in their capacity as owners	-	-	-
<hr/>			
Balance at 30 SEPTEMBER 2016	1	(2,497,833)	(2,497,832)
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The accompanying notes form part of these financial statements.

Zoono Limited Financial Report 31 March 2016

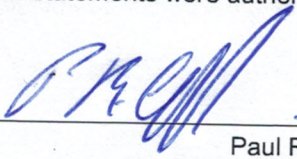
STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2016

	Note	30 September 2016	31 March 2016
		\$	\$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		144,167	189,880
Trade and other receivables	3	10,004	927,426
Inventories		140,000	112,628
TOTAL CURRENT ASSETS		294,171	1,229,934
NON-CURRENT ASSETS			
Plant and equipment		98,464	108,964
TOTAL NON-CURRENT ASSETS		98,464	108,964
TOTAL ASSETS		392,635	1,338,898
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	4	2,811,553	2,458,148
Borrowings		51,750	45,577
TOTAL CURRENT LIABILITIES		2,863,303	2,503,725
NON-CURRENT LIABILITIES			
Borrowings		27,164	73,936
TOTAL NON-CURRENT LIABILITIES		27,164	73,936
TOTAL LIABILITIES		2,890,467	2,577,661
NET ASSETS		(2,497,832)	(1,238,763)
EQUITY			
Issued capital		1	1
Accumulated losses		(2,497,833)	(1,238,764)
TOTAL EQUITY		(2,497,832)	(1,238,763)

The accompanying notes form part of these financial statements.

These interim financial statements were authorised for issue for and on behalf of the Board

Director



 Paul R Hyslop

Dated: 13 February 2017

Zoono Limited Financial Report 31 March 2016

STATEMENT OF CASH FLOWS FOR THE HALF-YEAR ENDED 30 SEPTEMBER 2016

	Note	Half-year Ended 30 September 2016 \$	Year Ended 31 March 2016 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		364,211	2,365,825
Payments to suppliers and employees		(77,608)	(1,293,368)
Interest received		649	1,627
Finance costs		(23,452)	(40,888)
Net cash provided by operating activities	5	263,800	1,033,196
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for plant and equipment		(5,391)	(35,244)
Loans to related parties		(244,320)	(1,346,925)
Repayment of loan to related parties		317	363,653
Net cash (used in) investing activities		(249,394)	(1,018,516)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds of loan from unrelated party		-	50,000
Repayment of loan from related parties		(19,521)	(1,904)
Repayment of borrowings		(40,598)	(1,486)
Net cash (used in) provided by financing activities		(60,119)	46,610
Net (decrease) increase in cash held		(45,713)	61,290
Cash at beginning of financial year		189,880	128,590
Cash at end of financial year		144,167	189,880

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 MARCH 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Zoono Limited is a company limited by shares, incorporated and domiciled in New Zealand. The interim financial statements are for Zoono Limited ("the Company").

The Company is a Tier 2 for-profit entity under the External Reporting Board Accounting Standards Framework.

Basis of Preparation

These general purpose interim financial statements for half-year reporting period ended 30 September 2016 have been prepared in accordance with requirements of the general accepted accounting practice in New Zealand (NZ GAAP), International Accounting Standard 34 and NZ IAS 34: *Interim Financial Reporting*.

This interim financial report is intended to provide users with an update on the latest annual financial statements of the Company. As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the Company. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Company for the year ended 31 March 2016.

These interim financial statements were authorised for issue on 13 February 2017.

Accounting Policies

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements.

The Company has considered the implications of new or amended Accounting Standards, but determined that their application to the financial statements is either not relevant or not material.

Going Concern

This report has been prepared on the going concern basis, which assumes the continuity of normal business activity and the realisation of assets and settlement of liabilities in the normal course of business.

The Company incurred a net loss after tax for the half-year ended 30 September 2016 of \$1,259,069 and had a deficiency of net assets of \$2,497,832 on that date. The deficiency of net assets are impacted as a result of income in advance and loan from parent entity amounting to \$1,391,704 and \$1,008,632 being included in trade and other payables in accordance with the company's accounting policy. The income in advance is deferred until the sales of goods are delivered to the customers.

The Company's ability to continue as a going concern is dependent on continued reliance on the financial support from its current shareholder.

In the event the financial support did not eventuate, the Company may not realise its assets and extinguish its liabilities in the normal course of business. The financial statements do not include any adjustments relating to the recoverability and classification of recorded assets or liabilities that might be necessary should the Company not continue as a going concern.

Comparative Figures

The interim financial information contained in this report is for the six months ended 30 September 2016. Comparative information contained in this interim financial report relates to the twelve months ended from 1 April 2015 to 31 March 2016.

Zoono Limited Financial Report 31 March 2016

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

NOTE 2: LOSS FOR THE PERIOD

	Half-year Ended	Year Ended 31
	30 September	March 2016
	2016	March 2016
	\$	\$
a. Revenue		
Revenue from sale of goods	352,127	944,877
b. Other income		
Rental income	-	5,440
Interest income	649	1,627
	649	7,067
c. Depreciation expenses		
Depreciation of plant and equipment	(15,891)	(28,433)
d. Finance costs		
Interest on borrowings	(23,452)	(40,888)
e. Other expenses		
Audit of the financial statements	8,000	16,000
Net foreign exchange (gain) and losses	(2,140)	23,024
	5,860	49,024

NOTE 3: TRADE AND OTHER RECEIVABLES

	30 September	31 March 2016
	2016	31 March 2016
	\$	\$
CURRENT		
Trade receivables	2,401	14,129
Provision for impairment	-	-
	2,401	14,129
Other receivables	7,603	555
Loans to related parties	-	912,742
	7,603	913,297
	10,004	927,426

Zoono Limited Financial Report 31 March 2016

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

NOTE 4: TRADE AND OTHER PAYABLES

	30 September 2016	31 March 2016
	\$	\$
CURRENT		
Trade payables	28,875	19,918
Sundry payables and accrued expenses	-	9,329
Income in advance	1,391,704	1,066,661
Unsecured Loan	200,000	200,000
Loan from a related parties	182,342	148,696
Loan from parent entity	1,008,632	1,013,544
	2,811,553	2,458,148
	2,811,553	2,458,148

NOTE 5: CASH FLOW INFORMATION

	Half-year Ended 30 September 2016	Year Ended 31 March 2016
	\$	\$
Reconciliation of Cash Flows from Operating Activities with loss after Income Tax		
Loss after income tax	(1,259,069)	(987,905)
Non-cash flows in (loss)/ profit:		
– Depreciation of plant and equipment	15,891	28,433
– Accrued management fee	820,000	400,000
– Accrued directors' fee	385,000	548,000
Changes in assets and liabilities:		
– Decrease in receivables	4,710	52,837
– (Increase) in inventories	(27,372)	(28,365)
– Increase in payables	324,640	1,020,196
	263,800	602,112
	263,800	602,112

Zoono Limited Financial Report 31 March 2016

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

NOTE 6: CAPITAL AND LEASING COMMITMENTS

	30 September 2016	31 March 2016
	\$	\$
Finance Leasing and Hire Purchase Commitments		
Payable – minimum lease payments:		
– not later than 12 months	52,670	54,584
– between 12 months and five years	29,448	75,477
– later than five years	-	-
Minimum lease payments	82,118	130,061
Less future finance charges	(3,204)	(10,548)
Present value of minimum lease payments	78,914	119,513

NOTE 7: RELATED PARTY TRANSACTIONS

Related Parties

The following transactions occurred with related parties:

	Note	30 September 2016	31 March 2016
		\$	\$
<i>Trade and other payables</i>			
Loans from director:			
– beginning of the period		912,742	877,470
– loans advanced		244,320	1,346,925
– loan repayment		(317)	(363,653)
– management fee		(820,000)	(400,000)
– directors' fee		(385,000)	(548,000)
– end of the period		(48,255)	912,742
 <i>Loans from a entity associated with the director:</i>			
– beginning of the period		(148,696)	(148,696)
– loans advanced		(33,646)	-
– end of the period		(182,342)	(148,696)
 Ultimate parent:			
Zoono Group Limited has made loans to the Company. These loans are interest free, unsecured and at call		(1,008,632)	(1,015,448)

Zoono Limited Financial Report 31 March 2016

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

NOTE 8: CONTINGENT LIABILITIES

There are no contingent liabilities as at 30 September 2016 and 31 March 2016.

NOTE 9: EVENTS AFTER THE REPORTING PERIOD

The director is not aware of any significant events since the end of the reporting period.

**INDEPENDENT REVIEW REPORT
TO THE SHAREHOLDERS OF
ZOONO LIMITED****SYDNEY**

Level 40
2 Park Street
Sydney NSW 2000
Australia

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Sydney NSW 2001

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Report on the Interim Financial Report

We have reviewed the accompanying interim financial statements of Zoono Limited (the company), which comprise the statement of financial position as at 30 September 2016, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the period ended on that date, and a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Interim Financial Report

The directors of the company are responsible for the preparation of the interim financial statements in accordance with New Zealand Equivalent to International Accounting Standard 34 Interim Financial Reporting (NZ IAS 34) and for such internal control as the directors determine is necessary to enable the preparation of the interim financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the interim financial statements based on our review. We conducted our review in accordance with NZ SRE 2410 "Review of Financial Statements Performed by the Independent Auditor of the Entity". NZ SRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the financial statements, taken as a whole, are not prepared in all material respects, in accordance with the NZ IAS 34. As the auditor of Zoono Limited, NZ SRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial statements.

A review of interim financial statements in accordance with NZ SRE 2410 is a limited assurance engagement. The auditor performs procedures, primarily consisting of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing (New Zealand). Accordingly we do not express an audit opinion on those financial statements.

Other than in our capacity as assurance practitioner we have no relationship with, or interests in, the company.

Basis for Qualified Conclusion

As a result of qualification to the opening balances, we were unable to determine whether adjustments to the results of operations and opening retained earnings might be necessary for 30 September 2016 and therefore our conclusion for 30 September 2016 be modified accordingly in relation to opening retained earnings at 1 April 2016 that would impact the 30 September 2016 accounts.

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**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE SHAREHOLDERS OF
ZOONO LIMITED**

Qualified Conclusion

Based on our review, except for the possible effects of the matter described in the Basis of Qualified Conclusion paragraph above, nothing has come to our attention that causes us to believe that these interim financial statements of Zoono Limited do not present fairly, in all material respects, the financial position of the company as at 30 September 2016, and of its financial performance and its cash flows for the half year ended on that date, in accordance with NZ IAS 34.

Emphasis of Matter

We draw attention to Note 1 in the interim financial report which indicates that the company incurred a net loss after tax for the half year ended 30 September 2016 of \$1,259,069 and had a deficiency of net assets of \$2,497,832 on that date. These conditions, along with other matters as set forth in Note 1 indicate the existence of a material uncertainty that may cast significant doubt about the company's ability to continue as a going concern and therefore, the company may be unable to realise its assets and discharge its liabilities in the normal course of business and at the amounts stated in the interim financial report.



HALL CHADWICK
Level 40, 2 Park Street
Sydney NSW 2000



DREW TOWNSEND
Partner

Dated: 13 February 2017