

Zoono Group Limited

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26 April 2018

ASX RELEASE

QUARTERLY REPORT FOR THE PERIOD ENDED 31 MARCH 2018

Highlights in Appendix 4C

- Zoono is pleased to advise that product shipments for the quarter were NZ\$924,000.
- Major shipments include products to China for the RBCGO Launch, products to our other China distributor to the value of NZ\$170,000, a second significant order to South Korea and product to new customers in South Africa.
- While the RBCGO Launch has been delayed due to changes in labelling requirements, the intervening time has been used to produce a bi-lingual video production, to undertake further local safety/efficacy testing and to identify (and address) potential logistical problems. The product is now in the RBCGO Warehouse in Beijing in readiness for the initial launch in the Beijing region (to 30m households).
- Higher brand positioning and awareness spend in the quarter.
- The KRICT – (Korea Research Institute of Chemical Technology) Virus Research and Testing Centre, has conducted independent third party testing on two Zoono Products.
 - Zoono Z71 Microbe Shield has been tested against Influenza A Virus (H3N2) Hong Kong strain and achieved a virus reduction of >99.900%.
 - Zoono's Hand Sanitiser (GermFree24) has been tested against Influenza A Virus (H3N2) Hong Kong strain and achieved a virus reduction of >99.951%.
- Zoono Hand Sanitiser tested at Accuratus Lab in the USA showed a >99.999% kill rate against Staphylococcus Aureus (Staph).
- Testing of Zoono Z71 Microbe Shield All Purpose at Geo-Chem Laboratories PVT Ltd in India against Candida Albicans and E.coli (at 24 hours, 7 days, 14 days and 30 days) showed no loss in efficacy at 30 days (i.e. Zoono Z71 was still killing both pathogens at 100%). All Zoono product testing is conducted by independent 3rd party laboratories that operate under GLP – Good Lab Practice. Testing is ongoing.
- Cash available of NZ\$6.578m plus in addition cash due of \$850k (including RBCGO shipment of NZ\$470,000 below). The costs of that shipment have been included in Appendix 4C.

Zoono Group Limited (ASX:ZNO) notes the following cash outflows in Section 1.2 and cash inflow items in Section 2.5 of the Appendix 4C:

- The Group has incurred higher product manufacturing and operating costs for the quarter, primarily as a result of the manufacture of the finished products for RBCGO. Revenue of NZ\$470,000 will be recognised in the financial accounts (and future cash flows) on the sale of the product. Gross profit margins under the RBCGO contract will be lower as it is a volume based contract.
- Advertising and marketing costs were higher as a result of investment in brand positioning and awareness, new sales and promotional video productions and the development of a new online web portal.

- As part of the termination of the product distribution arrangements with Stayzon Retail Ventures Pty Ltd, Zoono agreed to write off NZD\$112,000 of its loan to MCS Capital Partners PTY Limited. The remaining balance of the loan (NZ\$104,000) was repaid in March 2018.

For further Information please contact:

Paul Ravlich, Chief Financial Officer on +64 210 759 176

or visit www.zoono.com

About Zoono:

Zoono specialises in the development, manufacture and global distribution of a suite of proven, long lasting and environmentally friendly antimicrobial solutions. It has developed products, including aerosol-based sprays, suited for skin care, surface sanitisers, treatment of acne and mould remediation. The products are based around the “Zoono Molecule”; a unique, antimicrobial molecule that bonds to any surface and kills pathogens including bacteria, viruses, algae, fungi and mould. It has proven efficacy, longevity and, importantly, it does not leach. Zoono products are currently sold in many countries.

Appendix 4C

Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

Name of entity

Zoono Group Limited (ZNO)

ABN

73 006 645 754

Quarter ended ("current quarter")

31 March 2018

Consolidated statement of cash flows	Current quarter \$NZ'000	Year to date (9 months) \$NZ'000
1. Cash flows from operating activities		
1.1 Receipts from customers	190	889
1.2 Payments for		
(a) research and development	(10)	(14)
(b) product manufacturing and operating costs	(230)	(854)
(c) advertising and marketing	(77)	(101)
(d) leased assets	(21)	(48)
(e) staff costs	(94)	(270)
(f) administration and corporate costs	(461)	(1,390)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	78	158
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(625)	(1,630)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(12)	(145)
(b) businesses (see item 10)	-	-
(c) investments	-	-
(d) intellectual property	-	-
(e) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$NZ'000	Year to date (9 months) \$NZ'000
2.2	Proceeds from disposal of:		
	(a) property, plant and equipment	-	35
	(b) businesses (see item 10)	-	-
	(c) investments	-	-
	(d) intellectual property	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other	104	156
2.6	Net cash from / (used in) investing activities	92	46

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	-	-
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	-	-
3.5	Proceeds from borrowings	(3)	46
3.6	Repayment of borrowings	(3)	(7)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	(6)	39

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of quarter/year to date	7,115	8,144
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(625)	(1,630)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	92	46
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(6)	39
4.5	Effect of movement in exchange rates on cash held	2	(21)
4.6	Cash and cash equivalents at end of quarter	6,578	6,578

5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$NZ'000	Previous quarter \$NZ'000
5.1 Bank balances	162	14
5.2 Call deposits	-	-
5.3 Bank overdrafts	-	-
5.4 Other –		
Overseas Bank Balance	25	16
Overseas Call Deposit	6,391	7,085
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	6,578	7,115

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

Current quarter \$NZ'000

178

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Payment of accrued director fees, consulting and other services provided to the consolidated group at normal commercial rates.

7. Payments to related entities of the entity and their associates

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

Current quarter \$NZ'000

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8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$NZ'000	Amount drawn at quarter end \$NZ'000
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

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9. Estimated cash outflows for next quarter	\$NZ'000
9.1 Research and development	10
9.2 Product manufacturing and operating costs	290
9.3 Advertising and marketing	110
9.4 Leased assets	21
9.5 Staff costs	140
9.6 Administration and corporate costs	465
9.7 Other (provide details if material)	-
9.8 Total estimated cash outflows	1,036

10. Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions	Disposals
10.1 Name of entity		
10.2 Place of incorporation or registration		
10.3 Consideration for acquisition or disposal		
10.4 Total net assets		
10.5 Nature of business		

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.



Sign here:
(Director/Company secretary)

Date: 26 April 2018

Print name: Elisa Hansen

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.