

Zoono Group Limited

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ASX RELEASE

19th January 2018

ZOONO COMPANY UPDATE

Zoono Group Limited (ASX:ZNO) is pleased to advise that unaudited revenue and income for the first half of the 2018 financial year was \$2,188,982 with an unaudited operating profit before tax of \$746,566. Unaudited Revenue for the second quarter was \$1,120,108 with an unaudited operating profit before tax of \$453,326.

The Company continues to perform to expectations with solid sustainable growth from a number of jurisdictions. Developments during the second quarter include:

In the UK and Europe:

- Zoono's UK distributor, Zoono UK Limited, entered into an agreement with Mitie Group plc (www.mitie.com). Mitie, a FTSE250 business, is the UK's largest Facilities Management Company with customers across a number of industries including government, healthcare, transportation, banking and sports stadiums. Mitie will offer Zoono as a high end antimicrobial protection service to its premium customers. The first orders have already been placed.
- Zoono trials will commence shortly in NHS Hospitals in London and Cambridge.
- Approvals for the Zoono Mini Foggers have been obtained in the UK and Germany, including the CE Mark that indicates conformity with health, safety, and environmental protection standards for products sold within the European Economic Area.

In the Middle East:

- Two containers (circa \$400,000) have been shipped, including the first container to the Kingdom of Saudi Arabia.

In Canada:

- Final approvals are now in place for GermFree24 Hand Sanitiser as well as the Microbe Shield surface product. The first order has been received from Canada.

In Asia:

- China customs has approved all Zoono labels for the RBCGO launch to Chinese consumers through home shopping TV, radio and online channels and via the Alibaba and Tmall platforms after Chinese New Year. The preliminary order, in excess of 170,000 bottles (circa \$600k), ships in February.
- A second additional order (circa \$150,000) has been received from South Korea, where the business continues to grow.

- Successful mould trials have been completed in China and Indonesia with local manufacturers. Zoono is used to spray the interiors of containers and wooden crates to protect high value goods being shipped globally. This market is expected to have significant growth potential.

In the USA

- General and online sales continue to grow in the USA and additional bulk product orders were received during the quarter. In total Zoono now has 10 products with full FDA Compliance.

And in Australia and New Zealand:

- All Zoono branded products will soon be available online and direct to the public via an Australian based electronic sales platform.
- Sales via our Australian and NZ based distributors continue to grow, with several new customers in Australia. Negotiations continue with several other customers.
- Zoono is expanding its business development team and will soon have an Australian based Country manager focusing on growing this important market in the B2B and B2C.

The Company continues to test its products against known pathogens. GermFree24 ULTRA has been successfully tested against Norovirus in the USA and Zoono's ZAM (Anti Mould) has been successfully tested against both Listeria and Aspergillus. Zoono Microbe Shield and GermFree24 were both successfully tested against the Influenza A Virus – H3N2.

Zoono is also continuously enhancing its product line. It has developed single use antimicrobial wipes for both hard surfaces (phones, laptops etc) and for the hands. Both products will be launched via the online portal. It will also be releasing an antimicrobial flowing soap and an antimicrobial body wash gel. Both of these new products are the result of extensive R&D and laboratory testing demonstrates a 100% effective kill rate against odour causing bacteria including Staph and E.coli after 24 hours.

For further Information please contact:

Paul Hyslop, Managing Director on +64 21 659 977

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 December 2017

Consolidated statement of cash flows	Current quarter \$NZ'000	Year to date (6 months) \$NZ'000
1. Cash flows from operating activities		
1.1 Receipts from customers	237	699
1.2 Payments for		
(a) research and development	(3)	(4)
(b) product manufacturing and operating costs	(196)	(624)
(c) advertising and marketing	(24)	(24)
(d) leased assets	(13)	(27)
(e) staff costs	(96)	(176)
(f) administration and corporate costs	(461)	(929)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	56	80
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	(500)	(1,005)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(43)	(133)
(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 (6 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	(3)	52
2.6	Net cash from / (used in) investing activities	(46)	(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	49	49
3.6	Repayment of borrowings	(2)	(4)
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	47	45

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	7,637	8,144
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(500)	(1,005)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(46)	(46)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	47	45
4.5	Effect of movement in exchange rates on cash held	(23)	(23)
4.6	Cash and cash equivalents at end of quarter	7,115	7,115

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	14	3
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other –		
	Overseas Bank Balance	16	1,332
	Overseas Call Deposit	7,085	6,302
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	7,115	7,637

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

182

-

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

-

-

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.		

9. Estimated cash outflows for next quarter	\$NZ'000
9.1 Research and development	5
9.2 Product manufacturing and operating costs	350
9.3 Advertising and marketing	30
9.4 Leased assets	16
9.5 Staff costs	125
9.6 Administration and corporate costs	460
9.7 Other (provide details if material)	-
9.8 Total estimated cash outflows	986

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: 19 January 2017

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.