

Zoono Group Limited

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31 July 2017

ASX RELEASE

ZOONO QUARTERLY UPDATE TO 30 JUNE 2017

HIGHLIGHTS

- Reinstatement to the ASX Official List
- Appointment of New Chief Financial Officer
- Quarterly sales of \$272,000
- Cash at the end of the quarter was \$7,778,000
- Appointment of Director, International Sales

Zoono Group Limited (ASX:ZNO) is pleased to present the Company's Appendix 4C for the 1 April 2017 to 30 June 2017 quarter.

During the Quarter, Goldsearch Limited (ASX: GSE) acquired 100% of the ordinary share capital and voting rights of New Zealand entity, Zoono Group Limited (Zoono), as described in the replacement prospectus issued on 14 March 2017.

Under AASB 3 Business Combinations this is treated as a 'reverse acquisition', whereby the accounting acquirer is deemed to be Zoono and GSE is deemed to be the accounting acquiree. As a result, the Consolidated statement of cash flows comprises the cash transactions of Zoono for the year to 30 June 2017 as well as the cash transactions of GSE from the date of acquisition (9 May 2017) up to the period ended 30 June 2017. This transaction resulted in a non-cash corporate transaction accounting expense of \$1,687,091 and \$10,024,083 of cash being acquired.

Following the re-listing of the Company, sales have gained momentum and the Company is expecting sales of A\$900,000 this current quarter.

NEW BUSINESS

On the back of regulatory approvals in various countries, Zoono is pleased to confirm the following orders received during the quarter:

1. **Korea** – Zoono's Distributor has placed an initial stock order for its major customer, Lotte Home Shopping TV. The initial order is expected to be delivered in August 2017. Further revenues are anticipated in the coming 12 months.
2. **UK and Ireland** – Zoono's UK Distributor has placed its initial stock order for delivery in July 2017.
3. **India** – Zoono Middle East & India has secured their first major customer in India, a major Healthcare Group with distribution into many other sectors and has confirmed and placed a significant initial order for surface and hand product. Zoono sees India as an important market and is expecting growth in demand for both the existing products and new Zoono products into 2018. Initial order delivery is August 2017.
4. **Saudi Arabia** – Zoono is expecting an initial order from its Saudi distributor (for delivery in September 2017). Zoono has already received a substantial deposit against this order.



5. **Iran** – Zoono is expecting an initial order for delivery in August 2017.
6. **Australia and New Zealand** – Zoono is experiencing growth in both markets through its distribution network which includes: Clear Facilities (www.clearfacilities.co.nz); VIP Care (www.vipcare.co.nz); Permagard, Stayzon Retail Ventures and a new distributor based in Queensland – Germ Free Bioscience.

Zoono is very pleased with the recent sales activity, which have been triggered by regulatory approvals that, in some instances, have taken two years or more to gain. Several more regulatory approvals are in process that will open up additional markets.

With these and other business development activities being undertaken, Zoono is anticipating significantly higher revenues in the next financial year (full year 2018).

CORPORATE

The Company (previously Goldsearch Limited) resumed trading on ASX under the name Zoono Group Limited (ASX:ZNO) on 9th May after its successful capital raise of AU\$10M.

This quarter started with a search for a suitably qualified Chief Financial Officer with an appointment of Mr. Paul Ravlich being made effective 1 May which was advised to the market.

In accordance with the ASX rules the Company is offering an unmarketable parcels (less than \$500) share sale facility for the many small shareholders and the ASX was formally advised of this intent on 9th June.

Audits are now underway for the year end 30 June 2017.

The Company has commenced a formal review of its Distributor agreements including those in its domestic markets. This review is to ensure that the agreements are still valid and that the current distributors are fulfilling their obligations. It is also needed to ensure that Zoono is covering all their business opportunities in all major territories.

During the Quarter, Zoono also announced the appointment of Mr. Lloyd Johns to the position of Director, International Sales – with a particular focus on the India and China markets.

A new reporting package for Distributors was introduced during the quarter, with fresh KPIs being introduced / reported each month.

For further information please contact:

Paul Hyslop, Managing Director: +64 21 659977
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")

30 June 2017

Note 1: On 9 May 2017 Goldsearch Limited (GSE) acquired 100% of the ordinary share capital and voting rights of Zoono Group Limited (ZNO) as described in the replacement prospectus issued on 14 March 2017. Under AASB 3 Business Combinations this is treated as a 'reverse acquisition', whereby the accounting acquirer is deemed to be ZNO and GSE is deemed to be the accounting acquiree. As a result, the Consolidated statement of cash flows comprises the cash transactions of ZNO for the year to 30 June 2017 as well as the cash transactions of GSE from the date of acquisition (9 May 2017) up to the period ended 30 June 2017. This transaction resulted in a non-cash corporate transaction accounting expense of \$1,687,091 and \$10,024,083 of cash being acquired.

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	272	1,098
1.2 Payments for		
(a) research and development	(9)	(20)
(b) product manufacturing and operating costs	53	(242)
(c) advertising and marketing	(2)	(3)
(d) leased assets	(28)	(57)
(e) staff costs	(321)	(338)
(f) administration and corporate costs	(1,419)	(2,409)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	11	11
1.5 Interest and other costs of finance paid	(23)	(50)
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	(1,466)	(2,010)

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(29)	27
(b) businesses (see item 10)	-	-
(c) investments	-	-
(d) intellectual property	-	-
(e) other non-current assets	(110)	(110)
2.2 Proceeds from disposal of:		
(a) property, plant and equipment	-	-
(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 - Cash on acquisition	10,024	10,024
2.6 Net cash from / (used in) investing activities	9,885	9,941
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	(933)	(933)
3.5 Proceeds from borrowings	642	1,550
3.6 Repayment of borrowings	(639)	(1,253)
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	(930)	(636)
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	22	197
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(1,466)	(2,010)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.3	Net cash from / (used in) investing activities (item 2.6 above)	9,885	9,941
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(930)	(636)
4.5	Effect of movement in exchange rates on cash held	267	286
4.6	Cash and cash equivalents at end of quarter	7,778	7,778

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 \$A'000	Previous quarter \$A'000
5.1	Bank balances	27	-
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other – Overseas Bank Balance	110	22
	Overseas Call Deposit	7,641	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	7,778	22

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 \$A'000
479

Payment of accrued director fees, consulting and other services provided to the consolidated group at normal commercial rates. Includes a payment to John Percival of \$213,000, Former Chairman of Goldsearch Limited.

7. Payments to related entities of the entity and their associates	Current quarter \$A'000
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	

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'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	\$A'000
9.1 Research and development	
9.2 Product manufacturing and operating costs	241
9.3 Advertising and marketing	10
9.4 Leased assets	27
9.5 Staff costs	82
9.6 Administration and corporate costs	391
9.7 Other (provide details if material)	5
9.8 Total estimated cash outflows	756

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		

Note 2: Prior Quarter Reverse acquisition

On 9 May 2017, the Company, formerly named Goldsearch Limited completed the legal acquisition of 100% of Zoono Group Limited (ZNO) company registered in New Zealand and then changed the name of the Australian entity to Zoono Group Limited. The acquisition of ZNO resulted in ZNO obtaining control of the merged entity. In addition, the board of directors of the merged entity was restructured such that two of the three directors would stepped down and were replaced by three of ZNO nominees. A nominee of ZNO serves as the Managing Director and the ZNO management team has assumed responsibility for the management of the merged entity. Consequently, the acquisition has been accounted for with reference to the guidance for reverse acquisitions set out in AASB 3: Business Combinations.

The application of the reverse acquisition guidance contained in AASB 3 has resulted in the Company (the legal parent) being accounted for as the subsidiary and ZNO (the legal subsidiary) being accounted for as the parent entity. At the time the Company's acquisition of ZNO, its operations did not fall within the scope of a "business" under AASB 3. Consequently, the acquisition did not meet the definition of a "business combination" under AASB 3 and the principles of AASB 3 could not be applied in their entirety.

Instead, the acquisition has been accounted for as a share-based payment transaction using the principles set out in AASB 2: Share-based payment whereby ZNO is deemed to have issued shares in exchange for the net assets and listing status of Zoono Group Limited. In accordance with AASB 2, the difference between the fair value of the deemed consideration paid by ZNO and the fair value of the identifiable net assets of Zoono Group Limited, is required to be recognised as an expense

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: 31 July 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.