

Zoono Group Limited

ABN: 73 006 645 754

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Sydney NSW 2000

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ASX RELEASE

31 August 2017

ZOONO'S 2017 ANNUAL FINANCIAL RESULTS

Zoono Group Limited (ASX: ZNO) presents its financial results for the twelve month period ended 30 June 2017 in the attached Appendix 4E and Annual Report to Shareholders.

It has been a seminal year for the Company with its re-admission to the Official List of ASX on 9 May 2017 as an antimicrobial solutions company (previously, Goldsearch Limited was a gold exploration company). Accordingly, the 2017 financial results include the very significant costs associated with the re-listing, the resolution of legacy issues relating to the former business and the and the restructuring of the previously private New Zealand company, Zoono Group Limited. However, all one-off costs have now been taken up and the Company now has a clean slate and clear focus going forward.

Zoono has started strongly in the new financial year with (unaudited) revenues of NZ\$649,279 and an (unaudited) Operating profit of NZ\$353,252 achieved for July. Whilst sales vary month on month, the Company expects to be cashflow positive for the full year 2018.

All figures in the attached Appendix 4E and Annual Report to Shareholders are in New Zealand dollars. Where currency is converted back to New Zealand dollars, various conversion rates as appropriate have been used.

For further Information please contact:

Paul Hyslop
Managing Director
+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.

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Appendix 4E

Preliminary Final Report

1. Company details

Name of entity:	Zoono Group Limited
ABN:	73 006 645 754
Reporting period:	For the year ended 30 June 2017
Previous period:	For the year ended 30 June 2016

2. Results for announcement to the market

Revenues from ordinary activities	Down	\$358,055	to	\$793,362
Loss from ordinary activities after tax attributable to the owners of the Group	Up	\$3,619,058 772.5%	to	\$4,087,533
Loss for the year attributable to the owners of the Group	Up	\$3,619,058 772.5%	to	\$4,087,533

Dividend Information

There were no dividends paid, recommended or declared during the current financial period.

Comments

The loss for the Group after providing for income tax amounted to NZ\$4,087,533 (30 June 2016: (NZ\$468,475).

Refer to 'Business Overview' in the attached annual report for further commentary on results.

3. Net tangible assets

	30 June 2017	30 June 2016
Net tangible assets per security	\$0.038	\$(15.78)

4. Control gained over entities

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 NZ\$1,687,091 and NZ\$10,683,668 of cash being raised.

5. Loss of Control over entities

Not applicable.

6. Dividend

Current period

There were no dividends paid, recommended or declared during the current financial period.

Previous period

There were no dividends paid, recommended or declared during the previous financial period.

7. Dividend reinvestment plans

Not applicable.

8. Details of associates and joint venture entities

Not applicable.

9. Foreign entities

Details of origin of accounting standards used in compiling the report:

Not applicable.

10. Audit qualification or review

Details of audit dispute or qualification (if any):

The financial statement has been audited and a qualified opinion has been issued, on the basis that the Auditors' were not appointed until 16 June 2016, and accordingly was not able to observe the counting of the physical inventories at the beginning and end of the year as stated at 30 June 2015 and 30 June 2016.

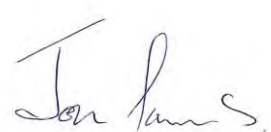
Please refer to the Independent auditors' report contained within the enclosed consolidated financial report

11. Attachments

Details of attachments (if any):

The Annual Report of Zoono Group Limited for the year ended 30 June 2017 is attached.

12. Signed

A handwritten signature in blue ink, appearing to read 'Jon Lamb'.

Jon Lamb
Executive Chairman

Date: 31 August 2017



ZOONO GROUP LIMITED

AND CONTROLLED ENTITIES

formerly Goldsearch Limited

ABN73 006 645 754

ANNUAL REPORT

for the period ended

30 JUNE 2017

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CHAIRMAN AND CEO'S REVIEW

We relisted the Company on the ASX in the final quarter of the 2017 financial year. The year to 30 June 2017 is a one-off year in that we have covered all the costs of listing the Company and moving it from a non-listed privately-owned entity to a listed public entity. The Board is confident that all these one-off costs have been captured and that the new financial year will reflect the true trading ability of your Company.

As reported we have had a strong start to the new year and have booked unaudited revenue of NZ\$649,279 in July and an unaudited Operating profit before tax of \$353,252. The results for the month were in excess of what would normally be the case.

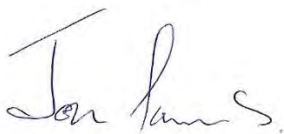
The management team continues to build Zoono's domestic business via our key distributors in both Australia and New Zealand. The sectors that we are targeting are child care, commercial cleaning, Department of Corrections, agriculture and veterinary, medical and retail sectors domestically. Our key distributors are focused on building their businesses in these sectors and have made good progress over the past 12 months. We are still focused on growing our domestic market through the above channels and new ones. We are also investigating direct B2B associations.

For the rest of the world we continue to build our business network via our appointed distributors and have made good progress in Japan working with two blue chip companies in the textile sector, we are pleased to report our first two commercial orders have now been shipped to Japan, USA negotiating a retail deal with Walmart, Korea with home shopping, Canada in healthcare and UK in commercial cleaning. We are also working with distributors in UAE, South Africa, Hong Kong, China and India however these markets are less developed for Zoono products at this stage. We are confident that these building blocks will create a global company.

The management team has been strengthened with the appointment of a Chief Financial Officer, International Sales Director and a back-office employee. A tight control over fixed costs such as staff numbers is being maintained to ensure that the successful cash raise is channelled into activities that will grow the overall business. We have approximately NZ\$8.1M cash on deposit.

We value our shareholder base with many of you known personally or who are customers. Your board and management team are committed to commercialising our range of products across as many trade sectors as we can and working with and appointing distributor partners who have the infrastructures, business links and skills in each of our chosen markets.

We would like to thank all shareholders, staff and stakeholders in our business and confirm that we are working hard to maximise the potential of our products.



Jon Lamb
Chairman



Paul Hyslop
Managing Director/CEO

DIRECTORS' REPORT

Your directors present their report on Zoono Group Limited ('Company') and its controlled entities (together called the 'Group' or the 'consolidated entity') for the financial year ended 30 June 2017. All numbers stated in this report are in New Zealand dollars, unless otherwise stated or converted at the exchange rates provided.

Directors

The names of directors in office at any time during or since the end of the year are:

Mr. Jon Lamb	Executive Chairman (appointed 26 April 2017)
Mr. Paul Hyslop	Managing Director (appointed 26 April 2017)
Mr. Don Clarke	Non-Executive Director (appointed 26 April 2017)
Mrs. Elissa Hansen	Non-Executive Director
Mr. Glenn Tetley	Non-Executive Director (resigned 26 April 2017)
Mr. John Percival	Non-Executive Director (resigned 26 April 2017)

Directors have been in office since the date of their appointment as detailed above to the date of this report unless otherwise stated.

Company Secretary

Mrs. Elissa Hansen has held the position of Company secretary since 12 August 2015.

Principal activities

The principal activities of the consolidated entity during the year was to develop and sell a range of antimicrobial products in multiple countries.

Previously Goldsearch Limited historically operated as a mineral exploration Company, and on the 9 May 2017 completed the acquisition of 100% of the shares, assets and business undertakings of New Zealand company, Zoono Group Limited and related entities, being a change of principal activity. It also changed its name to Zoono Group Limited.

Reverse acquisition

This financial report focuses on the continuation of Zoono, which is treated as the acquirer of Zoono Group Limited (formerly Goldsearch Limited) for accounting purposes, effective on and from 9 May 2017. The Zoono business is considered the 'ongoing business' following the acquisition, and the significant changes to the respective entity's previous accounting arrangements, and their effect on the financial position of the integrated entity, are set out in more detail in the notes to the accounts.

Operating result

The Group recorded an after tax loss of NZ\$4,087,533 (2016: NZ\$468,475) for the financial year. The underlying loss after tax for the year was NZ\$2,400,442 (2016: NZ\$468,475) net of costs of the acquisition.

Review of operation

On 16 August 2016, the Company entered into a Binding Share Sale Agreement with Goldsearch Limited whereby Goldsearch would acquire all of the issued capital in (New Zealand entity) Zoono Group Limited.

Following completion of an AUD\$10million capital raise and the acquisition of Zoono Group Limited New Zealand, Goldsearch was renamed Zoono Group Limited and re-admitted to the Official List of ASX on 9 May 2017.

During the year, CVS Health Corp, based in Rhode Island in the United States, commenced initial sales of Zoono product via their wholly owned company, CVS Pharmacy Inc. (CVS Health has over 8,000 pharmacies across the United States). Clear Facilities Limited, (based in Auckland New Zealand) expanded their operations into Australia and the United Kingdom; VIPCARE Ltd expanded their operations to include the supply of Zoono products to a number of childcare centres in New Zealand and commenced promoting the products through the hospital and healthcare sectors; and Permagard Australia Pty Ltd was successful in obtaining orders from luxury car dealers, where the Zoono “fogger” (a 6-7-minute antimicrobial misting product) is being used as part of the vehicle servicing regime.

Financial Performance

In the 12 months to 30 June 2017, the Group experienced a decrease in revenue of NZ\$358,055 (31.1% decrease over the FY16 year). This was primarily due to decreases in revenues from three Distributors, Zoono Asia (NZ\$369,000), Zoono Italia (NZ\$125,000) and Zoono FC Dubai (NZ\$329,000) offset by an increase with Stayzon Retail Ventures (through their Permagard Australia brand, NZ\$431,000).

Gross Profit achieved was NZ\$399,194 (50.3% of revenue) in the current year compared to NZ\$867,990 (75.4% of revenue) in the previous year. The reduction in Gross Profit was due to lower revenues and the mix of products sold which affected the margins.

Operating costs increased by NZ\$3,165,306 (231.6%) as a result of the cost of Listing, with a Listing expense of NZ\$1,687,091 and an increase in Management Fees and Director’s Fees for the Managing Director of NZ\$1,178,142. The increase in Management and Director’s fees is a result of converting loans and equity accounts associated with the Managing Director prior to the acquisition of Zoono business and entities as part of the reverse accounting treatment. This arrangement was agreed with Goldsearch Limited when the deal was finalised and was the main reason that some shares were initially sold down by the Managing Director as the treatment caused a personal tax liability.

Other Operating expense increases were Professional fees of NZ\$182,266 associated with the Listing and an increase in employee costs of NZ\$80,088 with the hire of a Chief Financial Officer and Operations Manager. The Chief Operating Officer moved from an independent contractor status to an employee during the year.

The Consolidated net loss after tax for the year was NZ\$4,087,533 compared to a loss of NZ\$468,475 in the previous year.

Cash generation and capital management

Operating cash flow was an outflow of NZ\$343,329 in the current year and the outflow increased by NZ\$1,404,606 on last year. This was predominately due to higher operating expenses for the year as explained above and the reduction in cash received from Distributors.

The Group ended the year with NZ\$8,144,690 in cash reserves up from NZ\$205,998 in the previous year.

Dividends

No dividends were paid or declared since the start of the financial year. No recommendation for payment of dividends has been made.

Significant changes in the state of affairs

Significant changes in the state of affairs of the Group during the financial year were as follows:

On 16 August 2016, New Zealand company Zoono Group Limited's sole shareholder, NPT Zoono Trustee Limited, entered into a Binding Share Sale Agreement with ASX listed Company, Goldsearch Limited under which Goldsearch would acquire all the issued capital in the New Zealand company, subject to shareholder approval.

On 18 January 2017, Goldsearch's shareholders approved the acquisition and a significant change in nature and scale of the company and the associated capital raise.

On 21 April 2017, Goldsearch Limited was renamed Zoono Group Limited following the successful completion of a AUD10 million capital raise at AUD0.20 per share under the Replacement Prospectus dated 14 March 2017. With the successful capital raising and purchase of New Zealand company, Zoono Group Limited, Messrs Percival and Tetley resigned from the Board and Messrs Lamb, Hyslop and Clarke were appointed as directors.

On 9 May 2017 the Company was re-admitted to official quotation on ASX.

Under the principles of AASB 3: business Combinations, Zoono is the accounting acquirer and Zoono Group (formerly Goldsearch) is the accounting acquiree, and the transaction has therefore been accounted for as a share based payment. Accordingly, the 30 June 2017 consolidated financial statements of Zoono Group (formerly Goldsearch) have been prepared as a continuation of the financial statements of Zoono. The comparative figures also present a continuation of Zoono, and will therefore not reconcile to the previous Zoono Group (formerly Goldsearch) financial statements for the year ended 30 June 2016.

Matters subsequent to the end of the financial year

On the 14 August 2017, the Group completed the unmarketable parcel share sale facility as announced on the 9 June 2017.

No other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the consolidated group, the results of those operations, or the state of affairs of the consolidated group in future financial years.

Likely developments, prospects and business strategies

The consolidated entity will continue its strategy to focus on the progressive expansion of the sale and marketing of its product line.

Information on Directors

Mr. Jon Lamb, CIM

Executive Chairman (appointed 26 April 2017)

Jon has led strategic planning, marketing and restructuring of companies throughout his career. He worked in and headed a multinational pharmaceutical company successfully launching global brands. He created the kiwifruit brand Zespri, and restructured the company into a retail focused operation.

He has been a board director on a number of public and private companies, for example a recent a start-up that was developing an antiviral against AIDS where he worked closely with Harvard Medical School who sponsored the clinical trials.

He was Deputy Chair of an Australian diagnostic company that had a real time tool for measuring the Hepatitis B virus. He has been advising Zoono Group for the last 3 years.

Special responsibilities:

Chairman (appointed 26 April 2017), member of the Audit and Risk Committee

Interests in shares and options:

500,000 ordinary shares

Directorships of other listed companies in the past three years:

Non-executive director, AFT Pharmaceuticals Ltd

Mr. Paul Hyslop,

Managing Director (appointed 26 April 2017)

Paul founded Zoono Group in 2009 to address the need for a highly effective, alternative method of combating bacteria and microbes and quickly realised the business opportunity surrounding this technology. Prior to establishing Zoono, Paul was involved in several successful entrepreneurial ventures ranging from the establishment of a successful private car sales business in Auckland in 1990, to real estate development and business brokerage. He also set up a franchise business in the USA 2002 – 2005.

Extremely adept at dealing with businesses and consumers alike, he co-established the Business Brokerage Division at Bayley's Real Estate – one of the largest real estate and business brokerages in New Zealand, where he was twice awarded the "Salesman of the Year" award.

Paul's experience in business development dates back to the 1970s, when he started a personal-care services business after high school, grew it into eight locations and later sold it to his employees. He has also been a commercial flying instructor and Airline pilot, having flown commuter planes for Eagle Air, owned by Air New Zealand.

Special responsibilities:

Managing Director (appointed 26 April 2017)

Interests in shares and options:

83,708,000 Ordinary shares

Directorships of other listed companies in the past three years:

None.

Mr. Don Clarke, LLB (Hons)

Independent Non-Executive Director

Don was a Partner of Minter Ellison's Melbourne Corporate Group, from 1988-2015. He currently acts as a consultant to them. Don has advised leading corporate clients on broad corporation law issues focused on equity capital markets, private equity, mergers and acquisitions and corporate restructures. He is able to draw on his first hand experience as a corporate lawyer and a Director, of Directors' duties and responsibilities and best practice corporate governance, when advising on the legal and practical issues faced at head office and board level.

Special responsibilities:

Chairman of the Audit and Risk Committee

Interests in shares and options:

500,000 Ordinary shares:

Directorships of other listed companies in the past three years:

Non-Executive Director, Webjet Limited (appointed January 2008)

Non-Executive Director, Contango Income Generator Limited (appointed August 2014)

Mrs. Elissa Hansen, B.Comm, Grad Dip Applied Corporate Governance, GAICD and AGIA.

Independent Non-Executive Director

Elissa has over 15 years' experience advising boards and management on corporate governance, compliance, investor relations and other corporate related issues. She is a Chartered Secretary who brings best practice governance advice, ensuring compliance with the Listing Rules, Corporations Act and other relevant legislation.

Special responsibilities:

Company Secretary; member of the Audit and Risk Committee

Interests in shares and options:

167,000 Ordinary shares

Directorships of other listed companies in the past three years:

Non-executive director, Torian Resources Limited (appointed December 2015)

Mr. Glenn Tetley. B. Econ, FFSIA

Independent Non-Executive Director (resigned 26 April 2017)

Glenn Tetley has over 30 years' experience in investment analysis, funds management and business development with a range of public and private companies. He has during this time developed specific expertise in the industrial, mining, resources and commodities sector.

Special responsibilities:

None.

Interests in shares and options on resignation:

Nil

Directorships of other listed companies in the past three years:

Nil

Mr. John Percival

Non-Executive Director (resigned 26 April 2017)

John has been involved in investment and merchant banking for over 25 years including 15 years as investment manager of Barclays Bank New Zealand Limited.

John has had extensive experience in stockbroking, corporate finance and investment management.

Special responsibilities:

None.

Interests in shares and options on resignation:

269,360 Ordinary shares

Directorships of other listed companies in the past three years:

Non-executive director, Musgrave Minerals Limited (appointed May 2010)

Meetings of Directors

The number of board meetings of Zoono Group Limited directors held during the financial year ended 30 June 2017, and the number of meetings attended by each director were:

	Directors Meetings		Audit & Risk Committee Meetings	
	Attended	Eligible to attend	Attended	Eligible to attend
Jon Lamb ¹	1	1	-	-
Paul Hyslop ¹	1	1	-	-
Don Clarke ¹	1	1	-	-
Elissa Hansen	18	18	1	1
John Percival ²	17	17	1	1
Glenn Tetley ²	17	17	1	1

Notes:

1. Jon Lamb, Paul Hyslop and Don Clarke was appointed as directors on the 26 April 2017.
2. John Percival and Glenn Tetley resigned as directors on the 26 April 2017.

Indemnification and insurance of Directors, Officers and Auditor

The Group has entered into an agreement to indemnify directors and officers and during the financial year and has taken out an insurance policy to insure each of the directors and officers or former directors and officers against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of director or officer of the Group, other than conduct involving a wilful breach of duty in relation to the Group. Indemnity has not been provided for auditors. Insurance premiums of NZ\$23,141 have been paid or accrued by the Group.

Regulation

Zoono and its proposed products are subject to various laws and regulations including but not limited to accounting standards, tax laws, environmental laws, product content requirement, labelling/packaging, regulations and customs regulations. Changes in these laws and regulations (including interpretation and enforcement) could adversely affect the Group financial performance. Laws and regulations are specific to each geographic location. In this regard, there is a risk that a certain product may not be able to be supplied in another jurisdiction because it fails to meet that jurisdiction's regulatory requirements (e.g. product registration requirements). Failure of the Group to remain up to date with these various regulatory requirements, could adversely affect the Group financial performance.

There were no regulatory issues that arose during the 12 months to 30 June 2017.

Proceedings on behalf of the Group

No person has applied to the court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Group, or to intervene in any proceedings to which the Group is a party, for the purpose of taking responsibility on behalf of the Group for all or any part of those proceedings.

The Group was not a party to any proceedings during the year.

Corporate governance

The directors are responsible for the corporate governance practices of the Group. The main corporate governance practices that were in operation during the financial year are set out in the Corporate Governance section of the Company's website at <http://zoono.com/corporate-governance/>

Statement regarding ASX Listing Rule 4.10.19

Zoono Group Limited (Company) confirms that, in accordance with ASX Listing Rule 4.10.19, the Company has used the cash (and assets in a form readily convertible cash) at the time of reinstatement to quotation (following re-compliance with Chapters 1 & 2 of the ASX Listing Rules), in a way consistent with its business objectives for the period from reinstatement to 30 June 2017.

Non-audit services need to confirm

The directors are satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The directors are satisfied that the services disclosed below did not compromise the external auditor's independence for the following reasons:

- all non-audit services are reviewed and approved by the full board prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- the nature of the services provided do not compromise the general principles relating to auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board.

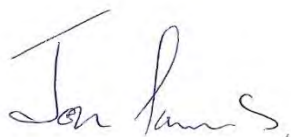
The following fees for non-audit services were accrued to the external auditors during the year ended 30 June 2017:

Investigating Accountant Report	NZ\$21,056
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Auditor's independence declaration

An independence declaration has been provided by the Group's auditor, Hall Chadwick. A copy of this declaration is attached to, and forms part of, the financial report for the financial year ended 30 June 2017.

Signed in accordance with a resolution of the directors.

A handwritten signature in black ink, appearing to read 'Jon Lamb'.

Jon Lamb
Executive Chairman
31 August 2017

REMUNERATION REPORT (AUDITED)

The Remuneration Report is set out under the following main headings:

1. Principles used to determine the nature and amount of remuneration
2. Details of remuneration
3. Services agreements
4. Share-based compensation

The information provided under headings 1 to 4 includes remuneration disclosures that are required under Accounting Standard AASB 124 Related Party Disclosures. These disclosures have been transferred from the financial report and have been audited.

1. **Principles Used To Determine The Nature And Amount Of Remuneration**

The performance of the consolidated group depends upon the quality and commitment of the directors and executives. The philosophy of the directors in determining remuneration levels is to:

- ❖ set competitive remuneration packages to attract and retain high calibre employees;
- ❖ link executive rewards to shareholder value creation; and
- ❖ establish appropriate demanding performance hurdles for variable executive remuneration.

Given the small size of the Group's board, and the current development stage of the Company, a separate Remuneration Committee has not been established to review and make recommendations to the full Board on the Group's remuneration policies, procedures and practices. As the Company develops, the Group may establish a Remuneration Committee to undertake this role.

The full Board oversees the Group remuneration policies, procedures and practices and defines the individual packages offered to executive directors and key management personnel.

The board may consider engaging an independent remuneration consultant, to advise the board on appropriate levels of remuneration relative to its industry peer group.

In accordance with Corporate Governance best practice (Recommendation 8.2), the structure of non-executive director and executive remuneration is separate and distinct as follows.

a. Non-executive directors' remuneration

Fixed Remuneration:

The Board seeks to set non-executive directors' remuneration at a level that provides the Group with the ability to attract and retain directors of a high calibre, whilst incurring a cost that is acceptable to shareholders.

The ASX Listing Rules specify that the aggregate remuneration of non-executive directors shall be determined from time to time by a general meeting. The amount of aggregate remuneration and the manner in which it is apportioned amongst directors is reviewed annually. The Board considers advice from shareholders, and takes into account the fees paid to non-executive directors of comparable companies, when undertaking the annual review process.

Directors' remuneration is inclusive of committee fees. The following net annual fees paid to non-executive directors are:

<i>Fixed Fees (NZ\$)</i>	<i>1 July 2016 - 30 June 2017</i>	<i>1 July 2015 - 30 June 2016</i>
	<i>\$</i>	<i>\$</i>
Chairman's Fee	\$60,500 ¹	-
<i>Base Fee</i>		
Non-executive directors to April 2017	\$37,901 ²	\$39,267 ³
Non-executive directors post re-admission to ASX	\$63,168 ⁴	-

Notes:

1. The Company did not have a Chairman until the appointment of Jon Lamb on 26 April 2017. The fee includes Directors fees and also those as an Executive Director for the period May and June 2017.
2. The net annual fee was AU\$36,000 to each director and has been converted average exchange rate of 1.0528.
3. The net annual fee was AU\$36,000 to each director and has been converted average exchange rate of 1.0908.
4. The net annual fee was AU\$60,000 to each director and has been converted average exchange rate of 1.0528.

b. Company executive and executive director remuneration

Remuneration for executives and executive directors consists of fixed remuneration only.

Fixed Remuneration:

Fixed remuneration is reviewed annually by the directors. The process consists of a review of relevant comparative remuneration in the employment market and within the Group. The Group may engage an independent remuneration consultant, to advise the board on appropriate levels of remuneration for the Group's Executive Directors relative to its industry peer group.

2. Details of Remuneration

Details of the remuneration of the Key Management Personnel (as defined in AASB 124 Related Party Disclosures) are set out in Table 1 which follows.

The Key Management Personnel of Zoono Group Limited, including the directors and the following consolidated group executives, have authority and responsibility for planning, directing and controlling the activities of the consolidated group.

Lew Mackinnon - Chief Operating Officer

Paul Ravlich - Chief Financial Officer

These executives together with the directors comprise the named relevant consolidated group executives who make or participate in making decisions that affect the whole, or a substantial part, of the business or who have the capacity to affect significantly the Group's financial standing.

REMUNERATION REPORT (Continued)

Table 1: Details of Remuneration – Directors and Key Management Personnel.

	Short-term Benefits		Other Benefits		Share-based Payments	Total	Percentage Based Bonus Payments	Percentage Share-based Payments
	Cash Salary & Fees	STI Payments	Termination Benefits	Prescribed Benefits				
	NZ\$	NZ\$	NZ\$	NZ\$	Shares	NZ\$		
Year ended 30 June 2017								
Executive directors								
Jon Lamb ¹	60,500	-	-	-	-	60,500	-	-
Paul Hyslop ²	2,041,049	-	-	-	-	2,041,049	-	-
Non-Executive directors								
Don Clarke ³	10,693	-	-	-	-	10,693	-	-
Elissa Hansen ⁴	82,334	-	-	-	-	82,334	-	-
Glenn Tetley ⁵	31,651	-	-	-	-	31,651	-	-
John Percival ⁶	210,040	-	-	-	52,435	262,475	-	19.98%
Other key management personnel								
Lew Mackinnon ⁷	63,592	-	-	20,382	-	83,974	-	-
Paul Ravlich ⁸	32,161	-	-	877	-	33,038	-	-
Total	2,530,020	-	-	21,259	52,435	2,605,714		

1. Jon Lamb was appointed as Executive Chairman on the 26 April 2017.
2. Paul Hyslop was appointed Managing Director on the 26 April 2017 of Zoono Group (formerly Goldsearch), prior to this date Paul was the sole director and director employee of Zoono Limited and Zoono Group Limited both NZ entities which was acquired by Zoono Group (formerly Goldsearch), and as part of the reverse acquisition AASB 3: Business Combination the financial statement and Director reports focus on the continuation of the NZ entity acquired by Zoono

3. Group (formerly Goldsearch). The amount report under this remuneration table is the total amount charged as benefits received from 1 July 2016 to 30 June 2017, including any expensing of prior years' company related loans as detailed in the company prospectus.
4. Don Clarke was appointed as non-executive on the 26 April 2017, and payment converted to NZ based on an average rate 1.0693 over the time of employment.
5. Elissa Hansen received fees of NZ\$39,563 included in the above table for the provision of Company Secretarial Services refer to Note 22 of the accompanying financial statements, the remuneration was converted to NZ based on an average rate 1.0528 over the time of employment.
6. Glenn Tetley resigned on the 26 April 2017, his remuneration was converted at a rate of 1.0528.
7. John Percival resigned on the 26 April 2017, his remuneration was converted at a rate of 1.0528, Mr Percival also was entitled to receive 250,000 fully paid ordinary shares at AU\$0.20 and AU\$100,000 as part of his role in the acquisition of Zoono and recent capital raising refer to Note 22 of the accompanying financial statements, which is included in the above table.
8. Lew Mackinnon was appointed on the 1 June 2017
9. Paul Ravlich was appointed on the 1 May 2017.

REMUNERATION REPORT (Continued)

Table 1: Details of Remuneration – Directors and Key Management Personnel

	Short-term Benefits		Other Benefits		Share-based Payments	Total	Percentage Performance Based Bonus Payments	Percentage Share Option-based Payments
	Cash Salary & Fees	STI Payments	Termination Benefits	Prescribed Benefits				
	NZ\$	NZ\$	NZ\$	NZ\$	Options	NZ\$		
Year ended 30 June 2016								
Executive directors								
Paul Hyslop ¹	948,000					948,000		
Non-Executive directors								
John Percival ²	39,269	-	-	-	-	39,269	-	-
Peter Ashcroft ³	2,474	-	-	-	-	2,474	-	-
David Williams ⁴	18,263	-	-	-	-	18,263	-	-
Ben Callanan ⁵	35,996	-	-	-	-	35,996		
Elissa Hansen ⁶	61,013	-	-	-	-	61,013		
Glenn Tetley ⁷	6,545	-	-	-	-	6,545	-	-
Total	\$1,111,560	-	-	-	-	\$1,111,560	-	-

- Paul Hyslop was appointed Managing Director on the 26 April 2017 of Zoono Group (formerly Goldsearch), prior to this date Paul was the sole director and director employee of Zoono Limited and Zoono Group Limited both NZ entities that was acquired by Zoono Group (formerly Goldsearch), and as part of the reverse acquisition AASB 3: Business Combination the financial statement and Director reports focus on the continuation of the NZ entity acquired by Zoono Group (formerly Goldsearch). The amount report under this remuneration table is the total amount charged as benefits received from 1 July 2015 to 30 June 2016.
- John Percival remuneration was converted at a rate of 1.0908.
- Peter Ashcroft resigned on the 24 July 2015, his remuneration was converted at a rate of 1.0908.

4. David Williams resigned on the 18 December 2015, his remuneration was convert at a rate of 1.0908.
5. Ben Callanan resigned on the 10 May 2016, his remuneration was convert at a rate of 1.0908.
6. Elissa Hansen received fees of NZ\$32,724 included in the above table for the provision of Company Secretarial Services refer to Note 22 of the accompanying financial statements, the remuneration was converted to NZ based on an average rate 1.0908.
7. Glenn Tetley remuneration was converted at a rate of 1.0908.

3. Service Agreements

The following is a summary of the current major provisions of the agreements relating to remuneration of Executive Directors in NZ Dollars:

Jon Lamb – Executive Chairman

Jon Lamb is the Executive Chairman of the Group and is considered a key member of the Group's management team.

Employment Conditions

Commencement Date: 26 April 2017
Term: Three years
Review: Annually

Paul Hyslop – Managing Director

Paul Hyslop is the Managing Director of the Group and is considered a key member of the Group's management team. Mr Hyslop is founder of Zoono.

Employment Conditions

Commencement Date: 26 April 2017
Term: Two years
Review: Annually

During the period 1 July 2016 to 30 June 2017, Zoono Limited a subsidiary company that was recently acquired expensed \$2,041,049 (includes May 2017 and June 2017 new management fee for the Managing Director) in the current financial year for the service period to that entity by the Managing Director. The amount expensed was stated in the Sale and Purchase Agreement between Goldsearch and Zoono, in that all outstanding receivables/payables would be settled through payment of a fee before the acquisition was completed.

Independent Review

To ensure the Group complied with industry best practice in relation to the remuneration of its executive directors, the non-executive directors of the Group will consider engaging the services of an remuneration consultant to conduct an independent assessment of the remuneration packages negotiated with it executive director.

The following is a summary of the current major provisions of the agreements relating to remuneration of Key Management Personnel in NZ Dollars:

Lew Mackinnon – Chief Operations Officer

Base Remuneration: \$108,000
Other Benefits: Use of a company vehicle.

Employment Conditions

Commencement Date: 1 June 2017
Term: One year
Review: Annually

Paul Ravlich- Chief Financial Officer

Base Remuneration: \$190,000
Other Benefits: Entitlement to a cash payment of up to \$40,000 contingent on the Company achieving certain financial targets.

Employment Conditions

Commencement Date: 1 May 2017
Term: One year
Review: Annually

4. Voting and comments made at the Company last annual General Meeting

Zoono Group Limited (formerly Goldsearch Limited) received 99.6% of 'yes' votes on its Remuneration report for the financial year ended 30 June 2016. The Company received no specific feedback on Remuneration Report at the Annual General Meeting.

**ZOONO GROUP LIMITED
ABN 73 006 645 754
AND CONTROLLED ENTITIES**

**AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF 30 JUNE 2017**

SYDNEY

Level 40
2 Park Street
Sydney NSW 2000
Australia

GPO Box 3555
Sydney NSW 2001

Ph: (612) 9263 2600
Fx: (612) 9263 2800

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2017 there have been no contraventions of:

- (i) the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

Hall Chadwick

Hall Chadwick
Level 40, 2 Park Street
Sydney NSW 2000

Drew Townsend

DREW TOWNSEND
Partner
Date: 31 August 2017

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Accounting Firms

 **PrimeGlobal**

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017**

	Note	2017 NZ\$	2016 NZ\$
Revenue	5	793,362	1,151,417
Cost of sales		(394,168)	(283,427)
Gross profit		399,194	867,990
Other revenue	5	45,351	30,307
Administration expenses		(28,120)	(11,415)
Depreciation/Amortisation expenses		(40,340)	(42,530)
Directors' fee		(977,191)	(548,000)
Employee cost		(80,088)	-
Finance costs		(83,332)	(61,483)
Management fee		(1,148,951)	(400,000)
Professional fees		(332,140)	(149,874)
Occupancy expenses		(52,432)	(2,245)
Selling and distribution expenses		(82,904)	(140,297)
Marketing expenses		(10,356)	(3,194)
Listing expenses and other acquisition costs		(1,680,295)	-
Other expenses		(15,929)	(7,734)
Loss before Income Tax	6	(4,087,533)	(468,475)
Income tax expense	7	-	-
Loss attributable to members		(4,087,533)	(468,475)
Other comprehensive income:			
Items that may be reclassified to profit or loss			
Exchange differences on translation of foreign operations	17	113,502	-
Total other comprehensive income		113,502	-
Total comprehensive loss attributable to members		(3,974,031)	(468,475)
Loss per share attributable to the ordinary equity holders of the company			
Basic loss per share	24	\$(0.12)	\$(15.06)
Diluted loss per share	24	\$(0.12)	\$(15.06)

The accompanying notes form part of these financial statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2017

	Note	2017 NZ\$	2016 NZ\$
CURRENT ASSETS			
Cash and cash equivalents	23(a)	8,144,690	205,998
Trade and other receivables	9	270,388	45,810
Inventories	10	210,191	112,628
Other assets	13	17,124	-
TOTAL CURRENT ASSETS		8,642,393	364,436
NON-CURRENT ASSETS			
Plant and equipment	11	49,756	114,355
Intangible assets	12	62,432	73,787
Other assets	13	216,403	1,042,153
TOTAL NON-CURRENT ASSETS		328,591	1,230,295
TOTAL ASSETS		8,970,984	1,594,731
CURRENT LIABILITIES			
Trade and other payables	14	2,751,852	1,769,474
Borrowings	15	28,269	316,193
TOTAL CURRENT LIABILITIES		2,780,121	2,085,667
TOTAL LIABILITIES		2,780,121	2,085,667
NET ASSETS		6,190,863	(490,936)
EQUITY			
Issued capital	16	11,781,716	1,125,886
Reserves	17	113,502	-
Accumulated losses	8	(5,704,355)	(1,616,822)
TOTAL EQUITY		6,190,863	(490,936)

The accompanying notes form part of these financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

		Issued capital	Reserves	Accumulated losses	Total
			Foreign currency translation reserve		
	Note	NZ\$	NZ\$	NZ\$	NZ\$
Balance at 1 July 2015		1,125,886	-	(1,148,347)	(22,461)
Loss for the year	8	-	-	(468,475)	(468,475)
Other comprehensive income for the year	17	-	-	-	-
Total comprehensive loss for the year		-	-	(468,475)	(468,475)
Transactions with owners in their capacity as owners					
Shares issued during the year, net of issue costs	16	-	-	-	-
Options lapsed in period		-	-	-	-
Dividends paid or provided for		-	-	-	-
Total transactions with owners		-	-	-	-
Balance at 30 June 2016		1,125,886	-	(1,616,822)	(490,936)

The accompanying notes form part of these financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

		Issued capital	Reserves	Accumulated losses	Total
			Foreign currency translation reserve		
	Note	NZ\$	NZ\$	NZ\$	NZ\$
Balance at 1 July 2016		1,125,886	-	(1,616,822)	(490,936)
Loss for the year	8	-	-	(4,087,533)	(4,087,533)
Other comprehensive income for the year	17	-	113,502	-	113,502
Total comprehensive income/(loss) for the year		-	113,502	(4,087,533)	(3,974,031)
Transactions with owners in their capacity as owners					
Shares issued during the year, net of issue costs	16	10,655,830	-	-	10,655,830
Dividends paid or provided for		-	-	-	-
Total transactions with owners		10,655,830	-	-	10,655,830
Balance at 30 June 2017		11,781,716	113,502	(5,704,355)	6,190,863

The accompanying notes form part of these financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

	Note	2017 NZ\$	2016 NZ\$
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers		1,208,399	2,265,169
Payments to suppliers and employees		(1,536,900)	(1,173,455)
Interest received		16,194	1,552
Finance cost		(31,022)	(31,989)
Net cash provided by/(used in) operating activities	23(b)	(343,329)	1,061,277
CASH FLOWS FROM INVESTING ACTIVITIES:			
Payments for property, plant and equipment		(23,633)	(108,355)
Proceeds from sale of property, plant and equipment		52,150	-
Amount paid to related entity		(47,000)	-
Cash in acquiree		112,553	-
Amounts provided to third party		(216,403)	-
Amounts from related parties		8,765,892	-
Net cash provided by/(used in) investing activities		8,643,550	(108,355)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Amount paid to related party		(213,803)	-
Proceeds from loans		-	442,653
Repayment of loans		(431,054)	(1,270,452)
Net cash provided by/(used in) financing activities		(644,857)	(827,799)
Net increase in cash and cash equivalents held		7,655,364	125,123
Effects of foreign exchange on cash balance		283,328	6,289
Cash and cash equivalents at beginning of year		205,998	74,586
Cash and cash equivalents at end of year	23(a)	8,144,690	205,998

The accompanying notes form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS

1. NATURE OF OPERATIONS

Zoono Group Limited (formerly Goldsearch Limited) and Subsidiaries (the Group) principal activities included the research, development and sale of a range of antimicrobial products in multiple countries.

2. GENERAL INFORMATION AND STATEMENT OF COMPLIANCE

The consolidated financial statements are a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001. Compliance with Australia Accounting Standards results in full compliance with the International Financial Reporting Standards ('IFRS') as issued by the International Accounting Standards Board (IASB). For the purposes of preparing the Consolidated Financial Statement, the Company is a for-profit entity.

Zoono Group Limited (the Company) is the Ultimate Parent Company, Zoono Group Limited is a Public Company incorporated and domiciled in Australia, The Company registered address is Level 12, 225 George Street Sydney NSW 2000 Australia.

The Consolidated financial statements of the Group as at and for the year ended 30 June 2017 comprise the Company and its subsidiaries (together referred to as the 'Group' or 'Consolidated entity'). The consolidated financial statements for the year ended 30 June 2017 were approved and authorised for issue by the board of Directors on 29 August 2017.

The Company was re-admitted to the official list of the Australian Securities Exchange (ASX) on 9 May 2017 under the ASX code 'ZNO', on the completion of the acquisition of Zoono. Zoono was deemed to be the acquirer for accounting purposes under the principles of AASB 3 Business Combinations. Accordingly, the consolidated financial statements of Zoono Group (formerly Goldsearch) have been prepared as a continuation of the consolidated financial statements of Zoono from 9 May 2017. The impact of the share based payment on each of the primary statements is as follows:

Statement of Profit or Loss and Other Comprehensive Income

The 30 June 2017 statements of profit or loss and other comprehensive income comprises 12 months of Zoono Limited and Zoono Group Limited (formerly Goldsearch) for the period 9 May 2017 to 30 June 2017.

The 30 June 2016 statements of profit or loss and other comprehensive income comprises 12 months of Zoono Limited.

Statement of Financial Position

The 30 June 2017 statement of financial position represents both Zoono Group Limited (formerly Goldsearch) and Zoono Limited as of 30 June 2017.

The 30 June 2016 statement of financial position represents Zoono Limited as of 30 June 2016.

Statement of Changes in Equity

The 30 June 2017 statement of changes in equity comprises Zoono Limited equity balance at 1 July 2016, its loss for the period, and the transactions with equity holders for the 12 month period. It also comprises Zoono Group Limited (formerly Goldsearch) transactions with equity holders for the period from 9 May 2017 to 30 June 2017 and the equity balances of Zoono Limited and Zoono Group Limited (formerly Goldsearch) as at 30 June 2017.

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

The 30 June 2016 statement of change in equity comprises Zoono Limited changes in equity for the 12 month period.

Statement of Cash Flows

The 30 June 2017 statement of cash flows comprises the cash balance of Zoono at 1 July 2016, the cash transactions of Zoono for the 12 month period and Zoono Group Limited (formerly Goldsearch) for the period from 9 May 2017 to 30 June 2017, and the cash balance of Zoono Limited and Zoono Group Limited (formerly Goldsearch) at 30 June 2017.

The 30 June 2016 statement of cash flows comprises 12 months of Zoono Limited cash transactions.

3. CHANGES IN ACCOUNTING POLICIES

(a) New Accounting Standards for application in future periods

Accounting Standards and Interpretations issued by the AASB that are not yet mandatorily applicable to the Group, together with an assessment of the potential impact of such pronouncements on the Group when adopted in future periods, are discussed below:

- AASB 15: Revenue from Contracts with Customers (applicable to annual reporting periods beginning on or after 1 July 2018, as deferred by AASB 2015-8: Amendments to Australian Accounting Standards – Effective Date of AASB 15).

When effective, this Standard will replace the current accounting requirements applicable to revenue with a single, principles-based model. Apart from a limited number of exceptions, including leases, the new revenue model in AASB 15 will apply to all contracts with customers as well as non-monetary exchanges between entities in the same line of business to facilitate sales to customers and potential customers.

The core principle of the Standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for the goods or services. To achieve this objective, AASB 15 provides the following five-step process:

- identify the contract(s) with a customer;
- identify the performance obligations in the contract(s);
- determine the transaction price;
- allocate the transaction price to the performance obligations in the contract(s); and
- recognise revenue when (or as) the performance obligations are satisfied.

The transitional provisions of this Standard permit an entity to either: restate the contracts that existed in each prior period presented per AASB 108: Accounting Policies, Changes in Accounting Estimates and Errors (subject to certain practical expedients in AASB 15); or recognise the cumulative effect of retrospective application to incomplete contracts on the date of initial application. There are also enhanced disclosure requirements regarding revenue.

Although the directors anticipate that the adoption of AASB 15 may have an impact on the Group's financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact.

- AASB 16: Leases (applicable to annual reporting periods beginning on or after 1 July 2019).

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

When effective, this Standard will replace the current accounting requirements applicable to leases in AASB 117: Leases and related Interpretations. AASB 16 introduces a single lessee accounting model that eliminates the requirement for leases to be classified as operating or finance leases.

The main changes introduced by the new Standard are as follows:

- recognition of a right-of-use asset and liability for all leases (excluding short-term leases with less than 12 months of tenure and leases relating to low-value assets);
- depreciation of right-of-use assets in line with AASB 116: Property, Plant and Equipment in profit or loss and unwinding of the liability in principal and interest components;
- inclusion of variable lease payments that depend on an index or a rate in the initial measurement of the lease liability using the index or rate at the commencement date;
- application of a practical expedient to permit a lessee to elect not to separate non-lease components and instead account for all components as a lease; and
- inclusion of additional disclosure requirements.

The transitional provisions of AASB 16 allow a lessee to either retrospectively apply the Standard to comparatives in line with AASB 108 or recognise the cumulative effect of retrospective application as an adjustment to opening equity on the date of initial application. Although the directors anticipate that the adoption of AASB 16 will impact the Group's financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact

4. SUMMARY OF ACCOUNTING POLICIES

The following significant accounting policies have been adopted in the preparation and presentation of the financial report.

(a) General

Material accounting policies adopted in the preparation of this financial report are presented below and have been consistently applied unless otherwise stated.

Reporting basis and conventions

These financial statements have been prepared on an accruals basis under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, financial assets and liabilities at fair value.

Critical accounting estimates and judgements

The preparation of a financial report in conformity with Australian Accounting Standards requires management to make estimates, judgements and assumptions based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data obtained both externally and within the Group. Actual results may differ from the estimates.

Reverse Acquisition Accounting

On 14th March 2017, Zoono Group Limited ("Goldsearch") (formerly Goldsearch Limited) issued a Replacement Prospectus for the offer of up to 50 million shares at a price of \$0.20 per Share to raise up to \$10,000,000. Included in the prospectus was a proposal for Zoono Group Limited

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

("Goldsearch") to acquire all the shares of Zoono Group Limited (NZ) subject to certain conditions. On 9 May 2017, Zoono Group Limited ("Goldsearch") acquired all the shares of Zoono Group Limited (NZ) by means of a scrip offer of 50,000,000 shares as consideration. Although Zoono Group Limited ("Goldsearch") is the legal acquirer of Zoono Group Limited (NZ), Zoono Group Limited ("Goldsearch") is deemed not to meet the definition of a business AASB 3: Business Combinations. Consequently, AASB 3 does not apply to this transaction. However, an acquirer still needs to be identified. Based on the facts and circumstances, the acquirer is deemed to be Zoono Group Limited (NZ) and the transaction is treated as a reverse takeover. Zoono Group Limited (NZ) therefore becomes the Accounting acquirer and parent and Zoono Group Limited ("Goldsearch") is the Accounting acquiree and subsidiary. Because this transaction is not deemed to be within the scope of AASB 3, the transaction is considered to be a share based payment and has been accounted for in accordance with AASB 2: Share Based Payments. Refer Note 18 for further details.

Fair value of financial assets

The Group records the fair value of financial assets using the market value of the investments at reporting date. While this represents the best estimate of the fair value as at the reporting date, the current market uncertainty means that, if the financial assets are sold in the future, the price achieved may be higher or lower than the most recent valuation, and higher or lower than the fair value recorded in the financial statements.

Impairment

In assessing impairment, management estimates the recoverable amount of each asset or cash generating unit based on expected future cash flows and, where required, uses an interest rate to discount them.

Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate.

Useful lives of depreciable assets

Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected useful life of the assets. Uncertainties in these estimates relate to technical obsolescence that may change the value of certain software and IT equipment.

Inventories

Management estimates the net realisable values of inventories, taking into account the most reliable evidence available at each reporting date. The future realisation of these inventories may be affected by future technology or other market-driven changes that may reduce future selling prices.

(b) Basis of Consolidation

The consolidated financial statements incorporate all of the assets, liabilities and results of Zoono Group Limited and all subsidiaries as of 30 June 2017. Subsidiaries are all entities over which the Group has control. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity.

The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of the Group from the date on which control is obtained by the Group. The consolidation of a subsidiary is discontinued from the date that control ceases.

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

Intercompany transactions, balances and unrealised gains or losses on transactions between group entities are fully eliminated on consolidation. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Group.

(c) Business combination

The Group applies the acquisition method in accounting for business combinations. The consideration transferred by the Group to obtain control of a subsidiary is calculated as the sum of the acquisition-date of fair values of assets transferred, liabilities incurred and the equity interests issued by the Group, which includes the fair value of any asset or liability arising from a contingent consideration arrangement. Acquisition costs are expensed as incurred.

The Group recognises identifiable assets acquired and liabilities assumed in a business combination regardless of whether they have been previously recognised in the acquiree's financial statements prior to the acquisition. assets acquired and liabilities assumed are generally measured at their acquisition-date fair values.

Goodwill is stated after separate recognition of identifiable intangible assets. It is calculated as the excess of the sum of: (a) fair value of consideration transferred, (b) the recognised amount of any non-controlling interest in the acquiree, and (c) acquisition-date fair value of any existing equity interest in the acquiree, over the acquisition-date fair values of identifiable net assets. If the fair values of identifiable net assets exceed the sum calculated above, the excess amount (i.e. gain on a bargain purchase) is recognised in profit or loss immediately.

(d) Foreign Currency Transactions and Balances

Functional and presentation currency

The functional currency of each of the Group entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in New Zealand dollars, which is the parent entity's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in profit or loss, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in other comprehensive income to the extent that the underlying gain or loss is recognised in other comprehensive income; otherwise the exchange difference is recognised in profit or loss.

Group companies

The financial results and position of foreign operations whose functional currency is different from the Group's presentation currency is translated as follows:

- Assets and liabilities are translated at year end exchange rates prevailing at that reporting date.
- Income and expenses are translated at average exchange rates for the year.

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

- Retained earnings/Accumulated losses are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations with functional currencies other than the Australian dollar are recognised in other comprehensive income and included in the foreign currency translation reserve in the statement of financial position. The cumulative amount of these differences is reclassified into profit or loss in the period in which the operation is disposed of.

(e) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(f) Income tax

The charge for current income tax expense is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or loss for the period. It is calculated using the tax rates that have been enacted or are substantially enacted by the reporting date.

Deferred tax is accounted for using the liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is charged to the statement of profit or loss and other comprehensive income except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the consolidated entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

(g) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of manufactured products includes direct materials, direct labour and an appropriate proportion of variable and fixed overheads. Overheads are applied on the basis of normal operating capacity. Costs are assigned on a first-in, first-out basis. Net realisable value is the estimated selling price in the ordinary course of business less any applicable selling expenses.

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

(h) Property, plant and equipment - Plant and equipment

Plant and equipment is measured on the cost basis less accumulated depreciation and impairment losses.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

All other repairs and maintenance are charged to the profit or loss during the financial period in which they are incurred. All fixed assets are depreciated over their estimated useful lives to the Group.

The depreciation rates used for each class of depreciable assets are:

Class of fixed asset	Depreciation rate
Plant and equipment	20 – 33%
Motor vehicles	30%
Furniture and equipment	13 – 33%
Computer equipment	48 – 67 %

Depreciation

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the profit or loss within profit or loss within other income or expenses.

(i) Intangible Assets

Patents and trademarks

Patents and trademarks are recognised at cost of acquisition. They have a finite life and are carried at cost less any accumulated amortisation and any impairment losses. Patents and trademarks are amortised over their useful lives of 10 years. Amortisation has been included within depreciation, amortisation and impairment of non-financial assets.

(j) Impairment of Assets

At the end of each reporting period, the Group assesses whether there is any indication that an asset may be impaired. The assessment will include considering external sources of information and internal sources of information including dividends received from subsidiaries, associates or joint ventures deemed to be out of pre-acquisition profits. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs of disposal and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a re-valued amount. Any impairment loss of a re-valued asset is treated as a revaluation decrease.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

(k) Fair Value of Assets and Liabilities

The Group measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.

Fair value is the price the Group would receive to sell an asset or would have to pay to transfer a liability in an orderly (i.e. unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (i.e. the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (i.e. the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

The fair value of liabilities and the entity's own equity instruments (excluding those related to share-based payment arrangements) may be valued, where there is no observable market price in relation to the transfer of such financial instruments, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the financial statements.

(l) Accounts payable

Trade payables and other accounts payable are recognised when the Group becomes obliged to make future payments resulting from the purchase of goods and services. Due to their short-term nature they are measured at amortised cost and not discounted. These amounts are unsecured and are usually paid within 30 days of recognition.

(m) Provisions, contingent liabilities and contingent assets

Provisions for product warranties, legal disputes, onerous contracts or other claims are recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic resources will be required from the Group and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain.

Restructuring provisions are recognised only if a detailed formal plan for the restructuring has been developed and implemented, or management has at least announced the plan's main features to those affected by it. Provisions are not recognised for future operating losses.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material.

Any reimbursement that the Group can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision. In those cases where the possible outflow of economic resources as a result of present obligations is considered improbable or remote, no liability is recognised.

(n) Financial Instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions of the instrument. For financial assets, this is equivalent to the date that the Group commits itself to either purchase or sell the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified "at fair value through profit or loss", in which case transaction costs are recognised as expenses in profit or loss immediately.

Classification and subsequent measurement

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest method, or cost. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the effective interest method.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying amount with a consequential recognition of an income or expense item in profit or loss.

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

(ii) Financial liabilities

Non-derivative financial liabilities other than financial guarantees are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial liability is derecognised.

Impairment

At the end of each reporting period, the Group assesses whether there is objective evidence that a financial asset has been impaired. A financial asset (or a group of financial assets) is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

(a “loss event”) having occurred, which has an impact on the estimated future cash flows of the financial asset(s).

In the case of financial assets carried at amortised cost, loss events may include: indications that the debtors (or a group of debtors) are experiencing significant financial difficulty, default or delinquency in interest or principal payments; indications that they will enter bankruptcy or other financial reorganisation; and changes in arrears or economic conditions that correlate with defaults.

For financial assets carried at amortised cost (including loans and receivables), a separate allowance account is used to reduce the carrying amount of financial assets impaired by credit losses. After having taken all possible measures of recovery, if management establishes that the carrying amount cannot be recovered by any means, at that point the written-off amounts are charged to the allowance account, or the carrying amount of impaired financial assets is reduced directly if no impairment amount was previously recognised in the allowance account.

When the terms of financial assets that would otherwise have been past due or impaired have been renegotiated, the Group recognises the impairment for such financial assets by taking into account the original terms as if the terms have not been renegotiated so that the loss events that have occurred are duly considered.

De-recognition

Financial assets are derecognised when the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised when the related obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

(o) Receivables

Trade receivable are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for impairment.

(p) Leases

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset (but not the legal ownership) are transferred to the Group, are classified as finance leases.

Finance leases are capitalised by recognising an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are recognised as expenses on a straight-line basis over the lease term.

(q) Employee Benefits

Short-term employee benefits

Provision is made for the Group’s obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The Group's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as part of current trade and other payables in the statement of financial position.

(r) Share-based payments

The cost to the Company of share options granted to directors and executive officers is included at fair value as part of the directors' and executive officers' aggregate remuneration in the financial year the options are granted. The fair value of the share option are calculated using the Black Scholes option pricing model, which takes into account the exercise price, the term of the option, the vesting and performance criteria, the impact of dilution, the non-tradable nature of the option, the current price and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

The fair value determined at the grant date of the equity settled share based payment is expensed on a straight line basis over the vesting period.

(s) Revenue

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. Any consideration deferred is treated as the provision of finance and is discounted at a rate of interest that is generally accepted in the market for similar arrangements. The difference between the amount initially recognised and the amount ultimately received is interest revenue.

Revenue from the sale of goods is recognised at the point of delivery as this corresponds to the transfer of significant risks and rewards of ownership of the goods and the cessation of all involvement by the Group in those goods.

All revenue is stated net of the amount of goods and services tax.

Other income

Interest revenue is recognised using the effective interest method, which for floating rate financial assets is the rate inherent in the instrument.

Dividend revenue is recognised when the right to receive a dividend has been established.

Realised gains and losses on sale are recognised as income or expense respectively in the statement of profit or loss and other comprehensive income and are calculated as the difference between consideration on sale and the original cost.

(t) Goods and services tax (GST)

The Statement of Profit or Loss and Other Comprehensive Income has been prepared so that all components are stated exclusive of GST, except where the amount of GST incurred is not recoverable from the tax office. All items in the Statement of Financial Position are stated exclusive of GST, with the exception of receivables and payables, which include GST.

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

(u) Earnings per share

i) Basic earnings per share:

Basic earnings per share is determined by dividing the operating profit/(loss) after income tax excluding any cost of servicing equity other than ordinary shares by the weighted average number of ordinary shares outstanding during the financial year.

ii) Diluted earnings per share:

Diluted earnings per share adjusts the figures used in determining earnings per share by taking into account amounts unpaid on ordinary shares and any reduction in earnings per share that will probably arise from the exercise of options outstanding during the financial year.

(v) Segment reporting

Segment revenues and expenses are those directly attributable to the segments and include any joint revenue and expenses where a reasonable basis of allocation exists. Segment assets include all assets used by a segment and consist principally of cash, receivables, inventories, intangibles and property, plant and equipment, net of allowances and accumulated depreciation and amortisation. While most such assets can be directly attributed to individual segments, the carrying amount of certain assets used jointly by two or more segments is allocated to the segments on a reasonable basis. Segment liabilities consist principally of payables, employee benefits, accrued expenses, provisions and borrowings.

(w) Comparative information

Comparative figures are, where appropriate, reclassified to be comparable with the figures presented for the financial year.

	Consolidated	
	2017	2016
	NZ\$	NZ\$
5. REVENUE AND OTHER INCOME		
Revenue from operating activities		
Operating activities		
- Revenue from sale of goods	793,362	1,151,417
Total revenue from operating activities	793,362	1,151,417
Other income		
- Interest received	40,978	1,552
- Expenses recovery	4,373	28,755
Total other income	45,351	30,307

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

	Consolidated	
	2017	2016
	NZ\$	NZ\$
6. LOSS FOR THE YEAR		
Loss before income tax has been determined after:		
Depreciation	25,853	28,433
Gain on disposal of property, plant and equipment	(7,652)	-
Rental expense on operating leases	51,245	1,000
Amortisation	14,487	14,097
Salary costs (including directors' fees and management fees)	2,206,230	948,000
Interest on borrowings	51,996	43,783
Net foreign exchange gain and losses	9,772	16,130

7. INCOME TAX

The prima facie tax payable on loss is reconciled to the income tax expense as follows:

Prime facie tax payable on loss before income tax at 28% (2016: 28%)	(669,242)	(130,949)
Add: tax effect of:		
- Other assessable and non-allowable items	(122,017)	4,187
- Deferred tax losses not recognised in accounts	791,259	126,762
Income tax expense/(benefit)	-	-

Subject to the provisions of the Income Tax Assessment Act, if the Group derives assessable income it will be able to utilise carry-forward losses. At the date of this report the Group was still in the process of conducting a review and obtaining external advice due to the recent change of ownership and structure of the Group, and due to this, the Director are uncertainty if the prior year's tax losses could be carried forward, Therefore the Directors have elected to not estimate the carry-forward tax losses or the potential income tax benefit.

The net deferred tax asset will only be obtained if:

- (a) the Company derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the loss to be realised;
- (b) the Company continues to comply with the conditions for deductibility imposed by law; and
- (c) no changes in tax legislation adversely affect the Company in realising the benefit from the deduction of the loss.

Consequently, no deferred tax asset has been recognised.

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

	Consolidated	
	2017	2016
	NZ\$	NZ\$
8. ACCUMULATED LOSSES		
Accumulated losses at beginning of year	(1,616,822)	(1,148,347)
Net loss attributable to members of the company	(4,087,533)	(468,475)
Accumulated losses at end of year	(5,704,355)	(1,616,822)
9. TRADE AND OTHER RECEIVABLES		
Trade receivables	132,599	45,216
Provision for impairment	-	-
	132,599	45,216
Net GST receivable	103,027	-
Other receivables	34,762	594
	270,388	45,810

	Gross Amount NZ\$	Past Due and Impaired NZ\$	Past Due but Not Impaired (Days Overdue)				Within Initial Trade Terms NZ\$
			< 30 NZ\$	31–60 NZ\$	61–90 NZ\$	> 90 NZ\$	
2017							
Trade and term receivables	132,599	-	93,022	23,101	1,725	14,751	93,022
Other receivables	137,789	-	-	137,789	-	-	137,789
Total	270,388	-	93,022	160,890	1,725	14,751	230,811
2016							
Trade and term receivables	45,216	-	10,506	26,256	62	8,392	10,506
Other receivables	594	-	594	-	-	-	594
Total	45,810	-	11,100	26,256	62	8,392	11,100

Trade and other receivables are stated at cost less any impairment losses. The carrying amounts of the Company's receivables are reviewed at each balance date to determine whether there is any indication of impairment. If any indication exists, the receivables' recoverable amount is estimated.

At balance date, there were past due but not impaired trade and other receivables (2016: \$Nil).

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

		Consolidated	
		2017	2016
		NZ\$	NZ\$
10.	INVENTORIES		
	Finished goods at cost	67,035	112,628
	Work in progress	143,156	-
		<u>210,191</u>	<u>112,628</u>
		Consolidated	
		2017	2016
		NZ\$	NZ\$
11.	PLANT AND EQUIPMENT		
	Plant and equipment:		
	Plant and equipment at cost	23,157	17,331
	Accumulated depreciation	(4,295)	-
		<u>18,862</u>	<u>17,331</u>
	Motor vehicles:		
	Motor vehicles at cost	47,653	125,915
	Accumulated depreciation	(31,173)	(38,288)
		<u>16,480</u>	<u>87,627</u>
	Furniture and equipment:		
	Furniture and equipment at cost	16,388	12,089
	Accumulated depreciation	(6,057)	(3,577)
		<u>10,331</u>	<u>8,512</u>
	Computer equipment:		
	Computer equipment at cost	19,091	14,744
	Accumulated depreciation	(15,008)	(13,859)
		<u>4,083</u>	<u>885</u>
	Total plant and equipment	<u>49,756</u>	<u>114,355</u>

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

a. Movements in carrying amounts

Movement in the carrying amounts for each class of plant and equipment between the beginning and the end of the current financial year:

	Plant and equipment	Motor vehicles	Furniture and equipment	Computer equipment	Total
	NZ\$	NZ\$	NZ\$	NZ\$	NZ\$
Balance at 1 July 2016	-	35,741	5,265	60	41,066
Additions	17,331	78,261	5,391	739	101,722
Depreciation expense	-	(26,375)	(2,144)	86	(28,433)
Carrying amount at 30 June 2016	17,331	87,627	8,512	885	114,355
Additions	5,826	5,391	9,690	4,347	25,254
Disposals – written-down value	-	(53,218)	-	-	(53,218)
Depreciation expense	(4,295)	(23,320)	(7,871)	(1,149)	(36,635)
Carrying amount at 30 June 2017	18,862	16,480	10,331	4,083	49,756

12. INTANGIBLE ASSETS

Trademarks and patents:

Trademarks and patents at cost

Accumulated amortisation

2017
NZ\$

147,820

(85,388)

62,432

2016
NZ\$

144,687

(70,900)

73,787

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

a. Movements in carrying amounts

Movement in the carrying amounts for each class of intangible assets between the beginning and the end of the current financial year:

	Trademarks and patents NZ\$
Balance at 1 July 2016	85,352
	2,532
Additions	
Depreciation expense	(14,097)
Carrying amount at 30 June 2016	73,787
Additions	3,132
Depreciation expense	(14,487)
Carrying amount at 30 June 2017	62,432

Consolidated

2017	2016
NZ\$	NZ\$

13. OTHER ASSETS

Current

Prepayments	17,124	-
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Non-Current

Loan to Stayzon Retail Ventures Pty Limited ¹	216,403	-
Loans – related party ²	-	1,042,153
	216,403	1,042,153

- The loan was advanced to Stayzon on the 15 May 2017 as an unsecured funding agreement. The loan is repayable on the 30 June 2018 unless mutually agreed to extend the agreement by both parties. The loan incurs a 5% interest rate which is capitalised to the loan amount, and is repayable on the termination of the loan agreement or when mutually agreed.
- The loan to a related party was settled in full as part of the sale and purchase agreement prior to reverse take over from Goldsearch Limited. A term of the agreement was that all amount advanced prior to admission to the ASX was to be expensed as services rendered to the company up to the date of the completion of the sale to Goldsearch.

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

	Consolidated	
	2017	2016
	NZ\$	NZ\$
14. TRADE AND OTHER PAYABLES		
Trade creditors	203,129	30,640
Sundry creditors and accruals	113,095	-
Other payables	25,494	143,809
Income in advance	2,410,134	1,595,025
	<u>2,751,852</u>	<u>1,769,474</u>

	Consolidated	
	2017	2016
	NZ\$	NZ\$
15. BORROWINGS		
CURRENT		
Lease liability	28,269	116,193
Loan from third party ¹	-	200,000
	<u>28,269</u>	<u>316,193</u>

1. Loan from an unrelated party was paid in full during the year. The loan was unsecured, and incurred an interest rate of 12% per annum (2016: 12%) and was repaid in May 2017.

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

	2017	2016	2017	2016
	No. Shares	No. Shares	NZ\$	NZ\$
16. ISSUED CAPITAL				
(a) Issued shares:				
Beginning of the year	31,112	31,112	1,125,886	1,125,886
Issued during the year:				
Recognition of shares in Zoono Group limited (formally Goldsearch) in accordance with the requirement of share based acquisition accounting	112,980,517	-	952,401	-
share issued pursuant to public offer	50,000,198	-	10,631,783	-
Share issue cost	-	-	(928,354)	-
	<u>163,011,827</u>	<u>31,112</u>	<u>11,781,716</u>	<u>1,125,886</u>

Holders of ordinary shares are entitled to participate in dividends when declared and are entitled to one vote per share, either in person or by proxy, at shareholder meetings. In the event of winding up the Company, ordinary shareholders are ranked after all other creditors and are entitled to any proceeds of liquidation in proportion to the number of and amounts paid on the shares held.

Ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

(b) Movement in issued share options during the year:

The Company had no quoted or unquoted options issue at the date of this report.

(c) Uncalled capital:

No calls are outstanding at year end. All issued shares are fully paid.

(d) Capital management:

Management controls the capital of the Group in order to maintain a reasonable debt to equity ratio, provide the shareholders with adequate returns and ensure that the Group can fund its operations and continue as a going concern.

The Group currently has no debt funding available or external capital requirement. The Group's capital includes ordinary share capital share options and reserves. The financial liabilities are supported by financial assets.

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

Management effectively manages the Group capital by assessing the Group's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of share issues. The Group strategy remains unchanged from prior year.

	Consolidated	
	2017	2016
	NZ\$	NZ\$
17. RESERVES		
Foreign currency translation reserve		
Balance at beginning of year	-	-
Exchange differences on translation of foreign operations	113,502	-
Balance at end of year	113,502	-

Exchange differences arising on translation of the foreign controlled entity are recognised in other comprehensive income and accumulated in as separate reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed of.

18. SHARE-BASED PAYMENTS

(a) Share-based payment acquisition:

On 9 May 2017 Zoono Group Limited ("Goldsearch") (formerly Goldsearch Limited) completed the acquisition of Zoono Group Limited (NZ) and its controlled entities ("Zoono Group"). Under the Australian Accounting Standards, Zoono Group was deemed to be the accounting acquirer in this transaction. The acquisition has been accounted for as a share-based payment by which Zoono Group acquires the net assets and listing status of Goldsearch.

The deemed consideration was the issue of 94,500,000 fully paid ordinary shares in Goldsearch Limited (legal parent) to the shareholders of Zoono Group and is deemed to have a value of NZ\$952,401.

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

(i) Deemed consideration

	NZ\$
Purchase Consideration	952,401
<i>(ii) Less:</i>	
Cash & Cash Equivalents	112,553
Trade and Other Receivables	105,654
Loan Receivable	8,858,710
Trade and Other Payables	(81,919)
Fair Value of Net Assets Acquired	<u>8,994,998</u>
Less Capital Raised in General Offer	<u>(9,729,688)</u>
	(734,690)
Listing Expense on Acquisition	1,687,091
	<u>952,401</u>

(b) Equity settled share-based payment and reconciliations:

The Consolidated Group has not issued or has any outstanding share options on issue during the financial year (2016: Nil)

		Consolidated	
		2017	2016
		NZ\$	NZ\$
19. REMUNERATION OF AUDITORS			
Amounts received or due and receivable by the auditors for:			
- the review and the audit of the financial reports for the consolidated group		132,337	-
		<u>132,337</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

20. ECONOMIC DEPENDENCY

Zoono and its products are subject to various laws and regulations including but not limited to accounting standards, tax laws, environmental laws, product content requirement, labelling/packaging, regulations and customs regulations. Changes in these laws and regulations (including interpretation and enforcement) could adversely affect the Group financial performance. Laws and regulations are specific to each geographic location. In this regard, there is a risk that a certain product may not be able to be supplied in another jurisdiction because it fails to meet that jurisdictions regulatory requirements (e.g. product registration requirements). Failure of the Group to remain up to date with these various regulatory requirements, could adversely affect the Group financial performance.

21. CONTINGENT LIABILITIES

The directors are not aware of any potential liabilities or claims against the Company as at the date to which these financial statements are made up.

22. RELATED PARTY TRANSACTIONS

Transactions between related parties are on normal commercial terms and conditions unless otherwise stated. Complete details of the remuneration of directors and key management personnel are set out in the Remuneration Report which forms part of the accompanying Directors' Report.

The totals of remuneration paid to key management personnel of the Company during the year are as follows:

	Consolidated	
	2017	2016
	NZ\$	NZ\$
Short-term employee benefits	2,532,000	1,111,560
Other Benefits	21,259	-
Share-based Payments	52,435	-
	<u>2,605,714</u>	<u>1,111,560</u>

Details of shares and options held by key management personnel are included in the Remuneration Report set out in the accompanying directors' report.

Key management personnel related entity transactions

Ms Elissa Hansen, a director of Market Capital Group Pty Ltd trading as CoSec Services, provided company secretarial and consulting services to the Group. Charges for services provided during the year amounted to NZ\$38,954 (2016: NZ\$32,723).

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

Mr John Percival, a director of Aston & Martine Pty Ltd was paid NZ\$105,281 for his service in introducing the Zoono opportunity to the Company as approved by the Company shareholder at the annual general meeting held on the 18 January 2017.

Mr John Percival also received 250,000 post consolidated fully paid ordinary share, as detailed in the Company prospectus and approved by the Company shareholder at the annual general meeting held on the 18 January 2017 as in conjunction to the above consideration for the Zoono acquisition opportunity.

The above amounts are in addition to directors' fees earned by Ms Hansen and Mr Percival.

Morgan Recruitment Limited provided recruitment services to the Company and was paid NZ\$26,500 for their services. The wife of Mr Paul Hyslop owns Morgan Recruitment Limited.

23. STATEMENT OF CASH FLOWS

(a) Reconciliation of cash:

	Consolidated	
	2017	2016
	\$	\$
Cash at bank	143,128	205,998
Cash on short term deposit	8,001,562	-
	<u>8,144,690</u>	<u>205,998</u>

The effective interest rate on short-term bank deposits was 3.2% per annum (2016: 1.0% per annum) and these deposits have an average maturity of 75 days.

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

	Consolidated	
	2017	2016
(b) Reconciliation statement:	NZ\$	NZ\$
A reconciliation of "net cash used in operating activities" to "loss after income tax" is as follows:		
Loss after income tax	(4,087,533)	(468,475)
<u>Add/(less)</u>		
Amortisation	14,487	14,097
Depreciation	25,853	28,365
Listing and acquisition cost – reverse acquisition cost	1,687,091	-
Non-Cash Management and Directors Fees	2,007,064	
Gain on sale of equipment	(7,652)	-
Changes in assets and liabilities:		
(Increase)/decrease in trade and other receivable	(115,204)	(33,450)
(Increase)/decrease in inventories	(97,563)	(28,365)
(Increase)/decrease in prepayment	(753,382)	-
(Increase)/decrease in trade creditors and accruals	983,510	1,549,105
Net cash provided by/(used in) operating activities	(343,329)	1,061,277

The Company does not have any formal loan facilities in place at the date of these financial statements.

24. EARNINGS PER SHARE

The following reflects the income and share data used in the calculations of basic and diluted earnings per share (EPS):

Basic loss cents per share	\$(0.12) cents	\$(15.06)
Diluted loss cents per share	\$(0.12) cents	\$(15.06)

Weighted average number of ordinary shares outstanding during the year used to calculated basic EPS	33,134,308	31,112
Weighted average number of ordinary shares outstanding during the year used to calculated diluted EPS	33,134,308	31,112
Loss from continuing operations used to calculated basic EPS and diluted EPS	(4,087,533)	(468,475)

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

There have been no transactions involving ordinary shares or potential ordinary shares that would significantly change the number of ordinary shares or potential ordinary shares outstanding between the reporting date and the date of completion of these financial statements.

25. SEGMENT INFORMATION

Operating segments are identified on the basis of internal reports about the components of the Group that are regularly reviewed by the Chief Operating Decision Makers in order to allocate resources to the segment and to assess its performance.

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of distributors/customers. Segment assets and liabilities are located in New Zealand and are unable to be allocated to individual geographical segments by locations of distributors/customers on a reasonable basis. The Group's segment revenue is geographically as follows;

Geographical Location	Product
New Zealand	Handsanitiser, textile applicator, mould remediation, surface sanitiser
Australia	Handsanitiser, textile applicator, mould remediation, surface sanitiser
Asia	Handsanitiser, textile applicator, mould remediation, surface sanitiser
Europe	Handsanitiser, textile applicator, mould remediation, surface sanitiser
China	Handsanitiser, textile applicator, mould remediation, surface sanitiser
Middle East	Handsanitiser, textile applicator, mould remediation, surface sanitiser
USA	Handsanitiser, textile applicator, mould remediation, surface sanitiser

Geographical information

The Group's revenue from external distributors/customers by geographical location is detailed below.

	2017	2016
	NZ\$	NZ\$
Geographical Revenue		
New Zealand	80,000	44,736
Australia	460,853	24,044
Asia	24,241	154,081
Europe	-	144,690
China	7,899	33,068
Middle East	78,101	446,615
USA	142,268	304,183
Total Group Revenue	793,362	1,151,417

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

		Parent	
		2017	2016
		NZ\$	NZ\$
26. FRANKING CREDITS			
The amount of the franking credits available for subsequent reporting periods are:		88,384	-

27.	CONTROLLED ENTITIES	Country of incorporation	Percentage owned 2017	Percentage owned 2016
	Subsidiaries of Zoono Group Limited (formerly Goldsearch Limited)			
	Zoono Group Limited (NZ)	New Zealand	100%	-
	Zoono Limited	New Zealand	100%	-
	Caytale Pty Limited (i)	Australia	100%	100%

- (i) The above subsidiary company had no activities other than as holders of exploration rights on certain tenements in prior years.

28. FINANCIAL RISK MANAGEMENT

Financial risk management policies

The Group's financial instruments consist mainly of current accounts with banks, accounts receivable and payable.

i. Treasury risk management

Management considers on a regular basis the financial risk exposures and evaluates treasury management strategies in the context of the most recent economic conditions and forecasts.

The overall risk management strategy seeks to meet the Group's financial targets, whilst minimising potential adverse effects on financial performance.

Management operates under policies approved by the board of directors which approves and reviews risk management policies on a regular basis. These include future cash flow requirements.

ii. Financial risk exposures and management

The main risks the Group is exposed to through its financial instruments are interest rate risk, foreign currency risk, liquidity risk, credit risk and price risk.

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

(a) Foreign currency risk exposure

Most of the Group's transactions are carried out in \$NZD. Exposures to currency exchange rates arise from the Group's overseas sales and purchases, which are primarily denominated in \$US Dollars (\$USD) and Australian Dollars (\$AUD). The Group also holds a bank account in both \$USD and \$AUD.

(b) Interest rate risk exposure

The Group is exposed to interest rate risk through cash and deposits held. The Group continually monitors interest rates and financial markets for the Group's cash on deposit and regularly reviews future cash flow requirements. The following table summarises the interest rate risk for the Group, together with the effective weighted average interest rate for each class of financial assets and liabilities.

Note	Floating interest rate	Fixed interest maturing in		Non - interest bearing		Total
		1 year or less	over 1 to 5 years	1 year or less	over 1 to 5 years	
		\$	\$	\$	\$	\$
2017						
Financial assets						
Cash	3.2%	8,001,562	-	143,128	-	8,144,690
Financial liabilities						
Borrowings	13.0%	28,269	-	-	-	28,269
Net exposure to cashflow interest rate risk	9.8%	7,973,293	-	143,128	-	8,116,421
Weighted average interest rate	8.1%	-	-	-	-	8.1%

Note	Floating interest rate	Fixed interest maturing in		Non - interest bearing		Total
		1 year or less	over 1 to 5 years	1 year or less	over 1 to 5 years	
		\$	\$	\$	\$	\$
2016						
Financial assets						
Cash	1.0%	205,998	-	-	-	205,998
Financial liabilities						
Borrowings	13.0%	316,193	-	-	-	316,193
Net exposure to cashflow interest rate risk	12.0%	(205,998)	-	-	-	(205,998)
Weighted average interest rate	6.0%	-	-	-	-	6.0%

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

(c) Credit risk exposure

The maximum exposure to credit risk, excluding the value of any collateral or other security, at reporting date to recognised financial assets is the carrying amount, net of any provision for impaired receivables, as disclosed in the statement of financial position and notes to the financial statements.

The Group does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the Group.

Receivables due from major debtors are not normally secured by collateral, however the credit worthiness of debtors is monitored.

(d) Liquidity risk

The Group manages liquidity risk by monitoring forecast cash flows to ensure that adequate funding is maintained. The Group's financial liabilities consist of trade and other payables in the normal course of business and as such are normally due for payment within 30 days of receipt of a valid tax invoice. The Group does not have any liquidity risk associated with any borrowing.

(e) Interest rate risk

Interest rate risk on cash and short term deposits is not considered to be a material risk due to the short term nature of these financial instruments.

29. CAPITAL AND LEASING COMMITMENTS

		Consolidated	
		2017	2016
		NZ\$	NZ\$
a.	Finance Lease Commitments		
	Payable – minimum lease payments:		
	– not later than 12 months	28,269	87,924
	– between 12 months and 5 years	-	28,269
	– greater than 5 years	-	-
	Minimum lease payments	28,269	116,193
	Less future finance charges	230	9,617
	Present value of minimum lease payments	28,039	106,576

The finance lease on the Motor Vehicle was paid out in full in July 2017.

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

b. Finance Lease Commitments

Payable – minimum lease payments:

– not later than 12 months	52,500	-
– between 12 months and 5 years	210,000	-
– greater than 5 years	21,875	-
	284,375	-

The property lease is a non-cancellable lease with a six-year term entered into in November 2016 with rent payable in advance. An option exists to renew the lease at the end of the six-year term for an additional two terms of three years each under the same terms.

c. Capital Expenditure Commitments

Capital expenditure commitments contracted for:

Plant and equipment purchases	5,826	17,331
-------------------------------	-------	--------

30. PARENT INFORMATION

PARENT ENTITY
2017 **2016**
NZ\$ **NZ\$**

The following information has been extracted from the books and records of the parent and has been prepared in accordance with Australian Accounting Standards.

Statement of Financial Position

ASSETS

Current assets	123,681	134,646
Non-current assets	29,292,050	-
TOTAL ASSETS	29,415,731	134,646

LIABILITIES

Current liabilities	132,606	426,419
Non-current liabilities	-	-
TOTAL LIABILITIES	132,606	426,419

EQUITY

Issued capital	68,194,413	36,499,907
Reserves	337,155	9,700
Accumulated losses	(39,248,443)	(36,801,380)
TOTAL EQUITY	29,283,125	(291,773)

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

Statement of Profit or Loss and Other Comprehensive Income

Total loss	(166,389)	(252,527)
Total comprehensive loss	<u>(166,389)</u>	<u>(252,527)</u>

31. EVENTS SUBSEQUENT TO REPORTING DATE

On the 14 August 2017, the Group completed the unmarketable parcel share sale facility as announced on the 9 June 2017.

No other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the consolidated group, the results of those operations, or the state of affairs of the consolidated group in future financial years.

32. COMPANY DETAILS

The registered office of the Company is:

Level 12, 225 George Street
Sydney NSW 2000
Australia.

The principal place of business of the Company is:

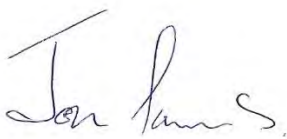
31 Hannigan Drive,
St Johns, Auckland 1072
New Zealand.

DIRECTORS' DECLARATION

The directors of Zoono Group Limited declare that:

1. The consolidated financial statements and associated notes for the financial year ended 30 June 2017:
 - (a) are in accordance with the Corporations Act 2001;
 - (b) comply with Accounting Standards and the Corporations Regulations 2001; and
 - (c) the consolidated financial report also complies with International Financial Reporting Standards issued by the International Accounting Standards Board (IASB) as disclosed in Note 1; and
 - (d) give a true and fair view of the financial position of the Company as at 30 June 2017 and the performance of the Group for the financial year then ended.
2. The chief executive officer/chief financial officer has declared that:
 - (a) the financial records of the Company for the financial year have been properly maintained in accordance with section 295A of the Corporations Act 2001;
 - (b) the consolidated financial statements and notes for the financial year comply with Accounting Standards; and
 - (c) the financial statements and notes for the financial year give a true and fair view.
3. In the opinion of the directors there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the directors.



Jon Lamb
Executive Chairman
31 August 2017

**ZOONO GROUP LIMITED
ABN 73 006 645 754
AND CONTROLLED ENTITIES**

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
ZOONO GROUP LIMITED AND CONTROLLED ENTITIES**

SYDNEY
Level 40
2 Park Street
Sydney NSW 2000
Australia

GPO Box 3555
Sydney NSW 2001

Ph: (612) 9263 2600
Fx: (612) 9263 2800

Report on the Financial Report

Qualified Opinion

We have audited the financial report of Zoono Group Limited and Controlled Entities (the Group), which comprises the consolidated statement of financial position as at 30 June 2017, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of our report:

- a. the accompanying financial report of Zoono Group Limited and Controlled Entities is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the Group's financial position as at 30 June 2017 and of its financial performance for the year then ended; and
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- b. the financial report also complies with International Financial Reporting Standards as disclosed in Note 2

Basis for Qualified Opinion

We did not observe the counting of physical inventories at 30 June 2016 as the company changed its balance date. We were unable to satisfy ourselves by alternative means concerning the inventory quantities held at 30 June 2016, which is stated in the consolidated statement of financial position at \$112,628. As a result of this matter, we were unable to determine whether any adjustments might have been found necessary in respect of recorded or unrecorded inventories, and the elements making up the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows in both the current period and the comparative period.

We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110: *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

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Accounting Firms

 **PrimeGlobal**

**ZOONO GROUP LIMITED
ABN 73 006 645 754
AND CONTROLLED ENTITIES**

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
ZOONO GROUP LIMITED AND CONTROLLED ENTITIES**

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the year ended 30 June 2017. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our qualified opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter

How Our Audit Addressed the Key Audit Matter

Share Based Payment

Our procedures included, amongst others:

Refer to Note 18 to the financial statements Share-based payments, Note 4(a) for the accounting policies.

We obtained the sale and purchase agreement and understood the key terms of the transactions.

Effective 9 May 2017 Zoono Group Limited completed the acquisition of Zoono Limited which has been accounted for as a share based payment.

We reviewed the acquisition calculation and verified the acquisition date balances.

We engaged our corporate finance specialists to review the calculations.

We focused on this matter as a key audit matter as this is a complicated accounting matter, requiring some judgements.

We reviewed the adequacy of the disclosures made on the share based payment.

Revenue Recognition

Refer to Note 4(s) for the groups' revenue accounting policy.

We obtained an understanding of the key controls in the revenue recognition cycle.

Under the group's business model consideration is received before the sale of goods occurs and is recognised as deferred income. Revenue is subsequently recognised when the goods are delivered.

We obtained a sample of contracts and traced the terms and conditions to ensure that revenue was recognised in accordance with the accounting standards.

We focused on this matter as a key audit matter as there is a risk that revenue may be recognised prior to the sale of goods.

We verified a sample of customer deposits received in advance to supporting documentation and ensured that revenue had not been incorrectly recognised.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2017, but does not include the financial report and our auditor's report thereon. Our qualified opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon. In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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**ZOONO GROUP LIMITED
ABN 73 006 645 754
AND CONTROLLED ENTITIES**

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
ZOONO GROUP LIMITED AND CONTROLLED ENTITIES**

Responsibilities of the Directors for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our qualified opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our qualified opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express a qualified opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our qualified audit opinion.

**ZOONO GROUP LIMITED
ABN 73 006 645 754
AND CONTROLLED ENTITIES**

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
ZOONO GROUP LIMITED AND CONTROLLED ENTITIES**

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be brought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

We have audited the remuneration report included in pages 10 to 17 of the directors' report for the year ended 30 June 2017. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with s300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards

Auditor's Opinion

In our opinion, the remuneration report of Zoono Group Limited, for the year ended 30 June 2017, complies with s 300A of the *Corporations Act 2001*.



Hall Chadwick
Level 40, 2 Park Street
Sydney NSW 2000



DREW TOWNSEND

Partner

Dated: 31 August 2017

ADDITIONAL INFORMATION FOR LISTED PUBLIC COMPANIES

The following information is current as at 23 August 2017.

Distribution of Shareholders

Fully Paid Ordinary Shares

Holdings Ranges	Number		
	Holders	Units	%
1-1,000	142	27,551	0.017
1,001-5,000	88	291,910	0.179
5,001-10,000	80	694,770	0.426
10,001-100,000	305	13,373,508	8.204
100,001- and over	148	148,624,088	91.174
Totals	763	163,011,827	100.000

20 Largest Shareholders

No.	Name	Number of Ordinary Shares Held	% of Issued Capital
1	PAUL RUSSELL HYSLOP & MARGARET JANE MORGAN & NPT MEG TRUSTEES LIMITED <MEG A/C>	83,708,000	51.351%
2	MR EELCO WIERSMA	7,430,900	4.559%
3	J P MORGAN NOMINEES AUSTRALIA LIMITED	6,490,313	3.981%
4	JB ADVISORY PTY LTD	2,900,000	1.779%
5	BT PORTFOLIO SERVICES LIMITED <WARRELL HOLDINGS S/F A/C>	2,150,000	1.319%
6	MR BENJAMIN CRANSTOUN DARK <THE BEN DARK HOLDINGS A/C>	1,650,000	1.012%
7	LEWIS ANDREW CRAIG MACKINNON	1,500,000	0.920%
8	PAGONDAS PTY LTD <PAGONDAS A/C>	1,368,841	0.840%
9	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	1,211,136	0.743%
10	NOELENE RAMSAY	1,005,000	0.617%
11	SATORI INTERNATIONAL PTY LTD <SATORI S/F A/C>	1,000,000	0.613%
12	FLOURISH SUPER PTY LTD <FLOURISH S/F A/C>	924,200	0.567%
13	AUST EXECUTOR TRUSTEES LTD <DS CAPITAL GROWTH FUND>	795,766	0.488%
14	BNP PARIBAS NOMINEES PTY LTD HUB24 CUSTODIAL SERV LTD DRP	774,500	0.475%
15	QUINLYNTON PTY LTD <PURSER SUPER FUND A/C>	750,000	0.460%
16	COLENEW PTY LIMITED <PAUL XIRADIS ACCOUNT>	750,000	0.460%
17	ODONNELL FAMILY PTY LTD <J O'DONNELL FAMILY SMSF A/C>	750,000	0.460%
18	SKIFFINGTON SUPER PTY LTD <THE MARK SKIFFINGTON S/F A/C>	699,728	0.429%
19	CUSTODIAL SERVICES LIMITED <BENEFICIARIES HOLDING A/C>	650,200	0.399%
20	GBBM PTY LIMITED <BERESFORD A/C>	650,000	0.399%
		117,158,584	71.871%

Substantial Holders

Paul Russell Hyslop & Margaret Jane Morgan & NPT Meg Trustees Limited <Meg A/C> is the only substantial holder of the Company.

Voting Rights

Each ordinary share is entitled to one vote when a poll is called, otherwise each member present at a meeting or by proxy has one vote on a show of hands. There are no other classes of equity securities.

Unmarketable Holders

There are 161 shareholders holding less than a marketable parcel of shares based on the closing price of AUD0.23 on 24 August 2017 representing a total of 57,727 shares. The Company provided an unmarketable holding share sale facility to holders of unmarketable parcels as announced on 9 June 2017.

Restricted Securities

The Company has the following fully paid ordinary restricted securities:

Class	Number	%
ASX Escrow 12 months to 9 December 2017	28,333	0.02%
ASX Escrow 12 months to 7 February 2018	221,667	0.14%
ASX Escrow 12 months to 20 February 2018	28,333	0.02%
ASX Escrow 12 months to 8 May 2018	123,249	0.08%
ASX Escrow 24 months to 8 May 2019	102,310,000	62.76%
Total restricted securities	102,711,582	63.01%
Free Float	60,300,245	36.99%
Total Shares	163,011,827	100.00%

CORPORATE DIRECTORY

Directors

Jon Lamb, Executive Chairman
Paul Hyslop, Managing Director
Don Clarke, Non-Executive Director
Elissa Hansen, Non-Executive Director

Company Secretary

Elissa Hansen

Management

Paul Ravlich, Chief Financial Officer
Lew MacKinnon, Chief Operating Officer

Registered Office

Level 12
225 George Street
Sydney, NSW, 2000
Ph: +61 2 8042 8481

Principle Place of Business

31E Hannigan Drive
St Johns
Auckland 1072
New Zealand
Ph: +64 21 659 977
E: info@zoono.com

Share Registry

Boardroom Pty Limited
Level 12
225 George Street
Sydney, NSW, 2000
Telephone +61 2 9290 9600
Facsimile +61 2 9279 0664

Australian Legal Advisers

MurdockCheng Legal Practice
Level 10, 50 Clarence Street
Sydney, NSW, 2000

Auditors

Hall Chadwick Pty Limited
Level 40, 2 Park Street
Sydney, NSW, 2000

Corporate Advisers

JB Advisory Pty Limited
8-28 The Corso
Manly, NSW 2095
Corporate authorised Representative of
BR Securities Australia Pty Ltd AFSL 456663

ASX Code

ZNO