

**FAMILY ZONE CYBER SAFETY LIMITED**  
**ACN 167 509 177**

**PRELIMINARY FINAL REPORT**  
**APPENDIX 4E**

GIVEN TO THE ASX UNDER LISTING RULE 4.3A

**Reporting Period**

Financial year end	30 June 2016
Previous corresponding reporting period	30 June 2015

**Results for Announcement to Market**

	<b>30 June 2016 \$</b>	<b>30 June 2015 \$</b>	<b>% increase/ (decrease) over corresponding period</b>
Revenue from ordinary activities	443,441	97,860	353.1%
Profit/(Loss) after tax attributable to members	(2,002,354)	(565,275)	254.2%
Net profit/(loss) for the period attributable to members	(2,002,354)	(565,275)	254.2%

**Dividends**

No dividends have been declared or paid during the year ended 30 June 2016. The Directors do not recommend the payments of a dividend in respect of the year ended 30 June 2016.

The Company does not have any dividend reinvestment plan in operation.

**Explanation of results**

Over the past financial year the Company has been in a research & development stage of its operations, incurring expenditure in developing the Family Zone Platform. The Company soft launched its Family Zone platform and products in March 2016 and is therefore yet to generate any material consumer revenues.

The company has incurred a net loss from its operations of \$2,002,354 during the financial year ended.

The significant increase in other revenue is primarily a result of R&D and export grants received by the Company in the current financial year. The significant increase in the net operating loss for the current period is a result of increased operating expenditure due to continued development of the platform and a once off impairment write down of its intangible assets in the current period.

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**Net Tangible Assets per Security**

<b>Net Tangible Liabilities per share</b>	<b>30 June 2016</b>	<b>30 June 2015</b>
Net tangible liabilities (cents per share)	(4.3)	(0.4)

**Review of Operations**

During the financial year ended 30 June 2016, the Company continued its ongoing development of the Family Zone platform and products. This included extensive Beta testing and trials in the US. The Company also completed technical testing and trials of its technology with a major Philippines telecommunications carrier and has received an initial purchase order from that carrier for Family Zone Boxes. The Company also soft launched its consumer offering of the Family Zone box and the family zone app in March 2016 and continues to develop its key relationships with Cyber Safety Partners.

During the year Company also raised approximately \$1.4m in through a convertible note raising to allow it to progress the product development and prepare for its ASX listing.

**Earnings/(loss) per Share**

	<b>30 June 2016</b>	<b>30 June 2015</b>
Loss per share		
- Basis loss per share (cents per share)	(12.5)	(1.4)
- Diluted loss per share (cents per share)	(3.1)	(1.4)

**Unaudited Preliminary Financial Report**

This preliminary financial report is based on financial statements which have not yet been audited or reviewed.

**Matters subsequent to the end of the financial year**

Subsequent to the end of the financial year the Company lodged an initial public offering Prospectus dated 12 July 2016 and Supplementary Prospectus dated 26 July 2016 (**Prospectus**) with ASIC and ASX for an offer of 30,000,000 shares at \$0.20 per share to raise \$6,000,000. The Prospectus also contained an offer of 7,500,000 Options at \$0.005 per Option to raise a further \$37,500.

The offers under the Prospectus were closed fully subscribed and the Company was admitted to Official Quotation on ASX on 29 August 2016.

**Contents and checklist requirements**

<b>App 4E Item</b>	<b>Details</b>	<b>Reference page in Appendix 4E</b>
1	Reporting period and corresponding reporting period	Refer to page 1
2	Results for announcement to the market	Refer to page 1
3	Statement of comprehensive income	Refer to page 4
4	Statement of financial position	Refer to page 5
5	Statement of cash flows	Refer to page 6
6	Statement of changes in equity	Refer to page 7
7	Details of dividends or distributions	Refer to page 1
8	Details of dividends or distribution reinvestment plans in operation	Refer to page 1
9	Net tangible assets per security	Refer to page 2
10	Details of entities over which control has been gained or lost during the period	Not applicable
11	Details of associates and joint venture entities	Not applicable
12	Any other significant information needed by investors to make an informed assessment of the entity's financial performance and financial position	Refer to page 2 review of operations and subsequent events commentary
13	Accounting standards used in compiling reports by foreign entities.	Not applicable
14	A commentary on results for the period.	Refer to page 1 and 2 explanation of results and review of operations
15	A statement as to whether the report is based on accounts which have been audited or subject to review, are in the process of being audited or reviewed, or have not yet been audited or reviewed	Refer to page 2
16	If the accounts have not yet been audited and are likely to contain an independent audit report that is subject to a modified opinion, emphasis of matter or other matter paragraph, a description of the modified opinion, emphasis of matter or other matter paragraph.	At this stage it is likely that the audit report will be unqualified.
17	If the accounts have been audited and contain an independent audit report that is subject to a modified opinion, emphasis of matter or other matter paragraph, a description of the modified opinion, emphasis of matter or other matter paragraph.	Not applicable

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**FAMILY ZONE CYBER SAFETY LIMITED  
STATEMENT OF COMPREHENSIVE INCOME  
YEAR ENDED 30 JUNE 2016**

	Year ended 30 June 2016 \$	Year ended 30 June 2015 \$
<b>Income</b>		
Sale of goods	4,905	-
<b>Total Income</b>	<b>4,905</b>	<b>-</b>
<b>Other Income</b>		
Other Income	438,536	97,860
<b>Total Other Income</b>	<b>438,536</b>	<b>97,860</b>
<b>Total Income</b>	<b>443,441</b>	<b>97,860</b>
<b>Expenses</b>		
Administration	339,541	65,885
Employee benefits expense	186,013	-
Finance costs	4,383	6,391
Impairment of intangible assets	518,643	-
Depreciation and amortisation	17,419	42,733
Marketing expenses	8,767	15,683
Research and development expenses	1,371,029	532,444
<b>Total Expenses</b>	<b>2,445,795</b>	<b>663,135</b>
<b>Profit/(Loss) before Taxation</b>	<b>(2,002,354)</b>	<b>(565,275)</b>
Income tax expense	-	-
<b>Net Profit After Tax</b>	<b>(2,002,354)</b>	<b>(565,275)</b>

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**FAMILY ZONE CYBER SAFETY LIMITED**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2016**

	As at 30 Jun 2016 \$	As at 30 Jun 2015 \$
<b>Assets</b>		
<b>Current Assets</b>		
Cash and Cash Equivalent	712,392	78,721
Inventory	244,473	118,909
<b>Total Current Assets</b>	<b>956,865</b>	<b>197,630</b>
<b>Non-Current Assets</b>		
Property, plant and equipment	6,852	-
Intangibles	474,921	884,801
<b>Total Non-Current Assets</b>	<b>481,773</b>	<b>884,801</b>
<b>Total Assets</b>	<b>1,438,637</b>	<b>1,082,431</b>
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Trade and Other Payables	224,901	354,568
Financial Liabilities	1,430,000	-
<b>Total Current Liabilities</b>	<b>1,654,901</b>	<b>354,568</b>
<b>Total Liabilities</b>	<b>1,654,901</b>	<b>354,568</b>
<b>Net Assets (Liabilities)</b>	<b>(216,264)</b>	<b>727,863</b>
<b>Equity</b>		
Retained Earnings	(2,740,088)	(737,734)
Share Capital	2,523,824	1,465,596
<b>Total Deficiency in Equity</b>	<b>(216,264)</b>	<b>727,863</b>

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FAMILY ZONE CYBER SAFETY LIMITED  
STATEMENT OF CASH FLOWS  
FOR YEAR ENDED 30 JUNE 2016

	Year ended 30 June 2016 \$	Year ended 30 June 2015 \$
<b>Cash flows from Operating Activities</b>		
Receipts from grants	439,952	95,196
Receipts from customers	5,949	-
Interest received	978	2,664
Finance costs	(1,694)	(2,473)
Payments to suppliers and employees	(1,018,991)	(275,511)
<b>Total Cash flows from Operating Activities</b>	<b>(573,805)</b>	<b>(180,123)</b>
<b>Cash flows from Investing Activities</b>		
Payments for office equipment	(7,241)	-
Payments for intangible assets	(1,304,841)	(1,098,920)
<b>Total Cash flows from Investing Activities</b>	<b>(1,312,082)</b>	<b>(1,098,920)</b>
<b>Cash flows from Financing Activities</b>		
Proceeds from convertible note	1,412,522	-
Repayment of convertible note	-	(242,684)
Proceeds from issue of share capital	1,107,037	1,465,595
<b>Total Cash flows from Financing Activities</b>	<b>2,519,559</b>	<b>1,222,911</b>
<b>Net increase/(decrease) in cash held</b>	<b>633,672</b>	<b>(56,133)</b>
<b>Cash Balances</b>		
Opening cash balance	78,721	134,853
Closing cash balance	712,392	78,721
<b>Movement in cash</b>	<b>633,672</b>	<b>(56,133)</b>

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**FAMILY ZONE CYBER SAFETY LIMITED  
STATEMENT OF CHANGES IN EQUITY  
FOR YEAR ENDED 30 JUNE 2016**

	Contributed Equity \$	Accumulated Losses \$	Total Equity \$
<b>At 1 July 2014</b>	<b>1</b>	<b>(172,459)</b>	<b>(172,458)</b>
<b>Comprehensive income:</b>			
Loss for the year	-	(565,275)	(565,275)
<b>Total comprehensive loss for the year</b>	<b>-</b>	<b>(565,275)</b>	<b>(565,275)</b>
<b>Transactions with owners in their capacity as owners:</b>			
Issue of 18,900,000 shares at 1.8 cents per share	348,334	-	348,334
Issue of 5,000,001 shares at 5.8 cents per share	290,000	-	290,000
Issue of 9,909,441 shares at 8.5 cents per share	842,302	-	842,302
Share issue costs	(15,041)	-	(15,041)
<b>At 30 June 2015</b>	<b>1,465,597</b>	<b>(737,734)</b>	<b>727,863</b>
<b>At 1 July 2015</b>	<b>1,465,597</b>	<b>(737,734)</b>	<b>727,863</b>
<b>Comprehensive income:</b>			
Loss for the year	-	(2,002,354)	(2,002,354)
<b>Total comprehensive loss for the year</b>	<b>-</b>	<b>(2,002,354)</b>	<b>(2,002,354)</b>
<b>Transactions with owners in their capacity as owners:</b>			
Issue of 6,166,670 shares at 10 cents per share	616,667	-	616,667
Issue of 5,223,040 shares at 10 cents per share	522,304	-	522,304
Cancellation of 18,389,652 shares	(1,250,001)	-	(1,250,001)
Issue of 28,000,000 performance shares	1,250,001	-	1,250,001
Share issue costs	(80,744)	-	(80,744)
<b>At 30 June 2016</b>	<b>2,523,824</b>	<b>(2,740,088)</b>	<b>(216,264)</b>

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## **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

This financial report of Family Zone Cyber Safety Limited ("the Company") for the year ended 30 June 2016 is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Stock Exchange.

### **Basis of preparation**

The financial report is 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. The Group is a for profit entity for financial reporting purposes under the Australian Accounting Standards.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions to which they apply. Compliance with the Australian Accounting Standards ensures that the financial statements and notes also comply with the International Financial Reporting Standards. Material Accounting policies adopted in the preparation of this financial report are presented below. They have been consistently applied unless otherwise stated.

Except for cash flow information, the financial report has been prepared on an accruals basis and is based on historical costs, modified where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

The accounting policies that have been adopted in the preparation of the statements are as follows:

### **Inventories**

Inventories are carried at the lower of cost or net realisable value. Cost is based on the first-in, first out method and includes expenditure incurred in acquiring the inventories and bringing them to the existing condition and location.

### **Property, plant and equipment**

Property, plant and equipment is initially recorded at the cost of acquisition or fair value less, if applicable, any accumulated depreciation and impairment losses. Plant and equipment that has been contributed at no cost, or for nominal cost, is valued and recognised at the fair value of the asset at the date it is acquired. The plant and equipment is reviewed annually by directors to ensure that the carrying amount is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the utilisation of the assets and the subsequent disposal. The expected net cash flows have been discounted to their present values in estimating recoverable amounts.

Any accumulated depreciation at the date of revaluation is offset against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.



### **Intangibles other than Goodwill**

Patents and trademarks are recognized at cost of acquisition. They have a finite life and are carried at cost less any accumulated amortization and any impairment losses. Patents and trademarks are amortised over their useful lives

Expenditure during the research phase of a project is recognized as an expense when incurred. Development costs are capitalised only when technical feasibility studies identify that the project is expected to deliver future economic benefits and these benefits can be measured reliably.

Capitalised development costs have a finite useful life and are amortised on a systematic basis based on the future economic benefits over the useful life of the project.

### **Trade and Other Receivables**

Trade receivables and other receivables, are recognised at the nominal transaction value without taking into account the time value of money. If required a provision for doubtful debt has been created.

### **Trade and Other Payables**

Trade and other payables represent the liabilities for goods and services received by the company that remain unpaid at 30 June 2016. Trade payables are recognised at their transaction price. They are subject to normal credit terms and do not bear interest.

### **Cash and cash equivalents**

Cash and cash equivalents include cash on hand, deposits held on call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

### **Revenue recognition**

Revenue from the sale of goods is recognised upon the delivery of goods to customers. Revenue from the rendering of services is recognised upon the delivery of the services to customers. Revenue from commissions is recognised upon delivery of services to customers. Revenue from interest is recognised using the effective interest rate method.

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

### **Goods and services tax**

Transactions are recognised net of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the balance sheet.

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## Grants

Grant revenue is recognised in the income statement when the entity receives the grant, when it is probable that the entity will receive the economic benefits of the grant and the amount can be reliably measured.

If the grant has conditions attached which must be satisfied before the entity is eligible to receive the grant, the recognition of the revenue will be deferred until those conditions are satisfied.

Where the entity incurs an obligation to deliver economic value back to the grant contributor, the transaction is considered a reciprocal transaction and the revenue is recognised as a liability in the balance sheet until the required service has been completed, otherwise the income is recognised on receipt.

Family Zone Cyber Safety Ltd receives non-reciprocal contributions of assets from the government and other parties for a nominal or zero value. These assets are recognised at their fair value on the date of acquisition in the balance sheet, with an equivalent amount of income recognised in the income statement.

Donations and bequests are recognised as revenue when received.