



# ASX Announcement

## Quarterly Activities Report for period ended 30 September 2016

PERTH - 31 OCTOBER 2016

Family Zone Cyber Safety Limited (ASX: FZO) (Family Zone or the Company) presents its quarterly activities report for the quarter ending 30 September 2016.

### HIGHLIGHTS

- Completed initial public offering and listed on the ASX on 29 August 2016
- Raised \$6.0 million in capital to fund the global commercialisation and on-going development of the Family Zone Platform.
- Launched Family Zone consumer products in Australia supported by a nationwide public relations campaign.
- Progressed Philippines wholesale distribution model with PDLT, a full service Telco servicing in excess of 70 million customers, placing an initial order for Family Zone Boxes and scheduled to launch mid-November 2016.
- Continued to grow partner ecosystem with 9 cyber experts and 3 affiliates signed on during the quarter.
- Strengthened sales and marketing teams through key appointments including Julius Manuel Mallari as Philippines Country Manager.
- Continued focus on building regional distribution partner opportunities that will be progressed in subsequent quarters.
- Launched sales and marketing programmes in Australia, confirming school engagement as a key and productive channel.

### OPERATIONAL UPDATE

#### Capital raising

During the quarter, the Company lodged its initial public offering Prospectus dated 12 July 2016 and Supplementary Prospectus dated 26 July 2016 with ASX and ASIC for the issue of up to 30,000,000 Shares at an issue price of \$0.20 to raise \$6,000,000 as well as an offer of 7,500,000 Options (with an exercise price of \$0.25 and expiry date of 29 August 2019) at an issue price of \$0.005 to raise a further \$37,500 (together Offers). The Offers were closed heavily oversubscribed with the Company raising \$6,037,500 and being admitted to the Official Quotation on ASX on 29 August 2016.



## Marketing

The Company formally launched its consumer product offerings in Australia in July 2016 comprising:

- Family Zone Box and networking service providing a safe WiFi network within the home, business or other network area;
- Family Zone App (iOS and Android) which provides parents with remote device management and enforces filtering when mobile devices are not connected to the Family Zone Box;
- A community of Cyber Experts creating age appropriate policies and setting their own pricing

The Company has commenced a national marketing and public relations campaign to increase Family Zone's social media presence and build brand momentum. During the quarter the Company was featured in a range of national TV and press news stories and has started to gain traction in community and school cyber safety events and programmes.

The Company has trialled a range of marketing and sales initiatives and has developed a medium term strategy that are geared towards achieving our growth goals and will focus on school engagement, radio, testimonial TV and social media.

## Cyber Experts

The Company's cyber expert partner (CEP) programme continues to grow and provides a key public relations and sales distribution opportunity for the Family Zone products.

CEP's are a unique feature of the Company's business model providing parents with access to ongoing support and advice from experts in their kid's digital world. CEPs are able to tailor parental control packages for families through the Family Zone Platform.

The Company currently has 9 cyber experts live within the platform and expects continued growth.

## Wholesale alliance with major Philippines carrier PLDT

The Company has continued to progress wholesale and partner distribution opportunities with its alliance partners.

In the Philippines, the Company's telecommunications partner PLDT placed an initial purchase order for Family Zone Boxes and subsequently officially launched to the media (in partnership with Family Zone) its "Smart Home" offerings being an integrated suite of innovative, reliable and family-friendly products and services. Through this partnership the Family Zone Box and App will be co-branded with PLDT and offered to new and existing customers, providing Filipino parents with much needed peace of mind whenever and wherever their kids are online.



PLDT (PSE:TEL) is the leading telecommunications, digital and multimedia service provider in the Philippines with approximately 70 million subscribers. Through its principal business groups - fixed line, wireless and others - PLDT offers a wide range of digital and telecommunications services across the Philippines.

During the quarter the Company appointed a new Philippines country head, Mr Julius Manuel Mallari to take responsibility for the day-to-day management of the PLDT account and growth of the Filipino market. In order to provide PLDT and its customers with the best possible local support, Family Zone has also established a Manila-based support centre via outsourcing partner Acquire BPO. This team can quickly and cost effectively scale to support the growing international demands of the Company.

## Global sales efforts

The Company's sales team and alliance partner (Fidelio Partners) have formalised sales processes and materials and became active during the quarter in building a pipeline and pre-sales effort.

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### About Family Zone

Family Zone is an ASX listed technology company focused on cyber safety. Meeting a growing demand to keep kids safe online and manage digital lifestyles, Family Zone has developed a unique and innovative cloud-based solution which combines Australian innovation with leading global technology.

To learn more about the Family Zone platform and the Company please visit [www.familyzone.com](http://www.familyzone.com).

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### For further information please contact

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## Appendix 4C

### Quarterly report for entities subject to Listing Rule 4.7B

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

**Name of entity**

Family Zone Cyber Safety Limited

**ABN**

33 167 509 177

**Quarter ended ("current quarter")**

30 September 2016

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (3 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	5	5
1.2 Payments for		
(a) research and development	(124)	(124)
(b) product manufacturing and operating costs	(210)	(210)
(c) advertising and marketing	(221)	(221)
(d) leased assets	-	-
(e) staff costs	(386)	(386)
(f) administration and corporate costs	(365)	(365)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(1,301)</b>	<b>(1,301)</b>

<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment	(16)	(16)
(b) businesses (see item 10)	-	-
(c) investments	-	-

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Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
(d) intellectual property	-	-
(e) other non-current assets	(8)	(8)
<b>2.2 Proceeds from disposal of:</b>		
(a) property, plant and equipment	-	-
(b) businesses (see item 10)	-	-
(c) investments	-	-
(d) intellectual property	-	-
(e) other non-current assets	-	-
<b>2.3 Cash flows from loans to other entities</b>	-	-
<b>2.4 Dividends received (see note 3)</b>	-	-
<b>2.5 Other (provide details if material)</b>	-	-
<b>2.6 Net cash from / (used in) investing activities</b>	<b>(24)</b>	<b>(24)</b>

<b>3. Cash flows from financing activities</b>		
3.1 Proceeds from issues of shares	6,038	6,038
3.2 Proceeds from issue of convertible notes	-	-
3.3 Proceeds from exercise of share options	-	-
3.4 Transaction costs related to issues of shares, convertible notes or options	(578)	(578)
3.5 Proceeds from borrowings	-	-
3.6 Repayment of borrowings	(44)	(44)
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (provide details if material)	-	-
<b>3.10 Net cash from / (used in) financing activities</b>	<b>5,415</b>	<b>5,415</b>

<b>4. Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1 Cash and cash equivalents at beginning of quarter/year to date	720	720
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(1,301)	(1,301)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(24)	(24)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	5,415	5,415

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<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (3 months) \$A'000</b>
4.5	Effect of movement in exchange rates on cash held	-	-
<b>4.6</b>	<b>Cash and cash equivalents at end of quarter</b>	<b>4,810</b>	<b>4,810</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	4,810	720
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>4,810</b>	<b>720</b>

**6. Payments to directors of the entity and their associates**

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 3.6
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

<b>Current quarter \$A'000</b>
(89)
(44)

Payments to directors.  
Repayment of director loan.

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

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

<b>Current quarter \$A'000</b>
(175)
-

Corporate advisory fees.  
Costs of capital raising.

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


9. <b>Estimated cash outflows for next quarter</b>	\$A'000
9.1 Research and development	(100)
9.2 Product manufacturing and operating costs	(426)
9.3 Advertising and marketing	(193)
9.4 Leased assets	-
9.5 Staff costs	(532)
9.6 Administration and corporate costs	(215)
9.7 Other (provide details if material)	-
<b>9.8 Total estimated cash outflows</b>	<b>(1,466)</b>

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

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**Compliance statement**

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

Sign here:  ..... Date: .30/10/2016.....  
(Company secretary)

Print name: Emma Wates.....

**Notes**

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

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