

March 2018 – Quarterly Report

IOT Group Limited

ABN 66 140 475 921
Level 9
100 William Street
EAST SYDNEY NSW 2000
www.theiotgroup.com

Sean Neylon	Founder and Executive Director
John Forder	Non-Executive Director
Steven Kayalicos	Non-Executive Director
Ron Hollands	Company Secretary

All references to IOT Group includes its subsidiaries.

Highlights

- ✓ **IOT purchases 25% of RUNA**
 - *RUNA the personal delivery service*
 - *APP version 2.0 deployed April 2018*
 - *Achieved over 3000 deliveries*
 - *Currently active in Sydney - Australia*

- ✓ **AirSelfie II has been launched.**
 - *Samples of AirSelfie II version have been recently received and are under testing review.*
 - *IOT have engaged an Independent review of the Drones business.*

- ✓ **IOT announces Rights Issue**
 - *Allowing all IOT Shareholders to participate in the growth of the Company.*

- ✓ **IOT welcomes Blockchain Advisory Board.**
 - *Invited Adam Ritchie, Chad Burgess and Wooyong Joo to develop Blockchain strategies.*

IOT Group Update

Business Update

IOT Group Limited (ASX:IOT) (“IOT” or “the Company”) would like to update the market regarding its activities for the 3 months ended 31 March 2018.

The enormous opportunities in the “Internet of Things” space has been proven with the ongoing development of a large market in and acceptance of drones. Whilst IOT has not been able to successfully break into this market to date, the opportunity was appropriately identified early on in development. Sales execution by distributors has been disappointing. IOT is commissioning an external review and report to the IOT Board on the IOT Drones business.

IOT is diversifying its IOT lines of business into areas identified by IOT as having a high chance of becoming major market disrupters. IOT is then searching for and reviewing opportunities in these identified verticals.

IOT has a strategic stake in Run-A Australia as an exposure into the rapidly developing home delivery and personal courier market. The Australian market is forecast to reach over 100 million deliveries over the coming 3-4 years. IOT is aware that Run-A is carefully establishing a versatile methodology and commercial solution for the home delivery market for all things, for all stores and believes Run-A is the next generation of home delivery services with enormous market potential as it is not network dependent, covers all products and has a B2B as well as B2C business model.

IOT has also identified the rapidly developing Blockchain technology as a disruptive force. The global Blockchain technology market is expected to grow significantly in the near future.

IOT has commenced the development of a Blockchain strategy to gain exposure to this vertical. IOT is working to locate a Blockchain Applications Complex (BAC) at the energy source of a Power Station at Hunter Valley - NSW. IOT group have already signed two clients for 2.5MW of power for its BAC.

IOT also has commenced working with Global Blockchain specialists Lakeba Group with its IOT Blockchain Advisory Service to advise and develop Blockchain applications for clients.

In this quarter, IOT established an Advisory Board made up of experienced Blockchain advocates to assist the IOT Board in developing their “IOT Blockchain Advisory Service” and the “IOT Blockchain Applications Complex” (BAC).

Executive Director and Founder of IOT Group Limited: Sean Neylon comments:

RUNA, IOT Blockchain Advisory Service and the IOT Blockchain Complex are receiving very positive interest. The IOT drones business is currently under independent review and the new AirSelfie version II samples are being evaluated. The IOT Blockchain strategies are already creating strong interest and strategic alliances in this burgeoning Industry creating significant business opportunities within the IOT Group.

IOT Group has now been ASX listed for two years and with its current Strategic Plan will be securing IOT Blockchain Application Complex contracts forecast to provide long term revenue and profit streams for the coming 5 to 10 years.

+Rule 4.7B

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

IOT GROUP LIMITED

ABN

66 140 475 921

Quarter ended ("current quarter")

31 MARCH 2018

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	134	134
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(392)	(392)
(c) advertising and marketing	(26)	(26)
(d) leased assets	-	-
(e) staff costs	(216)	(216)
(f) administration and corporate costs	(503)	(503)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	(1)	(1)
1.6 Income taxes paid	(44)	(44)
1.7 Government grants and tax incentives	-	0
1.8 Other (provide details if material)	39	39
1.9 Net cash from / (used in) operating activities	(1,009)	(1,009)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
2.	Cash flows from investing activities		
2.1	Payments to acquire:		
	(a) property, plant and equipment	-	-
	(b) businesses (see item 10)	-	-
	(c) investments	(70)	(70)
	(d) intellectual property	-	-
	(e) other non-current assets	-	-
2.2	Proceeds from disposal of:		
	(a) property, plant and equipment	-	-
	(b) businesses (see item 10)	-	-
	(c) investments	-	-
	(d) intellectual property	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(70)	(70)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	245	245
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	4	4
3.4	Transaction costs related to issues of shares, convertible notes or options	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	249	249

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of quarter/year to date	922	922
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,009)	(1,009)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(70)	(70)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	249	249
4.5	Effect of movement in exchange rates on cash held	(1)	(1)
4.6	Cash and cash equivalents at end of quarter	91	91

5. Reconciliation of cash and cash equivalents	Current quarter \$A'000	Previous quarter \$A'000
at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts		
5.1 Bank balances	91	922
5.2 Call deposits	-	-
5.3 Bank overdrafts	-	-
5.4 Other (provide details)	-	-
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	91	922

6. Payments to directors of the entity and their associates	Current quarter \$A'000
6.1 Aggregate amount of payments to these parties included in item 1.2	194
6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	

Director's fees, wages and salaries, logistics services.

7. Payments to related entities of the entity and their associates	Current quarter \$A'000
7.1 Aggregate amount of payments to these parties included in item 1.2	-
7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	500	61
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.		
Invoice factoring. 3% per month, unsecured, Sports Health & Allied Professionals and Executives Pty Limited.		

9. Estimated cash outflows for next quarter	\$A'000
9.1 Research and development	0
9.2 Product manufacturing and operating costs	235
9.3 Advertising and marketing	25
9.4 Leased assets	
9.5 Staff costs	150
9.6 Administration and corporate costs	340
9.7 Other (provide details if material)	
9.8 Total estimated cash outflows	750

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

Compliance statement

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



Sign here:

Executive Director

Date: 30/4/2018

Print name: Sean P. Neylon

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.