

APPENDIX 4D

1. Name of Entity **IOT Group Limited**
ACN 140 475 921

Half year ended 30 June 2018
Reporting period 1 January 2018 to 30 June 2018
Previous period 1 January 2017 to 30 June 2017

2. Results for announcement to the market

	30 June 2018	30 June 2017	% Change
	\$	\$	Up (Down)
2.1 Revenues from continuing operations	180,226	646,514	(72%)
2.2 Loss from continuing operations after tax attributable to members	(2,835,742)	(4,396,759)	36%
2.3 Net loss attributable to members	(2,835,742)	(4,396,759)	36%
2.4 Proposed dividends	Nil	Nil	-
2.5 Record date for dividend entitlement	N/A	N/A	
2.6 The loss for the period has decreased by \$1,561,017 as compared to the previous period. The decrease in loss is largely attributable to the fact that there has been a cost reduction programme implemented in the 6 months to 30 June 2018.			

	30 June 2018	31 December 2017	% Change
	Cents	Cents	Up (Down)
3. Net tangible assets per security	0.05 cents	0.19 cents	(75%)

4. During the period, the company gained four subsidiaries. Please refer to Note 8 of the attached half year report for details.
5. There were no payments of dividends during the reporting period.
6. There is no dividend reinvestment plan in operation.
7. There are no associates or joint venture entities.
8. The Company is not a foreign entity.
9. The accounts are not subject to any audit dispute or qualification.

Additional Appendix 4D disclosure requirements can be found in the Interim Financial Report attached to this Appendix 4D.

The Company's half year report follows.



Website: www.theiotgroup.com

Company Information

IoT Group Limited (ABN 66 140 475 921)
Level 9, 100 William Street
EAST SYDNEY NSW 2011

Sean Neylon	Executive Director
John Forder	Non-Executive Director
Steven Kayalicos	Non-Executive Director
Elissa Hansen	Company Secretary

Investor Enquiries: investors@theiotgroup.com

All references to IOT Group includes its subsidiaries.

IOT Group Limited

**ABN: 66 140 475 921
And Controlled Entities**

Interim Consolidated Financial Statements

For the Half Year Ended 30 June 2018

IOT Group Limited

ABN: 66 140 475 921
Anc Controlled Entities

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For the Half Year Ended 30 June 2018

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IOT Group Limited

ABN: 66 140 475 921
And Controlled Entities

Directors' Report

30 June 2018

Your directors present their report together with the interim consolidated financial report of IOT Group Limited and controlled entities ('the Group') for the half year ended 30 June 2018.

Information on directors

The names of the directors in office during and since the end of the half year, unless otherwise stated, are as follows:

Mr Sean Neylon	Executive Director	
Mr Steven Kayalicos	Non-Executive Director	
Mr John Forder	Non-Executive Director	
Ms Elissa Hansen	Company Secretary	(appointed 7 th July 2018)
Mr Ron Hollands	Company Secretary	(resigned 7 th July 2018)

Review and results of operations and financial position

During the reporting period, IOT has been clearing redundant stock and reviewing and developing new technology and devices for the next generation of products. IOT has also been consulting to client companies, assisting them with the development of their IOT device requirements and services. IOT expects to receive revenues from its new IOT device clients before December 31st 2018.

Listing Rule 7.1

IOT breached Listing Rule 7.1 on 18 May 2018 by issuing shares in excess of its Listing Rule 7.1A capacity by 47,016,015 equity securities at that time. As a consequence of that breach, IOT provided ASX an undertaking that it would not issue any equity securities without shareholder approval until 25 October 2018, unless the issue comes within an exception in listing rule 7.2. It also undertook to make periodic disclosure concerning the breach.

Events after the reporting date

There were no material events after the reporting date.

Auditor's independence declaration

The lead auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001* for the half year ended 30 June 2018 has been received and can be found on page 2 of the interim consolidated financial report.

This report is signed in accordance with a resolution of the Board of Directors.



Mr Sean Neylon
Executive Director

Dated this 30th day of August 2018.



A D Danieli Audit Pty Ltd

Authorised Audit Company
ASIC Registered Number 339233
Audit & Assurance Services

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**AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE MEMBERS OF IOT GROUP LIMITED
ABN 66 140 475 921
AND CONTROLLED ENTITIES**

I declare that, to the best of our knowledge and belief during the half-year ended 30 June 2018,
there have been no contraventions of:

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

A D Danieli Audit Pty Ltd

**Sam Danieli
Director**

Sydney, 30 August 2018

IOT Group Limited

ABN: 66 140 475 921
And Controlled Entities

Interim Consolidated Statement of Profit or Loss and Other Comprehensive Income For the Half Year Ended 30 June 2018

		Half year ended 30 June 2018	Half year ended 30 June 2017
	Notes	\$	\$
Sales revenue		180,226	646,514
Cost of sales		(675,958)	(651,934)
Gross loss		(495,732)	(5,420)
Other Income	2	132	986,285
Depreciation and amortisation expense		(49,168)	(46,416)
Employee benefits expense		(500,819)	(2,010,583)
Finance costs		(11,981)	(4,274)
Professional fees		(298,615)	(1,141,285)
Sales and marketing		(559,794)	(1,518,719)
Travel		(32,555)	(160,816)
Research and development		(5,695)	-
Share based payments		(543,998)	-
Other expenses		(337,517)	(495,531)
Loss before income tax		(2,835,742)	(4,396,759)
Income tax expense		-	-
Loss from continuing operations		(2,835,742)	(4,396,759)
Loss for the half year		(2,835,742)	(4,396,759)
Other comprehensive loss for the half year, net of tax			
Foreign exchange losses		(25,686)	(71,438)
Total comprehensive loss for the half year		(2,861,428)	(4,468,197)
Loss attributable to:			
Members of the parent entity		(2,707,757)	(3,993,708)
Non-controlling interest		(127,985)	(403,051)
Total		(2,835,742)	(4,396,759)
Total comprehensive loss attributable to:			
Members of the parent entity		(2,728,452)	(4,029,481)
Non-controlling interest		(132,976)	(438,716)
Total		(2,861,428)	(4,468,197)
Losses per share			
From continuing and discontinued operations:			
Basic loss per share (cents)	10	(0.31)	(0.86)
Diluted loss per share (cents)	10	(0.31)	(0.86)

The accompanying notes form part of these financial statements.

IOT Group Limited

ABN: 66 140 475 921
And Controlled Entities

Interim Consolidated Statement of Financial Position

As at 30 June 2018

		As at 30 June 2018 \$	As at 31 December 2017 \$
Note			
ASSETS			
CURRENT ASSETS			
		104,469	923,186
		205,301	510,595
	3	271,680	1,166,219
		265,196	382,443
		846,646	2,982,443
NON-CURRENT ASSETS			
		45,616	53,200
	4	440,000	-
		68,775	117,943
		564,391	171,143
		1,411,037	3,153,586
LIABILITIES			
CURRENT LIABILITIES			
		752,649	1,158,000
		40,149	28,931
		792,798	1,186,931
		792,798	1,186,931
		618,239	1,966,655
EQUITY			
	5	25,559,098	24,105,384
		2,214,313	2,155,015
		(26,053,512)	(23,325,060)
		1,719,899	2,935,339
		(1,101,660)	(968,684)
		618,239	1,966,655

The accompanying notes form part of these financial statements.

IOT Group Limited

ABN: 66 140 475 921
And Controlled Entities

Interim Consolidated Statement of Changes in Equity For the Half Year Ended 30 June 2018

	Issued Capital \$	Retained Earnings \$	Options Reserve \$	Subtotal \$	NCI \$	Total \$
Balance at 1 January 2017	22,060,715	(16,238,368)	948,995	6,771,342	(43,868)	6,727,474
Shares issued during the half year	869,000	-	-	869,000	-	869,000
Shares cancelled during the half year	(963,081)	-	-	(963,081)	-	(963,081)
Loss for the financial period	-	(4,029,481)	-	(4,029,481)	(438,716)	(4,468,297)
Options issued during the half year	-	-	1,515,614	1,515,614	-	1,515,614
Options cancelled during the half year	-	-	(383,445)	(383,445)	-	(383,445)
Cost of issuing shares	(24,000)	-	-	(24,000)	-	(24,000)
Balance at 30 June 2017	21,942,634	(20,267,849)	2,081,164	3,755,949	(482,584)	3,273,365
Balance at 1 January 2018	24,105,384	(23,325,060)	2,155,015	2,935,339	(968,684)	1,966,655
Shares issued during the half year	959,214	-	-	959,214	-	959,214
Loss for the financial period	-	(2,728,452)	-	(2,728,452)	(132,976)	(2,861,428)
Share based payments	494,500	-	49,498	543,998	-	543,998
Options issued during the half year	-	-	9,800	9,800	-	9,800
Balance at 30 June 2018	25,559,098	(26,053,512)	2,214,313	1,719,899	(1,101,660)	618,239

The accompanying notes form part of these financial statements.

IOT Group Limited

ABN: 66 140 475 921
And Controlled Entities

Interim Consolidated Statement of Cash Flows For the Half Year Ended 30 June 2018

	Half year ended 30 June 2018 \$	Half year ended 30 June 2017 \$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers	160,253	496,572
Payments to suppliers and employees	(1,872,352)	(6,835,807)
Interest paid	(1,657)	-
Net cash used in operating activities	<u>(1,713,756)</u>	<u>(6,339,235)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property, plant and equipment	-	(5,682)
Payments to acquire investments	(90,000)	-
Net cash used in investing activities	<u>(90,000)</u>	<u>(5,682)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from issue of shares	976,519	849,350
Proceeds from issue of options	9,800	-
Net cash provided by financing activities	<u>986,319</u>	<u>849,350</u>
Net decrease in cash and cash equivalents held	(817,437)	(5,495,567)
Cash and cash equivalents at beginning of period	923,186	7,095,713
Impact of foreign exchange	(1,280)	-
Cash and cash equivalents at end of the half year	<u>104,469</u>	<u>1,600,146</u>

The accompanying notes form part of these financial statements.

Notes to the Financial Statements

For the Half Year Ended 30 June 2018

1 Basis of preparation

This general purpose consolidated interim financial statements for the half-year reporting period ended 30 June 2018 have been prepared in accordance with the requirements of the *Corporations Act 2001* and Australian Accounting Standard AASB 134: *Interim Financial Reporting*. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

The interim financial report is intended to provide users with an update on the latest annual financial statements of IOT Group Limited and controlled entities (the Group). As such it does not contain information that represents relatively insignificant changes occurring during the half year within the Group. This condensed consolidated financial report does not include all the notes normally included in an annual financial report. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Group for the year ended 31 December 2017, together with any public announcements made during the half year.

These consolidated interim financial statements were authorised for issue on 30 August 2018.

Accounting Policies

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements.

The Group has considered the implications of new or amended Accounting Standards, but determined that their application to the financial statements is either not relevant or not material.

Going Concern

As at 30 June 2018, the Group had Cash and cash equivalents totalling \$104,469 and during the period the Group incurred a loss of \$2,861,428 resulting in net current assets being reduced by \$1,741,664 from \$1,795,512 to \$53,848 over the period.

The directors believe the Group will be able to pay its debts as and when they fall due and continue to fund near term anticipated activities.

The ability of the company to continue as a going concern is dependent upon the Group being successful in:

- a) Significant increase in revenue and consulting services;
- b) Completing further capital raising to provide funding to meet the Group's ongoing working capital and operating costs; and
- c) Realisation of current assets held at balance date.

IOT Group Limited

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And Controlled Entities

Notes to the Financial Statements For the Half Year Ended 30 June 2018

2 Revenue and other income

Revenue from ordinary activities

	Half year ended 30 June 2018 \$	Half year ended 30 June 2017 \$
Sales revenue	180,226	646,514
Other revenue		
Interest received	132	21,802
Other income	-	5,411
R&D tax refund	-	959,072
	132	986,285

3 Other current assets

	As at 30 June 2018 \$	As at 31 December 2017 \$
Prepayments	271,680	1,166,219

4 Investments

	As at 30 June 2018 \$	As at 31 December 2017 \$
Investment in Run-A Australia Pty Ltd	440,000	-

IOT Group Limited

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Notes to the Financial Statements For the Half Year Ended 30 June 2018

5 Issued capital

	As at 30 June 2018 \$	As at 31 December 2017 \$
Opening balance	24,105,384	22,060,715
Share placement	-	582,000
Cancellation of shares	-	(963,081)
Issue of shares	959,214	1,999,000
Share based payments	494,500	450,750
Capital raising costs	-	(24,000)
Closing balance	25,559,098	24,105,384

	As at 30 June 2018 Number	As at 31 December 2017 Number
Ordinary Shares		
Opening balance	1,022,853,276	742,669,905
Placement	-	58,200,000
Cancellation of shares	-	(27,715,609)
Issue of shares	214,016,125	217,461,095
Share based payments	63,949,159	32,237,885
At the end of the reporting period	1,300,818,560	1,022,853,276

6 Dividends

No dividends were paid during the period.

7 Events occurring after the reporting date

There were no material events after the reporting date.

IOT Group Limited

ABN: 66 140 475 921
And Controlled Entities

Notes to the Financial Statements

For the Half Year Ended 30 June 2018

8 Interest in subsidiaries

The consolidated financial statements include the financial statements of IOT Group Limited and its controlled entities.

Company	Place of incorporation	Principal activities
OK IOT Group Pty Ltd	Australia	Internet of Things (IOT)
IOT Group Technology Pty Ltd	Australia	Internet of Things (IOT)
IOT Group USA LLC	USA	Internet of Things (IOT)
International Blockchain Advisory Corp Pty Ltd	Australia	Internet of Things (IOT)
Lithiumbay Pty Ltd	Australia	Dormant
Gldbay Pty Ltd	Australia	Dormant
IOT Blockchain Pty Ltd	Australia	Dormant
The Supply Centre Pty Ltd	Australia	Discontinued
OTT Premium Pty Ltd	Australia	Discontinued
Intervision Direct Pty Ltd	Australia	Discontinued

Company	Ownership Interest held by the Group
OK IOT Group Pty Ltd	100%
IOT Group Technology Pty Ltd	100%
IOT Group USA LLC	70%
International Blockchain Advisory Corp Pty Ltd	51%
Lithiumbay Pty Ltd	51%
Gldbay Pty Ltd	51%
IOT Blockchain Pty Ltd	51%
The Supply Centre Pty Ltd	100%
OTT Premium Pty Ltd	100%
Intervision Direct Pty Ltd	100%

IOT Group Limited

ABN: 66 140 475 921
And Controlled Entities

Notes to the Financial Statements For the Half Year Ended 30 June 2018

9 Segment Reporting

There was only one operating segment during the period which was Internet of Things.

10 Contingent Liabilities

In the opinion of the Directors, the Company did not have any contingent liabilities as at 30 June 2018 (31 December 2017: NIL).

11 Earnings Per Share

	No. of Shares As at 30 June 2018	No. of Shares As at 30 June 2017
Weighted average number of ordinary shares used in calculating basic and diluted earnings per share.	1,130,831,715	516,726,400
	As at 30 June 2018 \$	As at 30 June 2016 \$
Net profit/(loss) after income tax attributable to shareholders	(3,501,566)	(4,468,197)
	Cents As at 30 June 2018	Cents As at 30 June 2017
Basic loss per share	(0.31)	(0.86)
Diluted loss per share	(0.31)	(0.86)

IOT Group Limited

ABN: 66 140 475 921
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Notes to the Financial Statements

For the Half Year Ended 30 June 2018

12 Fair Value Measurement

All financial instruments for which fair value is recognised or disclosed are categorised within the fair value hierarchy, described as follows, and based on the lowest level input that is significant to the fair value measurements as a whole:

Level 1 - Quoted market prices in an active market (that are unadjusted) for identical assets or liabilities.

Level 2 - Valuation techniques (for which the lowest level input that is significant to the fair value measurement is directly observable).

Level 3 - Valuation techniques (for which the lowest level input that is significant to the fair value measurement is unobservable).

The following table represents a comparison between the carrying amounts and fair values of financial and non-financial assets and liabilities:

	Level	As at 30 June 2018 Carrying amount \$	As at 31 December 2017 Fair value \$	1,158,000 Carrying amount \$	1,158,000 Fair value \$
Financial assets					
Cash & cash equivalents	1	104,469	104,469	923,186	923,186
Trade & other receivables	1	205,301	205,301	510,595	510,595
Inventory	1	265,196	265,196	382,443	382,443
Other financial assets	2	45,616	45,616	1,166,219	1,166,219
Investments	2	440,000	440,000	-	-

13 Statutory Information

The registered office of and principal place of business of the company is:

IOT Group Limited
Suite 902, Level 9
100 William Street
EAST SYDNEY NSW 2011

Directors' Declaration

The directors of the Company declare that:

1. The interim consolidated financial statements and notes, as set out on pages 3 to 12 are in accordance with the *Corporations Act 2001*, including:
 - (a) complying with Accounting Standard AASB 134: Interim Financial Reporting; and
 - (b) give a true and fair view of the consolidated group's financial position as at 30 June 2018 and of its performance for the half-year ended on that date.
2. In the directors' opinion, there are reasonable grounds to believe that the Company 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 Board of Directors.

A handwritten signature in black ink, appearing to read 'Sean Neylon', with a long horizontal flourish extending to the right.

Mr Sean Neylon
Executive Director

Dated this 30th day of August 2018.



A D Danieli Audit Pty Ltd

Authorised Audit Company
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Audit & Assurance Services

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INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF IOT GROUP LIMITED ABN 66 140 475 921 AND CONTROLLED ENTITIES

Report on the Half-Year Financial Report

We have reviewed the accompanying consolidated half-year financial report of IOT Group Limited and controlled entities (the consolidated entity) which comprises the interim consolidated statement of financial position as at 30 June 2018, the interim consolidated statement of profit and loss and other comprehensive income, the interim consolidated statement of changes in equity, the interim consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

The Directors of IOT Group Limited (the group) are responsible for the preparation of the consolidated half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the consolidated half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the consolidated half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410: *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the consolidated half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 30 June 2018 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of IOT Group Limited and controlled entities, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a consolidated half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Emphasis of Matter Regarding Continuing as a Going Concern

Without qualifying our opinion, we draw attention to Note 1 in the financial report which shows that the group incurred a Net Loss of \$2,861,428 for the half year ended 30 June 2018 and as of that date, the group had Cash & Cash Equivalents of \$104,469. These conditions, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty which may cast doubt on the group's ability to continue as a going concern.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of IOT Group Limited, would be in the same terms if provided to the directors as at the time of this auditor's review report.

Conclusions

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the consolidated half-year financial report of IOT Group Limited and controlled entities is not in accordance with the *Corporations Act 2001* including:

- giving a true and fair view of the consolidated entity's financial position as at 30 June 2018 and of its performance for the half-year ended on that date; and
- complying with AASB 134: *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A D Danieli Audit Pty Ltd



Sam Danieli
Director

Sydney, 30 August 2018

