

ASX Announcement

31st January 2019

IOT Business Update

IOT Group Limited (ASX:IOT) (“IOT” or “the Company”) is pleased to update shareholders on its activities. Please note that the use of acronym “IoT” is to represent the classification of “Internet of Things” compared with “IOT” which represents “the company”

IOT continues to develop its Internet of Things (IoT) suite of devices and associated smart services products. To this end, IOT entered into a strategic alliance agreement with US-based, NetObjex during the quarter. The NetObjex Digital Asset Management Platform (Platform) provides advanced functionality for IoT data market places, allowing connected products to transact. IOT will be able to connect its IoT devices to the Platform, allowing them to communicate. Such devices will include IOT’s newly acquired PoolBuddy, a chemistry analyzing device targeting pool owners across Australia, and Clinitraq’s Smart Radiation Dosimetry devices for which IOT has exclusive distribution rights across Australia and New Zealand. These devices are targeted to be released end of Q3 2019 (July-September).

Clinitraq

IOT has secured an exclusive distribution agreement for Australia and New Zealand for US-based, Clinitraq’s Smart Radiation Dosimetry devices. The Smart Radiation Dosimeter, currently in its final stages of development, will be powered by NetObjex allowing the real time provision of radiation monitoring. It is anticipated it will solve a key problem in radiation monitoring as the traditional wait time in receiving vital dosimeter results typically take over 30 days.

Clinitraq is powered by NetObjex’s flagship platform that manages IoT devices with Artificial Intelligence and Distributed Ledgers. The combination of the Clinitraq Smart Dosimeter and the NetObjex platform creates a framework for how smart technology can create real solutions to problems with the potential for health and safety issues.

Radiation is a serious health concern that is required by state law to be monitored and managed if levels are determined to be a concern. High levels of radiation exposure in the short term can result in cataracts, dermatitis or death. Lower levels of exposure in the long term can result in Thyroid Cancer, Squamous Cell Cancer and Radiation induced congenital abnormalities.

IOT is not currently aware of the materiality of this distribution agreement with Clinitraq, Inc. or the impact it will have on the Company. IOT will keep the market updated on developments.

NetObjex

IOT is working with NetObjex on multiple components of IOT's business. The NetObjex Platform is positioned as a resource for IOT's current and future clients. IoT devices can securely connect to the NetObjex platform through the PiQube device, creating a bridge between IoT devices, Artificial Intelligence (AI) and across multiple Blockchains for mission critical applications. PiQube is in its final stages of development.

NetObjex has also developed a Smart Energy solution that uses IoT for data acquisition, Artificial Intelligence for anomaly detection and parameter tuning and Blockchain for governance, compliance and energy trading. IOT has exclusive distribution rights for the solutions developed by NetObjex in Australia and New Zealand and will be seeking to work with renewable energy providers to capitalise on this opportunity.

PoolBuddy

IOT's PoolBuddy is in the final stages of development. PoolBuddy will connect to the NetObjex platform and will be the first pool device that uses Artificial Intelligence and Blockchain distributed ledgers in Australia.

Consultation with the Pool and Spa Retailers and Wholesalers in relation to the roll out of PoolBuddy has commenced. The first product deliveries are expected for Q4 2019 (October-December).

Web-based Blockchain Application Centre - CryptoFreeway

Further to the Company's announcement on 28 November 2018, IOT released the Beta version of its web-based Blockchain Application Centre, CryptoFreeway, during the quarter. Blockchain-mining is a process where miners are rewarded with crypto-currency, such as Bitcoin and Ethereum, in exchange for solving a complex mathematical problem. IOT engaged a network of crypto-currency mining providers across the globe to mine crypto-currency and have made this accessible to customers through its simple to use web service. IOT's CryptoFreeway platform is effectively the intermediary between a customer and the crypto-miners. The customer pays a fee to CryptoFreeway, which then provides them with access to the crypto-miners.

IOT has now engaged NetObjex to take the CryptoFreeway cloud mining platform into its next stage of development. This includes wallet functionality which will be available to customers on both on the website and in a mobile application. Rewards (i.e. Bitcoins) earned by the customer will be able to be held in the wallet. NetObjex will also be developing an automated system to manage customer's rewards. This will allow the efficient management of a near limitless customer-base.

The CryptoFreeway pilot has been successful in identifying the needs of our business for a high-volume user base. This Pilot has been completed amongst a test group of over 100 users that have subscribed to CryptoFreeway. The critical customer choices and purchasing influence feedback helps identify the needs of our subscribers. This information is key to designing pathways for learning the basic building blocks and develop their understanding of the world of Cryptocurrency and Blockchain technologies.

Exclusive Advisor

IOT completed a successful pilot program with PropertyBay Holdings Pty Ltd and has begun to provide them with an initial technology and infrastructure framework for an innovative “Smart Island” project.

Audit

Newly appointed General Manager, Mark Roper, has commenced a review of all of IOT Group’s previous investments to determine their viability and a pathway to either creating value or eliminate any potential business risk. Results of this review will be published once complete.



EVERYTHING IS CONNECTED

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	Founder and Executive Director
John Forder	Non-Executive Director
Steven Kayalicos	Non-Executive Director
Elissa Hansen	Company Secretary
Mark Roper	General Manager

Investor Enquiries: investors@theiotgroup.com

All references to IOT Group includes its subsidiaries and Companies it controls.

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 DECEMBER 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	166	548
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(37)	(881)
(c) advertising and marketing	-	(60)
(d) leased assets	-	-
(e) staff costs	-	(399)
(f) administration and corporate costs	(318)	(1,375)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	(1)	(3)
1.6 Income taxes paid	-	(44)
1.7 Government grants and tax incentives	-	-
1.8 Other (GST refunded)	23	112
1.9 Net cash from / (used in) operating activities	(167)	(2,102)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	-
(b) businesses (see item 10)	-	-
(c) investments	(15)	(105)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
	(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	(15)	(105)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	181	1,278
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	10
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	181	1,288

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	3	922
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(167)	(2,102)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(15)	(105)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	181	1,288

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	1
4.6	Cash and cash equivalents at end of quarter	1	1

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	1	3
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)	1	3

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 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

Current quarter
\$A'000

64

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

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

Current quarter
\$A'000

-

-

N/A

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 (refer below)	-	-
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. Estimated cash outflows for next quarter	\$A'000
9.1 Research and development	-
9.2 Product manufacturing and operating costs	-
9.3 Advertising and marketing	-
9.4 Leased assets	-
9.5 Staff costs	-
9.6 Administration and corporate costs	280
9.7 Other (provide details if material)	-
9.8 Total estimated cash outflows	280

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

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:
(Director/Company secretary)

31 January 2019
Date:

Print name: Sean Neylon
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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.