

Rule 4.3A

## Appendix 4E

### Preliminary final report

Name of entity:

**IOT Group Limited**

ABN or equivalent company  
reference:

**66 140 475 921**

#### 1. Reporting period

Reporting period:

**Year ended 31 December 2018**

Previous corresponding period:

**Year ended 31 December 2017**

#### 2. Results for announcement to the market

Current Period  
2018  
\$

2.1 Revenue from ordinary activities	Down	<b>58%</b>	to	<b>621,517</b>
2.2 Loss from ordinary activities for the period after tax attributable to members	Down	<b>40%</b>	to	<b>4,875,449</b>
2.3 Net loss for the period attributable to members	Down	<b>41%</b>	to	<b>4,924,076</b>
<b>2.4 Dividends</b>		Amount per security		Franked amount per security
Final dividend		<b>Nil</b>		<b>N/A</b>
Interim dividend		<b>Nil</b>		<b>N/A</b>
<b>2.5 Record date for determining entitlements to the dividends</b>		<b>N/A</b>		

#### 2.6 Brief explanation of any of the figures reported above to enable the figures to be understood:

Revenue from ordinary activities has fallen 58% on the prior year, largely due to a stall in sales in the first 6 months of the year.

The loss from ordinary activities has fallen 48% as compared to 2017 due to expenses being tightly controlled with major line items such as Employee benefits, Sales and marketing and Professional fees having a significant impact.

### 3. Consolidated Statement of Comprehensive Income

	Current Period 2018 \$	Previous Period 2017 \$
Sales revenue	621,517	1,484,800
Cost of goods sold	(1,502,185)	(2,332,721)
Gross loss	(880,668)	(847,921)
Other income	93,492	989,966
Depreciation	(83,501)	(89,986)
Employee benefits	(703,412)	(2,704,292)
Finance costs	(15,799)	(14,962)
Impairment	(440,000)	-
Professional fees	(600,591)	(1,253,769)
Sales and marketing	(850,376)	(2,766,690)
Travel	(41,037)	(277,469)
R&D expenses	(5,745)	(66,224)
Share based payments	(613,955)	(393,571)
Other expenses from ordinary activities	(733,857)	(651,486)
Loss before income tax	(4,875,449)	(8,076,404)
Income tax (expense) / benefit	-	-
<b>Loss after income tax expense from continuing operations</b>	<b>(4,875,449)</b>	<b>(8,076,404)</b>
<b>Items that may be reclassified to profit or loss</b>		
Exchange differences on translating foreign operations, net of tax	(48,627)	(258,825)
Total other comprehensive losses	(48,627)	(258,825)
<b>Total comprehensive loss for the year</b>	<b>(4,924,076)</b>	<b>(8,335,229)</b>

<b>Net loss attributable to:</b>		
Members of the Parent Company	<b>(4,741,176)</b>	(7,205,141)
Non-controlling interest	<b>(134,273)</b>	(871,263)
	<b>(4,875,449)</b>	(8,076,404)
<b>Total comprehensive loss attributable to:</b>		
Members of the Parent Company	<b>(4,782,462)</b>	(7,410,413)
Non-controlling interest	<b>(141,614)</b>	(924,816)
	<b>(4,924,076)</b>	(8,335,229)
Basic loss per share (cents per share)	<b>(0.38)</b>	(1.11)
Diluted loss per share (cents per share)	<b>(0.38)</b>	(1.11)

#### 4. Consolidated Statement of Financial Position

	Current Period 31 December 2018 \$	Previous Period 31 December 2017 \$
<b>Current Assets</b>		
Cash and cash equivalents	2,189	923,186
Trade and other receivables	205,693	510,595
Inventory	-	382,443
Other current assets	-	1,166,219
<b>Total Current Assets</b>	<b>207,882</b>	<b>2,982,443</b>
<b>Non-Current Assets</b>		
Other financial assets	53,200	53,200
Property, plant and equipment	34,443	117,943
<b>Total Non-Current Assets</b>	<b>87,643</b>	<b>171,143</b>
<b>Total Assets</b>	<b>295,525</b>	<b>3,153,586</b>
<b>Current Liabilities</b>		
Trade and other payables	693,910	1,158,000
Provisions	-	28,931
Other current liabilities	-	-
<b>Total Current Liabilities</b>	<b>693,910</b>	<b>1,186,931</b>
<b>Total Liabilities</b>	<b>693,910</b>	<b>1,186,931</b>
<b>Net (Liabilities)/Assets</b>	<b>(398,385)</b>	<b>1,966,655</b>
<b>Equity</b>		
Issued capital	25,865,278	24,105,384
Options reserve	2,284,270	2,155,015

Accumulated losses	(27,437,635)	(23,325,060)
Parent interest	711,913	2,935,339
Non-controlling interest	(1,110,298)	(968,684)
<b>Total Equity</b>	<b>(398,385)</b>	<b>1,966,655</b>

#### 5. Consolidated Statement of Cash Flows

	Current Period 31 December 2018 \$	Previous Period 31 December 2017 \$
<b>Cash flows from operating activities</b>		
Receipts from customers	547,519	1,299,536
Payments to suppliers and employees	(2,651,094)	(11,113,617)
Interest received	44	24,336
R&D tax incentive received	-	961,100
<b>Net cash used in operating activities</b>	<b>(2,103,531)</b>	<b>(8,828,645)</b>
<b>Cash flows from investing activities</b>		
Payments to acquire investments	(105,377)	-
Proceeds from sale of property, plant and equipment	-	1,450
Purchases of property, plant and equipment	-	(5,682)
<b>Net cash used in investing activities</b>	<b>(105,377)</b>	<b>(4,232)</b>
<b>Cash flows from financing activities</b>		
Proceeds from the issue of shares and options, net of costs	1,287,539	2,660,350
<b>Net cash provided by financing activities</b>	<b>1,287,539</b>	<b>2,660,350</b>
<b>Net decrease in cash held</b>	<b>(921,369)</b>	<b>(6,172,527)</b>
Cash and cash equivalents at the beginning of the year	923,186	7,095,713
Effects of exchange rate changes on cash	372	-
<b>Cash and cash equivalents at the end of the year</b>	<b>2,189</b>	<b>923,186</b>

## 6. Consolidated Statement of Changes in Equity

	Issued capital	Options reserve	Accumulated losses	Non- controlling interest	Total
	\$	\$	\$	\$	\$
<b>Balance at 1 Jan 2018</b>	<b>24,105,384</b>	<b>2,155,015</b>	<b>(22,655,173)</b>	<b>(968,684)</b>	<b>2,636,542</b>
Loss for the year	-	-	(4,741,176)	(134,273)	(4,875,449)
Other comprehensive loss	-	-	(41,286)	(7,341)	(48,627)
Total comprehensive loss for the year	-	-	(4,782,462)	(141,614)	(4,924,076)
Transactions with owners in their capacity as owners:					
Issue of shares and options	1,297,283	-	-	-	1,297,283
Share based payments	500,100	129,255	-	-	629,355
Costs of issuing shares	(37,489)	-	-	-	(37,489)
<b>Balance at 31 Dec 2018</b>	<b>25,865,278</b>	<b>2,284,270</b>	<b>(27,437,635)</b>	<b>(1,110,298)</b>	<b>(398,385)</b>
<b>Balance at 1 Jan 2017</b>	<b>22,060,715</b>	<b>948,994</b>	<b>(16,238,367)</b>	<b>(43,668)</b>	<b>6,727,474</b>
Loss for the year	-	-	(7,205,141)	(871,263)	(8,076,404)
Other comprehensive income	-	-	(205,272)	(53,553)	(258,825)
Total comprehensive loss for the year	-	-	(7,410,413)	(924,816)	(8,335,229)
Transactions with owners in their capacity as owners:					
Issue of shares and options	3,031,750	1,529,741	-	-	4,561,491
Cancellation of shares and options	(963,081)	(323,720)	323,720	-	(963,081)
Costs of issuing shares	(24,000)	-	-	-	(24,000)
<b>Balance at 31 Dec 2017</b>	<b>24,105,384</b>	<b>2,155,015</b>	<b>(23,325,060)</b>	<b>(968,684)</b>	<b>1,966,655</b>

**7. Dividends (in the case of a trust, distributions)**

Date dividend is payable

N/A

+Record date to determine entitlements to the dividend

N/A

If it is a final dividend, has it been declared?

N/A

**Amount per security**

	Amount per security	Franked amount per security at 30% tax (see note 4)	Amount per security of foreign source dividend
<b>Final dividend:</b> Current year	NIL	N/A	N/A
<b>Interim dividend:</b> Current year	NIL	N/A	N/A

**Total dividend (distribution) per security (interim plus final)**

	Current period	Previous Period
Ordinary securities	N/A	N/A
Preference securities	N/A	N/A

**8. Dividend or distribution plans in operation**

N/A

The last date(s) for receipt of election notices for the dividend or distribution plans

N/A

**9. NTA backing**

	Current Period 2018 Cents	Previous Period 2017 Cents
Net tangible asset backing per ordinary share	(0.02)	0.19

**10. Control gained or lost over entities**

There was no change in control over entities in the year.

**11. Details of associates and joint venture entities**

The Group has one associate, being a 70% interest in IOT Group USA LLC.

## 12. Significant information

Any other significant information needed by an investor to make an informed assessment of the entity's financial performance and financial position:

The Board has reduced operational expenditure and is in the process of reviewing each of the Group's businesses. It will advise the results of the reviews as they become available.

## 13. Foreign entities set of accounting standards used in compiling the report (IAS)

The Company is not a foreign entity. Australian Accounting Standards have been applied consistently across all entities in the Group.

## 14. Commentary on the results for the period

### 14.1 Earnings per security (EPS)

	Current Period 2018 Cents	Previous Period 2017 Cents
Basic Loss per share	(0.38)	(1.11)

### 14.2 Returns to shareholders (Including distributions and buy backs)

	Current Period 2018 \$	Previous Period 2017 \$
Ordinary securities	-	-
Preference securities	-	-
Other equity instruments	-	-
<b>Total</b>	-	-

The dividend or distribution plans shown below are in operation.

N/A

The last date(s) for receipt of election notices for the dividend or distribution plans

N/A

Any other disclosures in relation to dividends (distributions).

N/A

#### 14.3 Significant features of operating performance

See section 11 above.

#### 14.4 Segment Information

There is only one operating segment for the Group.

#### 14.5 Report on trends in performance

There has been a reduced appetite from retailers regarding drones. The Company also faced issues with service/delivery apps that affected the FY2018 results. The drones and RUNA businesses are currently under review to determine their future viability.

#### 14.6 Report any factors which have affected the results during the reporting period or which are likely to affect results in the future, including those where the effect could not be quantified.

In the opening accumulated losses for FY2018 there is a discrepancy with that reported in FY2017. This issue will be resolved with the auditor as the financial report audit procedures are performed.

**Any other information required to be disclosed to enable the reader to compare the information presented with equivalent information for previous periods. This must include information needed by an investor to make an informed assessment of the entity's activities and results.**

At this time, the Board is not aware of any further information that needs to be disclosed.

#### 15. Compliance statement

This report is based on accounts to which one of the following applies.  
(Tick one)

- |   |   |
|---|---|
| <input type="checkbox"/> The accounts have been audited.  | <input type="checkbox"/> The accounts have been subject to review.                      |
| <input type="checkbox"/> The accounts are in the process of being audited or subject to review. | <input checked="" type="checkbox"/> The accounts have not yet been audited or reviewed. |



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**16. If the accounts have not yet been audited or subject to audit review and are likely to be subject to dispute or qualification, a description of the likely dispute or qualification:**

The report is unaudited and is currently not under audit. The Company anticipates similar findings as at the Half Year 2018, where the auditor's raised an Emphasis of Matter over the Going Concern assertion.

**17. If the accounts have been audited or subject to review and are subject to dispute or qualification, a description of the dispute or qualification:**

The accounts are currently not being audited and there is no anticipated dispute or qualification other than that mentioned in point 16.

Sign here: .....



Date: 28 February 2019

Print name: John Forder, Director