

31 August 2017

ASX Announcement / Media Release

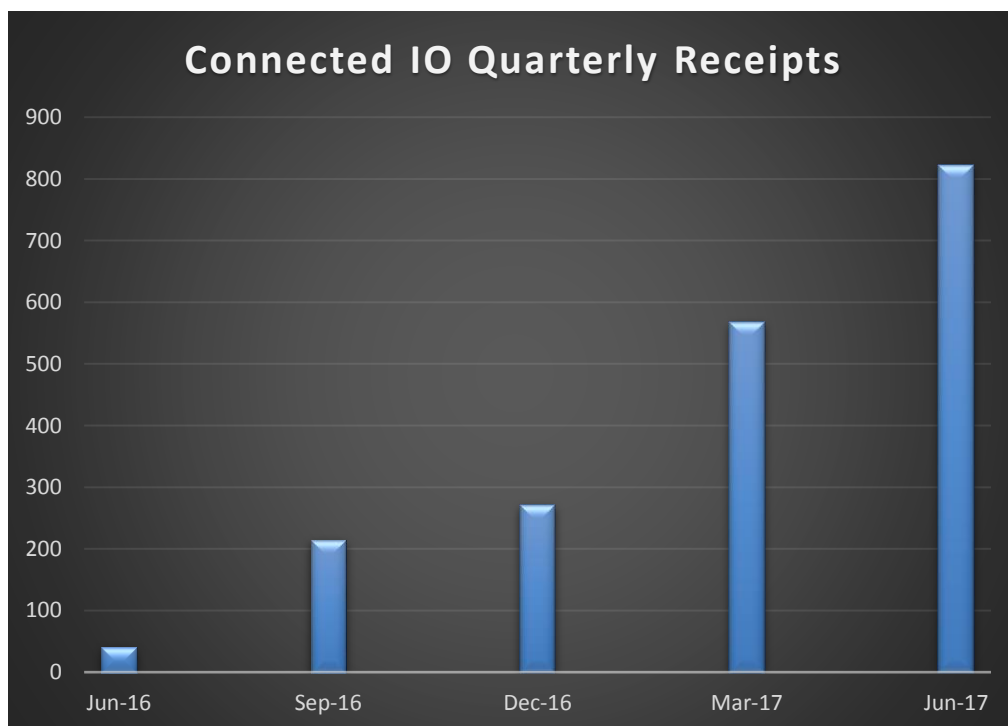
Financial and Operating Results and Appendix 4E

HIGHLIGHTS

- Significant quarter on quarter growth for the financial year
- Developing relationships with carriers in the USA
- Opportunities developing with drone developer and US Military
- Product roll out building momentum through US distribution companies as well as direct sales.
- Business continues to expand across a variety of business verticals through introduced relationships.

Connected IO Limited ("CIO") is pleased to provide this report regarding its activities for the 2017 financial year.

During the year and as previously reported, the company has experienced significant quarter on quarter growth.



Review of Operations

During the year, CIO received a conditional commitment for AUD\$1.6m+ of product (announced 15 December 2016) along with initial guaranteed orders of AUD\$550,000. A further purchase order of AUD\$320,000+ (announced 21 October 2016) was received along with reseller agreement relating to product bundles including CIO's recurring data management services by an integrator of heating and cooling systems.

An initial purchaser order of AUD\$129,000+ (announced 8 November 2016) was received with additional demand of between AUD\$12,000 and AUD\$19,000 of CIO product per month by a technical systems supplier to the Oil and Gas industry.

Trials and Pilot programs continue with various customers expanding the testing and roll out of CIO's products. The City of Nashville has placed several orders (announced 11 November 2016), with several product shipments during the half to both EPRI (announced 20 September 2016), Shotspotter and State of Nebraska (announced 23 August 2016). CIO continues to work with Coca-Cola (announced 18 November 2016) providing hardware and consultation for Coca-Cola's Freestyle Fountain machines. Coca-Cola hold a 75%+ share of the world's market.

Sales and technical training as well as customer trials with Hills Limited (announced 6 October 2016) took place in the latter half of 2016 with purchase orders anticipated in 2017 to some of Hills high profile client base, some of whom are trialling CIO product now.

In addition to the release of its new EMU line of cellular modems and routers (announced 1 September 2016) CIO also introduced its Cloud Based Devices Management Portal, creating a recurring revenue line for the company on each and every unit.

CIO received a further PO from US Cyber Security Company (announced 5 January 2017) of USD\$306,580. The purchase formed part of the anticipated minimum order of USD\$1.25m from the client in 2017.

CIO negotiated a new agreement with Verizon (announced 8 February 2017) to collaborate on initiatives that are critical to Verizon's IOT strategy. Verizon selected CIO to integrate its game-changing device management solution "ThingSpace" into CIO's family of products as well as its ground-breaking Drone program (ALO) which will facilitate the deployment of millions of drones on Verizon's network.

CIO announced (28 February 2017) it had strengthened its relationship with AT&T collaborating on its Internet of Things Division in a joint effort to address the evolving needs of AT&T's enterprise customers. AT&T's IOT vertical market teams include; Drones & Robotics, Energy Management, Oil & Gas, Fleet & Asset Tracking, Security & Surveillance, Point of Sale, Smart City, Vending/ATM, Digital Signage, kiosks, etc.

CIO released the latest version of its live streaming body camera (announced 7 March 2017) designed for police and security applications. The camera is to be launched both in Australia and USA markets.

A new purchase order was received from one of AT&T's largest wireless distributors in the USA, CNM (announced 4 April 2017). This was the first significant order received in conjunction with the expanded AT&T agreement as announced on 28 February 2017.

CIO's Cat1 products was launched this year (as announced 6 April 2017) which provides a dedicated IOT network enabling compatibility with Telstra in Australia.

Extended trials with the American Red Cross were successfully completed (as announced 9 May 2017) with further Purchase Orders received taking total orders to now over USD\$125k.

CIO also finalised a loan facility for \$1.5m to assist with manufacturing and working capital requirements (as announced 22 June 2016).

CIO was selected as the preferred wireless communications partner for Airship drones (as announced 3 August 2017). This is following successful military trials in the US, and includes opportunities with British and Canadian armed forces.

Phase 1 roll out of CIO products to 3,000 Burger King stores across the USA was also completed (as announced 10 August 2017) whereby CIO is providing fail over services for payment terminals, monitoring systems and sensors as well as security.

CIO received its largest order to date of \$734k+ (as announced 16 August 2017) from Mach Systems, for product to be delivered in 2017 and 2018. This also creates an incremental revenue source as Mach provide Op-ex product bundles allowing customers to include hardware costs in their monthly service plan.

CIO CEO, Yakov Temov said "The momentum the business has experienced throughout the 2017 financial year is expected to continue as relationships strengthen in the United States. The M2M market is developing rapidly as more machines connect to the internet. The market is developing at a 16.5% compound growth rate annually providing literally millions of new connections each year. CIO is attracting opportunities from many new verticals all looking to connect to the internet using CIO's wireless communications technology. The coming year is a very exciting time for CIO with significant increased revenues expected."

About Connected IO

Connected IO Limited has its operations based in Silicon Valley, in the USA. Its business is a wireless technology innovator and manufacturer operating in the multi-trillion-dollar "IOT" (Internet of Things) sector. CIO specializes in machine to machine ("M2M") connectivity, providing hardware and software solutions to some of the world's largest companies – including Coca Cola, Verizon and AT&T. CIO's software solutions also include a customised cloud management interface and a variety of support services. Cisco predicts there will be 50 billion connected devices by 2020.

Results for announcement to market

Key Information	2017 \$	2016 \$	% Change
Revenue from ordinary activities	1,683,616	217,150	+675%
Loss after tax from ordinary activities attributable to members	(6,949,091)	(2,075,525)	-234%
Loss attributable to members	(6,949,091)	(2,075,525)	-234%

1 Commentary on Results for the Period

The Consolidated Statement of Profit or Loss and Other Comprehensive Income, Financial Position, Changes in Equity, Cash Flows and Notes to these Financial Statements are included on pages 2 to 9.

Connected is a wireless technology innovator and manufacturer operating in the multi-trillion-dollar “IOT” (Internet of Things) sector. CIO specializes in machine to machine (“M2M”) connectivity, providing hardware and software solutions to some of the world’s largest companies – including Coca Cola, Verizon and AT&T.

During the year, CIO continued to grow its client base, recurring revenue and trials and pilot programs of its products. The Company increased its sales revenue by 675% from \$217,150 to \$1,683,616. The net loss to members of \$6,949,091 compared with a net loss of \$2,075,525 for the previous year is highly attributable to impairment of goodwill during the year of \$2,703,575.

Dividends paid and proposed - NIL

Key Information	2017 cents/share	2016 cents/share
Net tangible assets per share	0.0956	0.1657



Jason Ferris
Director

Dated at Perth this 31st day of August 2017

Connected IO Limited (formerly G8 Communications Limited)
ABN 99 009 076 233
Appendix 4E – Preliminary Final Report for the Year Ended 30 June 2017

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017**

	Note	2017 \$	2016 \$
Sales revenue		1,683,616	217,150
Cost of goods sold		(1,350,327)	(22,622)
Gross profit		333,289	194,528
Interest received		10,495	19,694
Other income		-	987
Debts forgiven	3	250,638	567,774
Director fees, salary and wages expense		(1,874,453)	(1,018,850)
Professional fees		(1,296,504)	(1,184,572)
Depreciation expense		(33,724)	(737)
Administration expense		(973,464)	(654,349)
Other intangible assets written off	5	(626,043)	-
Impairment of goodwill		(2,703,575)	-
Impairment of plant and equipment		(35,750)	-
Loss from continuing operations		(6,949,091)	(2,075,525)
Income tax expense		-	-
Loss from continuing operations		(6,949,091)	(2,075,525)
Other comprehensive income for the year, net of tax.			
Exchange differences on translation of foreign balances		469,081	(220,106)
Total comprehensive loss for the year		(6,480,010)	(2,295,631)
Earnings per share for loss attributable to the ordinary equity holders of the company			
		Cents	Cents
Basic and diluted loss per share	7	(0.90)	(0.54)

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

Connected IO Limited (formerly G8 Communications Limited)
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Appendix 4E – Preliminary Final Report for the Year Ended 30 June 2017

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2017**

	Note	2017	2016
		\$	\$
Current assets			
Cash and cash equivalents		639,457	1,295,818
Trade and other receivables		393,910	480,574
Inventory		1,070,072	473,882
Loan receivable		-	141,445
Total current assets		<u>2,103,439</u>	<u>2,391,819</u>
Non-current assets			
Other assets		14,142	10,740
Goodwill	4	2,418,610	5,122,184
Other intangibles	5	-	606,205
Plant and equipment		54,547	42,829
Total non-current assets		<u>2,487,299</u>	<u>5,781,958</u>
Total assets		<u>4,590,738</u>	<u>8,173,777</u>
Current liabilities			
Trade and other payables		914,386	1,282,843
Borrowings		500,000	-
Payroll Liabilities		-	19,356
Total current liabilities		<u>1,414,386</u>	<u>1,302,199</u>
Total liabilities		<u>1,414,386</u>	<u>1,302,199</u>
Net assets/ (liabilities)		<u>3,176,352</u>	<u>6,871,578</u>
Equity			
Issued capital	6	63,678,745	60,893,961
Reserves		1,217,824	748,743
Retained Earnings		(61,720,217)	(54,771,126)
Total equity		<u>3,176,352</u>	<u>6,871,578</u>

The above statement of financial position should be read in conjunction with the accompanying notes.

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Appendix 4E – Preliminary Final Report for the Year Ended 30 June 2017

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017**

	Issued Capital	Share Based Payments Reserve	Foreign Currency Translation Reserve	Available- for-sale Financial Assets Revaluation Reserve	Accumulated Losses	Total
	\$	\$	\$	\$	\$	\$
Consolidated						
Balance at 1 July 2015	50,019,941	968,849	-	-	(52,695,601)	(1,706,811)
Net Loss for the year	-	-	-	-	(2,075,525)	(2,075,525)
Other comprehensive loss for the year	-	-	(220,106)	-	-	(220,106)
Total comprehensive loss	-	-	(220,106)	-	(2,075,525)	(2,295,631)
Shares issued	11,394,763	-	-	-	-	11,394,763
Share issue costs	(520,743)	-	-	-	-	(520,743)
Balance at 30 June 2016	60,893,961	968,849	(220,106)	-	(54,771,126)	6,871,578
Net loss for the year	-	-	-	-	(6,949,091)	(6,949,091)
Other comprehensive income for the year	-	-	469,081	-	-	469,081
Total comprehensive loss	-	-	469,081	-	(6,949,091)	(6,480,010)
Shares issued	3,078,000	-	-	-	-	3,078,000
Share issue costs	(293,216)	-	-	-	-	(293,216)
Balance at 30 June 2017	63,678,745	968,849	248,975	-	(61,720,217)	3,176,352

The above statement of changes in equity should be read in conjunction with the accompanying note

Connected IO Limited (formerly G8 Communications Limited)
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Appendix 4E – Preliminary Final Report for the Year Ended 30 June 2017

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017**

Note	2017 \$	2016 \$
Cash flows from operating activities		
Receipts from customers	1,658,438	508,199
Payments to suppliers and employees	(5,608,760)	(3,686,863)
Interest received	10,495	19,694
Finance costs	(1,318)	(21,748)
Income tax paid	-	-
Net cash used in operating activities	(3,941,145)	(3,180,718)
Cash flows from investing activities		
Proceeds from sale of investment	-	5,244
Cash acquired on acquisition of Connected Group	-	27,175
Net cash used in investing activities	-	32,419
Cash flows from financing activities		
Proceeds from issue of shares	3,000,000	4,500,100
Payments for share issue costs	(215,216)	(520,743)
Proceeds from borrowings	500,000	825,000
Repayment of borrowings	-	(366,588)
Net cash provided by financing activities	3,284,784	4,437,769
Net change in cash and cash equivalents held	(656,361)	1,289,470
Cash and cash equivalents at beginning of the financial year	1,295,818	6,348
Foreign exchange	-	-
Cash and cash equivalents at end of financial year	639,457	1,295,818

The above statement of cash flows should be read in conjunction with the accompanying notes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 JUNE 2017

2 Status of Audit

The 30 June 2017 consolidated financial report and accompanying notes for Connected IO Limited and its controlled entities is in the process of being audited.

This preliminary final report has been prepared in accordance with the ASX Listing Rule 4.3A and the disclosure requirements of ASX Appendix 4E.

3 Debts Forgiven

An amount of \$250,638 (2016: \$567,774) was written off during the year as they were considered no longer debts owing by the Company.

4 Goodwill

	2017 \$	2016 \$
Opening Balance	5,122,184	-
Acquired as part of a business combination	-	5,122,184
Impairment of goodwill	(2,703,574)	-
Closing Balance	2,418,610	5,122,184

5 Other Intangibles

	2017 \$	2016 \$
Opening Balance	606,205	-
Acquired as part of a business combination	-	657,761
Foreign exchange movement	19,838	(51,556)
Assets written off as no longer utilised	(626,043)	-
Closing Balance	-	606,205

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 JUNE 2017

6 Issued Capital

	2017	2016
	\$	\$
Issued and paid up capital		
Ordinary shares fully paid (a)	63,678,745	60,893,961
	63,678,745	60,893,961

Movements in issued and paid up capital

	Number	Consolidated
		\$
Balance as at 1 July 2015	2,373,350,092	46,802,238
Shares issued pursuant to a Placement - 2 July 2015 ¹	17,703,000	17,703
Partly paid shares paid up - 13 November 2015 ²	4,000,000	3,200,100
Capital consolidation 1:60 ³	(2,355,137,040)	-
Conversion of convertible notes - 18 January 2016 ⁴	100,000,000	1,000,000
Public shares issued pursuant to a Prospectus raising - 18 January 2016 ⁵	225,000,000	4,500,000
Vendor shares issued pursuant to a Prospectus - 18 January 2016 ⁵	200,000,000	4,000,000
Facilitation shares issued pursuant to a Prospectus - 18 January 2016 ⁵	20,000,000	400,000
Shares issued under the KVG loan with ICU – 18 January 2016 ⁶	90,000,000	1,194,443
Shares issued under the Bonarc offer - 18 January 2016 ⁷	15,000,000	300,000
Costs directly attributable to issue of share capital	-	(520,743)
Balance as at 30 June 2016	689,916,052	60,893,961
Balance as at 1 July 2016	689,916,052	60,893,961
Shares issued pursuant to a Placement – 30 August 2016 ⁸	100,000,000	3,000,000
Shares issued under a corporate advisory mandate – 11 April 2017 ⁹	3,000,000	78,000
Costs directly attributable to issue of share capital	-	(293,216)
Balance as at 30 June 2017¹⁰	792,916,052	63,678,745

(a) Ordinary shares partly paid

Balance as at 1 July 2015	4,000,000	3,200,000
Shares which became fully paid during the half-year ²	(4,000,000)	(3,200,000)
Balance as at 30 June 2016	-	-
Balance as at 1 July 2016	-	-
Movement	-	-
Balance as at 30 June 2017	-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 JUNE 2017

6 Issued Capital (continued)

	Number	Consolidated \$
(b) Unissued shares		
Balance as at 1 July 2015	17,703,000	17,703
Shares which became fully paid during the half-year ¹	(17,703,000)	(17,703)
Balance as at 30 June 2016	-	-
Balance as at 1 July 2016	-	-
Movement	-	-
Balance as at 30 June 2017	-	-

¹ On 2 July 2015, the Company issued 17,703,000 fully paid ordinary shares as approved by Shareholders at the Annual General Meeting held on 28 November 2014.

² On 13 November 2015, the Company held an auction whereby the partly paid shares had become fully paid shares upon sale of 4,000,000 ordinary shares for \$100 as approved by Shareholders at the Annual General Meeting held on 28 November 2014.

³ On 30 December 2015, the Company's capital was consolidated on a 1:60 basis as approved by Shareholders at the General Meeting held on 21 December 2015.

⁴ On 18 January 2016, 50,000,000 fully paid ordinary shares were issued to Connected Noteholders and 50,000,000 fully paid ordinary shares were issued to Leopard Noteholders as approved by Shareholders at the General Meeting held on 21 December 2015.

⁵ On 18 January 2016, 225,000,000 fully paid ordinary shares were issued under a Prospectus Public Raising, 200,000,000 fully paid ordinary shares were issued to Vendors for the acquisition of Connected Group and 20,000,000 fully paid ordinary shares were issued to facilitators of the transaction, pursuant to the Prospectus dated 27 November 2015 and as approved by Shareholders at the General Meeting held on 21 December 2015.

⁶ On 18 January 2016, 90,000,000 Shares in full satisfaction and extinguishment of the KGV Loan as approved by Shareholders at the General Meeting held on 21 December 2015.

⁷ On 18 January 2016, 15,000,000 Shares in partial satisfaction of the Bonarc Loan as approved by Shareholders at the General Meeting held on 21 December 2015.

⁸ On 30 August 2016, 100,000,000 fully paid ordinary shares were placed with sophisticated investors at \$0.03 to raise \$3,000,000.

⁹ On 11 April 2017, 3,000,000 fully paid ordinary shares were issued in consideration for corporate services pursuant to a corporate advisory mandate.

¹⁰ Of a total of 792,916,052 ordinary shares on issue, 265,246,700 are escrowed to 15 March 2018.

Options

	2017 Number	2016 Number
Unlisted Options		
0.5 cents		
Balance as at 1 July 2016	-	696,666,667
Expired during the year	-	(696,666,667)
Balance as at 30 June 2017	-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 JUNE 2017

7 Earnings per share

	2017 cents	2016 cents
Basic loss per share	(0.90)	(0.54)

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share is as follows:

	2017 \$	2016 \$
Net loss for year used in total basic EPS	(6,949,091)	(2,075,525)

	Number	Number
Weighted average number of ordinary shares used in the calculation of basic EPS	772,916,052	332,923,442

8 Operating Segments

AASB 8 Operating Segments requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance.

The Group's operating segments have been determined with reference to the monthly management accounts used by the Chief Operating Decision Maker to make decisions regarding the Company's operations and allocation of working capital. Due to the size and nature of the Group, the Board as a whole has been determined as the Chief Operating Decision Maker.

Based on the quantitative thresholds included in AASB 8, there is only one reportable segment, being the development and manufacture of wireless technologies.

The revenues and results of this segment are those of the Group as a whole and are set out in the consolidated statement of comprehensive income. The segment assets and liabilities of this segment are those of the Group and are set out in the consolidated statement of financial position.