

APPENDIX 4D

Interim Report for the half-year ended 31 December 2017

1. Name of entity

CONNECTED IO LIMITED

ABN	Reporting Period	Previous Corresponding Period
99 009 076 233	Half-year ended 31 December 2017	Half-year ended 31 December 2016

2. Results for Announcement to the Market

	Change	31 Dec 2017 \$A	31 Dec 2016 \$A
Revenues from ordinary activities	Up 106%	741,276	360,627
Net loss for the period attributable to members	Down 43%	(2,627,553)	(4,588,067)
Loss from ordinary activities after tax attributable to members	Down 43%	(2,627,553)	(4,588,067)
Final and interim dividends	It is not proposed that either a final or interim dividend be paid.		
Record date for determining entitlements to the dividend	N/A		
Brief explanation of any of the figures reported above	Revenue is increasing each year and net losses are reducing.		

3. NTA Backing

	Current Period	Previous Corresponding Period
Net tangible assets per ordinary share	0.08 cents	0.32 cents

4. Control gained over entities

Details of entities over which control has been gained or lost (<i>item 4</i>)	N/A
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5. Dividends paid and payable

Details of dividends or distribution payments (<i>item 5</i>)	No dividends or distributions are payable.
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6. Dividend reinvestment plans

Details of dividend or distribution reinvestment plans (<i>item 6</i>)	There is no dividend reinvestment program in operation for Connected IO Limited
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7. Details of associates

Details of associates and joint venture entities (<i>item 7</i>)	N/A
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8. Foreign entities

Foreign entities to disclose which accounting standards are used in compiling the report (<i>item 8</i>)	N/A
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9. Review Opinion

Details of any audit dispute or qualification (<i>item 9</i>)
None
For description of the modified opinion, refer to auditor's review report.
N/A

Connected IO Limited

ABN 99 009 076 233

INTERIM FINANCIAL REPORT

for the half-year ended 31 December 2017

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CORPORATE INFORMATION

Directors

Yakov Temov (*Executive Director*)
Jason Ferris (*Executive Chairman*)
Blaise Thomas (*Non-Executive Director*)

Company Secretary

Nicki Farley

Principle Place of Business

28/784 Canning Highway
Applecross WA 6153

Registered Office

Level 24, 44 St Georges Terrace
PERTH WA 6000

Auditors

HLB Mann Judd
Level 4, 130 Stirling Street
PERTH WA 6000

Share Registry & Register

Computershare
Level 11/172 St Georges Terrace
PERTH WA 6000
Telephone: +61 8 9323 2000

Solicitors

Price Sierakowski Corporate
Level 24, 44 St Georges Terrace
PERTH WA 6000

Bankers

National Australia Bank
100 St Georges Terrace
PERTH WA 6000

Stock Exchange Listing

Connected IO Limited
ASX Code: CIO

Contact Information

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Fax: 08 9218 8875

Web Site

www.connectedio.com.au

Directors' report

The directors of Connected IO Limited ("**the Company or CIO**") and its controlled entities ("**the Group**") submit herewith the consolidated Interim Financial Report for the half-year ended 31 December 2017.

Directors

The following persons acted as Directors of the Company during or since the end of the half-year. These Directors were in office for the entire period unless otherwise stated:

Yakov Temov (*Executive Director*)

Jason Ferris (*Executive Director*)

Blaise Thomas (*Non-Executive Director*)

Principal Activities

During the period, the Group's principal activity was the development and commercialisation of next generation wireless technology products.

Operating Results

The loss after tax for the half-year ended 31 December 2017 was \$2,627,553 (2016 loss: \$4,588,067).

Review of Operations

During the period, CIO partnered with US Drone company Airship Technologies Group to provide wireless communication solutions, deployed product to over 3,000 Burger King Stores, developed its relationship with a worldwide vehicle market supplier in the \$US8.8 billion security space, received strong pre-sale orders from Exadigm USA for the company's Wi-Fi routers, and received fail-over certification from Cisco-Meraki for Verizon, AT&T, Telstra and Vodafone clients. Connected IO also completed a \$2,850,000 capital raising (before costs) under mandate with Trident Capital and also announced penetration into the Asian market via discussions with Thai and Philippines military. The company also received its first order from electronics giant LG.

Significant Orders Received

During the period, the Company announced \$600,000 in new purchase orders received via its ongoing relationship with Verizon as well as its largest individual Verizon order up until that time of \$734,000. The company received its first Cat1 router order from PWS for \$348,000 as well as Exadigm via AT&T for \$232,000 to target retail and small business.

Gold-Asset

The potential recovery of the Mission and Cables gold project presents the Company with the ability to add strength to its statement of financial position in the event that it is successfully commercialised given its advanced exploration status. The Company anticipates that a final ruling on the application will be made in coming weeks.

Capital Raising

The Company raised \$2,850,000 through the issue of 95,000,000 shares to institutional and sophisticated investors.

Directors' report

Auditor's independence declaration

Section 307C of the Corporations Act 2001 requires our auditors, HLB Mann Judd, to provide Directors of the Company with an Independence Declaration in relation to the review of the Interim Financial Report. This Independence Declaration is set out on page 4 and forms part of this Directors' Report for the half-year ended 31 December 2017.

Signed in accordance with a resolution of the Board of Directors made pursuant to S306(3) of the Corporations Act 2001.



Jason Ferris
Director

Signed at Perth on this 28th day of February 2018

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the consolidated financial report of Connected IO Limited for the half-year ended 31 December 2017, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- a) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b) any applicable code of professional conduct in relation to the review.



Perth, Western Australia
28 February 2018

B G McVeigh
Partner

HLB Mann Judd (WA Partnership) ABN 22 193 232 714

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**Condensed statement of profit or loss and other comprehensive income
for the half-year ended 31 December 2017**

	Note	Consolidated half-year ended 31 Dec 2017 \$	Consolidated half-year ended 31 Dec 2016 \$
Sales revenue		741,276	360,627
Cost of goods sold		(520,067)	(52,836)
Gross profit		221,209	307,791
Interest revenue		3,586	7,841
Director fees, salaries and wages expense		(1,248,362)	(831,231)
Professional fees		(524,615)	(607,659)
Depreciation		(16,534)	(361)
Interest and facility fee expenses		(101,799)	-
Administration expenses		(616,782)	(271,366)
Research and development		(344,256)	-
Product development and equipment written off		-	(626,044)
Impairment of goodwill		-	(2,531,286)
Impairment of furniture and fixtures		-	(35,750)
Loss before income tax		(2,627,553)	(4,588,067)
Income tax expense		-	-
Loss for the period		(2,627,553)	(4,588,067)
Other comprehensive income for the period, net of tax		-	-
<i>Items that may be reclassified to profit or loss</i>			
Exchange differences on translation of foreign balances		(35,354)	44,548
Other comprehensive income for the period, net of tax		(35,354)	44,548
Total comprehensive loss for the period		(2,662,907)	(4,543,519)
Basic loss per share (basic and diluted) (cents per share)	5	(0.31)	(0.61)

The accompanying notes form part of these financial statements

**Condensed statement of financial position
as at 31 December 2017**

	Note	Consolidated 31 Dec 2017 \$	Consolidated 30 June 2017 \$
CURRENT ASSETS			
Cash and cash equivalents		1,425,704	639,457
Trade and other receivables		128,953	294,745
Inventory		902,374	1,070,072
Total Current Assets		2,457,031	2,004,274
NON-CURRENT ASSETS			
Plant and equipment		37,118	54,547
Goodwill	2	2,418,610	2,418,610
Other assets		13,951	14,142
Total Non-Current Assets		2,469,679	2,487,299
Total Assets		4,926,710	4,491,573
CURRENT LIABILITIES			
Trade and other payables		546,013	961,380
Borrowings	3	1,280,000	500,000
Total Current Liabilities		1,826,013	1,461,380
Total Liabilities		1,826,013	1,461,380
Net Assets		3,100,697	3,030,193
EQUITY			
Issued capital	4	66,332,919	63,678,745
Reserves		1,263,363	1,219,480
Accumulated losses		(64,495,586)	(61,868,032)
Total Equity		3,100,697	3,030,193

The accompanying notes form part of these financial statements

**Condensed statement of changes in equity
for the half-year ended 31 December 2017**

Consolidated	Issued Capital \$	Share-Based Payments Reserve \$	Foreign Currency Translation Reserve \$	Accumulated Losses \$	Total \$
Balance at 1 July 2016	60,893,961	968,849	(220,106)	(54,771,126)	6,871,578
Net loss for the period	-	-	-	(4,588,067)	(4,588,067)
Other comprehensive income, net of tax	-	-	44,548	-	44,548
Total comprehensive loss	-	-	44,548	(4,588,067)	(4,543,519)
Shares issued	3,000,000	-	-	-	3,000,000
Share issue costs	(215,216)	-	-	-	(215,216)
Balance at 31 December 2016	63,678,745	968,849	(175,558)	(59,359,193)	5,112,843
Balance at 1 July 2017	63,678,745	968,849	250,631	(61,868,032)	3,030,193
Net loss for the period	-	-	-	(2,627,553)	(2,627,553)
Other comprehensive loss, net of tax	-	-	(35,354)	-	(35,354)
Total comprehensive loss	-	-	(35,354)	(2,627,553)	(2,662,907)
Shares issued	2,850,000	-	-	-	2,850,000
Share issue costs	(195,826)	-	-	-	(195,826)
Share based payments - options	-	79,237	-	-	79,237
Balance at 31 December 2017	66,332,919	1,048,086	215,277	(64,495,585)	3,100,679

The accompanying notes form part of these financial statements

**Condensed statement of cash flows
for the half-year ended 31 December 2017**

	Consolidated half-year ended 31 Dec 2017 \$	Consolidated half-year ended 31 Dec 2016 \$
Cash flows from operating activities		
Receipts from customers	1,013,938	559,347
Payments to suppliers and employees	(3,612,041)	(2,633,839)
Interest received	3,212	7,841
Interest paid	(51,799)	-
Net cash outflows from operating activities	(2,646,690)	(2,066,651)
Cash flows from investing activities		
Payments for plant and equipment	-	-
Net cash outflows from investing activities	-	-
Cash flows from financing activities		
Proceeds from share issue	2,850,000	3,000,000
Costs of capital raising	(195,826)	(215,216)
Proceeds from borrowings	780,000	-
Net cash inflows from financing activities	3,434,174	2,784,784
Net increase in cash and cash equivalents	787,484	718,133
Effect of movement in exchange rates on cash held	(1,237)	(577)
Cash and cash equivalents at the beginning of the period	639,457	1,295,818
Cash and cash equivalents at the end of the period	1,425,704	2,013,374

The accompanying notes form part of these financial statements

Notes to the condensed financial statements

NOTE 1 STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

Statement of Compliance

This consolidated Interim Financial Report includes the financial statements and notes of Connected IO Limited and its controlled entities. The Group is a for-profit entity and is domiciled in Australia.

These consolidated interim financial statements are general purpose financial statements prepared in accordance with the requirements of the Corporations Act 2001, applicable accounting standards including AASB 134 'Interim Financial Reporting', Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board. Compliance with AASB 134 ensures compliance with IAS 34 'Interim Financial Reporting'.

This consolidated Interim Financial Report does not include full disclosures of the type normally included in an Annual Financial Report. Therefore, it cannot be expected to provide as full an understanding of the financial performance, financial position and cash flows of the Group as in the full financial report.

It is recommended that this consolidated interim financial report be read in conjunction with the Annual Financial Report for the year ended 30 June 2017 and any public announcements made by the Company and its subsidiaries during the period in accordance with continuous disclosure requirements arising under the Corporations Act 2001 and the ASX Listing Rules.

Basis of preparation

The consolidated Interim Financial Report has been prepared on an accruals basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

The consolidated Interim Financial Report is presented in Australian dollars. For the purpose of preparing the consolidated interim financial report, the half-year has been treated as a discrete reporting period.

Accounting policies and methods of computation

The accounting policies and methods of computation adopted are consistent with those of the previous financial year and corresponding half-year. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

Adoption of new and revised standards

Standards and interpretations applicable to 31 December 2017

In the half-year ended 31 December 2017, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Company and effective for the half-year reporting periods beginning on or after 1 January 2018.

As a result of this review, the Directors have determined that there is no material impact of the new and revised Standards and Interpretations on the Company and therefore no material change is necessary to Group accounting policies.

Standards and interpretations in issue not yet adopted applicable to 31 December 2017

The Directors have also reviewed all of the new and revised Standards and Interpretations in issue not yet adopted that are relevant to the Company and effective for the half-year reporting periods beginning on or after 1 January 2018.

AASB 15 *Revenue from Contracts with Customers* establishes a comprehensive framework for determining whether, how much and when revenue is recognised.

Notes to the condensed financial statements

NOTE 1 STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION (CONTINUED)

Including in respect to multiple element arrangements. It replaces existing revenue recognition guidance, AASB 111 *Construction Contracts*, AASB 118 *Revenue* and AASB 1004 *Contributions*. AASB 15 is effective from reporting periods beginning on or after 1 January 2018, which early adoption permitted.

The core principle of AASB 15 is that it requires identification of discrete performance obligations within a transaction and associated transaction price allocation to these obligations. Revenue is recognised upon satisfaction of these performance obligations, which occur when control of goods or services is transferred, rather than on transfer of risks and rewards. Revenue received for a contract that includes a variable amount is subject to revised conditions for recognition, whereby it must be highly probable that no significant reversal of the variable component may occur when the uncertainties around its measurement are removed.

The Group had commenced the process of evaluating the impact of the new standard on existing revenue streams and will first apply AASB 15 in the financial year beginning 1 July 2018.

Over than the above, there are no other material impacts of the new and revised standards and interpretations on the Group and therefore no change is necessary to Group accounting policies.

Significant accounting judgments and key estimates

The preparation of consolidated interim financial report requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

In preparing this consolidated half-year financial report, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial report for the year ended 30 June 2017.

Going concern

The Interim Financial Report has been prepared on the going concern basis that contemplates the continuity of normal business activities and the realisation of assets and extinguishment of liabilities in the ordinary course of business. For the half-year ended 31 December 2017 the Group recorded an operating cash outflow of \$2,646,690 (half-year ended 31 December 2016: outflow of \$2,066,651 and at 31 December 2017 had a net working capital surplus of \$631,018 (30 June 2017: surplus of \$542,894).

The Group's cash flow forecast is dependent on forecasted revenues under existing contracts, conversion of inventory and balance of unpaid convertible note and placement funds being received. Convertible note funding is due and payable by 30 June 2018 for the total amount of \$1,500,000 in either cash or conversion to equity as directed by the note holders. Additional working capital may be required to meet manufacturing and cashflow requirements and as such the Group may seek access to additional working capital in the next 12 months.

The Directors are confident that the Group will convert inventory to cash, receive outstanding committed funds and access funds via increased sales revenue in the coming quarters. Additional funds may be required through the issue of new equity or securing of additional loan funding by way of manufacturing finance facility, should the need arise. However, should neither eventuate, there exists a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern and therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

Notes to the condensed financial statements

NOTE 2 GOODWILL

	Consolidated half-year ended 31 Dec 2017 \$	Consolidated year ended 30 June 2017 \$
Opening balance	2,418,610	5,122,184
Goodwill impaired ¹	-	(2,703,574)
Closing balance	2,418,610	2,418,610

¹Following the write off of the product development and equipment in the cash generating unit, ICU Wireless Systems Pty Ltd due to the focus on the Connected IO business, the resultant goodwill which arose was impaired accordingly, in the prior period.

During the half-year ended 31 December 2017, management conducted an impairment assessment in relation to goodwill. The recoverable amount was based on a value-in-use calculation and was determined at the cash generating unit level. The pre-tax discount rate adopted was 9.6% (30 June 2017 – 9.6%) and the value-in-use was based on forecast cash flows over a five-year period with no final year terminal value. Based on the headroom over goodwill, no impairment has been recognised.

NOTE 3 BORROWINGS

	Consolidated half-year ended 31 Dec 2017 \$	Consolidated year ended 30 June 2017 \$
Opening balance	500,000	-
Loan – secured	780,000	500,000
Closing balance	1,280,000	500,000

During the year ended 30 June 2017 the Company entered into a loan agreement to be advanced funds of up to \$1,500,000. The loan is for working capital purposes and any repayment of the loan is to be made in cash unless the lender elects at its sole discretion to be made in shares in the Company or a combination of both.

The last repayment date is six months from the initial drawdown of the loan, being 31 December 2017 and the interest rate is 9% per annum. On 30 January 2018 the repayment date was extended to 30 June 2018.

The lender is entitled to and has secured the loan by the registration of a charge over the assets of the Company which has been subordinated to the Prior Existing Security. The Prior Existing Security is a security interest registered (or to be registered) by the National Bank Australia relating to an up to \$1,000,000 loan facility.

NOTE 4 ISSUED CAPITAL

	Consolidated 31 Dec 2017 \$	Consolidated 30 June 2017 \$
Issued and paid up capital		
Ordinary shares fully paid (a)	66,332,919	63,678,745
	66,332,919	63,678,745

Notes to the condensed financial statements

Movements in issued and paid up capital

	Number	Consolidated \$
(a) Ordinary shares fully paid		
Balance as at 1 July 2016	689,916,052	60,893,961
Issue of fully paid ordinary shares on 30 August 2016 ¹	100,000,000	3,000,000
Issue of fully paid ordinary shares on 11 April 2017 ²	3,000,000	78,000
Costs directly attributable to issue of share capital	-	(293,216)
Balance as at 30 June 2017	792,916,052	63,678,745
Balance as at 1 July 2017	792,916,052	63,678,745
Issue of fully paid ordinary shares on 12 October 2017 ³	95,000,000	2,850,000
Costs directly attributable to issue of share capital	-	(195,826)
Balance as at 31 December 2017	887,916,052	66,332,919
(b) Performance shares		
Balance as at 1 July 2016	-	-
Shares issued during the year ⁴	150,000,000	-
Balance as at 30 June 2017	150,000,000	-
Balance as at 1 July 2017	150,000,000	-
<i>No movements during the period</i>	-	-
Balance as at 31 December 2017	150,000,000	-

¹ On 30 August 2016, the Company issued 100,000,000 fully paid ordinary shares at \$0.03 having raised \$3,000,000 from institutional and sophisticated investors.

² On 11 April 2017, the Company issued 3,000,000 fully paid ordinary shares in consideration for corporate services pursuant to a corporate advisory mandate.

³ On 12 October 2017, the Company issued 95,000,000 fully paid ordinary shares at \$0.03 having raised \$2,850,000 from sophisticated investors.

⁴ On 29 February 2016, 100 million Class A Performance Shares and 50,000,000 Class B Performance Shares were issued. Class A Performance Shares will convert on a 1:1 basis on the Company achieving aggregated gross revenue of \$15,000,000 in any of the financial years ending on 31 December 2016, 2017 or 2018, following re-compliance with Chapters 1 and 2 of the Listing Rules. Class B Performance Shares will convert on a 1:1 basis on the Company achieving aggregated gross revenue of \$25,000,000 in any of the financial years ending on 31 December 2016, 2017 or 2018, following re-compliance with Chapters 1 and 2 of the Listing Rules.

NOTE 5 EARNINGS PER SHARE

	Consolidated half-year 31 Dec 2017 \$	Consolidated half-year 31 Dec 2016 \$
	cents	Cents
Basic loss per share	(0.31)	(0.61)
The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share is as follows:		
	\$	\$
Net loss for the period used in total basic and diluted earnings per share	(2,627,553)	(4,588,067)
	Number	Number
Weighted average number of ordinary shares used in the calculation of basic and diluted earnings per share	834,446,107	757,129,167

Notes to the condensed financial statements

NOTE 6 SHARE BASED PAYMENT PLAN

During the period, following approval at the Annual General Meeting of the Company, the Company approved the issue of 9,000,000 unlisted Director Incentive Options. The Director Incentive Options yet to be issued to the Directors, are to align the long-term goals of the Directors with that of Shareholders and to establish an incentive for the Directors to provide ongoing dedicated services to the Company.

These Director Incentive Options are intended to provide remuneration to the Directors that is linked to the performance of the Company. The benefit would only be received from the Director Incentive Options upon the Share price exceeding the exercise price of the Director Incentive Options and thereby warranting their exercise.

The following share-based payment arrangements were entered into during the period:

Number	Grant date	Expiry date	Exercise price	Grant date spot price	Fair value at grant date	Vesting date
			\$	\$	\$	
9,000,000	29/11/2017	29/11/2020	\$0.05	\$0.024	\$0.0088	29/11/2017

No options were exercised during the period.

The fair value of the equity-settled share options is estimated as at the date of grant using the Black-Scholes model taking into account the terms and conditions upon which the options were granted.

Dividend yield (%)	0%
Expected volatility (%)	90%
Risk-free interest rate (%)	2.10%
Expected life of option (years)	3.0
Exercise price (cents)	\$0.05
Grant date share price	29/11/2017

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. No other features of options granted were incorporated into the measurement of fair value

NOTE 7 RELATED PARTY TRANSACTIONS

New employment contracts were executed between the Company and Mr Ferris and Mr Temov, during the current half-year.

Mr Ferris's contract as Executive Chairman was renewed for 2 years starting on 1 July 2017 and total remuneration is \$240,000 per annum.

Mr Temov's contract as Managing Director and Chief Executive Officer is for 2 years starting on 1 July 2017 and total remuneration is \$288,832 (\$US225,000) per annum.

During the half-year, there were no other material changes to related party transactions since the last annual reporting date.

Notes to the condensed financial statements

NOTE 8 SEGMENT REPORTING

The Group has identified its operating segments as a wireless technology innovator and manufacturer operating in the “IOT” (Internet of Things) sector. This is based on the internal reports that are reviewed and used by the Chief Operating Decision Maker to make decision about resources to be allocated to the segments and assess their performance. Based on the quantitative thresholds included in AASB 8 there is only one reportable segment, being the development and manufacture of wireless technology.

The reporting segments are based on aggregated operating segments determined by the similarity of the economic characteristics, the nature of the activities and the regulatory environment in which those segments operate.

NOTE 9 CONTINGENT LIABILITIES

There has been no change in contingent liabilities since the last annual reporting date.

NOTE 10 FINANCIAL INSTRUMENTS

The methods and valuation techniques used for the purpose of measuring fair values are unchanged compared to the previous reporting period.

The carrying amounts of the current receivables, current payables and borrowings are considered to be a reasonable approximation of their fair value.

NOTE 11 SUBSEQUENT EVENTS

There has not been any matter or circumstance that has arisen after balance date that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial periods.

Directors' Declaration

In the opinion of the Directors of Connected IO Limited ("the Company"):

- (1) The attached financial statements and notes are in accordance with the *Corporations Act 2001*, including:
 - (a) complying with Accounting Standards, the Corporations Regulations and other mandatory professional reporting requirements; and
 - (b) giving a true and fair view of the Group's financial position as at 31 December 2017 and of its performance for the half-year ended on that date.
- (2) 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, made pursuant to S303(5) of the Corporations Act 2001.

On behalf of the Board



Jason Ferris
Director

Signed at Perth on this 28th day of February 2018

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Connected IO Limited

Report on the Condensed Interim Financial Report*Conclusion*

We have reviewed the accompanying interim financial report of Connected IO Limited ("the company") which comprises the condensed statement of financial position as at 31 December 2017, the condensed statement of profit or loss and other comprehensive income, the condensed statement of changes in equity and the condensed statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory notes, and the directors' declaration, for the Group comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the interim financial report of Connected IO Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the Group's financial position as at 31 December 2017 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Material uncertainty related to going concern

We draw attention to Note 1 in the interim financial report, which indicates the existence of a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Directors' responsibility for the interim financial report

The directors of the company are responsible for the preparation of the interim financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the interim 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 interim 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 interim financial report is not in accordance with the *Corporations Act*

HLB Mann Judd (WA Partnership) ABN 22 193 232 714

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Liability limited by a scheme approved under Professional Standards Legislation

2001 including: giving a true and fair view of the Group's financial position as at 31 December 2017 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 the company, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of an interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other 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.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.



HLB Mann Judd
Chartered Accountants

Perth, Western Australia
28 February 2018



B G McVeigh
Partner