

IOT Group Limited

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

Interim Consolidated Financial Statements

For the Half Year Ended 30 June 2017

IOT Group Limited

ABN: 66 140 475 921
Anc Controlled Entities

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For the Half Year Ended 30 June 2017

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IOT Group Limited

ABN: 66 140 475 921
And Controlled Entities

Directors' Report

30 June 2017

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 2017.

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 Steven Kayalicos	Chief Executive Officer and Executive Director	(appointed 21 st August 2017)
Mr Sean Neylon	Executive Director	(appointed 21 st August 2017)
Mr John Forder	Non Executive Director	(appointed 23 rd August 2017)
Mr Ron Hollands	Company Secretary	
Mr Scott Brown		(resigned 7 th August 2017)
Mr Ian Duffell		(resigned 21 st August 2017)
Mr Tod McGrouther		(resigned 21 st August 2017)
Mr Robert Smith		(appointed 7 th August 2017)
		(resigned 23 rd August 2017)

Review and results of operations and financial position

The net assets of the consolidated group have decreased by \$3,454,109 from 31 December 2016 to \$3,273,365 at 30 June 2017. The decrease is largely due to the following factors:

- Losses of \$4,468,197 for the half year ended 30 June 2017.
- A decrease of \$5,495,567 in cash and cash equivalents.

Events after the reporting date

On 7th August 2017, IOT Group Limited announced that Mr Robert Smith was appointed as Non-Executive Chairman and Mr Scott Brown will retire from the IOT board.

On 21st August 2017, IOT Group Limited announced that Mr Steven Kayalicos was appointed as Chief Executive Officer and as an Executive Director. To keep the IOT board efficient, Mr Ian Duffell and Mr Tod McGrouther both resigned from the IOT board and Mr Sean Neylon was appointed as an Executive Director.

On 23rd August 2017, IOT Group Limited announced that Mr John Forder was appointed as Non Executive Director and Mr Robert Smith resigned as Non Executive Chairman.

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 2017 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 28th day of August 2017



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 2017, 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, 28 August 2017

IOT Group Limited

ABN: 66 140 475 921
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Interim Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Half Year Ended 30 June 2017

		Consolidated	
		Half year ended	Half year ended
		30 June	30 June
		2017	2016
	Notes	\$	\$
Sales		646,514	-
Other Income	2	986,285	19,600
Purchases		(520,363)	-
Freight		(131,571)	-
Depreciation and amortisation expense		(46,416)	(209,793)
Employee benefits expense		(2,010,583)	(991,160)
Finance costs		(4,274)	(11,271)
Professional fees		(1,141,285)	(294,076)
Sales and marketing		(1,518,719)	(1,397,965)
Travel		(160,816)	(62,123)
Research and development		-	(34,109)
Other expenses		(495,531)	(184,506)
Profit before income tax		(4,396,759)	(3,165,403)
Income tax expense		-	-
Profit from continuing operations		(4,396,759)	(3,165,403)
Profit/(loss) from discontinued operations		-	(430,164)
Profit for the half year		(4,396,759)	(3,595,567)
Other comprehensive income for the half year, net of tax			
Foreign exchange gains/(losses)		(71,438)	-
Total comprehensive income for the half year		(4,468,197)	(3,595,567)
Profit attributable to:			
Members of the parent entity		(3,993,708)	(3,595,567)
Non-controlling interest		(403,051)	-
Total		(4,396,759)	(3,595,567)
Total comprehensive income attributable to:			
Members of the parent entity		(4,029,481)	(3,595,567)
Non-controlling interest		(438,716)	-
Total		(4,468,197)	(3,595,567)
Earnings per share			
From continuing and discontinued operations:			
Basic loss per share (cents)	10	(0.86)	(0.87)
Diluted loss per share (cents)	10	(0.86)	(0.87)

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 2017

		Consolidated	
		As at 30 June 2017 \$	As at 31 December 2016 \$
	Note		
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		1,600,146	7,095,713
Trade and other receivables		443,853	322,251
Other current assets		1,517,676	1,005,365
Inventories		268,069	-
TOTAL CURRENT ASSETS		3,829,744	8,423,329
NON-CURRENT ASSETS			
Other financial assets		53,200	53,200
Property, plant and equipment		151,276	194,235
TOTAL NON-CURRENT ASSETS		204,476	247,435
TOTAL ASSETS		4,034,220	8,670,764
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables		711,288	1,807,475
Provisions		49,567	69,273
Other current liabilities		-	66,542
TOTAL CURRENT LIABILITIES		760,855	1,943,290
NON-CURRENT LIABILITIES			
		-	-
TOTAL LIABILITIES		760,855	1,943,290
NET ASSETS		3,273,365	6,727,474
EQUITY			
Issued capital	4	21,942,634	22,060,715
Reserves		2,081,164	948,994
Retained earnings		(20,267,849)	(16,238,367)
Total equity attributable to equity holders of the Company		3,755,949	6,771,342
Non-controlling interest		(482,584)	(43,868)
TOTAL EQUITY		3,273,365	6,727,474

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 2017

	Consolidated					
	Ordinary Shares	Retained Earnings	Option Reserve	Subtotal	NCI	Total
	\$	\$	\$	\$	\$	\$
Balance at 1 January 2016	1,722,332	(1,240,076)	100,096	582,352	-	582,352
Shares issued during the half year	6,594,558	-	-	6,594,558	-	6,594,558
Loss for the financial period	-	(3,595,566)	-	(3,595,566)	-	(3,595,566)
Reverse acquisition of Ardent Resources Ltd	2,257,702	-	-	2,257,702	-	2,257,702
Options issued during the half year	-	-	732,885	732,885	-	732,885
Exercise of options	360,738	43,657	(43,657)	360,738	-	360,738
Cost of issuing shares	(1,055,128)	-	-	(1,055,128)	-	(1,055,128)
Balance at 30 June 2016	9,880,202	(4,791,985)	789,324	5,877,541	-	5,877,541
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)	(4,468,197)
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

The accompanying notes form part of these financial statements.

IOT Group Limited

ABN: 66 140 475 921
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Interim Consolidated Statement of Cash Flows For the Half Year Ended 30 June 2017

	Consolidated	
	Half year ended	Half year ended
	30 June	30 June
	2017	2016
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers	496,572	513,645
Payments to suppliers and employees	(6,835,807)	(4,514,454)
Net cash provided by/(used in) operating activities	(6,339,235)	(4,000,809)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Payment for intangible asset	-	(170,000)
Purchase of property, plant and equipment	(5,682)	(15,753)
Proceeds from other assets	-	3,939,012
Net cash provided by/(used in) investing activities	(5,682)	3,753,259
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from issue of shares	849,350	685,788
Payment of borrowings	-	2,072,000
Other financing inflows	-	(685,480)
Net cash provided by financing activities	849,350	2,072,308
Net increase/(decrease) in cash and cash equivalents held	(5,495,567)	1,824,758
Cash and cash equivalents at beginning of year	7,095,713	70,253
Cash and cash equivalents at end of the half year	1,600,146	1,895,011

The accompanying notes form part of these financial statements.

IOT Group Limited

ABN: 66 140 475 921
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Notes to the Financial Statements

For the Half Year Ended 30 June 2017

1 Basis of preparation

This general purpose consolidated interim financial statements for the half-year reporting period ended 30 June 2017 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 2016, together with any public announcements made during the half year.

These consolidated interim financial statements were authorised for issue on 28 August 2017.

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 2017, the Group had Cash and cash equivalents totalling \$1,600,146 and during the period the Group incurred a loss of \$4,468,197 resulting in net current assets being reduced by \$3,411,150 from \$6,480,039 to \$3,068,889 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 sales
- b) Completing further capital raising to provide funding to meet the Group's ongoing working capital and operating costs,
- c) Obtaining additional financing

IOT Group Limited

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Notes to the Financial Statements

For the Half Year Ended 30 June 2017

2 Revenue and other income

Revenue from ordinary activities

	Consolidated	
	Half year ended	Half year ended
	30 June	30 June
	2017	2016
	\$	\$
Other revenue		
Interest received	21,802	19,600
Other income	5,411	-
R&D tax refund	959,072	-
	<hr/>	<hr/>
	986,285	19,600

3 Intangible assets

	Consolidated	
	As at	As at
	30 June	31 December
	2017	2016
	\$	\$
Goodwill		
At cost	2,382,155	2,382,155
Accumulated amortisation	(887,028)	(887,028)
Impairment during the year	(1,495,127)	(1,495,127)
	<hr/>	<hr/>
Closing balance	-	-
Intellectual property		
At cost	630,821	630,821
Accumulated amortisation	(124,471)	(124,471)
Impairment during the year	(506,350)	(506,350)
	<hr/>	<hr/>
Closing balance	-	-
Development costs		
At cost	1,913,469	1,913,469
Accumulated amortisation	(318,912)	(318,912)
Impairment during the year	(1,594,557)	(1,594,557)
	<hr/>	<hr/>
Closing balance	-	-
Total intangibles	<hr/>	<hr/>
	-	-

IOT Group Limited

ABN: 66 140 475 921
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Notes to the Financial Statements For the Half Year Ended 30 June 2017

3 Intangible assets

Movements for goodwill, intellectual property and development costs for the period 30 June 2017:

	Consolidated	
	As at	As at
	30 June	31 December
	2017	2016
	\$	\$
Goodwill		
Opening balance	-	767,491
Movements during the year	-	1,588,110
Amortisation during the year	-	(860,474)
Impairment during the year	-	(1,495,127)
Closing balance	-	-

Goodwill is amortised on a straight line basis over the period from the date of acquisition to the end of the period of time during which the benefits are expected to arise. In addition, the directors test goodwill for impairment annually.

	Consolidated	
	As at	As at
	30 June	31 December
	2017	2016
	\$	\$
Intellectual property		
Opening balance	-	589,331
Movements during the year	-	-
Amortisation during the year	-	(82,981)
Impairment during the year	-	(506,350)
Closing balance	-	-

Intellectual property is amortised on a straight line basis over the useful life as determined by the directors. In addition, the directors review for impairment indicators annually.

	Consolidated	
	As at	As at
	30 June	31 December
	2017	2016
	\$	\$
Development costs		
Opening balance	-	334,778
Movements during the year	-	1,578,691
Amortisation during the year	-	(318,912)
Impairment during the year	-	(1,594,557)
Closing balance	-	-

Development costs capitalised during the prior period relate to the development of the Roam-e in its Sydney based development lab as well at the production facility in China. The development costs for the period were expected to provide future economic benefits to the group. Therefore, these costs were capitalised but have now been fully impaired.

IOT Group Limited

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Notes to the Financial Statements For the Half Year Ended 30 June 2017

4 Issued capital

	Consolidated	
	As at 30 June 2017 \$	As at 31 December 2016 \$
Opening balance	22,060,715	1,722,332
Business combination cost	-	2,257,702
Placement - 18 March 2016	-	5,030,000
Public offer - 18 March 2016	-	489,558
Placement - 18 March 2016	-	590,000
Share based payment - 19 April 2016	-	85,000
Share based payment - 3 May 2016	-	180,000
Exercise of options - 12 May 2016	-	387,116
Share based payment - 17 May 2016	-	220,000
Exercise of options - 24 May 2016	-	17,279
Share based payment - 20 June 2016	-	196,000
Issue of shares - 14 July 2016	-	11,975,229
Exercise of options - 14 July 2016	-	3,175
Legal Settlement - 23 November 2016	-	700,000
Cancellation of shares – 21 April 2017	(963,081)	-
Issue of shares – 26 June 2017	869,000	-
Capital raising costs	(24,000)	(1,792,676)
Closing balance	21,942,634	22,060,715

IOT Group Limited

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Notes to the Financial Statements For the Half Year Ended 30 June 2017

4 Issued capital

Ordinary Shares

	Consolidated	
	As at 30 June 2017 #	As at 31 December 2016 #
Opening balance	742,669,905	257,900,964
Ardent shares (161,264,438 shares consolidated at 2:1)*	-	80,632,273
Placement - 18 March 2016	-	157,187,500
Public offer - 18 March 2016	-	15,298,638
Placement - 18 March 2016	-	21,071,429
Share based payment - 19 April 2016	-	4,250,000
Share based payment - 3 May 2016	-	4,000,000
Exercise of options - 12 May 2016	-	6,757,231
Share based payment - 17 May 2016	-	2,000,000
Exercise of options - 24 May 2016	-	420,000
Share based payment - 20 June 2016	-	2,000,000
Issue of shares - 14 July 2016	-	171,074,680
Exercise of options - 14 July 2016	-	77,190
Legal settlement - 23 November 2016	-	20,000,000
Cancellation of shares – 21 April 2017	(27,715,610)	-
Issue of shares – 26 June 2017	72,416,666	-
At the end of the reporting period	787,370,961	742,669,905

* Rounding variance of 22 shares.

IOT Group Limited

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Notes to the Financial Statements

For the Half Year Ended 30 June 2017

5 Dividends

No dividends were paid during the period.

6 Events occurring after the reporting date

On 7th August 2017, IOT Group Limited announced that Mr Robert Smith was appointed as Non-Executive Chairman and Mr Scott Brown will retire from the IOT board.

On 21st August 2017, IOT Group Limited Announced that Mr Steven Kayalicos was appointed as Chief Executive Officer and as an Executive Director. To keep the IOT board efficient, Mr Ian Duffell and Mr Tod McGrouther both resigned from the IOT board and Mr Sean Neylon was appointed as an Executive Director.

On 23rd August 2017, IOT Group Limited announced that Mr John Forder was appointed as Non Executive Director and Mr Robert Smith resigned as Non Executive Chairman.

7 Interest in subsidiaries

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

Company	Place of incorporation	Principal activities
OK IOT Group Pty Ltd	Australia	Internet of Things (IOT)
The Supply Centre 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)
OTT Premium Pty Ltd	Australia	Over the Top (OTT)
Intervision Direct Pty Ltd	Australia	Over the Top (OTT)

Company	Ownership Interest held by the Group
OK IOT Group Pty Ltd	100%
The Supply Centre Pty Ltd	100%
IOT Group Technology Pty Ltd	100%
IOT Group USA LLC	70%
OTT Premium Pty Ltd	100%
Intervision Direct Pty Ltd	100%

IOT Group Limited

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Notes to the Financial Statements

For the Half Year Ended 30 June 2017

8 Operating segments

(a) Segment performance

	Internet of Things (IOT)		Discontinued Operations		Total	
	30 June	30 June	30 June	30 June	30 June	30 June
	2017	2016	2017	2016	2017	2016
	\$	\$	\$	\$	\$	\$
REVENUE						
Revenue	646,514	-	-	277,356	646,514	277,356
Other revenue	986,285	19,600	-	-	986,285	19,600
Total segment revenue	1,632,799	19,600	-	277,356	1,632,799	296,956
Segment operating profit	(4,468,197)	(3,360,517)	-	(235,049)	(4,468,197)	(3,595,567)

(b) Segment assets

	Internet of Things (IOT)		Discontinued Operations		Total	
	Half year ended	Half year ended	Half year ended	Half year ended	Half year ended	Half year ended
	30 June	30 June	30 June	30 June	30 June	30 June
	2017	2016	2017	2016	2017	2016
	\$	\$	\$	\$	\$	\$
Segment assets						
Segment asset increases for the period:						
Opening balance at 1 January	8,670,764	2,195,996	-	14,791	8,670,764	2,210,787
Acquisitions	901,982	4,092,211	-	542,117	901,982	4,634,328
Disposals	(5,538,526)	-	-	-	(5,538,526)	-
Total segment assets	4,034,220	6,288,207	-	556,908	4,034,220	6,845,115

IOT Group Limited

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Notes to the Financial Statements

For the Half Year Ended 30 June 2017

9 Contingent Liabilities

In the opinion of the Directors, the Company did not have any contingent liabilities as at 30 June 2017 (31 December 2016:None).

10 Earnings Per Share

	No. of Shares As at 30 June 2017	No. of Shares As at 30 June 2016
Weighted average number of ordinary shares used in calculating basic and diluted earnings per share.	516,726,400	414,582,377
	Consolidated As at 30 June 2017 \$	Consolidated As at 30 June 2016 \$
Net profit/(loss) after income tax attributable to shareholders	(4,468,197)	(3,595,567)
	Cents As at 30 June 2017	Cents As at 30 June 2016
Basic loss per share	(0.86)	(0.87)
Diluted loss per share	(0.86)	(0.87)

IOT Group Limited

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Notes to the Financial Statements

For the Half Year Ended 30 June 2017

11 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:

		As at 30 June		As at 31 December	
Level		2017		2016	
		Carrying amount	Fair value	Carrying amount	Fair value
		\$	\$	\$	\$
Financial assets					
Cash & cash equivalents	1	1,600,146	1,600,146	7,095,713	7,095,713
Trade & other receivables	1	443,853	443,853	322,251	322,251
Inventory	1	268,069	268,069	-	-
Other financial assets	1	53,200	53,200	53,200	53,200
Other assets	1	1,517,676	1,517,676	1,005,366	1,005,366
Financial liabilities					
Trade & other payables	1	711,288	711,288	1,807,475	1,807,475
Other current liabilities	1	-	-	66,542	66,542
Non-financial assets					
Plant and equipment	2	151,276	151,276	194,235	194,235
Intangibles	3	-	-	-	-
Non-financial liabilities					
Provisions	2	49,567	49,567	69,273	69,273

12 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 15 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 2017 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, reading "Sean Neylon", followed by a long horizontal flourish.

Mr Sean Neylon - Executive Director

Dated this 28th day of August 2017



A D Danieli Audit Pty Ltd

Authorised Audit Company
ASIC Registered Number 339233
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 2017, 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 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 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 \$4,468,197 for the half year ended 30 June 2017 and as of that date, the group had cash & cash equivalents of \$1,600,146. These conditions, along with other matters as set forth in Note 1, 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 2017 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, 28 August 2017

