



28 April 2017

[ASX Announcement / Media Release](#)

Quarterly Report for Period Ending 31 March 2017

HIGHLIGHTS

- Cash Receipts from Customers show record growth to \$568,000 up 511% from Q3 FY16 and up 110% from Q2 FY17.
- Collaboration with AT&T and Verizon continues to yield directly attributable revenue with significant receipts over the quarter from introduced customers.
- Net operating Expenses remain well controlled with an increase of only 2% from Q2, FY17 and forecast to decrease in Q4, 2017.

Connected IO Limited ("CIO") is pleased to announce the release of its results for the quarter ended 31 March 2017.

CIO delivered its largest quarterly revenue result to date with significant orders received via AT&T and Verizon enterprise customers. Relationships with carriers and distribution partners continue to develop as product integration across a variety of verticals gains increasing traction.

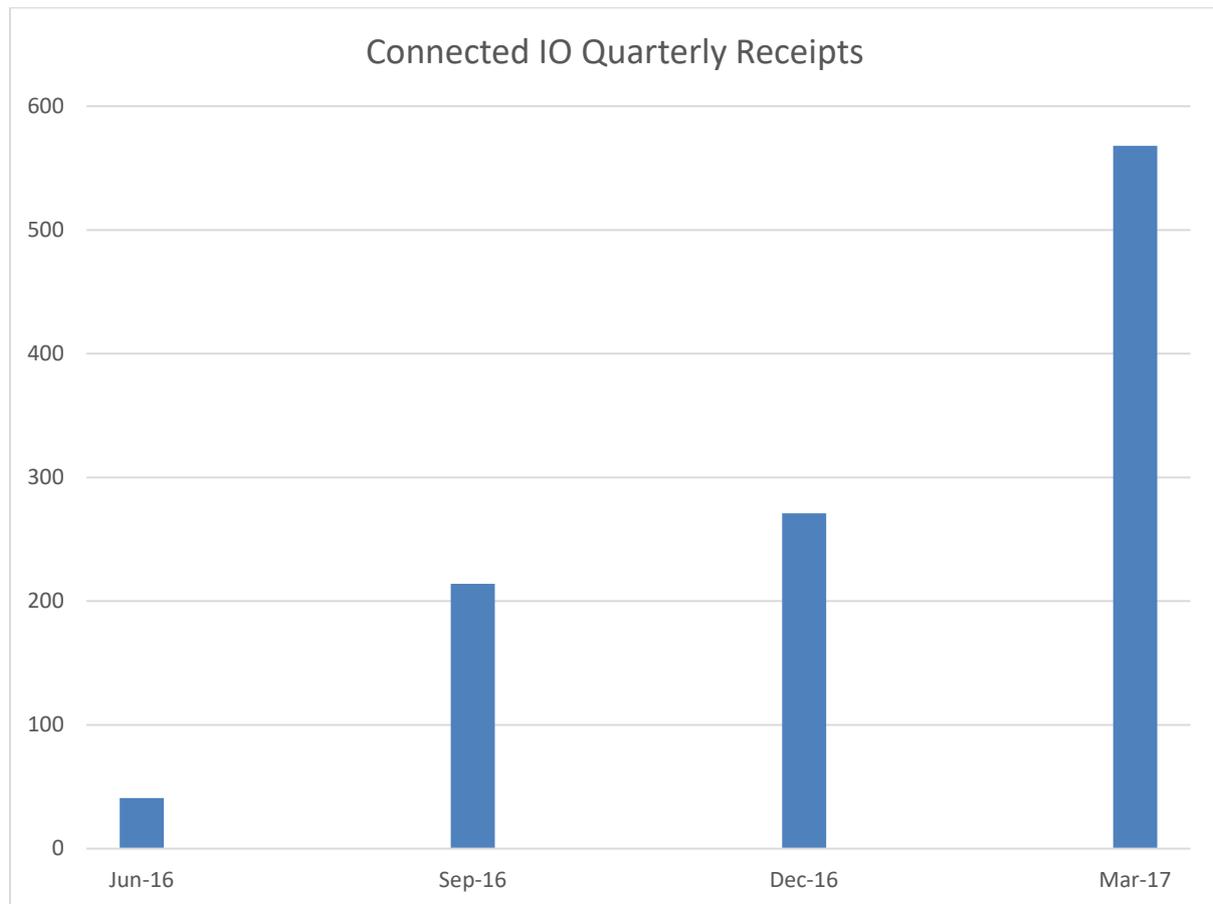
CIO continues to conduct sales and product training to the largest US-based telecommunications carriers which has started to yield tremendous benefit to the business development effort. As real time use applications are being discovered and implemented, confidence is growing in the Internet of Things ("IOT") space as more and more Machine to Machine ("M2M") opportunities are becoming connected.

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Significant Orders Received over the Period

During the Quarter, CIO received significant orders from an AT&T referred US based cyber security company totalling USD\$207,000 (announced 23 March 2017). This order was in addition to the AT&T introduced USD\$306,580 purchase order received in early 2017 (announced 5 January 2017).

Receipts for the quarter were the largest since the company commenced trading indicating a defined and solid trend of growth that is anticipated to continue as carrier relationships continue to open up. The graph below explains quarterly growth since listing in March 2016.



CIO also continued to market and sell product directly via website marketing and direct sales via its US website.

There are dozens of ongoing relationships being monitored on a daily/weekly basis with technical input being provided by CIO to assist clients develop their product applications. Ongoing increased orders are planned by various CIO customers as their own trials and pilot programs deliver results and feedback relating to specific usage.

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Relationship developments with Verizon USA

CIO and Verizon executed an expanded partnership agreement (announced 8 February 2017) developing opportunities in line with Verizon's IOT strategy.

CIO were selected to integrate Verizons device management solution "Thingspace" into CIOs product range. Thingspace is a device management platform that allows subscribers a simple and effective tool to manage and utilise IOT solutions.

Verizon and CIO also launched a joint marketing venture in an effort to maximise the relationship. CIO will further release "powered by Verizon" products to Verizon enterprise customers which will ensure as Verizons market share grows so too will CIOs.

CIO is also participating in Verizon's new drone device certification process known as Airborne LTE Operations ("ALO"). ALO provides connectivity to unmanned Arial vehicles – Drones - and unmanned arial systems via Verizons network. The market in the USA for both hobbyist and commercial application Drones is expected to grow from just over 2m devices in 2016 to a combined total of in excess of 7m by 2020.

AT&T developments

AT&T and CIO have agreed to jointly develop opportunities via AT&T's enterprise customer accounts (announced 28 February 2017) to address the evolving needs of IOT applications.

The new AT&T agreement enables CIO to resell AT&T portal services generating recurring revenue and linking CIO more closely to AT&T's global IOT strategy. The agreement will enable CIO to leverage thousands of AT&T re-sellers to broaden market reach.

AT&T connects over 28 millions devices to the IOT and adds a further 1m devices quarterly.

The benefits of the revised agreement are being witnessed already this quarter as increased AT&T opportunities present themselves and continue to develop.

Body Worn Camera

CIO released the latest version of the live streaming body camera following field trials throughout 2016. The latest lightweight technology is specifically designed for Police and Security applications and will be launched in both Australia and the United States (announced 7 March 2017).

Opportunities with Hills Australia are developing via a distribution agreement being finalised which will see the Body Camera introduced via existing Hills relationships with Police, Ambulance and security companies. Roll out will be at Federal, State and local level.

Connected IO Limited

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Further opportunities are being developed for both military and offshore police and security services.

Financial Position Comments

Cash Receivables for the quarter were AUD\$568,000 with further significant purchase orders developing over the next quarter. CIO remains confident revenues will increase aggressively throughout 2017. Inventory of \$541,000 is on hand to help meet immediate demand and deliver on confirmed purchase orders.

Developing Opportunities

CIO CEO, Yakov Temov said “The increase in revenues this quarter is a direct result of the systems and relationships that have been put in place and developed throughout 2016. The business has some very real momentum now as it continues this next phase of growth. Increased demand for IOT solutions as world markets start to understand the benefits of M2M allows CIO to continue to evolve and grow as a company. Our next phase is extremely exciting”.

Gold-Asset Recovered Adding to CIO’s Asset Base

The process of finalising the reinstatement of the Cables and Missions gold project to CIO continues. Further developments will be announced to the market as and when they are received by the company.

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.

For further information please contact:

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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

Connect IO Limited (formerly G8 Communications Limited) and its controlled entities

ABN

99 009 076 233

Quarter ended ("current quarter")

31 March 2017

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	568	1,053
1.2 Payments for		
(a) research and development	(24)	(152)
(b) product manufacturing and operating costs	(143)	(364)
(c) advertising and marketing	(1)	(40)
(d) leased assets	-	-
(e) staff costs	(488)	(1,247)
(f) administration and corporate costs	(668)	(2,042)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	2	10
1.5 Interest and other costs of finance paid	-	(49)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(754)	(2,831)

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Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	-
(b) businesses (see item 10)	-	-
(c) investments	-	-
(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	-	-

3. Cash flows from financing activities	-	
3.1 Proceeds from issues of shares		3,000
3.2 Proceeds from issue of convertible notes	-	-
3.3 Proceeds from exercise of share options	-	-
3.4 Transaction costs related to issues of shares, convertible notes or options	-	(224)
3.5 Proceeds from borrowings	-	-
3.6 Repayment of borrowings	-	-
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-

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Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	-	2,776

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	2,012	1,296
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(754)	(2,831)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	2,776
4.5	Effect of movement in exchange rates on cash held	(21)	(4)
4.6	Cash and cash equivalents at end of quarter	1,237	1,237

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	1,237	2,012
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)	1,237	2,012

6.	Payments to directors of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to these parties included in item 1.2	135
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	

1. Director fees, Director salaries and reimbursements.

7. Payments to related entities of the entity and their associates	Current quarter \$A'000
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	

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 (please specify)	-	-
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	(10)
9.2 Product manufacturing and operating costs	(434)
9.3 Advertising and marketing	(25)
9.4 Leased assets	(7)
9.5 Staff costs	(469)
9.6 Administration and corporate costs	(167)
9.7 Other (provide details if material)	-
9.8 Total estimated cash outflows	(1,112)

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

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:



Date: 28 April 2017

Print name: Jason Ferris - Director

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.

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