

APPENDIX 4D

Half-year Report for the period ending 31 December 2016

1. Name of entity

CONNECTED IO LIMITED AND ITS CONTROLLED ENTITIES

ABN	Reporting Period	Previous Corresponding Period
99 009 076 233	Half year ended 31 December 2016	Half year ended 31 December 2015

2. Results for Announcement to the Market

Financial Results				31 December 2016
Revenues from ordinary activities (<i>item 2.1</i>)	Up	100%	to	360,627
Profit from ordinary activities after tax attributable to members (<i>item 2.2</i>)	Down	1,136%	to	(4,588,067)
Net profit for the period attributable to members (<i>item 2.3</i>)	Down	1,136%	to	(4,588,067)
Final and interim dividends (<i>item 2.4</i>)	It is not proposed that either a final or interim dividend be paid.			
Record date for determining entitlements to the dividend (<i>item 2.5</i>)	N/A			
Brief explanation of any of the figures reported above (<i>item 2.6</i>):	The current loss for the period is mainly attributable to an impairment on goodwill.			

3. NTA Backing

	Current Period	Previous Corresponding Period
Net tangible assets per ordinary share (<i>Item 3</i>)	3.20 cents	4.16 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>)

For description of the modified opinion, refer to auditor’s review report.
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**Connected IO Limited
(formerly G8 Communications Limited)**

ABN 99 009 076 233

**INTERIM FINANCIAL REPORT
for the half-year ended 31 December 2016**

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CORPORATE INFORMATION

Directors

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

Company Secretary

Nicki Farley

Registered and Principal Office

Level 24, 44 St Georges Terrace
PERTH WA 6000

Share Registry & Register

Computershare Investor Services Pty Ltd
Level 11/172 St Georges Terrace
PERTH WA 6000

Bankers

National Australia Bank
100 St Georges Terrace
PERTH WA 6000

Contact Information

Ph: 08 6211 5099
Fax: 08 9218 8875

Auditors

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

Solicitors

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

Stock Exchange Listing

Connected IO Limited
(formerly G8 Communications Limited)

ASX Code: CIO (formerly G8C)

Web Site

www.connectedio.com.au

Directors' report

The directors of Connected IO Limited (formerly G8 Communications 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 2016.

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*)

Eric De Mori (*Non-Executive Director*)

Principal Activities

During the half-year, 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 2016 was \$4,588,067 (2015 loss: \$370,956).

Review of Operations

During the period, the company made significant progress in both sales and marketing and in establishing key certifications and relationships. CIO was successful in selling product to both Verizon and AT&T enterprise customers and have developed these relationships significantly.

Significant Orders Received

During the half, CIO received a conditional commitment for AUD\$1.6m+ of product (announced 15 December) along with initial guaranteed orders of AUD\$550,000. Separate to this, a purchase order of AUD\$320,000+ (announced 21 October) 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) 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), with several product shipments during the half to both EPRI (announced 20 September), Shotspotter and State of Nebraska (announced 23 August). CIO continues to work with Coca-Cola (announced 18 November) providing hardware and consultation for Coca-Cola's Freestyle Fountain machines.

Relationship and Trials extend with Hills Industries in Australia

During the period sales and technical training as well as customer trials with Hills Limited (announced 6 October) 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.

Product Line Expanded

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

Capital Raising

As announced on 11 August 2016, the company raised \$3 million through the issue of 100,000,000 shares to institutional and sophisticated investors.

Directors' report

Review of Operations (Continued)

Gold-Asset Recovered Adding to CIO's Asset Base

During the period the Company's original asset, the Cables and Missions gold project, was recovered (announced 20 December) and CIO continues to assess this asset on behalf of the Company's shareholders. CIO is currently reviewing all historical data relating to the asset and will formulate an exploration plan as required by the Department of Mining and Petroleum.

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 half-year 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 2016.

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 2017

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the consolidated financial report of Connected IO Limited (formerly G8 Communications Limited) for the half-year ended 31 December 2016, 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 2017

N G Neill
Partner

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**Consolidated condensed statement of profit or loss and other comprehensive income
 for the half-year ended 31 December 2016**

		Consolidated	Consolidated
	Note	31 Dec 2016	31 Dec 2015
		\$	\$
Sales revenue		360,627	-
Cost of goods sold		(52,836)	-
Gross Profit		307,791	-
Other income			
Forgiveness of loans	3	-	558,292
Interest revenue		7,841	1,937
Director fees, salaries and wages expense		(831,231)	(178,462)
Professional fees		(607,659)	(536,911)
Depreciation		(361)	(368)
Bank fees		-	(21,748)
Administration expenses		(271,366)	(193,696)
Product development and equipment written off	5	(626,044)	-
Impairment of goodwill	4	(2,531,286)	-
Impairment of furniture and fixtures		(35,750)	-
Loss before income tax		(4,588,067)	(370,956)
Income tax expense		-	-
Loss for the period		(4,588,067)	(370,956)
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		44,548	-
Other comprehensive income for the period, net of tax		44,548	-
Total comprehensive loss for the period		(4,543,519)	(370,956)
Basic loss per share (basic and diluted) (cents per share)		(0.61)	(0.93)

The accompanying notes form part of these financial statements

**Consolidated condensed statement of financial position
 as at 31 December 2016**

		Consolidated	Consolidated
	Note	31 Dec 2016	30 June 2016
		\$	\$
CURRENT ASSETS			
Cash and cash equivalents		2,013,374	1,295,818
Trade and other receivables		250,250	484,271
Inventory		689,951	473,882
Loan receivable		-	141,445
Total Current Assets		2,953,575	2,395,415
NON-CURRENT ASSETS			
Goodwill	4	2,590,900	5,122,184
Intangibles	5	3,353	613,348
Property, plant and equipment		69,835	42,830
Total Non-Current Assets		2,664,088	5,778,362
Total Assets		5,617,663	8,173,777
CURRENT LIABILITIES			
Trade and other payables	6	(486,484)	(1,282,843)
Payroll liabilities		(18,336)	(19,356)
Total Current Liabilities		(504,820)	(1,302,199)
Total Liabilities		(504,820)	(1,302,199)
Net Assets		5,112,843	6,871,578
EQUITY			
Issued capital	7	63,678,745	60,893,961
Reserves		793,291	748,743
Accumulated losses		(59,359,193)	(54,771,126)
Total Equity		5,112,843	6,871,578

The accompanying notes form part of these financial statements

**Consolidated condensed statement of changes in equity
 for the half-year ended 31 December 2016**

Consolidated	Issued	Share-Based	Foreign	Accumulated	Total
	Capital	Payments	Currency	Losses	
	\$	\$	Reserve	\$	\$
Balance at 1 July 2015	50,019,941	968,849	-	(52,695,601)	(1,706,811)
Net loss for the period	-	-	-	(370,956)	(370,956)
Other comprehensive loss, net of tax	-	-	-	-	-
Total comprehensive loss	-	-	-	(370,956)	(370,956)
Shares issued	100	-	-	-	100
Shares yet to be issued	4,385,000	-	-	-	4,385,000
Share issue costs	(45,869)	-	-	-	(45,869)
Balance at 31 December 2015	54,359,172	968,849	-	(53,066,557)	2,261,464
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 loss, 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

The accompanying notes form part of these financial statements

**Consolidated condensed statement of cash flows
 for the half-year ended 31 December 2016**

	Consolidated	Consolidated
	31 Dec 2016	31 Dec 2015
	\$	\$
Cash flows from operating activities		
Receipts from customers	559,347	-
Payments to suppliers and employees	(2,633,839)	(383,440)
Interest paid	-	(11,428)
Interest received	7,841	1,937
Net cash outflows from operating activities	(2,066,651)	(370,075)
Cash flows from investing activities		
Payments for exploration expenditure	-	-
Net cash outflows from investing activities	-	-
Cash flows from financing activities		
Monies received from the Prospectus Public Offer – held on trust	-	4,385,000
Proceeds from share issue	3,000,000	100
Costs of capital raising	(215,216)	(45,869)
Repayment of borrowings	-	(66,588)
Proceeds from convertible notes	-	490,000
Net cash inflows from financing activities	2,784,784	4,762,643
Net increase in cash and cash equivalents	718,133	4,392,568
Effect of movement in exchange rates on cash held	(577)	-
Cash and cash equivalents at the beginning of the period	1,295,818	6,348
Cash and cash equivalents at the end of the period	2,013,374	4,398,916

The accompanying notes form part of these financial statements

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Notes to the consolidated 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 (formerly G8 Communications Limited) and its controlled entities. The Group is a for-profit entity and is domiciled in Australia.

These consolidated half-year 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 half-year 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 financial report be read in conjunction with the annual financial report for the year ended 30 June 2016 and any public announcements made by the Company and its subsidiaries during the half-year in accordance with continuous disclosure requirements arising under the Corporations Act 2001 and the ASX Listing Rules.

Basis of preparation

The consolidated half-year 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 half-year financial report is presented in Australian dollars. For the purpose of preparing the consolidated half-year 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

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board that are relevant to its operations and effective for the current half-year.

The Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for annual reporting periods beginning on or after 1 July 2016.

The Directors have also reviewed all of the new and revised Standards and Interpretations issued but not yet effective that are relevant to the Company and effective for the half-year reporting periods beginning on or after 1 January 2017. As a result of this review, the Directors have determined that the following Standards and Interpretations may have a material effect on the application of future periods:

- AASB 15 'Revenue from contracts with Customers'

Other than the above, there is no other material impact of the new and revised Standards and Interpretations issued but not yet effective on the Company and, therefore, no change is necessary to Group accounting policies.

Significant accounting judgments and key estimates

The preparation of consolidated half-year 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 2016.

Notes to the consolidated condensed financial statements

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

Going concern

The consolidated half-year financial report has been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlements of liabilities in the ordinary course of business. The Group incurred an operating loss of \$4,558,067 for the half-year ended 31 December 2016 (2015 loss: \$370,956) and a net cash outflow from operating activities amounting to \$2,066,651 (2015 outflow: \$370,075). Based on cash flow forecasts, the Directors are of the belief that the Company has sufficient capital to meet its obligations as and when they fall due.

NOTE 2 BUSINESS COMBINATION

Acquisition of the Connected Group

On 18 January 2016, Connected IO Limited (formerly G8 Communications Limited) (“the Company”), through its wholly owned subsidiary G8 International Inc (“G8I”) acquired 100% of the voting shares of Connected IO, Inc. (“CIO”) and ICU Wireless Systems Limited (“ICU”) (together the “Connected Group”).

In accordance with AASB 3 Business Combination, this transaction is within the scope of the accounting standard and is deemed to be a business combination. As such, consideration is measured at the fair value of the assets transferred, liabilities incurred and equity interests issued by the entity on the acquisition date.

The initial accounting for the acquisition of the Connected Group was provisionally determined at the end of the 30 June 2016 reporting period. The goodwill balance has subsequently increased due to the reconsideration of at acquisition balances.

NOTE 3 OTHER REVENUE

During the previous half-year, the Company entered into agreements with several creditors to settle amounts owing. A total of \$558,292 was forgiven by creditors during the period to 31 December 2015.

NOTE 4 GOODWILL

	Consolidated Half year ended 31 Dec 2016 \$	Consolidated Year ended 30 June 2016 \$
Balance as at the beginning of the period	5,122,184	-
Acquired as part of the business combination (Note 2)	-	5,122,184
Goodwill impaired ¹	(2,531,284)	-
Balance as at the end of the period	2,590,900	5,122,184

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 has been impaired accordingly.

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Notes to the consolidated condensed financial statements

NOTE 5 INTANGIBLES

	Consolidated Half year ended 31 Dec 2016 \$	Consolidated Year ended 30 June 2016 \$
<i>Product development and equipment</i>		
Balance as at the beginning of the period	606,205	-
Acquired as part of the business combination (Note 2)	-	606,205
Written off	(626,044)	-
Foreign exchange	19,839	
Balance as at the end of the period	<u>-</u>	<u>606,205</u>
<i>Web development</i>		
Balance as at the beginning of the period	7,143	-
Acquired as part of the business combination (Note 2)	-	11,261
Amortisation	(3,790)	(3,848)
Balance as at the end of the period	<u>3,353</u>	<u>7,143</u>
Balance as at the end of the period	<u>3,353</u>	<u>613,348</u>

NOTE 6 TRADE AND OTHER PAYABLES

	Consolidated Half year ended 31 Dec 2016 \$	Consolidated Year ended 30 June 2016 \$
Trade payables	(466,195)	(1,253,245)
Accruals and other payables	(20,289)	(29,598)
	<u>(486,484)</u>	<u>(1,282,843)</u>

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Notes to the consolidated condensed financial statements

NOTE 7 ISSUED CAPITAL

	Consolidated Half year ended 31 Dec 2016 \$	Consolidated Year ended 30 June 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 \$
(a) Ordinary shares fully paid		
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 - Prospectus raising - 18 January 2016 ⁵	225,000,000	4,500,000
Vendor shares issued - Prospectus - 18 January 2016 ⁵	200,000,000	4,000,000
Facilitation shares issued - 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	1,194,663
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
Issue of fully paid ordinary shares on 30 August 2016 ⁸	100,000,000	3,000,000
Costs directly attributable to issue of share capital	-	(212,216)
Balance as at 31 December 2016	789,916,052	63,678,745

	Number	Consolidated
(b) Ordinary shares partly paid		
Balance as at 1 July 2015	4,000,000	3,200,000
Shares which became fully paid during the year ²	(4,000,000)	(3,200,000)
Balance as at 30 June 2016	-	-

Balance as at 1 July 2016	-	-
Shares which became fully paid during the half-year	-	-
Balance as at 31 December 2016	-	-

	Number	Consolidated
(c) Unissued shares		
Balance as at 1 July 2015	17,703,000	17,703
Shares which became fully paid during the year ¹	(17,703,000)	(17,703)
Balance as at 30 June 2016	-	-
Balance as at 1 July 2016	-	-
Shares which became fully paid during the half-year	-	-
Shares to be issued under the Public Prospectus Raising	-	-
Balance as at 31 December 2016	-	-

Notes to the consolidated condensed financial statements

	Number	Consolidated
(d) Performance shares		
Balance as at 1 July 2015	-	-
Shares issued during the year ⁹	150,000,000	-
Balance as at 30 June 2016	150,000,000	-
<hr/>		
Balance as at 1 July 2016	150,000,000	-
<i>No movements during the period</i>	-	-
Balance as at 31 December 2016	150,000,000	-

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

⁹ 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 8 RELATED PARTY TRANSACTIONS

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

NOTE 9 SEGMENT REPORTING

The Group has identified its operating segments as a wireless technology innovator and manufacturer operating in the "IOT" (Internet of Things) sector, specialising in machine to machine ("M2M") connectivity. 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 10 CONTINGENT LIABILITIES

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

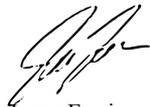
Directors' Declaration

In the opinion of the Directors of G8 Communications 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 2016 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 2017

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Connected IO Limited (formerly G8 Communications Limited)

Report on the Condensed Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Connected IO Limited ("the company") which comprises the consolidated condensed statement of financial position as at 31 December 2016, the consolidated condensed statement of profit or loss and other comprehensive income, the consolidated condensed statement of changes in equity and the consolidated 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.

Directors' responsibility for the half-year financial report

The directors of the company are responsible for the preparation of the half-year 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 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 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 half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2016 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 a half-year 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*.

Basis for Qualified Conclusion

As disclosed in our audit report for the year ended 30 June 2016, as at the date of our report, we were unable to obtain sufficient appropriate audit evidence in relation to the acquired goodwill relating to the acquisition of subsidiaries. As a result, we were unable to form an opinion on the consolidated condensed statement of financial position at 30 June 2016 and the consolidated condensed statement of profit or loss and other comprehensive income, the consolidated condensed statement of changes in equity and the consolidated condensed statement of cash flows for the year then ended.

As the statement of financial position as at 30 June 2016 provides the basis for the determination of the performance, cash flows and changes in equity for the half-year ended 31 December 2016, we are unable to determine the impacts, if any, on the consolidated condensed statement of profit and loss and other comprehensive income, the consolidated condensed statement of changes in equity and the consolidated condensed statement of cash flows for the half-year ended 31 December 2016.

Qualified Conclusion

Except for the effects of the matter described in the Basis for Qualified Conclusion noted above, based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year 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 2016 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*.

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

Perth, Western Australia
28 February 2017



N G Neill
Partner

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