

Results for announcement to market

Key Information	2018 \$	2017 \$	% Change
Revenue from ordinary activities	1,669,943	1,683,616	-0.81%
Loss after tax from ordinary activities attributable to members	(6,748,036)	(6,949,091)	-2.89%
Loss attributable to members	(6,748,036)	(9,949,091)	-2.89%

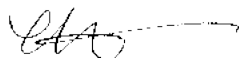
Commentary on Results for the Period

Connected IO Limited (CIO) 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.

During the year, CIO continued to develop relationships in the North American sector to expand the company's client base and commence direct marketing of products. The Company's sales revenue was marginally down by 0.81% on 2017 reported numbers. The net loss to members of \$6,748,036 is highly attributable to loss on derecognition of subsidiary (ICU Wireless Systems Limited) during the year of \$2,061,187.

Dividends paid and proposed - NIL

Key Information	2018 cents/share	2017 cents/share
Net tangible assets per share	(0.1612)	0.0771



Yakov Temov
Director

Dated at Perth this 31st day of August 2018

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Connected IO Limited
 ABN 99 009 076 233
 Appendix 4E – Preliminary Final Report for the Year Ended 30 June 2018

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
 FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018**

	Note	2018 \$	2017 \$
Sales revenue		1,669,943	1,683,616
Cost of goods sold		(1,490,402)	(1,350,327)
Gross profit		179,541	333,289
Interest received		4,963	10,495
Debts forgiven		-	250,638
Director fees, salary and wages expense		(3,310,829)	(1,874,453)
Professional fees		(370,740)	(1,296,504)
Depreciation expense		(33,229)	(33,724)
Administration expense		(1,004,444)	(973,464)
Interest and facility fee expense		(152,111)	-
Loss on derecognition of subsidiary		(2,061,187)	-
Other intangible assets written off		-	(626,043)
Impairment of goodwill		-	(2,703,575)
Impairment of plant and equipment		-	(35,750)
Loss before income tax		(6,748,036)	(6,949,091)
Income tax expense		-	-
Loss for the year		(6,748,036)	(6,949,091)
Other comprehensive income for the year, net of tax.			
Items that may be reclassified through profit or loss			
Exchange differences on translation of foreign balances		(215,812)	(469,081)
Total comprehensive loss for the year		(6,963,848)	(6,480,010)
Basic and diluted loss per share	3	Cents (0.7839)	Cents (0.900)

The above should be read in conjunction with the accompanying notes.

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 Appendix 4E – Preliminary Final Report for the Year Ended 30 June 2018

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
 AS AT 30 JUNE 2018**

	Note	2018	2017
		\$	\$
Current assets			
Cash and cash equivalents		69,707	639,457
Trade and other receivables		155,286	294,745
Inventory		1,190,468	1,070,072
Total current assets		1,415,461	2,004,274
Non-current assets			
Other assets		14,528	14,142
Goodwill	1	2,418,610	2,418,610
Plant and equipment		21,591	54,547
Total non-current assets		2,454,729	2,487,299
Total assets		3,870,190	4,491,573
Current liabilities			
Trade and other payables		1,512,659	961,380
Borrowings		1,370,000	500,000
Total current liabilities		2,882,659	1,414,386
Total liabilities		2,882,659	1,461,380
Net assets/ (liabilities)		987,531	3,030,193
Equity			
Issued capital	2	66,345,419	63,678,745
Reserves		1,098,323	1,219,480
Accumulated losses		(66,456,211)	(61,868,032)
Total equity		987,531	3,030,193

The above should be read in conjunction with the accompanying notes.

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 Appendix 4E – Preliminary Final Report for the Year Ended 30 June 2018

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
 FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018**

	Issued Capital \$	Share Based Payments Reserve \$	Foreign Currency Translation Reserve \$	Accumulated Losses \$	Total \$
Consolidated Balance at 30 June 2016	60,893,961	968,849	(220,106)	(54,771,126)	6,871,578
Net loss for the year	-	-	-	(7,096,906)	(7,096,906)
Other comprehensive income for the year	-	-	470,737	-	470,737
Total comprehensive loss	-	-	470,737	(6,949,091)	(6,626,169)
Shares issued	3,078,000	-	-	-	3,078,000
Share issue costs	(293,216)	-	-	-	(293,216)
Balance at 30 June 2017	63,678,745	968,849	250,631	(61,868,032)	3,030,193
Net loss for the year	-	-	-	(6,748,036)	(6,748,036)
Other comprehensive income for the year	-	-	(215,812)	-	(215,812)
Total comprehensive loss	-	-	(215,812)	(6,748,036)	(6,963,848)
Shares issued	2,850,000	-	-	-	2,850,000
Share issue costs	(183,326)	-	-	-	(183,215)
Derecognition of subsidiary	-	-	94,655	2,159,857	2,254,512
Balance at 30 June 2018	66,345,419	968,849	129,473	(66,456,211)	987,531

The above statement should be read in conjunction with the accompanying notes

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 Appendix 4E – Preliminary Final Report for the Year Ended 30 June 2018

**CONSOLIDATED STATEMENT OF CASH FLOWS
 FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018**

	Note	2018 \$	2017 \$
Cash flows from operating activities			
Receipts from customers		2,128,057	1,658,438
Payments to suppliers and employees		(6,228,475)	(5,608,760)
Interest received		4,964	10,495
Finance costs		-	(1,318)
Income tax paid		(3,000)	-
Net cash used in operating activities		<u>(4,098,424)</u>	<u>(3,941,145)</u>
Cash flows from investing activities			
Proceeds from sale of investment		-	-
Cash acquired on acquisition of Connected Group		-	-
Net cash used in investing activities		<u>-</u>	<u>-</u>
Cash flows from financing activities			
Proceeds from issue of shares		2,850,000	3,000,000
Payments for share issue costs		(183,326)	(215,216)
Proceeds from borrowings		920,000	500,000
Repayment of borrowings		(50,000)	-
Net cash provided by financing activities		<u>3,536,674</u>	<u>3,284,784</u>
Net change in cash and cash equivalents held		(561,750)	(656,361)
Cash and cash equivalents at beginning of the financial year		639,457	1,295,818
Foreign exchange		(8,000)	-
Cash and cash equivalents at end of financial year		<u>69,707</u>	<u>639,457</u>

The above should be read in conjunction with the accompanying notes.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 JUNE 2018

Status of Audit

The 30 June 2018 consolidated financial report and accompanying notes for Connected IO Limited and its controlled entities is in the process of being audited.

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

1. Goodwill

	2018	2017
	\$	\$
Opening Balance	2,418,610	5,122,184
Impairment of goodwill		(2,703,574)
Closing Balance	2,418,610	2,418,610

2. Issued Capital

	2018	2017
	\$	\$
Issued and paid up capital		
Ordinary shares fully paid (a)	66,345,419	63,678,745
	66,345,419	63,678,745

Movements in issued and paid up capital

	Number	Consolidated \$
(a) Ordinary fully paid shares		
Balance as at 1 July 2016	689,916,052	60,893,961
Shares issued pursuant to a Placement – 30 August 2016 ¹	100,000,000	3,000,000
Shares issued under a corporate advisory mandate – 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 of 1 July 2017	792,916,052	63,678,745
Shares issued pursuant to a Placement- 12 October 2017 ³	95,000,000	2,850,000
Costs directly attributable to issue of share capital	-	(183,326)
Balance as at 30 June 2018	887,916,052	66,345,419

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 JUNE 2018

	Number	Consolidated \$
(b) Performance shares		
Balance as at 1 July 2016 ⁴	150,000,000	-
Movements during the year	-	-
Balance as at 30 June 2017	150,000,000	-
Balance as at 1 July 2017	150,000,000	-
Movements during the year	-	-
Balance as at 30 June 2018	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 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 31 December 2016, 2017, or 2018, following re-compliance with Chapters 1 and 2 of the Listing Rules.

3. Earnings per share

	2018 cents	2017 cents
Basic loss per share	(0.7899)	(0.0900)

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

	2018 \$	2017 \$
Net loss for year used in total basic and diluted earnings per share	(6,748,036)	(6,949,091)

	Number	Number
Weighted average number of ordinary shares used in the calculation of basic EPS	860,847,559	772,916,052