

June 2017 – Quarterly Report

Highlights

- *Secures Exclusive Agreement to sell the AirSelfie Camera in the United States and Australia*
- *Launching ROVA and AirSelfie in the USA and Australia positions IOT to become the market leader in the new and growing Flying Selfie Camera sector.*
- *Current and ongoing opening of accounts with US big Box retailers for the ROVA gives AirSelfie and other IOT Pipeline products a mass market distribution opportunity.*

About IOT Group Limited

(Internet of Things)

IoT Group has tapped into global niche markets by adapting and enhancing existing trend products and making them more affordable, useful and innovative for consumers in particular, the IOT Group is designing and developing a range of drones that looks to create a complete new category in the retail drones space.

IOT Group Limited

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Scott Brown	Non-executive Chairman
Ian Duffell	Executive Director
Tod McGrouther	Non-executive Director
Ron Hollands	Company Secretary

IOT Quarterly Update

Business Update

IOT Group Limited (ASX:IOT) (“IOT” or “the Company”) would like to update the market regarding its activities for the 3 months ended 30 June 2017.

IOT Group signed an Agreement with AEE (Shenzhen AEE Technology Co. Ltd) to be the exclusive distributor for the AirSelfie in the USA and Australia. (Please see AirSelfie presentation and video) <https://www.youtube.com/watch?v=dJMq5NAZC6A>).

The AirSelfie is the first flying camera integrated into a smartphone cover to let consumers take selfies from the sky. It is one of the most anticipated consumer tech products for 2017 due to its stylish and metallic Italian design, ease-of-use, pocket-size and innovative features. Its turbo fan propellers can thrust up to 20 meters in the air letting users capture wide, truly original photos and videos.

The AirSelfie has reached viral status with interest from selfie-lovers across 81 countries since being revealed only six months ago.



IOT is currently opening accounts with major retailers and has point of sale and marketing activities in place, ready for expansion, making it an easy process to add the AirSelfie to its Sales program in all its US retail outlets.

Distribution Network

IOT continues to build a distribution network in North America. The table below details the scale and scope of IOT's current clients with Purchase Orders and "in progress" potential retail accounts.

RETAILERS ARE ENTHUSIASTICALLY COMING ON BOARD



Further National accounts have been secured, IOT Group is currently waiting for their Purchase Orders.

All National Distributors and Retailer Accounts are now ranging for the pre-Christmas period and Purchase Orders are now being received for Q3 and Q4 delivery. IOT believes it is well positioned by having a range of highly anticipated mass market consumer electronic products at an affordable gift price point.

This Quarter also has seen two of IOT Group's opposition manufactures/suppliers of Selfie Camera's collapse allowing IOT Group a clearer path and opportunity to dominate the Selfie Camera marketplace.

Retailer	Scale
Amazon	On-line
B&H Photo	Large online presence
Bed Bath & Beyond	1504 Stores
Best Buy Canada	Over 200 stores
Best Buy US	Over 1000 Stores
Brookstone	Over 200 stores
Hammacher Schlemmer	Over 50 million catalogues per annum and an Online presence
T-Mobile Stores	Approximately 3,000 Stores that the Rova/Airselfie products can be sold.
Wynit	Large distributor in US for smaller chains and single CE outlets.

Ongoing meetings with National distributors and retailers are being held across North America.

IOT Group are also meeting with Global Distributors for other markets for its range of products. The AirSelfie Camera has attracted the attention of some Global Distributors and meetings are being held with the IOT Executive Team to negotiate stronger US and other Country distribution deals for the IOT Group range of products.

Product Pipeline

AEE, IOT Group's manufacturing partner has been working with IOT Group to provide further Selfie Camera Products that the IOT Group will have exclusivity distribution rights in the US, Australia and other markets at the \$99, \$149 and \$399 price points. All these have been advised that they will be ready for ranging in September and October this year. Details of these new products will be released as they come available this year.

Corporate

IOT successfully completed a \$850,000 equity raising to fund inventory/order flow

IOT Group continues to review its business looking for further efficiencies and cost reductions, it has been a primary focus for IOT Senior executives.

IOT continues to review Trade Finance opportunities to fund upcoming Purchase Orders. This will reduce the reliance on IOT cash to fund future product manufacturing.

Commentary

Ian Duffell, IOT's Executive Director said

"The June Quarter has shown strengthening of the IOT Groups Sales strategy and product range heading into the busiest time of the year, the Christmas selling period. IOT Group should be well placed with a wide range of products distributed by a wide range of distributors and retailers in the US, Australia and Canada."

All references to IOT group includes subsidiaries.

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

IOT GROUP LIMITED

ABN

66 140 475 921

Quarter ended ("current quarter")

30 JUNE 2017

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	461	463
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(1,893)	(3,244)
(c) advertising and marketing	(720)	(1,607)
(d) leased assets	-	-
(e) staff costs	(361)	(1,371)
(f) administration and corporate costs	(630)	(949)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	22	33
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	139
1.7 Government grants and tax incentives	959	959
1.8 Other (provide details if material) Kantor settlement	-	(681)
1.9 Net cash from / (used in) operating activities	(2,213)	(6,358)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(2)	(6)
(b) businesses (see item 10)	-	-
(c) investments	-	-
(d) intellectual property	-	-
(e) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$'000	Year to date (6 months) \$'000
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	(2)	(6)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	845	845
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	4
3.4	Transaction costs related to issues of shares, convertible notes or options	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	845	849

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	2,997	7,141
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(2,213)	(6,358)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(2)	(6)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	845	849
4.5	Effect of movement in exchange rates on cash held	26	27
4.6	Cash and cash equivalents at end of quarter	1,653	1,653

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	1,653	2,997
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)	1,653	2,997

6. Payments to directors of the entity and their associates

Current quarter \$A'000
110
-

6.1 Aggregate amount of payments to these parties included in item 1.2

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

Director's fees, wages and salaries.

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.		

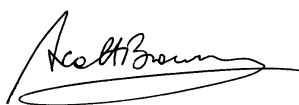
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9. Estimated cash inflows/ outflows for next quarter	\$A'000
9.1 Research and development	-
9.2 Product manufacturing and operating costs	166
9.3 Advertising and marketing	153
9.4 Leased assets	-
9.5 Staff costs	335
9.6 Administration and corporate costs	287
9.7 Other – Sales receipts	(607)
9.8 Total estimated cash outflows	334

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:
(Director/Company secretary)

Date: 31/7/2017

Print name: Scott Brown

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.