

31ST July 2018

5G Networks Quarterly Activities and 4C

Highlights

- Cash Receipts for the 4th Qtr. \$2.4m an increase of 54% on the previous Qtr.
- Net Operating cash flow (excluding abnormal) at (\$114k) an improvement of \$53k. Excluding these payments, the company had positive operating cash flow of \$228k for the quarter
- APTel integration fully completed & synergies identified
- Sales team continue to achieve monthly targets and exceeding management expectations
- 16 sites connected on 10Gb fibre throughout Melbourne CBD, servicing existing & new customers with 7km of fibre installed, passing 600+ CBD buildings
- 70% coverage of Melbourne through fibre and wireless network

The Board and Management of 5G Networks Limited (ASX: 5GN, the Company) is pleased to provide to shareholders an update on its activities for the quarter ended 30 June 2018 and an update on business progress.

5G Networks, Managing Director Joe Demase said, *"We have had a productive month and the Enspire and APTel acquisitions have been integrated seamlessly. We are excited about the synergies we're seeing as they have exceeded our expectations. We are certainly well on our way to delivering significant value to our shareholders and since the commencement of our short ASX listed life, we have built a strong foundation for business success. Our business strategy is to continue to identify opportunities for growth and we are proud that we're gaining market acceptance. The clear need for our services is reflected by our strong sales results."*

Commentary

Cash Receipts have increased by 54% on the previous Qtr. to \$2.417m, with operating cash flow at (\$114k) for the quarter, signifying an improvement of \$53k. Included in these operating outflows are a number of non-recurring costs – acquisition costs of \$214k and accrued bonus of \$128k. Excluding these payments the company had positive operating cash flow of \$228k for the quarter.

Following the acquisition of Asian Pacific Telecommunications (APTel) in March this year, the APTel business has now been fully integrated into 5G Networks, and synergies and efficiencies are being recognized across the various aspects of operations. The acquisition of APTel has provided sound growth opportunities with significant strengths in the VOIP, network, installation and managed services market, allowing 5G Networks to expand its customer base, whilst unlocking wallet share growth amongst existing customers.

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Commentary cont...

The sales team continue to exceed management expectations, operating at above 100% of management targets. With constant demand for network, cloud and VOIP services, the sales pipeline continues to grow, with opportunities amongst the mid-market corporate sector continuing to emerge. The expansion of our network coverage across Melbourne will drive opportunities for our sales team to meet and exceed targets. Sales will increase cash receipts throughout the first half of the FY19 financial year as projects are delivered.

5G Networks now has 7km of fibre installed across Melbourne's CBD, crossing 600+ buildings, with 16 sites connected on 10Gb fibre network. This complements our wireless network rollout, with 4 base stations now live, further expanding our network coverage to 70% coverage across Melbourne's CBD and inner suburbs. With coverage across key CBD areas and Melbourne's inner suburbs, clients are now embracing the full capacity of our fibre and wireless network. The fibre network is expected to expand through St Kilda Rd, with completion by Q1 FY 18/19. In addition, 2 new wireless sites will be live by the end of August, further increasing our network coverage across Melbourne.

At the start of May Managing Director Joe Demase participated in an interview which discussed the Company's growth strategy, outlook and business segments which was made available to all shareholders and can be viewed here <https://bit.ly/2mRqXrJ>. Mr Demase also discussed the experience of 5G staff and management and provided an overview of the telco industry.

The 5G Networks board and management continue to review avenues to accelerate growth both organically and through mergers and acquisition-led growth.

For Further Information Contact

Joe Demase
Managing Director
jd@5gn.com.au
1300 546 389

Peter Taylor
Investor Relations
peter@nwrcommunications.com.au
+61412 036 231

Website: www.5gnetworks.com.au

About 5G Networks

5G Networks is an innovative take on network access. 5G Networks offers a super high-speed network and the cloud infrastructure services required by modern businesses today.

5G Networks offers a level of broadband services that businesses can rely upon to succeed. With fibre access technology from third party carriers and our very own wireless network offerings, we are able to offer state of the art services ranging from Integrated Fibre and Wireless, High Speed Internet Access and Cloud Computing Services. 5G Networks provides the end-to-end control, responsiveness and upload and download speeds necessary to fully capture the value of cloud-based computing systems.

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	ABN	Quarter ended ("current quarter")
5G Networks Limited	30 163 312 025	June 2018

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	2,417	5,277
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(1,256)	(2,885)
(c) advertising and marketing	(44)	(88)
(d) leased assets	(47)	(155)
(e) staff costs	(857)	(1,983)
(f) administration and corporate costs	(251)	(627)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	4	12
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	(80)	(80)
1.7 Government grants and tax incentives	-	209
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(114)	(320)

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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

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
2. Cash flows from investing activities		
2.1 Payments to acquire		
(a) property, plant and equipment	(112)	(282)
(b) businesses (see item 10)	(79)	(3,850)
(c) investments	-	-
(d) intellectual property	-	-
(e) other current assets	-	(289)
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 (Due diligence costs)	(98)	(98)
Asian Pacific Telecommunications Pty Ltd Cash at Bank @ 28 February 2018 and Enspire Australia Pty Ltd cash at Bank 31 October 2017	-	779
2.6 Net Cash from / (used in) investing activities	(289)	(3,740)

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Introduced 31/03/00

Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	-	7,568
3.2 Proceeds from issue of convertible notes	-	560
3.3 Proceeds from exercise of share options	-	-
3.4 Transaction costs related to issues of shares, convertible notes or options	(10)	(872)
3.5 Proceeds from borrowings	-	-
3.6 Repayment of borrowings	(7)	(78)
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	(17)	7,178

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
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	3,777	239
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(114)	(206)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(289)	(3,451)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	(17)	7,195
4.5 Effect of movement in exchange rates on cash held	-	-
4.6 Cash and cash equivalents at end of quarter	3,357	3,777

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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

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	3,175	3,597
5.2	Call deposits	182	180
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)	3,357	3,777

6. Payments to directors of the entity and their associates

- 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

Current quarter \$A'000
(108)
-

7. Payments to related entities of the entity and their associates

- 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

Current quarter \$A'000
-
-

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8. Financing facilities available

Add notes as necessary for an understanding of the position

	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 outflows for next quarter	\$A'000
9.1 Research and development	-
9.2 Product manufacturing and operating costs	(1,254)
9.3 Advertising and marketing	(30)
9.4 Leased assets	(47)
9.5 Staff costs	(874)
9.6 Administration and corporate costs	(198)
9.7 Other (provide details if material)	-
9.8 Total estimated cash outflows	(2,403)

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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

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 (cash and share-based consideration)	-	-
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: 31/07/2018
(Director/Company secretary)

Print name: Geoffrey Nicholas

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.