

Appendix 4D and Interim Financial Report

31 DECEMBER 2017



CORPORATE UPDATE

SUMMARY:

5G Networks Ltd (ASX: 5GN, the Company), provider of high-speed internet services and cloud infrastructure to mid market corporates, is pleased to announce its 2018 Half Year Financial Report and Commentary.

Since recently listing on the Australian Stock Exchange, 5G Networks has immediately and successfully commenced the strategy as outlined in the Company Prospectus and results are already showing excellent progress. As previously announced in the Company's Quarterly Update (ASX, 31 January 2018), a number of important steps have been completed or are underway, including:

- Acquisition of Enspire in line with Prospectus and with two months of financials included in Half Year Results
- Two base stations sites acquired and under construction with another four in advanced discussions
- Completed installation of second POI (Point of Interconnect) at Next DC
- Key staff hires to assist in advancement of Company growth
- Australian Carrier License secured to provide data and telephony services
- Key Partnership Agreements secured with Telstra, Microsoft and HP
- Two Channel Partners secured with a number pending
- New customer acquisitions for core product and service offerings
- Re-signed and upgraded services for existing customer base
- Sales pipeline month on month growth continues in line with expectation

1. COMPANY DETAILS

Name of entity: 5G Networks Limited

ABN: 30 163 312 025

Reporting period: Half year ended 31 December 2017

Previous corresponding period: Half year ended 31 December 2016 (no activity)

2. RESULTS FOR ANNOUNCEMENT TO THE MARKET:

				HY 31-Dec-17 (\$)	HY 31-Dec-16 (\$)
Revenue from ordinary activities	Up	n/a	to	1,133,824	-
Profit before Interest, Tax, Depreciation and Amortisation (EBITDA)	Up	n/a	to	93,795	-
Net loss for the period attributable to members	Up	n/a	to	(7,730)	-

DIVIDENDS:

	Amount per security (Cents)	Franked amount per security (Cents)
Interim dividend for the interim period ended 31 December 2016 (no dividends paid)	-	-

CORPORATE UPDATE

COMMENTARY

Reported revenue for the group to December 31st of \$1,133,824 and EBITDA of \$93,795 with a Net Loss of \$7,730. These results are in line with expectations for the Enspire business and with the integration of 5G Networks staff and business operations synergies the Company is confident of improved performance as we move forward as a fully merged group. Enspire has been successful in both re-signing and providing new services to the existing customer base. New customer acquisition has benefited from a broader infrastructure product offering, which is also supporting continued pipeline growth.

Operationally, 5G Networks is continuing to execute, develop and assess avenues for growth as part of the Company's outlined strategy. New small and medium business enterprise customers are continuing to sign on to the Company's services and base station rollouts are continuing well. The market for 5G's services continues to demonstrate plentiful opportunity and the Company is well equipped to advance its growth and development plans.

3. NET TANGIBLE ASSETS

	Half year ended 31 December 2017 (Cents)	Half year ended 31 December 2016 (Cents)
Net tangible assets per ordinary security	0.74	-

4. CONTROL GAINED OVER ENTITIES

100% of Enspire Australia Pty Ltd (Enspire) was acquired on 13 November 2017.

5. LOSS OF CONTROL OVER ENTITIES

Not applicable.

6. DETAILS OF ASSOCIATES AND JOINT VENTURE ENTITIES

Not applicable.

7. AUDIT QUALIFICATION OR REVIEW

The financial statements were subject to a review by the auditors and the review report is attached as part of the Interim Financial Report. The independent auditor's review report does not contain any modified opinion, emphasis of matter, or matter paragraph.

8. ATTACHMENTS

The Interim Report for 5G Networks Limited for the half-year ended 31 December 2017 is attached.

Signed



Joseph Demase
Managing Director
Melbourne
23 February 2018

5G Networks Limited and its Controlled Entities

INTERIM FINANCIAL REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

ABN 30 163 312 025



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CORPORATE DIRECTORY

DIRECTORS

Albert Cheok (Non-Executive Chairman)
Joseph Gangi (Non-Executive Director)
Joseph Demase (Managing Director)

REGISTERED OFFICE

Level 8
99 William Street
Melbourne VIC 3000
Telephone No: +613 8630 3777
Fax No: +613 8630 3799

COMPANY NUMBER

A.C.N: 163 312 025

COUNTRY OF INCORPORATION

Australia

COMPANY DOMICILE AND LEGAL FORM

5G Networks Limited is the parent entity
and an Australian Company limited by shares

PRINCIPAL PLACES OF BUSINESS

Level 8
99 William Street
Melbourne VIC 3000

WEBSITE

www.5gnetworks.com.au

COMPANY SECRETARY

Geoffrey Nicholas

LEGAL ADVISERS

Cornwall Stodart Lawyers
Level 10, 114 William Street
Melbourne VIC 3000

AUDITORS

PKF Melbourne Audit & Assurance Pty Ltd
Level 12, 440 Collins Street
Melbourne VIC 3000

SHARE REGISTER

Link Market Services Pty Limited
Level 12, 680 George Street
Sydney NSW 2000

ASX CODE

5GN

DIRECTORS' REPORT

The directors present their report, together with the half year financial report, of the consolidated entity (referred to hereafter as the 'Consolidated Entity' or the 'Group') consisting of 5G Networks Limited (referred to hereafter as "the Company") and the entities it controlled at the end of, or during, the half-year ended 31 December 2017.

DIRECTORS

The following persons were directors of 5G Networks Limited during the whole of the financial half- year and up to the date of this report, unless otherwise stated:

- Albert Cheok (Non-Executive Chairman)
- Joseph Gangi (Non-Executive Director)
- Joseph Demase (Managing Director)

PRINCIPAL ACTIVITIES

The Consolidated Entity's principal activities during the half year were:

- the supply of cloud-based solutions, managed services and network infrastructure
- the supply of high speed broadband access for small to mid-size markets.

There have been no significant changes in the nature of these activities during the half year.

REVIEW OF OPERATIONS AND FINANCIAL RESULTS

On 13 November 2017 the Company purchased 100% interest in the business Enspire Australia Pty Ltd whose principal activity is the design, delivery and running of cutting edge cloud-based solutions, managed services and network infrastructure for better business outcomes.

On 15 November 2017 the Company was admitted to listing on the ASX and commenced trading on 17 November 2017.

A review of the operations of the Company during the half year and the results of those operations found that the revenue for the half-year was \$1,133,824 (HY2016: \$nil). The loss of the Company for the half year after providing for income tax amounted to \$7,730 (HY2016: \$nil).

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

There were no significant changes in the state of affairs of the Company during the half year period, other than those reported in the Review of operations and financial results.

EVENTS ARISING SINCE THE END OF THE REPORTING PERIOD

No matters or circumstances have arisen since the end of the half year which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the Auditor's Independence Declaration as required under section 307C of the Corporations Act 2001 is set out on page 8 and forms part of this Directors' Report.

Signed in accordance with a resolution of the Board of Directors:



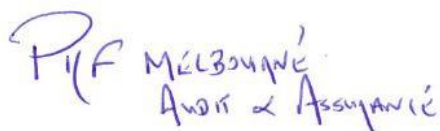
Joseph Demase
Managing Director
Melbourne
23 February 2018

Auditor's Independence Declaration to the Directors of 5G Networks Limited

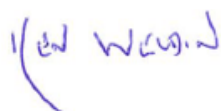
In relation to our review of the financial report of 5G Networks Limited for the half-year ended 31 December 2017, I declare, to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect 5G Networks Limited and the entities it controlled during the financial period.



PKF Melbourne Audit & Assurance Pty Ltd



Kenneth Weldin

Partner

Melbourne, 23 February 2018

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE HALF YEAR ENDED 31 DECEMBER 2017

	Notes	Consolidated 6 months to 31 December 2017 \$	Consolidated 6 months to 31 December 2016 \$
Continuing operations			
Revenue	4	1,133,824	-
Other income	4	113,190	-
Network and data centre costs		(364,724)	-
Corporate and administration expenses		(132,779)	-
Rent and office expenses		(48,711)	-
Employee benefits expenses		(576,565)	-
Share based expenses		(26,000)	-
Depreciation and amortisation expenses		(27,272)	-
Finance costs		(2,468)	-
Profit before income tax		68,495	-
Income tax expense from continuing operations	5	(76,225)	-
Loss for the half-year		(7,730)	-
Other comprehensive Loss for the half-year, net of income tax			
Items that may be reclassified subsequently to profit or loss:			
Not applicable		-	-
Total comprehensive Loss for the half-year		(7,730)	-
Total comprehensive profit for the half-year attributable to:			
Continuing operations		(7,730)	-
Earnings per share from continuing operations (cents per share):			
Basic earnings per share	6	(0.05)	-
Diluted earnings per share	6	(0.04)	-

This Statement of Profit or Loss and other Comprehensive Income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2017

	Notes	Consolidated 31 December 2017 \$	Consolidated 30 June 2017 \$
ASSETS			
Current assets			
Cash and cash equivalents	7	3,596,615	238,804
Trade and other receivables		205,531	97,936
Other current assets		178,033	-
Total current assets		3,980,179	336,740
Non-current assets			
Trade and other receivables		70,000	70,000
Property, plant and equipment	8	341,367	23,880
Deferred tax asset	5	50,899	13,863
Intangible assets		1,902,205	-
Total non-current assets		2,364,471	107,743
TOTAL ASSETS		6,344,650	444,483
LIABILITIES			
Current liabilities			
Trade and other payables		446,593	24,516
Borrowings	9	145,018	-
Employee benefits		151,673	-
Provision for income tax	5	78,286	-
Other liabilities		-	3,000
Total current liabilities		821,570	27,516
Non-current liabilities			
Borrowings	9	165,898	-
Employee benefits		84,945	-
Total non-current liabilities		250,843	-
TOTAL LIABILITIES		1,072,414	27,516
NET ASSETS		5,272,236	416,967
EQUITY			
Share capital	10	5,383,002	520,002
Accumulated losses		(110,766)	(103,035)
TOTAL EQUITY		5,272,236	416,967

This Statement of Financial Position should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE HALF YEAR ENDED 31 DECEMBER 2017

	Notes	Consolidated 6 months to 31 December 2017 \$	Consolidated 6 months to 31 December 2016 \$
Cash flows from operating activities			
Receipts from customers		1,294,024	-
Payments to suppliers and employees		(1,551,870)	-
Interest received		4,440	-
R&D Tax concession received		217,756	-
Net cash flows used in operating activities		(35,690)	-
Cash flows from investing activities			
Purchase of Enspire Australia Pty Ltd	3	(770,639)	-
Purchase of property, plant and equipment		(14,452)	-
Cash deposits held by Enspire Australia Pty Ltd on acquisition		344,286	-
Net cash flows used in investing activities		(440,805)	-
Cash flows from financing activities			
Proceeds from issue of shares		4,058,500	-
Proceeds from issue of convertible notes		560,000	-
Payment of borrowings		(28,693)	-
Payment of capital raising costs		(755,500)	-
Net cash flows from financing activities		3,834,307	-
Net increase in cash and cash equivalents		3,357,811	-
Cash and cash equivalents at beginning of period		238,804	-
Cash and cash equivalents at end of period	7	3,596,615	-

The Statement of Cash Flows should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGE IN EQUITY

FOR THE HALF YEAR ENDED 31 DECEMBER 2017

	Ordinary Shares \$	Accumulated Losses \$	Total Equity \$
Balance at 1 July 2017	520,002	(103,035)	416,967
Profit for the period	-	(7,730)	(7,730)
Total comprehensive income for the period	-	(7,730)	(7,730)
Transactions with owners in their capacity as owners:			
Shares issued to subscribers in IPO	4,032,500	-	4,032,500
Shares issued to vendors to acquire Enspire Australia Pty Ltd	1,000,000	-	1,000,000
Shares issued on conversion of convertible notes	560,000	-	560,000
Shares issued to 5G employees	26,000	-	26,000
Share issue costs	(755,500)	-	(755,500)
Sub-total	4,863,000	-	4,863,000
Balance at 31 December 2017	5,383,002	(110,766)	5,272,236
Balance at 1 July 2016	2	-	2
Balance at 31 December 2016	2	-	2

This Statement of Change in Equity should be read in conjunction with the notes to the financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2017

1. CORPORATE INFORMATION

5G Networks Limited is a listed public company limited by shares, incorporated and domiciled in Australia. The consolidated financial report of the Company as at and for the half-year ended 31 December 2017 comprises 5G Networks Limited and the entities it controlled at the end of, or during, the half-year.

Operations and Principal Activity

The Group's principal activities during the half year were the supply of high speed broadband access for small to mid-size markets

Registered Office and Principal Place of Business

Level 8, 99 William Street, Melbourne VIC 3000

2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The consolidated interim financial report is a general purposed financial report which has been prepared in accordance with the requirements of the Corporations Act 2001, applicable Accounting Standards, including AASB 134 Interim Financial Reporting and other mandatory professional reporting requirements. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard AASB 134 Interim Financial Reporting.

The consolidated interim financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the Group as the annual financial report.

The consolidated interim financial report should be read in conjunction with the consolidated annual financial report as at 30 June 2017, together with any public announcements made by the Company during the half-year ended 31 December 2017 in accordance with continuous disclosure requirements arising under the Australian Securities Exchange Listing Rules and the Corporations Act 2001.

The Interim Financial Statements were authorised for issue, in accordance with a resolution of the directors on 23 February 2018.

2.2 Adoption of New and Revised Accounting Standards

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the company for the half year reporting period ended 31 December 2017. The company has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

2.3 Significant accounting policies

The accounting policies have been applied consistently throughout the Group for the purposes of preparation of these interim financial statements, after the acquisition of Enspire Australia Pty Ltd.

Revenue recognition

Revenue is recognised when it is probable that the economic benefit will flow to the company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

Rendering of services

Revenue from the delivery of services is recognised upon delivery of the service to the customer. All revenue is stated net of the amount of Goods and Services Tax (GST).

R&D Tax offset revenue

R&D tax offset revenue is revenue recognised when there is reasonable assurance that it will be received. It is recognised in the statement of comprehensive income in the same period that the related costs are recognised as expenses.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE HALF YEAR ENDED 31 DECEMBER 2017

Income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Segments

In the period since the IPO, the Board has considered in conjunction with the Managing Director the key revenue and operating streams within the business and has concluded that it currently operates with one segment.

As the Group continues to roll out its strategy as outlined in its Prospectus, further consideration will be given to the identification of reportable segments in accordance with AASB 8 Operating Segments.

2.4 Significant management judgement in applying accounting policies

When preparing the financial statements management undertakes several judgements, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses.

The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE HALF YEAR ENDED 31 DECEMBER 2017

3. BUSINESS ACQUISITION

On 13 November 2017, the Company announced the completion of the acquisition of 100% of the shares in Enspire Australia Pty Ltd (Enspire) (ABN 96 105 883 887). Enspire offers cloud-based IT solutions, managed services and network infrastructure in Melbourne and Sydney to the small and mid-markets.

The acquisition met the definition of a business combination in accordance with AASB 3 Business Combinations. As such, the entity purchased has been consolidated into the Group from the date of acquisition. The consideration for the purchase was the issue of shares in the Company to the previous shareholders of Enspire at the date of acquisition. The transaction is disclosed as a transaction with related parties.

The consideration for the acquisition was made up of:	Number	Cents	\$
Issue of shares in the Company to Mark Eckert	2,800,000	0.25	700,000
Issue of shares in the Company to Geoffrey Nicholas	1,200,000	0.25	300,000
	4,000,000		1,000,000
Cash consideration paid			770,639
Total consideration			1,770,639
The provisional fair value of the net assets acquired are:			
Cash and cash equivalents			344,286
Trade and other receivables			267,795
R&D tax refund due			286,999
Property, plant & equipment			330,307
Deferred tax asset			34,975
Trade and other payables			(919,317)
Borrowings – current			(125,145)
Employee benefits – current			(107,817)
Borrowings – non current			(214,465)
Employee benefits – non current			(29,184)
Fair value of the net assets of Enspire			(131,566)
Goodwill on acquisition			1,902,205

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE HALF YEAR ENDED 31 DECEMBER 2017

4. REVENUE AND OTHER INCOME

	6 months to 31 December 2017 \$	6 months to 31 December 2016 \$
Revenue		-
Sales- rendering of services	1,133,824	-
	1,133,824	
Other Income		
R&D tax offset	108,750	-
Interest revenue	4,440	-
Total Other Income	113,190	-

5. TAX

	6 months to 31 December 2017 \$	6 months to 31 December 2016 \$
(a) Income tax expense		-
Profit before income tax expense	68,495	-
Tax at the statutory tax rate of 27.5% (2016 30%)	18,836	-
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Non assessable R&D tax offset	(29,906)	-
R&D tax accounting expenditure	68,750	-
Losses carried forward	18,545	-
Income tax expense	76,225	-

	Consolidated 31 December 2017 \$	Consolidated 30 June 2017 \$
(b) Tax assets and liabilities		-
Deferred tax asset	50,899	13,963
Provision for income tax	78,286	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE HALF YEAR ENDED 31 DECEMBER 2017

6. EARNINGS PER SHARE (EPS)

Basic EPS amounts are calculated by dividing net loss for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the period. Diluted EPS amounts are calculated by dividing net profit attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares. The following represents the share data used in the EPS computations:

	6 months to 31 December 2017 Thousands	6 months to 31 December 2016 Thousands
Weighted average number of ordinary shares for basic earnings per share	14,920	-
Effect of Dilution		
Share options, performance rights	2,623	-
Weighted average number of ordinary shares adjusted for the effect of dilution	17,543	-

7. CASH AND CASH EQUIVALENTS

(a) Reconciliation of cash and cash equivalents

For the purposes of the statement of cash flows, cash includes cash at bank and in hand net of bank overdrafts. Cash at the end of the half year as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:

	Consolidated 31 December 2017 \$	Consolidated 30 June 2017 \$
Cash at bank and in hand	3,596,615	238,804
Bank overdrafts	-	-
Net cash and cash equivalents	3,596,615	238,804

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE HALF YEAR ENDED 31 DECEMBER 2017

7. CASH AND CASH EQUIVALENTS (CONTINUED)

(b) Reconciliation of profit after tax to net cash flows from operating activities

	Consolidated 31 December 2017 \$	Consolidated 31 December 2016 \$
Loss after income tax	(7,730)	-
Non-cash flows in profit:		
Depreciation and amortisation	27,272	-
Changes in assets and liabilities net of effects of purchases and disposals of controlled entities		
Decrease in trade and other receivables	160,200	-
Decrease in other assets	108,966	-
Decrease in deferred tax asset	(2,061)	-
Increase in trade and other payables	(497,240)	-
Increase in employee benefits	99,617	
Decrease in other liabilities	(3,000)	-
Increase in Income tax payable	78,286	-
Net cash from operating activities	(35,690)	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE HALF YEAR ENDED 31 DECEMBER 2017

8. PROPERTY, PLANT AND EQUIPMENT

	Consolidated 31 December 2017 \$	Consolidated 30 June 2017 \$
Plant and equipment		
At cost	441,470	24,033
Accumulated depreciation	(357,118)	(153)
	84,353	23,880
Leasehold improvements		
At cost	335,636	-
Accumulated depreciation	(78,622)	-
	257,014	-
Total property, plant and equipment	341,367	23,880

Reconciliations

Reconciliations of the written down values at the beginning and end of the current period are set out below:

	Leasehold Improvements \$	Plant & Equipment \$	Total \$
Period ended 31 December 2017			
Cost			
Balance at the beginning of the year	-	24,033	24,033
Assets acquired in the business acquisition	335,636	402,986	738,622
Additions	-	14,452	14,452
Closing value at 31 December 2017	335,636	441,471	777,107
Accumulated depreciation			
Balance at the beginning of the year	-	(153)	(153)
Assets acquired in the business acquisition	(70,832)	(337,483)	(408,315)
Depreciation	(7,790)	(19,482)	(27,272)
Closing value at 31 December 2017	(78,622)	(357,118)	(435,740)
Net carrying value	257,014	84,353	341,367

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE HALF YEAR ENDED 31 DECEMBER 2017

9. BORROWINGS

	Consolidated 31 December 2017 \$	Consolidated 30 June 2017 \$
Current		
Designated at amortised cost:		-
Obligations under bank loan ¹	113,065	-
Obligations under vendor finance	10,678	-
Obligations under lease fit out incentive	21,275	-
	145,018	-
Non-current		
Designated at amortised cost:		
Obligations under bank loan ¹	89,598	-
Obligations under lease fit out incentive	76,300	-
	165,898	

Security arrangements

¹ The bank loans are from ANZ and they are secured with a fixed charge over particular assets and a floating charge over other collateral.

10. SHARE CAPITAL

	Consolidated 31 December 2017 \$	Consolidated 30 June 2017 \$
(a) Issued and paid-up capital		
Ordinary Shares fully paid	5,383,002	520,002
(b) Movement in ordinary shares on issue	Number	
Balance at 1 July 2017	18,159,375	520,002
Issue of ordinary shares to seed shareholders ¹	5,932,499	560,000
Issue of ordinary shares to Enspire Australia Pty Ltd vendors ²	4,000,000	1,000,000
Issue of ordinary shares at IPO ³	16,130,000	4,032,500
Issue of ordinary shares to employees under Employee Share Plan ⁴	184,000	26,000
Share issue costs	-	(755,500)
At 31 December 2017	44,405,874	5,383,002

¹ 5,932,499 shares were issued at \$0.09 on 17 November 2017 after seed investment of \$560,000 on 16 July 2017

² 4,000,000 Shares were issued at \$0.25 on 14 November 2017 to the Enspire Vendors

³ 16,130,000 shares were issued at \$0.25 on 16 November 2017 to IPO subscribers

⁴ On 17 November 2017 104,000 shares were issued at \$0.25 and 80,000 shares were issued at \$nil to staff of the 5G Group

Ordinary shares entitle the holder to participate in dividends and carry one vote per share.
These shares have no par value.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE HALF YEAR ENDED 31 DECEMBER 2017

11. COMMITMENTS

The Group has no commitments as at 31 December 2017 (31 December 2016: nil)

12. CONTINGENCIES

The Group has no contingent assets or liabilities as at 31 December 2017 (31 December 2016: nil)

13. SUBSEQUENT EVENTS

No matters or circumstances have arisen since the end of the financial period which significantly affected or may significantly affect the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

DIRECTORS' DECLARATION

In the directors' opinion:

- (a) The financial statements and notes of 5G Networks Limited for the half-year ended 31 December 2017 are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2017 and of its performance for the financial half-year ended on that date; and
 - (ii) complying with Accounting Standard AASB 134 Interim Financial Reporting, the Corporations Regulations 2001 and other mandatory reporting requirements; and
- (b) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors made pursuant to section 303(5) of the Corporations Act 2001.

On behalf of the board of directors



Joseph Demase
Managing Director
Melbourne
23 February 2018

Independent Auditor's Review Report to the Members of 5G Networks Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of 5G Networks Limited (the consolidated entity) which comprises the statement of financial position as at 31 December 2017, the statements of profit or loss and other comprehensive income, changes in equity, and cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half-year financial report of the consolidated entity is not in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2017 and of its financial 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*.

Directors' Responsibility for the Half-Year Financial Report

The directors of the consolidated entity 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 is free from material misstatement, whether due to fraud or error.

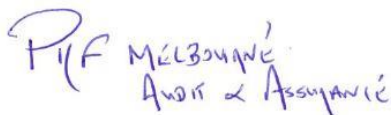
Auditor's Responsibility

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, anything has come to our attention that causes us to 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 consolidated entity's financial position as at 31 December 2017 and its financial 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 consolidated entity, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

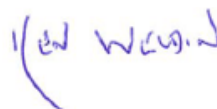
A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards 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*.



PKF Melbourne Audit & Assurance Pty Ltd
Melbourne, 23 February 2018



Kenneth Weldin
Partner