

31 October 2016

Quarterly Report for the Period Ending 30 September 2016

HIGHLIGHTS

- Completed sophisticated placement of \$3,000,000
- Certification achieved with US based telecommunications giant AT&T, and rapidly expanding T-Mobile
- Launched cloud based Device Management Software, empowering customers with a cost effective solution for remote software upgrades, product management and repair.
- Shipment of product to US law enforcement company Shotspotter to assist with communication of critical analysis of gunfire data.
- Shipment of product to State of Nebraska to provide 4g streaming video on municipal vehicles.
- Increased cash recievables for the quarter along with USD\$650,000 of inventory ready to be shipped on order.
- Expansion of relationship with Verizon Communications with introduction of Emu Router and incentivised sales structure.
- Increased product orders by both EPRI and Nashville Police Force for extended product testing.

G8 Communications Limited ("G8C") is pleased to provide this market update regarding its activities during the three months ended 30 September 2016.

During the quarter, G8C completed a sophisticated placement of \$3,000,000 to assist the company's cash flow requirements as Purchase Orders increase and sales and marketing begins to build.

Through its 100% owned US subsidiary Connected IO ("CIO") the company also announced the release of its new EMU line of cellular modems and routers, and also introduced a recurring income model via the launch of its Cloud Based Devices Management Portal. CIO's cloud based portal allows for remote software updating, programming, monitoring, repair and maintenance through a user friendly interface that can be accessed through any computer or smart device. CIO will offer management services on every Emu Router product, creating ongoing monthly recurring revenue for CIO on each and every unit.

CIO also gained certification with **AT&T** and **T-Mobile** for its EMU modems and routers, and is now collaborating with both companies on enterprise level opportunities. **AT&T** and **T-Mobile** represent approximately 75% of M2M data lines in the United States and provide solutions to almost all Fortune 1,000 companies. Further negotiations are underway with both AT&T and T-Mobile to deepen the relationship in order pursue reoccurring revenue opportunities related to the bundling of their data management services with CIO's device management services.

EMU Modems and Routers provide cost effective, reliable cellular connectivity for countless applications across a wide variety of vertical markets. CIO's device management portal leverages the efficiency of the cloud to put the control and optimization of that connectivity in the palm of our customer's hand.



EMU MODEM: EM1000T

4G LTE connectivity with automatic 3G/2G fallback

Innovative, rugged, lightweight plastic enclosure

Compatibility: North America, Europe, Latin America, India, and Australia; Across service providers, bands, and categories

Simple, reliable USB Connectivity and user friendly operation. Ideal for cellular fail-over in mission critical applications: POS systems, drones, robotics, kiosks, connected health, asset tracking, etc.

CIO modems provide dependable, disruptively priced cellular connectivity for a wide variety of applications that require a connection to the cloud.



EMU ROUTER ER1000T

World's first open source industrial M2M router. 4GLTE with 3G/2G Fallback

A low cost, high efficiency, cellular router and modem in a rugged metal enclosure: IP 51 compliant, and ideal for commercial applications

Compatible with most cellular networks in North America, Latin America, Europe, India, Australia, and beyond

Cloud management and monitoring system for user friendly, labor saving remote management of a wide variety of connected devices.

Web GUI, and SSH access for the ultimate in cost saving flexibility

2 Ethernet ports for WAN and LAN facilitate plug and play installation dramatically reduces the time and expense of installation

A cost effective, cloud managed solution for a wide variety of applications; digital signage, security & surveillance, streaming video, energy management, telematics, vending machines, ATM,



Cash Receivables for the 3rd quarter were 4x that of the previous quarter while further revenue expansion is anticipated with more than USD\$650,000 of inventory ready to be shipped on order.

CIO confirmed product shipments during the quarter to both new and existing customers including further shipments to both **EPRI** and **Nashville** to continue

trials into their respective markets. **Shotspotter** is a new customer to receive shipment of product and have demand for many thousand products.

Hills Australia (ASX : HIL) appointed an internal Business Development Manager to handle sales and marketing of CIO products and are in the process of finalising sales strategies. As previously reported, the Hills relationship has the potential of up to tens of thousands of unit sales annually.

G8C and CIO CEO, Yakov Temov said “The achievements of CIO in the last quarter are substantial in the growth of the company. The new recurring revenue line as well as certification with AT&T cannot be underestimated. In addition to this, the successful capital raising has put the company in a very strong position to take advantage of the upcoming anticipated growth”.

About G8 Communications

G8 Communications Limited has its operations based in Silicon Valley, in the US. Its business is a wireless technology innovator and manufacturer operating in the multi-trillion-dollar “IOT” (Internet of Things) sector. G8 Specializes in machine to machine (“M2M”) connectivity, providing hardware and software solutions to some of the world’s largest companies – including Coca Cola, Verizon and AT&T. G8’s software solutions also include a customised cloud management interface and a variety of support services. Cisco predicts there will be 50 billion connected devices by 2020.

For further information please contact:

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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

G8 Communications Limited and its controlled entities

ABN

99 009 076 233

Quarter ended ("current quarter")

30 September 2016

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	214	214
1.2 Payments for		
(a) research and development	(5)	(5)
(b) product manufacturing and operating costs	(254)	(254)
(c) advertising and marketing	(16)	(16)
(d) leased assets	-	-
(e) staff costs	(351)	(351)
(f) administration and corporate costs	(635)	(635)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	4	4
1.5 Interest and other costs of finance paid	(5)	(5)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(1,048)	(1,048)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3months) \$A'000
2.	Cash flows from investing activities		
2.1	Payments to acquire:		
	(a) property, plant and equipment	-	-
	(b) businesses (see item 10)	-	-
	(c) investments	-	-
	(d) intellectual property	-	-
	(e) other non-current assets	-	-
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	-	-

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	3,000	3,000
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	(214)	(214)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3months) \$A'000
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	2,786	2,786

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	1,296	1,296
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,048)	(1,048)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4	Net cash from / (used in) financing activities (item 3.10 above)	2,786	2,786
4.5	Effect of movement in exchange rates on cash held	10	10
4.6	Cash and cash equivalents at end of quarter	3,044	3,044

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	3,044	2,786
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)	3,044	2,786

6.	Payments to directors of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to these parties included in item 1.2	145
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	
1. Director fees and salaries; and		
2. Reimbursements.		

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.		

9. Estimated cash outflows for next quarter	\$A'000
9.1 Research and development	(40)
9.2 Product manufacturing and operating costs	(90)
9.3 Advertising and marketing	(30)
9.4 Leased assets	-
9.5 Staff costs	(151)
9.6 Administration and corporate costs	(140)
9.7 Other (provide details if material)	-
9.8 Total estimated cash outflows	(451)

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)

Date: 31st October 2016

Print name: Jason Ferris

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.