

Monday, 31 October 2016

Swift Quarterly Cash Flow Statement Commentary

ASX: SW1

Highlights:

- **Robust Swift business development across multiple sectors drives September quarter cash receipts of \$3.54 million.**
- **Corporate cash balance of \$1.72 million at 30 September 2016 (rising to over \$2 million post the end of the reporting period), having settled the outstanding balance owing under the prospectus in relation to the acquisition of Swift Networks by Stanfield Funds Management.**

Perth, Australia — Leading digital entertainment and communications service provider Swift Networks Group Limited (ASX: SW1, “the Company” or “Swift”) is pleased to present its Appendix 4C — Quarterly Cash Flow Report for the three months ending 30 September 2016, alongside an update on business progress.

The Company continues to make encouraging strides as it entrenches its strong position in the resources accommodation sector while it expands into new markets in line with its strategic plan.

During the quarter, Swift’s business development ramped up with new, material, multi-year contracts to deploy its award-winning entertainment and connectivity solutions. Swift spent the period expanding its presence at more sites with several new and existing clients in the government and resources sectors.

These clients include:

- Rio Tinto at Jerriwah Village and Brockman 2 in Western Australia and Hail Creek in Queensland (more than 2,000 new room subscriptions).
- Compass Group at Gateway Village (more than 800 new room subscriptions).
- NT Link at Delamere Range, a government facility in the Northern Territory. Subsequent to the end of the quarter, NT Link has chosen to expand Swift’s initial contract (supplying TV and WiFi services to 36 rooms) to cover 212 rooms.

The Company complemented this new business activity by strengthening its content offering during the quarter, partnering with Optus Networks to supply live English Premier League football to commercial customers across all of its targeted sectors.

This business expansion has resulted in September quarter cash receipts of more than \$3.5 million.

Swift invested heavily in product and business development during the quarter as it optimises its service offering to the resources, hospitality, aged care and lifestyle village sectors.

The Company expects cash flows from operating activities to increase in the current financial year as operational costs recede while new and recurring client activity accelerates.

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During the quarter, Swift welcomed Paul House to its team as Chief Strategy Officer. Paul is a seasoned executive manager with deep advisory experience on corporate strategy, mergers and acquisitions, market entry and international expansion. A former senior manager in Arthur Andersen's business consulting group, Paul has worked as Chief Operating Officer for an ASX-listed telecommunications company and worked most recently as Managing Director of SGS, a diversified industrial services firm and the world's largest in testing, inspection and certification, in its South Asian region.

The Company is pleased to have repaid in full an unsecured interest-free loan which had been advanced by Sentinel Gardens Pty Ltd, a related party of Ryan and Robert Sofoulis, prior to the acquisition of Swift Networks by Stanfield Funds Management.

Swift's healthy recent business development has enabled the Company to strengthen its balance sheet by repaying this \$909,308 of borrowed funds, leaving the Company debt-free.

The Company's cash balance at 30 September 2016 was \$1.715 million, having risen to more than \$2 million post the end of September.

Subsequent to the end of the quarter, Swift is pleased to confirm that new business activity has continued apace in the resources and hospitality verticals.

The Company continues to enhance its world-class suite of digital entertainment and communication services in line with its customers' tastes and preferences.

Swift looks forward to continuing to strengthen its content library as the Company brings more digital services to a broader range of guests in the resources, hospitality, lifestyle village and aged care accommodation sectors.

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About Swift Networks Group Limited

Swift Networks Group Limited (ASX: SW1) is a diversified telecommunications and digital entertainment business providing fully integrated solutions for the Resources, Hospitality, Lifestyle Village and Aged Care sectors.

The company's services include free-to-air television, pay television, telecommunications, Internet, data, wireless networks and streaming video on demand with content from some of Hollywood's largest studios.

With a blue-chip client base of household names, Swift Networks provides its services to tens of thousands of rooms with distribution capability throughout the Asia Pacific region.

Key Company Facts

- FY16 reviewed revenue of \$14.42 million
- More than 29,000 room installations with 93% of revenue recurring in nature
- Subscriber (room) growth of more than 37% from June 2015 to June 2016
- Contract retention rate of 97% with customers and partners including Telstra, BHP Billiton, National Lifestyle Villages, Foxtel, Optus, Bechtel and Alcatel-Lucent
- Excellent contract win ratio with a 91% tender success rate
- Winner of the Australian Hotels Association (AHA)'s "Best New Hospitality Product" Award, 2016

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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

Swift Networks Group Limited

ABN

54 006 222 395

Quarter ended ("current quarter")

30 September 2016

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
1.	Cash flows from operating activities		
1.1	Receipts from customers	3,539	3,539
1.2	Payments for		
	(a) research and development	-	-
	(b) product manufacturing and operating costs	(2,542)	(2,542)
	(c) advertising and marketing	(54)	(54)
	(d) leased assets	-	-
	(e) staff costs	(586)	(586)
	(f) administration and corporate costs	(984)	(984)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	4	4
1.5	Interest and other costs of finance paid	(2)	(2)
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	-
1.8	Other – Net GST (paid)/refunded	55	55
1.9	Net cash from / (used in) operating activities	(570)	(570)

2.	Cash flows from investing activities		
2.1	Payments to acquire:		
	(a) property, plant and equipment	(1)	(1)
	(b) businesses (see item 10)	-	-
	(c) investments	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
	(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	(1)	(1)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	-	-
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	(13)	(13)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(909)	(909)
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	(922)	(922)

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	3,208	3,208
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(570)	(570)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(1)	(1)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(922)	(922)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of quarter	1,715	1,715

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	1,540	3,208
5.2	Call deposits	175	-
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)	1,715	3,208

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**

593

-

Director's fees and salaries (including fees previously accrued for prior directors), superannuation guarantee charges and consultancy fees paid in normal course of trading and rent paid for business premises in accordance with the lease agreement.

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**

-

-

N/A

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.		

N/A

9. Estimated cash outflows for next quarter	\$A'000
9.1 Research and development	-
9.2 Product manufacturing and operating costs	3,187
9.3 Advertising and marketing	-
9.4 Leased assets	-
9.5 Staff costs	712
9.6 Administration and corporate costs	858
9.7 Other (provide details if material)	-
9.8 Total estimated cash outflows	4,757

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: Paul Doropoulos

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.