

Appendix 4E

Preliminary Final Report

Name of entity

Swift Networks Group Limited and its controlled entities ("the Group") (Formerly Stanfield Funds Management Limited)

ACN

006 222 395

Reporting Period

Year ended 30 June 2016

Previous Corresponding Period

Year ended 30 June 2015

Results for announcement to the market

				\$A'000
Revenues from continuing operations	Up	959%	to	1,729
Loss from continuing operations after tax	Up	276%	to	(5,250)
Loss for the year attributable to members	Up	276%	to	(5,250)
Dividends (distributions)	Amount per security		Franked amount per security	
Final and interim dividend	None		- ¢	
Record date for determining entitlements to the dividend	N/A			

Commentary on the results for the period

The year ended 30 June 2016 was a year of transition for the company, culminating with the acquisition of Swift Networks Pty Ltd and Wizzie TV Pty Ltd (together referred to as Swift Networks) on 19 May 2016. Accordingly the net loss incurred for year ended 30 June 2016 reflected predominantly costs incurred prior to the acquisition of Swift Networks and during the due diligence period.

The results for the year include the results of the newly acquired business of Swift Networks for the 6 week period from completion on 19 May to 30 June 2016. The turnover from the Swift Networks acquisition for 6 weeks ended 30 June 2016 was \$1.7m. During that 6 week period the Group undertook a strategic review that will see the businesses well placed moving into 16/17 financial year.

The reported net loss of \$5.25m was arrived at after taking into account approx. \$3.47m of non-recurring and non-cash costs resulting in a non-IFRS measure of underlying loss after tax of \$1.78m, reconciled as follows:

	\$'000
Loss attributable to owners of the Company	(5,250)
Reverse the impact of:	
Share based payment related to acquisition of business	1,522
Fair value loss on financial liability	1,025
Business restructure costs following acquisition of business	221
Contract negotiation fees following acquisition of business	335
Additional one-off costs incurred	142
Non-recurring professional fees	225
Underlying adjusted net loss after tax	(1,780)

**PRELIMINARY CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2016**

	Notes	Consolidated	
		2016 \$	2015 \$
Revenue			
Revenue from continuing operations		1,729,035	163,255
Total revenue and income		1,729,035	163,255
Expenses			
Depreciation		(170,225)	-
Employment and contractor costs		(931,213)	(419,983)
Occupancy expenses		(44,202)	(29,725)
Professional fees		(678,942)	(272,110)
Impairment of available-for-sale investments		(53,663)	(156,246)
Provision for doubtful debts		(66,083)	-
General and administration expenses		(326,230)	(93,160)
Finance costs		-	(83,625)
Administrator and DOCA costs		-	(502,942)
Raw materials and direct costs		(1,670,527)	-
Loss on assets written-off		(232,487)	-
Loss on sale of available-for-sale assets		(132,267)	-
Share based payments	8	(1,522,200)	-
Fair value loss on financial liability	12(b)	(1,025,000)	-
Business restructure expenses		(221,000)	-
Total expenses		(7,074,039)	(1,557,791)
Profit / (loss) before income tax expense		(5,345,004)	(1,394,536)
Income tax benefit		95,080	-
Profit / (loss) after income tax expense for the year		(5,249,924)	(1,394,536)
Other comprehensive income / (loss)			
Items that may be reclassified to profit or loss		-	-
Other comprehensive income / (loss) for the year		-	-
Total comprehensive loss for the year		(5,249,924)	(1,394,536)
Earnings per share			
From continuing operations:			
Basic earnings / (loss) per share (cents)	5	(22.3)	(20.8)
Diluted earnings / (loss) per share (cents)	5	(22.3)	(20.8)

PRELIMINARY CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2016

	Notes	Consolidated	
		2016	2015
		\$	\$
Current assets			
Cash and cash equivalents	2	3,208,352	484,420
Trade and other receivables	9	1,610,720	43,354
Inventories		470,454	-
Convertible note receivable		-	300,000
Available for sale financial assets		83,350	88,807
Total current assets		5,372,876	916,581
Non-current assets			
Property, plant and equipment	10	1,385,804	-
Deferred tax assets		153,700	-
Intangibles	7(a)	4,441,717	-
Available for sale financial assets		-	233,380
Total non-current assets		5,981,221	233,380
Total assets		11,354,097	1,149,961
Current liabilities			
Trade and other payables	11	2,983,911	150,800
Provisions		221,000	-
Borrowings		909,308	-
Total current liabilities		4,114,219	150,800
Non-current liabilities			
Financial liability at fair value	12	1,900,000	-
Total non-current liabilities		1,900,000	
Total liabilities		6,014,219	150,800
Net assets/(liabilities)		5,339,878	999,161
Equity			
Issued Capital	3	28,727,663	19,677,822
Reserves		650,652	109,852
Accumulated losses		(24,038,437)	(18,788,513)
Total surplus/(deficiency) in equity		5,339,878	999,161

**PRELIMINARY CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2016**

30 June 2016	Contributed equity \$	Reserves \$	Retained earnings/ (losses) \$	Total equity \$
Balance at 1 July 2015	19,677,822	109,852	(18,788,513)	999,161
Loss for the year	-	-	(5,249,924)	(5,249,924)
Transactions with shareholders in their capacities as shareholders				
- Placement of shares	9,700,000	-	-	9,700,000
- Placement of options	-	540,800	-	540,800
- Share issue costs	(650,159)	-	-	(650,159)
Balance at 30 June 2016	28,727,663	650,652	(24,038,437)	5,339,878

30 June 2015	Contributed equity \$	Reserves \$	Retained earnings/ (losses) \$	Total equity \$
Balance at 1 July 2014	17,211,882	109,852	(17,393,977)	(72,243)
Loss for the year	-	-	(1,394,536)	(1,394,536)
Transactions with shareholders in their capacities as shareholders				
- Placement of shares	2,643,449	-	-	2,643,449
- Share issue costs	(177,509)	-	-	(177,509)
Balance at 30 June 2015	19,677,822	109,852	(18,788,513)	999,161

**PRELIMINARY CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2016**

	Notes	Consolidated	
		2016	2015
		\$	\$
Cash flows from operating activities			
Cash receipts in the course of operations		2,453,462	-
Cash payments in the course of operations		(3,273,643)	(1,111,151)
Interest received		25,222	3,910
Net cash inflow/(outflow) from operating activities	4	(794,959)	(1,107,241)
Cash flows from investing activities			
Investment in convertible note		300,000	(300,000)
Other proceeds received		57,502	-
Payment for acquisition of business net of cash acquired		(67,216)	-
Proceeds on sale of available-for-sale financial assets		52,907	-
Net cash inflow/(outflow) from investing activities		343,193	(300,000)
Cash flows from financing activities			
Proceeds from issue of shares		4,008,000	1,011,919
Drawdown of convertible notes		-	1,180,000
Repayment of convertible notes		-	(403,352)
Interest paid on convertible notes		-	(77,488)
Repayment of borrowings		(400,000)	-
Payment of share issue costs		(432,302)	-
Net cash inflow/(outflow) from financing activities		3,175,698	1,711,079
Net increase/(decrease) in cash and cash equivalents		2,723,932	303,838
Cash, deposits and cash equivalents at the beginning of the financial year		484,420	180,582
Cash and cash equivalents at the end of the financial year	2	3,208,352	484,420

NOTES TO THE PRELIMINARY FINANCIAL STATEMENTS

Note 1: Summary of Significant Accounting Policies

(a) Basis of Preparation

This preliminary final report for the year ended 30 June 2016 relates to the consolidated entity consisting of Swift Networks Group Limited (formerly Stanfield Funds Management Limited) (the Company) and each of its controlled entities.

The preliminary final report has been prepared on a historical cost basis except for the revaluation of certain non-current assets and financial instruments or where otherwise stated.

Cost is based on the fair value of consideration given in exchange for assets.

This preliminary final report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report should be read in conjunction with the annual financial report of the year ended 30 June 2015 and any public announcements made by Swift Networks Group Limited during the year in accordance with the continuous disclosure requirements of the Corporations Act 2001.

Accounting policies, estimation methods and measurement bases used in this Appendix 4E are the same as those used in the last annual financial statements and the last half-year financial statements.

The amounts contained in this preliminary report are presented in Australian dollars, the functional and presentation currency of Swift Networks Group Limited.

The financial statements are currently being audited.

Note 2: Current assets – Cash and cash equivalents

(a) Reconciliation of Cash

For the purposes of the statement of cash flows, cash includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Cash at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the statement of financial position, as follows:

	2016	2015
	\$	\$
Cash at bank and on hand	3,208,352	484,420
	3,208,352	484,420

NOTES TO THE PRELIMINARY FINANCIAL STATEMENTS

Note 3: Issued Capital

	Consolidated			
	2016	2015	2016	2015
	\$	\$	\$	\$
Issued capital	28,727,663	19,677,822		
Movements in Ordinary Share capital:				
	2016	2015	2016	2015
	No.	No.	\$	\$
At the beginning of the reporting period	16,158,387	4,720,594	19,677,822	17,211,882
Placements:				
- 27 March 2015	-	73,368	-	18,342
- 23 April 2015	-	4,647,226	-	1,161,807
- 19 May 2016	26,666,667	-	4,000,000	-
Conversion offer (30 April 2015)	-	4,744,548	-	1,186,137
Creditor offer (30 April 2015)	-	1,072,651	-	268,163
Broker offer (4 May 2015)	-	900,000	-	9,000
Swift Networks acquisition (19 May 2016)	30,000,000	-	4,500,000	-
Adviser/broker offer (19 May 2016)	8,000,000	-	1,200,000¹	-
Share issue costs	-	-	(439,559)	(177,509)
Share issue costs (issue of options – refer Note 8(ii))	-	-	(210,600)	-
At the end of the reporting period	80,825,054	16,158,387	28,727,663	19,677,822

¹ Shares issued during the year were in consideration of services provided to the Company in connection with the acquisition of Swift Networks Pty Ltd and Wizzie TV Pty Ltd. The shares were issued at a nominal price of \$0.001 per share, being \$8,000, with the difference recognised as a share based payment. Refer to Note 8(j) for further details.

NOTES TO THE PRELIMINARY FINANCIAL STATEMENTS

Note 4: Reconciliation of loss after income tax to net cash flow from operating activities

	Consolidated	
	2016	2015
	\$	\$
Reconciliation of loss after income tax to net cash flow from operating activities		
Operating profit / (loss) after income tax	(5,249,924)	(1,394,536)
Adjustments for:		
Non cash interest income	-	(2,121)
Director fees paid via issue of ordinary shares	-	184,964
Trade payables paid via issue of ordinary shares	-	83,199
Depreciation expenses and assets written-off	402,711	-
Net fair value movement of available-for-sale assets	53,663	156,246
Loss on sale of available-for-sale assets	132,267	-
Share based payments	1,522,200	-
Interest – recognised through issue of ordinary shares	-	6,137
Fair value loss on financial liability	1,025,000	-
Net cashflow / (outflow) before changes in working capital	(2,114,083)	(966,111)
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries:		
Trade and other receivables	650,569	(24,979)
Trade and other payables	763,228	(116,151)
Provisions	196,988	-
Inventory	(291,661)	-
Net cashflow / (outflow) from operations	(794,959)	(1,107,241)

NOTES TO THE PRELIMINARY FINANCIAL STATEMENTS

Note 5: Earnings per Share

Basic earnings per share

The calculation of basic earnings per share at 30 June 2016 was based on the loss from continuing operations of \$5,249,924 (2015: loss of \$1,394,536) and a weighted average number of ordinary shares outstanding of 23,579,152 (2015: 6,718,212 shares), calculated as follows:

	Consolidated	
	2016	2015
	\$	\$
Net profit/(loss) from continuing operations for the year	(5,249,924)	(1,394,536)
<i>Weighted average number of ordinary shares (basic)</i>		
<i>In shares</i>		
Issued ordinary shares at 1 July	16,158,387	4,720,594
Weighted average number of ordinary shares at 30 June	23,579,152	6,718,212
Basic earnings / (loss) per share (cents)	(22.3)	(20.8)
Diluted earnings / (loss) per share (cents)	(22.3)	(20.8)

There are no adjustments to the accounts required to reflect the impact of any non-controlling equity interests or other types of shares that could impact the calculations for ordinary shareholders.

Note 6: Contingent liabilities

The Directors are not aware of any contingent liabilities as at the date of this report.

NOTES TO THE PRELIMINARY FINANCIAL STATEMENTS

Note 7: Business combinations

(a) Summary of acquisition

On 19 May 2016, Swift Networks Group Limited acquired 100% of the issued share capital of Swift Networks Pty Ltd and Wizzie TV Pty Ltd. The Group has provisionally recognised the fair values of assets and liabilities based upon the best information available at reporting date.

Details of the purchase consideration and the net assets acquired are as follows:

Purchase Consideration (refer to (b) below):	\$
Cash Paid	500,000
Ordinary Shares Issued	4,500,000
Further shares to be issued upon successfully meeting performance hurdles, pursuant to acquisition agreement (Refer Note 12)	875,000
Total Purchase Consideration	<u>5,875,000</u>

The assets and liabilities recognised as a result of the acquisition are as follows:

	Fair Value
	\$
Cash	432,784
Inventory	178,793
Trade Debtors	2,083,888
Other Assets	256,306
Plant and Equipment	1,846,017
Trade and Other Creditors	(463,934)
Liabilities Under Contracts	(650,556)
Other Liabilities	(940,707)
Loans	(1,309,308)
Net identifiable assets acquired	<u>1,433,283</u>
Add: Goodwill	4,441,717
Net assets acquired	<u>5,875,000</u>

(b) Purchase Consideration – Cash Outflow

	Fair Value
	\$
Outflow of cash to acquire subsidiary, net of cash acquired	
Cash consideration	500,000
Less: cash acquired	<u>(432,784)</u>
Outflow of cash – investing activities	<u>67,216</u>

NOTES TO THE PRELIMINARY FINANCIAL STATEMENTS

Note 8: Share Based Payments

(i) Share Issue

During the financial year ended 30 June 2016, \$1,192,000 was recognised as a share based payment made in consideration of services provided to the Company in connection with the acquisition of Swift Networks Pty Ltd and Wizzie TV Pty Ltd. The shares issued were distributed to nominees of Boardroom Capital Pty Ltd as follows:

Recipient	Number of Shares	Value of share based payment
Carlyle Clump	693,333	\$103,307
Xavier Kris	2,408,889	\$358,925
Paul Doropoulos	2,128,889	\$317,204
James Pearson	2,222,223	\$331,111
Kim Walker	546,666	\$81,453
Total	8,000,000	\$1,192,000

The share based payment of \$1,192,000 represents the difference between the share issue price of \$0.15 per share and the nominal issue price of \$0.001 per share.

The Company cannot estimate reliably the fair value of the services received, therefore have measured the services received and corresponding increase in equity, by reference to the fair value of the equity instruments granted, measured at the date the counterparty rendered the service.

(ii) Options Issued

During the financial year ended 30 June 2016, \$330,200 was recognised as a share based payment made to the nominees of Boardroom Capital Pty Ltd and external brokers and advisers in consideration of services provided to the Company in connection with the acquisition of Swift Networks Pty Ltd and Wizzie TV Pty Ltd. The options were issued to the nominees of Boardroom Capital Pty Ltd and external brokers and advisers as follows:

Recipient	Number of Options	Value of Options issued
Carlyle Clump	260,000	\$20,280
Xavier Kris	820,000	\$63,960
Paul Doropoulos	715,000	\$55,770
James Pearson	666,667	\$52,000
External brokers and advisers	1,771,666	\$138,190
Total	4,233,333	\$330,200

A further 2,700,000 options valued at \$210,600 were issued to brokers in connection with capital raising and included as share issue costs (refer to Note 3).

NOTES TO THE PRELIMINARY FINANCIAL STATEMENTS

Note 8: Share Based Payments (continued)

(ii) Options Issued (continued)

The fair value of these options granted was calculated as 7.8 cents each by using the Black-Scholes option valuation methodology and applying the following inputs:

Weighted average exercise price (cents)	0.15
Weighted average life of the options (years)	5
Weighted average underlying share price (cents)	0.15
Expected share price volatility	60%
Risk free-interest rate	2.13%

Note 9: Trade and other receivables

	Notes	Consolidated	
		2016 \$	2015 \$
Current			
Trade debtors		1,252,128	6,691
Other debtors		81,315	6,199
Prepayments		195,274	3,669
GST receivable		49,194	26,795
Deposits		32,809	-
		1,610,720	43,354

None of the above receivables are past due or impaired.

Note 10: Property, plant and equipment

	Motor Vehicles	Software	Office Equipment, Fit Out & Furniture	Test Equipment & Tools	Rental Equipment - DES	Total
	\$	\$	\$	\$	\$	\$
Year ended 30 June 2016						
Opening net book value	-	-	-	-	-	-
Additions	-	-	-	-	-	-
Acquired upon acquisition of subsidiaries	64,220	43,268	562,727	55,141	1,063,160	1,788,516
Disposals/assets written off	-	-	-	-	(232,487)	(232,487)
Depreciation for the year	(3,392)	(6,419)	(16,817)	(5,070)	(138,527)	(170,225)
Closing net book value	60,828	36,849	545,910	50,071	692,146	1,385,804

NOTES TO THE PRELIMINARY FINANCIAL STATEMENTS

Note 10: Property, plant and equipment (continued)

	Motor Vehicles	Software	Office Equipment, Fit Out & Furniture	Test Equipment & Tools	Rental Equipment - DES	Total
	\$	\$	\$	\$	\$	\$
At 30 June 2016						
Cost or fair value	91,143	141,356	1,017,376	170,566	3,282,680	4,703,121
Accumulated depreciation	(30,315)	(104,507)	(471,466)	(120,495)	(2,590,534)	(3,317,317)
Net book value	60,828	36,849	545,910	50,071	692,146	1,385,804

Note 11: Trade and other payables

	Consolidated	
	2016	2015
	\$	\$
Trade payables	1,732,276	113,613
Other payables and accruals	508,817	37,187
GST payable	33,975	-
Contractual liabilities: operating lease	650,556	-
Tax liabilities payable	58,287	-
	2,983,911	150,800

Note 12: Financial liability at fair value

	Consolidated	
	2016	2015
	\$	\$
Non-current		
Amount due under contract of sale – at acquisition (refer Note (a))	875,000	-
Add fair value loss (refer Note (b))	1,025,000	-
	1,900,000	-

(a) The above liability relates to the potential issue of ordinary shares in Swift Network Group Limited to the vendors of Swift Networks Pty Ltd and Wizzie TV Pty Ltd pursuant to the acquisition agreement.

Under the agreement, a total of 33,333,334 shares could be issued upon the satisfaction of the following milestones:

NOTES TO THE PRELIMINARY FINANCIAL STATEMENTS

Note 12: Financial liability at fair value (continued)

Milestone 1 – 16,666,667 Performance Shares

The earlier to occur of:

- (i) the Company reaching 44,000 rooms with a revenue generating service from Swift Networks; and
- (ii) the Company reaching consolidated revenue of \$24,000,000 in any rolling 12 month period commencing after completion.

Milestone 2 – 16,666,667 Performance Shares

The earlier to occur of:

- (i) the Company reaching 53,000 rooms with a revenue generating service from Swift Networks; and
- (ii) the Company reaching consolidated revenue of \$29,000,000 in any rolling 12 month period commencing after completion.

Significant Judgement

The Directors have assessed the likelihood of reaching these milestones as at the date of acquisition to be 20% for milestone 1 and 15% for milestone 2 at acquisition.

(b) The liability at acquisition is calculated based on the acquisition price of \$0.15 per share. The amount payable at 30 June 2016 has been adjusted for the increase in share price of Swift Networks Group Limited from 15 cents to 20.5 cents at 30 June 2016 and the increased likelihood of the milestones to 30% and 25% noted above being reached. This resulted in a fair value loss of \$1,025,000 in the period.

OTHER APPENDIX 4E INFORMATION

1. **NTA backing**

	30 June 2016	30 June 2015
Net tangible asset backing per ordinary share	\$0.011	\$0.062

2. **Dividends**

There were no dividends declared during the year and the directors do not recommend that any dividend be paid.

3. **Dividend reinvestment plans**

N/A.

4. **Details of entities over which control has been gained or lost during the period**

The following acquisitions were completed on 19 May 2016:

- Swift Networks Pty Ltd; and
- Wizzie TV Pty Ltd

See note 7 of the attached for further details.

5. **Details of associates and joint ventures**

The carrying value of interests in associated entities is nil.

6. **Audit**

This preliminary final report is based on accounts, which are in the process of being audited.



Sign here:

(Director)

Print name: Paul Doropoulos

Date: 31 August 2016