

Tuesday, 31 January 2017

Swift Quarterly Cash Flow Statement Commentary ASX: SW1

Highlights:

- **Encouraging Swift business development across the resources, aged care, retirement and hospitality sectors drives December quarter cash receipts to \$3.9 million.**
- **Continued development of the Swift content and service offering, along with the accretive acquisitions of Web2TV and Living Networks, support healthy site growth of 270% since December 2015.**
- **Cash balance of \$2.6 million at 31 December 2016, having raised \$2.0 million (before costs) to fund acquisitions and provide growth/working capital.**

Perth, Australia — Leading digital entertainment and communications service provider Swift Networks Group Limited (ASX: SW1, “the Company”) is pleased to present its Appendix 4C — Quarterly Cash Flow Report for the three months ending 31 December 2016, alongside an update on business progress.

The Company made encouraging strides during the quarter as it entrenched its strong position in the resources accommodation sector while expanding into new markets in line with its strategic plan.

Operational highlights

During the quarter, Swift continued to gain traction with new and existing clients, winning several new material, multi-year contracts to deploy its award-winning entertainment and connectivity solution.

Swift’s key business development during the quarter was its acquisition of two established businesses which provide entertainment and connectivity services to the aged care and lifestyle village sectors.

In acquiring Web2TV, which delivers customisable TV services to aged care facilities and lifestyle villages, and Living Networks, which provides mobile, fixed line and internet services tailored with benefits for users aged 50+, Swift gained a strong base of loyal customers across Australia, established relationships with 27 aged care and retirement village operators, and opened significant new lines of revenue growth.

In the resources sector, Swift won a key contract to design, construct and deploy elements of its systems with Rio Tinto at Amrun Village in far north Queensland, covering 528 rooms, offices and common areas.

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In the hospitality sector, Swift won a five-year contract to deploy its entertainment solution to 179 of the Seashell Hospitality Group's waterside serviced apartments in Scarborough, Broome, Mandurah and Yallingup.

The Company's hospitality sector resale agreement with Freedom Internet continued to bring new business to Swift during the quarter, including a three-year service agreement to the 300-room Beachcomber Resort in Surfer's Paradise, Queensland.

Swift complemented this new business activity by continuing to strengthen its content library during the quarter, securing a license to distribute and promote millennial-focused video on demand from The QYOU.

This business expansion drove December quarter cash receipts to rise to more than \$3.9 million. By the end of December 2016, the Swift Networks Group serviced 122 sites across Australia.

Corporate highlights

The Company raised \$2.0 million (before costs) during the quarter through a placement at \$0.23/share to sophisticated and institutional clients of Hartleys Limited.

Swift has applied the proceeds of the capital raising toward growth/working capital and to fund the acquisitions of Web2TV and Living Networks. The Company is pleased to report that the integration of both businesses is proceeding to plan.

The Company's cash balance at 31 December 2016 was \$2.614 million.

Subsequent to the end of the quarter, Swift is pleased to confirm that new business activity has continued apace in its established resources and hospitality verticals with the material contract win with the INPEX operated Ichthys LNG project, as well as in its newly-acquired position in the aged care and retirement lifestyle verticals.

Swift 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, government, hospitality, retirement 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.

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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")

31 December 2016

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	3,867	7,406
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(3,060)	(5,602)
(c) advertising and marketing	(72)	(126)
(d) leased assets	-	-
(e) staff costs	(502)	(1,088)
(f) administration and corporate costs	(779)	(1,763)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	4	8
1.5 Interest and other costs of finance paid	(2)	(4)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other – Net GST (paid)/refunded	17	72
1.9 Net cash from / (used in) operating activities	(527)	(1,097)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(8)	(9)
(b) businesses (see item 10)	(399)	(399)
(c) investments	-	-

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 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	(407)	(408)

3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	2,000	2,000
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	(167)	(180)
3.5 Proceeds from borrowings	-	-
3.6 Repayment of borrowings	-	(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	1,833	911

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	1,715	3,208
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(527)	(1,097)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(407)	(408)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	1,833	911

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of quarter	2,614	2,614

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	2,424	1,540
5.2	Call deposits	190	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)	2,614	1,715

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
407
-

Director's fees and salaries, 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	2,974
9.3 Advertising and marketing	-
9.4 Leased assets	-
9.5 Staff costs	746
9.6 Administration and corporate costs	502
9.7 Other (provide details if material)	-
9.8 Total estimated cash outflows	4,222

10. Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions	Disposals
10.1 Name of entity	Web2TV and Living Networks	
10.2 Place of incorporation or registration	N/a	
10.3 Consideration for acquisition or disposal	\$725,000 cash and shares upfront plus up to \$2,000,000 in cash and shares dependent on reaching milestones	
10.4 Total net assets	N/a	
10.5 Nature of business	Providers of entertainment and telecommunications services to Aged Care facilities and Lifestyle Villages	

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:

(Company secretary)

Date: 31st January 2017

Print name: Stephen Hewitt-Dutton

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.