

# SWIFT NETWORKS GROUP LIMITED

ABN: 54 006 222 395

## APPENDIX 4D

### FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

#### RESULTS FOR ANNOUNCEMENT TO THE MARKET:

The Directors of Swift Networks Group Limited are pleased to announce the results of the Company for the half-year ended 31 December 2016.

<i>Key information (extracted from interim financial report)</i>	Change (Down) / Up %	Half-Year Ended 31 December 2016 \$
Revenue from ordinary activities	71,867%	7,853,077
Net (loss)/profit from ordinary activities after tax attributable to members	116.6%	194,795
Net (loss)/profit after tax attributable to members	116.6%	194,795

In May 2016 Stanfield Funds Management Limited (SFN) acquired Swift Networks Pty Ltd and Wizzie TV Pt Ltd at which time changing its name to Swift Networks Group Limited (SW1) and its principal activities from the provision of investment opportunities to the provision of telecommunications and entertainment content solutions. Accordingly prior period comparatives reflect that of SFN prior to the change in principal activities.

#### DIVIDENDS

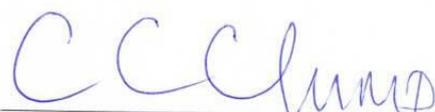
No dividends have been paid or declared during the current financial period.

#### NET TANGIBLE ASSETS PER SHARE

	31 December 2016	31 December 2015
Net tangible assets per share	0.99 cents	(1.06) cents

On behalf of the Board

**SWIFT NETWORKS GROUP LIMITED**



**Mr. Carlyle Clump**  
Chairman

27 February 2017

**SWIFT NETWORKS GROUP LIMITED AND CONTROLLED ENTITIES**  
**ABN: 54 006 222 395**

**Interim report for the half year ended 31 December 2016**

**SWIFT NETWORKS GROUP LIMITED AND CONTROLLED ENTITIES**  
**ABN: 54 006 222 395**

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# SWIFT NETWORKS GROUP LIMITED AND CONTROLLED ENTITIES

## ABN: 54 006 222 395

### Directors' report

The Board of Directors of Swift Networks Group Limited (the Group of the Company) submits its report in respect of the half year ended 31 December 2016.

The Directors of the Company in office during the half year and at the date of this report are:

Name	Position
Mr Carl Clump	Non-Executive Chairman
Mr Xavier Kris	Executive Director – Chief Executive Officer
Mr Paul Doropoulos	Executive Director – Chief Financial Officer
Mr Robert Sofoulis	Non-Executive Director
Mr Ryan Sofoulis	Executive Director

The Company Secretary is Mr Stephen Hewitt-Dutton.

#### Principal activities

The principal activities of the Group during the period were the provision of telecommunications and entertainment content solutions to the Resources, Hospitality, Lifestyle Villages and Aged Care sectors.

#### Review of Operations and Financial Results

##### Operational review

The six months to 31 December 2016 featured many highlights as the Group continued to deploy its growth strategy, including the following:

- Material new contract wins in the Resources sector with clients including Compass Group (Gateway Village), Rio Tinto (Amrun Village) and, subsequent to the end of the period, INPEX (Ichthys offshore LNG project)
- Successful \$2 million capital raising to facilitate the strategic acquisitions of Web2TV and Living Networks to extend Swift's reach in the Aged Care and Lifestyle Village sectors
- Extending into the Hospitality vertical through new multi-year contracts to provide entertainment, information and telecommunications services to clients such as the Seashells Hospitality Group.
- Boosting and enhancing its content library by securing the rights to distribute Optus' live English Premier League content across its entire customer network, and partnering with "The QYOU" to distribute millennial-focused content to Swift clients throughout Australia and the Asia-Pacific region

##### Financial review

The statutory profit/(loss) after tax of the Group for the half year amounted to \$194,795 (2015 – loss of \$1,170,127). The Group had Earnings before interest, taxation, depreciation of amortisation (EBITDA) for the half year of \$511,747 (2015 – loss of \$1,170,127).

The Group's Balance Sheet as at 31 December 2016 featured a significant strengthening of its asset base primarily through the November capital raising to fund its acquisition of the Web2TV and Living Networks businesses. During the six-month period to 31 December 2016, the Group also repaid all its outstanding debt in full and carries no debt as at the reporting date.

As a result of the capital raising activities in May 2016 and November 2016 and reinvigorated business development across multiple sectors, the Group has significantly improved its cash position at the reporting date. This is also a consequence of focussing on increasing recurring revenue, which has driven higher cash receipts.

# SWIFT NETWORKS GROUP LIMITED AND CONTROLLED ENTITIES

## ABN: 54 006 222 395

### Outlook

The Group anticipates that its results for the six months to June 2017 will continue to show improvement due to the following factors:

- strengthening of its position as the telecommunication and content solution provider of choice to the Resources sector, both onshore and offshore
- Expansion of its presence in the Aged Care, Lifestyle Village and Hospitality sectors
- Establishment of the Company's footprint in international markets by developing reseller and partnership strategies in the Asia Pacific region.

### Subsequent events

In January 2017, the Company announced that it had won a material contract to provide entertainment, connectivity, maintenance and support services to the INPEX operated Ichthys LNG project over an initial period of three years.

### Auditors 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 5



C Clump  
Chairman



X Kris  
Director

**DECLARATION OF INDEPENDENCE BY JARRAD PRUE TO THE DIRECTORS OF SWIFT NETWORKS GROUP LIMITED**

As lead auditor for the review of Swift Networks Group Limited for the half-year ended 31 December 2016, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Swift Networks Group Limited and the entities it controlled during the period.



**Jarrad Prue**

Director

**BDO Audit (WA) Pty Ltd**

Perth, 27 February 2017

**SWIFT NETWORKS GROUP LIMITED AND CONTROLLED ENTITIES**  
**ABN: 54 006 222 395**

**Statement of Consolidated Profit or Loss and Other  
Comprehensive Income  
For the six months to 31 December 2016**

Note	Half year ended Dec-16 \$	Half year ended Dec-15 \$
<b>Revenue</b>		
Revenue from continuing operations	7,844,771	-
Other income	8,306	10,912
<b>Total revenue and income</b>	<b>7,853,077</b>	<b>10,912</b>
<b>Expenses</b>		
Cost of sales	(5,411,384)	-
Depreciation & amortisation expenses	(313,111)	-
Employment costs	(690,072)	(336,399)
General and administration expenses	(1,237,258)	(358,710)
Finance costs	(3,841)	-
Net fair value movement of available for sale assets	-	(53,663)
Provision for doubtful debts	-	(300,000)
Loss on sale of available for sale assets	-	(132,267)
Other expenses	(2,616)	-
<b>Total Expenses</b>	<b>(7,658,282)</b>	<b>(1,181,039)</b>
<b>Profit/(loss) before income tax expense</b>	<b>194,795</b>	<b>(1,170,127)</b>
Income tax (expense)/benefit	-	-
<b>Profit/(loss) after income tax expense</b>	<b>194,795</b>	<b>(1,170,127)</b>
<b>Other comprehensive income/(loss) for the period</b>		
Items that may be reclassified to profit or loss	-	-
<b>Other comprehensive income/(loss) for the period</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive (loss)/profit for the period</b>	<b>194,795</b>	<b>(1,170,127)</b>
	<b>Cents</b>	<b>Cents</b>
<b>Loss per share attributable to the members of Swift Networks Group Limited:</b>		
Basic earnings/(loss) per share	0.23	(7.24)
Diluted earnings/(loss) per share	0.23	(7.24)

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

**SWIFT NETWORKS GROUP LIMITED AND CONTROLLED ENTITIES**  
**ABN: 54 006 222 395**

**Consolidated Statement of Financial Position**  
**as at 31 December 2016**

	Note	Dec-16 \$	Jun-16 \$
<b>Current Assets</b>			
Cash and cash equivalents	3	2,614,243	3,208,352
Trade and other receivables		1,765,920	1,415,446
Inventory		625,792	470,454
Available for sale financial assets		83,350	83,350
Other current assets		130,680	195,274
<b>Total Current Assets</b>		<b>5,219,986</b>	<b>5,372,876</b>
<b>Non Current Assets</b>			
Property, plant and equipment		1,064,117	1,385,804
Deferred tax assets		348,867	348,867
Intangible assets	4	6,219,216	4,246,550
<b>Total Non Current Assets</b>		<b>7,632,201</b>	<b>5,981,221</b>
<b>Total Assets</b>		<b>12,852,186</b>	<b>11,354,097</b>
<b>Current Liabilities</b>			
Trade and other payables		1,873,410	2,983,911
Unearned revenue		180,347	-
Provisions		664,770	221,000
Loans and borrowings		-	909,308
<b>Total Current Liabilities</b>		<b>2,718,527</b>	<b>4,114,219</b>
<b>Non Current Liabilities</b>			
Financial liabilities	5	2,675,000	1,900,000
<b>Total Non Current Liabilities</b>		<b>2,675,000</b>	<b>1,900,000</b>
<b>Total Liabilities</b>		<b>5,393,527</b>	<b>6,014,219</b>
<b>Net Assets</b>		<b>7,458,660</b>	<b>5,339,878</b>
<b>Equity</b>			
Issued capital	6	30,651,650	28,727,663
Reserves		650,652	650,652
Accumulated losses		(23,843,642)	(24,038,437)
<b>Total Equity</b>		<b>7,458,660</b>	<b>5,339,878</b>

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

**SWIFT NETWORKS GROUP LIMITED AND CONTROLLED ENTITIES**  
**ABN: 54 006 222 395**

**Consolidated Statement of Changes in Equity**  
**for the half year ended 31 December 2016**

Note	Issued Capital	Reserves	Accumulated losses	Total
	\$	\$	\$	\$
<b>For the period ended 31 December 2016</b>				
At the beginning of the period	28,727,663	650,652	(24,038,437)	<b>5,339,878</b>
Total comprehensive loss for the period	-	-	194,795	<b>194,795</b>
Transactions with shareholders in their capacity as shareholders:				
- Placement of shares	2,100,000	-	-	<b>2,100,000</b>
- share issue costs	(176,013)	-	-	<b>(176,014)</b>
At the end of the period	<b>30,651,650</b>	<b>650,652</b>	<b>(23,843,642)</b>	<b>7,458,660</b>
6				
<b>For the period ended 31 December 2015</b>				
At the beginning of the period	19,677,822	109,852	(18,788,513)	999,161
Total comprehensive loss for the period	-	-	(1,170,127)	(1,170,127)
<b>At the end of the period</b>	<b>19,677,822</b>	<b>109,852</b>	<b>(19,958,640)</b>	<b>(170,966)</b>
6				

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

**SWIFT NETWORKS GROUP LIMITED AND CONTROLLED ENTITIES**  
**ABN: 54 006 222 395**

**Consolidated Statement of Cash Flows**  
**for the half year ended 31 December**  
**2016**

	<b>Note</b>	<b>Half year ended Dec-16 \$</b>	<b>Half year ended Dec-15 \$</b>
<b>Cash Flows from Operating Activities</b>			
Cash receipts in the course of operations		7,405,649	-
Cash payments in the course of operations		(8,020,586)	(404,894)
Finance costs		(3,841)	-
Interest received		8,306	1,838
<b>Net cash used in operating activities</b>		<b>(610,472)</b>	<b>(403,056)</b>
<b>Cash Flows from Investing Activities</b>			
Proceeds from sale of available for sale financial assets		-	52,907
Purchase of property, plant and equipment		(8,377)	-
Payment for acquisition of business, net of cash	2	(399,130)	-
Payment for development and subscribers		(486,751)	-
<b>Net cash (used in) investing activities</b>		<b>(894,258)</b>	<b>52,907</b>
<b>Cash Flows from Financing Activities</b>			
Proceeds from issue of shares	6	2,000,000	-
Payment of share issue costs		(180,070)	-
Repayments of borrowings		(909,309)	-
<b>Net cash flows from financing activities</b>		<b>910,621</b>	<b>-</b>
<b>Net (decrease) in cash and cash equivalents</b>		<b>(594,109)</b>	<b>(350,149)</b>
<b>Cash at the beginning of the period</b>		<b>3,208,352</b>	<b>484,420</b>
<b>Cash at the end of the period</b>		<b>2,614,243</b>	<b>134,271</b>

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

# SWIFT NETWORKS GROUP LIMITED AND CONTROLLED ENTITIES

## ABN: 54 006 222 395

### Notes to the Financial Statements

#### For the half year ended 31 December 2016

##### **Note 1. Basis for preparation and accounting policies**

###### **(a) Corporate Information**

The financial report of Swift Networks Group Limited and its subsidiaries (the Group of Company) for the half year ended 31 December 2016 was authorised for issue in accordance with a resolution of the directors on 27 February 2017.

Swift Networks Group Limited is a company limited by shares incorporated and domiciled in Australia. The company's shares are publicly traded on the Australian Securities Exchange (ASX).

###### **(b) Basis of Preparation**

The interim financial report for the half year ended 31 December 2016 has been prepared in accordance with AASB 134 Interim Financial Reporting and the Corporations Act 2001.

The half year financial report does not include all notes of the type normally included within the audited 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 full financial report.

It is recommended that the half year financial report be read in conjunction with any public announcements made by Swift Networks Group Limited during the half year ended 31 December 2016 in accordance with the continuous disclosure obligations of the ASX listing rules.

The half year financial report includes prior year comparatives that related to the Company formerly known as Stanfield Funds Management Limited (SFN). In May 2016 SFN acquired Swift Networks Pty Ltd and Wizzie TV Pt Ltd at which time its principal activities changed from the provision of investment opportunities to the provision of telecommunications and entertainment content solutions. Accordingly prior period comparatives for the Statement of Financial Performance and Statement of Cash Flow reflect that of the SFN prior to the change in principal activities. The prior period comparatives in the Statement of Financial Position being 30 June 2016 take into account the aforementioned change in principal activities.

###### **(c) Accounting policies**

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period except for the following:

- Development Costs (see Note 4 for details)
- Subscriber Acquisition Costs (see Note 4 for details)

Due to the aforementioned change in principal business activities of the no change has been made to any prior period comparatives for the changes in accounting policy on the basis that they are not considered material.

###### **(d) Significant Judgment**

The Directors have assessed the likelihood of reaching various performance share milestones at reporting date (refer to Note 5) based on internal budgeting and information regarding contracts related to rooms and revenue.

# SWIFT NETWORKS GROUP LIMITED AND CONTROLLED ENTITIES

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### Note 2. Business Combinations

#### (a) Summary of acquisition – Swift Networks

On 19 May 2016 the Group 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 the assets and liabilities based on the best available information available at reporting date. Details of the purchase consideration and the net assets acquired are as follows:

Purchase consideration:	\$
Cash paid	500,000
Ordinary shares issued	4,500,000
Shares to be issued upon successfully meeting performance hurdles pursuant to acquisition agreement (refer Note 5)	875,000
<b>Total Purchase Consideration</b>	<b>5,875,000</b>

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

Cash	432,784
Inventory	178,793
Trade debtors	2,083,888
Other assets	315,717
Deferred tax assets	195,167
Plant & equipment	1,786,606
Trade and other creditors	(463,934)
Liabilities under contract	(650,556)
Other liabilities	(940,707)
Loans	(1,309,308)
<b>Net identifiable assets</b>	<b>1,628,450</b>
Add: Goodwill	4,246,550
<b>Net assets acquired</b>	<b>5,875,000</b>

# SWIFT NETWORKS GROUP LIMITED AND CONTROLLED ENTITIES

## ABN: 54 006 222 395

### Note 2. Business Combinations (continued)

(i) The goodwill is attributable to the forecast profitability of the acquired business. It will not be deductible for tax purposes.

(ii) The directors believe the receivables are fully recoverable and no provision for impairment is required.

#### (b) Summary of acquisition - Web 2 TV

On 16 November 2016 the Group acquired the Web 2 TV business. The Group has provisionally recognised the fair values of the assets and liabilities based on the best available information available at reporting date. Details of the purchase consideration and the net assets acquired are as follows:

Purchase consideration:	\$
Cash paid	240,519
Shares and cash to be issued upon successfully meeting performance hurdles, pursuant to the acquisition agreement (refer to Note 5)	525,000
<b>Total Purchase Consideration</b>	<b>765,519</b>
The assets and liabilities recognised as a result of the acquisition are as follows:	
Inventory	18,880
Unearned revenue	(190,042)
Provisions	(16,319)
Net identifiable assets	(187,481)
Add: Goodwill	953,000
<b>Net assets acquired</b>	<b>765,519</b>

(i) The goodwill is attributable to the forecast profitability of the acquired business. It will not be deductible for tax purposes.

(ii) The directors believe the receivables are fully recoverable and no provision for impairment is required.

(iii) Revenue and net profit before tax of Web 2 TV included in the consolidated statement of profit or loss and other comprehensive income from the acquisition date on 16 November 2016 to 31 December 2016 were \$53,861 and \$20,954 respectively.

# SWIFT NETWORKS GROUP LIMITED AND CONTROLLED ENTITIES

## ABN: 54 006 222 395

### Note 2. Business Combination (continued)

#### (c) Summary of acquisition - Living Networks

On 16 November 2016 the Group acquired the Living Networks business. The Group has provisionally recognised the fair values of the assets and liabilities based on the best available information available at reporting date. Details of the purchase consideration and the net assets acquired are as follows:

Purchase consideration:	\$
Cash paid	158,611
Ordinary shares issued	100,000
Shares and cash to be issued upon successfully meeting performance hurdles, pursuant to the acquisition agreement (refer to Note 5)	250,000
<b>Total Purchase Consideration</b>	<b>508,611</b>
The assets and liabilities recognised as a result of the acquisition are as follows:	
Other current assets	7,249
Trade and other payables	(20,000)
Unearned revenue	(28,638)
Net identifiable assets	(41,389)
Add: Goodwill	550,000
<b>Net assets acquired</b>	<b>508,611</b>

(i) The goodwill is attributable to the forecast profitability of the acquired business. It will not be deductible for tax purposes.

(ii) The directors believe the receivables are fully recoverable and no provision for impairment is required.

(iii) Revenue and net profit before tax of Living Networks included in the consolidated statement of profit or loss and other comprehensive income from the acquisition date on 16 November 2016 to 31 December 2016 were \$111,034 and \$28,574.

**SWIFT NETWORKS GROUP LIMITED AND CONTROLLED ENTITIES**  
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**Note 3. Cash and cash equivalent**

	Dec-16	Jun-16
Cash at bank on hand	2,614,243	3,208,352
	<b>2,614,243</b>	<b>3,208,352</b>

Cash at bank on hand includes an amount of \$190,028 being restricted cash (June 2016 - Nil).

**Note 4. Intangible assets**

Non current assets	Goodwill	Development costs	Subscriber Acquisition Costs	Total
<b>Period ended 31 December 2016</b>				
Opening net book amount	4,246,550	-	-	4,246,550
Additions	1,503,000	247,210	239,541	1,989,751
Amortisation and impairment charge	-	-	(17,085)	(17,085)
Closing net book amount	5,749,550	247,210	222,456	6,219,216
Cost	5,749,550	247,210	239,541	6,236,301
Accumulated amortisation and impairments	-	-	(17,085)	(17,085)
Closing net book amount	5,749,550	247,210	222,456	6,219,216
<b>Year ended 30 June 2016</b>				
Opening net book amount	-	-	-	-
Additions	4,246,550	-	-	4,246,550
Amortisation and impairment charge	-	-	-	-
Closing net book amount	4,246,550	-	-	4,246,550
Cost	4,246,550	-	-	4,246,550
Accumulated amortisation and impairments	-	-	-	-
Closing net book amount	4,246,550	-	-	4,246,550

# SWIFT NETWORKS GROUP LIMITED AND CONTROLLED ENTITIES

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## Note 4. Intangible assets (continued)

In June 2016 the Group acquired Swift Networks Pty Ltd and Wizzie TV Pty Ltd as a going concern and Goodwill of \$4,246,550 was recognised. In November 2016 the Group acquired the Web 2 TV and Living Networks businesses as going concerns and Goodwill of \$953,000 and \$550,000 respectively was recognised (refer to Note 2).

Development costs consists of amounts spent developing product enhancements to the Group's Digital Entertainment Solution (DES) that will derive a future income stream. Development costs are amortised over 5 years.

Subscriber acquisition costs consists of amounts spent obtaining and retaining new contracts. Subscriber acquisition costs are amortised over the life of the individual contract.

### Recognition and measurement

Goodwill is recognised initially at the excess over the aggregate of the consideration transferred, the fair value of any non-controlling interest, and the acquisition date fair value of the acquirer's previously held equity interest, less the fair value of the identifiable assets acquired and liabilities assumed. Goodwill is not amortised but is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less impairment losses.

Research costs are expensed as incurred. Costs incurred on development projects are recognised as intangible assets when it is probable that the project will, after considering its commercial and technical feasibility, be completed and generate future economic benefits and its costs can be reliably measured. Expenditure capitalised comprises all directly attributable costs including costs of materials, services and direct labour. Other development expenditure that do not meet these criteria are recognised as an expense as incurred. Amortisation is calculated using the straight line method to allocate the cost of intangible over its estimated useful life commencing when the intangible is available for use. The carrying value of an intangible asset arising from development expenditure is tested for impairment when an indication of impairment arises during the period.

Subscriber acquisition costs in relation to customer contracts are recognised as an asset when it is probable that the future economic benefits arising as a result of the costs incurred will flow to the Group. Other subscriber acquisition costs that do not meet these criteria are recognised as an expense as incurred. Amortisation is calculated using the straight line method to allocate the cost of intangible over its estimated useful life commencing when the intangible is available for use. The carrying value of an intangible asset arising from subscriber acquisition costs is tested for impairment when an indication of impairment arises during the period.

**SWIFT NETWORKS GROUP LIMITED AND CONTROLLED ENTITIES**  
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**Note 5. Financial Liability – at Fair Value**

	Dec-16	Jun-16
<i>Non current</i>		
Opening balance	1,900,000	-
Amount due under contract of sale - at acquisition	775,000	875,000
Add: Fair value through the P&L	-	1,025,000
Closing balance	<b>2,675,000</b>	<b>1,900,000</b>

The above liability relates to the potential issue of ordinary shares in the Group to the vendors of Swift Networks Pty Ltd and Wizzie TV Pty Ltd, Living Networks and Web 2 TV pursuant to the respective agreements.

**(a) Acquisition of Swift Networks Pty Ltd and Wizzie TV Pty Ltd**

Under the agreement with vendors of Swift Networks Pty Ltd and Wizzie TV Pty Ltd a total of 33,333,334 shares could be issued upon satisfaction of the following milestones:

**- Milestone 1 - 16,666,667 Performance shares**

the earlier to occur of:

- (i) the Group reaching 44,000 rooms with a revenue generating service from Swift Networks; and
- (ii) the Group 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 Group reaching 53,000 rooms with a revenue generating service from Swift Networks; and
- (ii) the Group reaching consolidated revenue of \$29,000,000 in any rolling 12 month period commencing after completion

**(b) Acquisition of Living Networks**

Under the agreement with vendors of Living Networks up to \$500,000 in cash and shares in the Group in equal proportions in the first three years after completion upon satisfaction of the following milestones:

- a payment of \$300,000 upon \$800,000 gross revenue; and
- a payment of \$200,000 upon \$1,100,000 gross revenue

**(c) Acquisition of Web 2 TV**

Under the agreement with vendors of Web 2 TV up to \$1,500,000 in cash and shares in the Group in equal proportions in the first five years after completion upon satisfaction of the following milestones:

- a payment of \$500,000 upon \$2,000,000 gross revenue;
- Eight payment of \$125,000 each upon every additional \$500,000 of gross revenue up to a total of \$6,000,000

**SWIFT NETWORKS GROUP LIMITED AND CONTROLLED ENTITIES**  
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**Note 5. Financial Liability – at Fair Value (continued)**

**Significant Judgment**

Based on internal budgeting and information regarding contracts signed related to rooms and revenue the directors have assessed the likelihood of reaching these milestones to be as follows:

	<b>At initial recognition</b>	<b>At previous reporting date</b>	<b>At current reporting date</b>
Swift Networks Pty Ltd / Wizzie TV Pty Ltd	Milestone 1 – 20% Milestone 2 – 15%	Milestone 1 – 30% Milestone 2 – 25%	Milestone 1 – 35% Milestone 2 – 25%
Living Networks Pty Ltd	Milestone 1 – 50% Milestone 2 – 50%	N/a N/a	Milestone 1 – 50% Milestone 2 – 50%
Web 2 TV	Milestone 1 – 50% Milestone 2 – 45% Milestone 3 – 40% Milestone 4 – 35% Milestone 5 – 30% Milestone 6 – 25% Milestone 7 – 20% Milestone 8 – 15% Milestone 9 – 10%	N/a N/a N/a N/a N/a N/a N/a N/a N/a	Milestone 1 – 50% Milestone 2 – 45% Milestone 3 – 40% Milestone 4 – 35% Milestone 5 – 30% Milestone 6 – 25% Milestone 7 – 20% Milestone 8 – 15% Milestone 9 – 10%

# SWIFT NETWORKS GROUP LIMITED AND CONTROLLED ENTITIES

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## Note 6. Issued capital

	Dec-16	Jun-16
Issued capital	30,651,650	28,727,663

Movement in Ordinary Share Capital:	31 December 2016 No.	30 June 2016 No.	31 December 2016 \$	30 June 2016 \$
At the beginning of the period	80,825,054	16,158,387	28,727,663	19,677,822
Placements:				
- 19 May 2016	-	26,666,667	-	4,000,000
- 8 November 2016	8,695,653	-	2,000,000	-
Swift Networks acquisition (19 May 2016)	-	30,000,000	-	4,500,000
Advisor/broker offer (19 May 2016)	-	8,000,000	-	1,200,000
Living Networks acquisition (16 November 2016)	407,997	-	100,000	-
Share issue costs	-	-	(176,013)	(650,159)
	<b>89,928,704</b>	<b>80,825,054</b>	<b>30,651,650</b>	<b>28,727,663</b>

### (a) Swift Networks acquisition

Under the terms of the Swift Networks acquisition, the Group issued 30,000,000 shares at \$0.15 upon the acquisition of Swift Networks Pty Ltd and Wizzie TV Pty Ltd.

### (b) Living Networks acquisition

Under the terms of the Living Networks acquisition, the Group issued \$100,000 worth of shares upon the acquisition of the Living Networks business.

#### Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amount paid on the shares held. The fully paid ordinary shares have no par value. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, shall have one vote and upon a poll each share shall have one vote.

#### Options

At 31 December 2016 there were 16,373,333 options (30 June 2016 - 16,578,553) options available for exercise

	20 cents	25 cents	15 cents	Total
Exercise price				
Expiry date	5-Aug-16	30-Apr-18	19-May-21	
Opening balance	205,220	9,440,000	6,933,333	16,578,553
Issued during the period	-	-	-	-
Expired during the period	(205,220)	-	-	(205,220)
Exercised during the period	-	-	-	-
Closing balance	-	9,440,000	6,933,333	16,373,333

# SWIFT NETWORKS GROUP LIMITED AND CONTROLLED ENTITIES

ABN: 54 006 222 395

## Note 7. Subsequent events

In January 2017 the Company announced that it had won a material contract to provide entertainment, connectivity, maintenance and support services to the INPEX operated Ichthys LNG project over an initial period of three years.

## Note 8. Contingencies

There are no contingent assets or contingent liabilities as at 31 December 2016.

## Note 9. Commitments

Dec-16	Jun-16
\$	\$

### Operating lease commitments

The Group leases office premises under an operating lease expiring in June 2018.

Minimum commitments under the lease are as follows:

Not later than 1 year	423,713	393,713
Later than 1 year and not later than 2 years	196,857	393,713
Later than 2 years and not later than 5 years	-	-
	<hr/>	<hr/>
	635,570	787,426

### Satellite content services

The Group leases satellite content services under a lease expiring in July 2017.

Minimum commitments under the lease are as follows:

Not later than 1 year	691,833	1,186,000
Later than 1 year and not later than 2 years	-	138,000
Later than 2 years and not later than 5 years	-	-
	<hr/>	<hr/>
	691,833	1,324,000

There are no other operating lease commitments.

# SWIFT NETWORKS GROUP LIMITED AND CONTROLLED ENTITIES

## ABN: 54 006 222 395

### Directors' Declaration

In accordance with a resolution of the directors of Swift Networks Group Limited, we state that in the opinion of the directors:

- (a) The financial statements and notes of the consolidated entity 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 2016 and its financial performance for the half year ended on that date, and
  - ii. Complying with the Australian Accounting Standards (including the Australian Accounting Interpretations), Corporate Regulations 2001, and other mandatory professional reporting requirements.
- (b) There are reasonable grounds to believe that the consolidated entity will be able to pay its debts as and when they become due and payable.

On behalf of the Board



C Clump  
Chairman



X Kris  
Director  
27 February 2017

## INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Swift Networks Group Limited

### Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Swift Networks Group Limited, which comprises the consolidated statement of financial position as at 31 December 2016, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, notes comprising a statement of 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's end or from time to time during the half-year.

#### Directors' Responsibility for the Half-Year Financial Report

The directors of the company 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, we have become aware of any matter that makes us 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 2016 and its 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 Swift Networks Group Limited, 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*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Swift Networks Group Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.



## Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Swift Networks Group Limited is not 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 2016 and of its performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

**BDO Audit (WA) Pty Ltd**

Handwritten signature in blue ink, consisting of the letters 'BDO' on the top line and 'J Prue' on the bottom line.

**Jarrad Prue**

**Director**

Perth, 27 February 2017