Thursday, 31 August 2017

Swift Annual Report – A Transformational Year

ASX: SW1

Leading telecommunications and content solutions provider Swift Networks Group Limited (ASX: SW1, "Swift" or "the Company") is pleased to provide its financial results for the year ending 30 June 2017.

In what proved a transformational year for the Company, Swift achieved healthy growth in its key markets in FY17. The Company expanded promisingly in attractive new sectors and delivered a strong financial turnaround.

Revenue growth year on year: In FY17, the Group achieved operating revenue of $17,005,143, which represents growth of 18% compared to the previous full financial year of operations under the previously privately held Swift Networks Pty Ltd and Wizzie Pty Ltd.

This significant increase in revenue generation, coupled with a resolute focus on constraining costs and overheads, has driven a substantial uplift in the Group's profitability.

Remarkable EBITDA turnaround: In FY17, Swift achieved Earnings Before Interest, Tax, Depreciation Amortisation ("EBITDA") of $1,005,844. This reflects an EBITDA growth of approximately $2.5 million and a remarkable turnaround when compared to the normalised EBITDA loss reported in FY16 of ($1.5 million).

Strong cash position: The company's cash balance at 30 June 2017 was $2.24 million, noting that due to the timing of receivables the cash balance was $2.63 million 3 business days later.

Organic and acquisitive growth: Swift experienced significant growth in its target market verticals, namely resources, hospitality, aged care and lifestyle villages and FY17 saw the company leverage the acquisitions of Living Networks and Web2TV resulting in significant wins in the Aged Care sector with contracts with Rosewood, McKenzie Aged Care Group and BlueCross among others.

Organically Swift continued to win new contracts in the Resources sectors with Rio Tinto, Shell Prelude and Inpex. Swift ended FY17 with the announcement of its upcoming acquisition of Video on Demand, a leading digital entertainment services provider in the hospitality sector.

Swift Chief Executive Officer, Xavier Kris, said:

"FY17 was a seminal year for Swift resulting in strong revenue growth and an exceptionally strong EBITDA turnaround."

"We are very pleased with the way Swift has transformed its business in accordance with its strategic plan. Swift's offering for the resources, aged care and hospitality markets and its expanded content library means that the company is primed to continue its growth through FY18."

For more information, please contact:

Xavier Kris

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About Swift Networks Group Limited

Swift Networks Group Limited (ASX: SW1) is a diversified telecommunications and content solutions provider, entertaining guests and connecting them to the world.

Swift's connectivity and content delivery platform empowers guests to watch, play, connect and interact. Swift brings accommodation providers opportunities to generate additional revenue and offers meaningful data insights to retain existing and drive new business.

Swift sources premium multi-lingual content from around the world and curates, packages and distributes it to clients' guests through its cloud-based platform. 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.

Running in more than 150 sites across the mining, oil, gas, aged care, retirement village and hospitality sectors, Swift's fully integrated platform is deployed in some of the world's harshest regions, where reliability, flexibility and scalability are critical success factors.

Rules 4.3A

Appendix 4E

Preliminary Final Report

Name of entity

Swift Networks Group Limited and its controlled entities ("the Group")

ACN	Reporting Period	Previous Corresponding Period
006 222 395	Year ended 30 June 2017	Year ended 30 June 2016

Results for announcement to the market

				$A'000
Revenues from continuing operations	Up	901%	to	17,005
Loss from continuing operations after tax	Up	126%	to	(1,364)
Loss for the year attributable to members	Up	126%	to	(1,364)

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 year

The consolidated net loss after tax for the Group is $1,364,198 (2016: loss of $5,249,924). The 2017 financial year represented the first full 12 months of trading for the Group, as on 19 May 2016 the Company acquired Swift Networks Pty Ltd and Wizzie TV Pt Ltd.

In 2017 the Group achieved an operating revenue of $17,005,143, which represents growth of 18% compared to the previous full financial year of operations under the previously privately held Swift Networks Pty Ltd and Wizzie Pty Ltd. This growth reflects the strong momentum continuing to build across the Group's key markets with multiple new contract wins secured during the year. This in combination with a resolute focus on constraining costs and overheads, coupled with a significant increase in revenue generation, has driven a substantial uplift in the Group's financial performance.

The Group had Earnings Before Interest, Tax, Depreciation Amortisation ("EBITDA") of $1,005,844. A reconciliation of Net Profit/(loss) after tax to EBITDA is provided below:

	A$	Description
Net loss after tax	**(1,364,198)**	Refer to accounts
Income tax benefit	(1,001,757)	Refer to accounts
Interest costs (net)	(6,609)	Refer to accounts
Depreciation and amortisation	1,121,925	Refer to accounts
Fair valuation loss on financial liability	1,929,167	Non-cash year end adjustment to the fair value of financial liabilities in respect of various performance shares
Impairment of available for sale assets	83,350	Non-cash year end adjustment to the fair value of available for sale assets
Share based payments	192,182	One-off option issue by SW1 to Company advisors
Other expenses	51,784	One-off expenses incurred in respect to acquisitions and negotiations to exit an onerous contract
EBITDA	**1,005,844**	

The Company's cash balance at 30 June 2017 was $2,237,906 with the Company achieving increasing cash flow positivity throughout the second half of the financial year, a consequence of a strong focus on increasing recurring revenues to drive higher cash receipts. The Group's cash reserves have been further strengthened since the end of the period, through the raising of $4.5million (before costs) through a share placement and entering into a debt facility with Bankwest for a further $3 million to fund the Company's transformational acquisition of Video of Demand.

At the end of the financial year the Company carried no outstanding borrowings.

Events Since the End of the Financial Year

On 7 July 2017 Swift Networks Group Limited entered into a binding share purchase agreement for the acquisition of VOD Pty Ltd and its parent Movie Source Pty Ltd. The acquisition will complete, upon satisfaction of certain conditions precedent, which is likely to occur at or around the date of signing of this report. The purchase price payable by the Company to the Sellers for the Acquisition is:

- $5,100,000 in cash (subject to adjustment for prepaid liabilities, trade debts, trade credits, employee entitlements and prepayments); and
- 3,600,000 fully paid ordinary shares at $0.25 per share in the Company.

In order to fund the Acquisition, the Company has completed a placement to raise $4.5 million (before costs) via the issue of 18 million fully paid ordinary shares to sophisticated and institutional investors at $0.25 per share and has entered into debt facility with Bankwest to raise a further $3 million ("Facility").

The Placement occurred in 2 tranches, with the initial tranche of up to $2.2 million settled on 12 July 2017, and the balance of up to $2.3 million, settled on 18 August 2017 after receiving approval of shareholders at a General Meeting held on 11 August 2017.

The Facility has a term of 3 years, during which the Company will make quarterly repayments with a final bullet repayment to be made at the end of the term. In addition, the Company has negotiated access to a debt facility of up to $350,000 to fund general working capital requirements. Both facilities will be secured by a first ranking general security of all present and future assets of the Company and its subsidiaries, and are subject to other terms which are considered customary for such agreements.

There are no other matters or circumstances that have arisen since 30 June 2017 that have or may significantly affect the operations, results, or state of affairs of the Group in future financial periods.

OTHER APPENDIX 4E INFORMATION

1. NTA backing

	30 June 2017	30 June 2016
Net tangible asset backing per ordinary share	($0.006)	$0.011

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

N/A.

5. Details of associates and joint ventures

The carrying value of interests in associated entities is nil.

6. Audit

The attached Annual Report has been prepared in accordance with the Australian Accounting Standards issued by the Australian Accounting Standards Board and has been based on accounts that have been audited. Please refer to the Independent Audit Report contained in the Annual Report.

Sign here: (Director) Date: 31 August 2017

Print name: Xavier Kris

SWIFT NETWORKS GROUP LIMITED
AND CONTROLLED ENTITIES

ABN 54 006 222 395

ANNUAL REPORT
FOR THE YEAR ENDED
30 JUNE 2017

Contents

CHAIRMAN'S REPORT

Dear Fellow Shareholder,

It gives me great pleasure to present the 2017 Annual Report for Swift Network Limited, in which we are delighted to announce that some 13 months after coming to market, we have achieved a major turnaround in the performance of the company. This has been brought about by a focus on organic growth, the execution of keystone acquisitions, vigilance with regards to our costs and the determination to build a world class team.

Now let me give a little bit of detail behind this important headline.

Last year, we shared with you that the group had transitioned to being a diversified telecommunications and digital entertainment provider. In 2017, Swift continued its evolution with additional focus on it being a preeminent content solutions provider.

Having already established a market leading presence in the resources sector, Swift, as promised last year moved into related verticals, such that we would no longer be reliant on just a single vertical.

To this end, your board supported management's plan to acquire two established businesses which provide entertainment and connectivity services to the aged care and lifestyle village sectors. The acquisition of Web2TV, took us into the growing aged care and lifestyle villages sector. Living Networks, a provider of mobile, fixed line and internet services targeted at the affluent baby boomer generation was acquired in November 2016.

These acquisitions, as planned, launched Swift's strong growth in the aged care sector, where we now have more than 100 new client sites under negotiation.

At the same time, we signed several major new contracts in resources, with the likes of mining giant Rio Tinto. Swift also has made gains in the hospitality and government/defence sectors, as well as strengthening our partnerships with content providers to offer a superior service to our customers. We achieved strong quarterly year-on-year growth to close out the 2017 financial year, with a revenue of $17,005,143, which represents an 18% increase on the previous full financial year of trading of the Swift Networks Pty Ltd and Wizzie TV businesses acquired on 19 May 2016. Meanwhile, annual contracted revenues compared to one year earlier increased by 28%.

Throughout the year, Swift remained focused on minimising content costs and containing overheads at an appropriate level. With this approach to cost control, the company increased gross margins and achieved a significant turnaround in performance. This is a commendable result given that the company is early stage and in growth mode.

We enter the 2018 financial year with a strong cash position, and subsequently further strengthened the Company's financial position by raising $4.5 million (before costs) through a share placement.

This capital raising will fund Swift's transformational acquisition of Video on Demand, a successful Australian provider of IPTV and on-demand services. Integrating VOD will increase Swift's market share dramatically, with site numbers to rise by more than 67% once the acquisition is complete, driving our growth in 2018 and beyond.

Having worked with large and small companies, it has been my experience that large companies tend to have a momentum which alone can help carry them forward for a while. Small companies, on the other hand only make progress as a result of the effort of every single member of staff, each day, so I am incredibly proud of what our company has achieved in just 12 months.

Of course, this could not have been achieved without you, our shareholders, who have supported and trusted the company through this period of growth, transition and value creation.

We must also recognise my fellow directors for their support and counsel through the year.

CHAIRMAN'S REPORT

Finally, I would like to thank Swift's management and staff, and of course, our Chief Executive, Xavier Kris who work tirelessly to build a company of which we can be rightfully proud.

Having laid good foundations during 2017, we look forward to seeing Swift reap the benefits of its recent acquisitions, a continued focus on growth in its new verticals, as well as organic and acquisitive growth in 2018.

C C Clump

Carl Clump
Chairman

31 August 2017

DIRECTORS' REPORT

Your Directors present their report together with the financial statements of the Group, being Swift Networks Group Limited (the Company) and its controlled entities, for the financial year ended 30 June 2017.

CHAIRMAN AND DIRECTORS

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

PRINCIPAL ACTIVITIES

The principal activities of the consolidated Group during the financial year were the provision of fully integrated digital entertainment solutions for the Resource, Hotel, Lifestyle village and Aged Care sectors.

REVIEW OF OPERATIONS AND FINANCIAL REVIEW

Review of Operations

Throughout 2017, Swift Networks focused on entrenching its strong position in the resources accommodation sector while also expanding into new markets in line with its strategic plan.
Swift bolstered its content library to drive significant inbound interest across industry sectors, helping to maintain recurring revenue at high levels and supporting a healthily growing subscriber base, which by year-end reached 150 contracted site installations across Australia.

Resources

Swift expanded its presence in the resources sector by signing contracts with new and existing clients throughout the year.

Rio Tinto contracted Swift to retrofit the entire village consisting of 420 rooms across 105 accommodation buildings and six support buildings at Jerriwah Village, and provide ongoing remote management, monitoring and support of TV systems for a minimum 12-month term at Brockman 2 in the Pilbara region of WA which has more than 600 rooms housing iron ore, as well as management and support of internet services, installation of equipment onsite and 36 months of ongoing services to more than 1,000 new rooms at Rio's Hail Creek mine in Queensland. Later in the year, 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.

Swift further built on its strong relationship with Rio Tinto, winning a material contract to design and construct a remote networking solution to the mining giant's Hope Downs 1 Village, extending across 1,064 residences, upgrading and providing communications and entertainment.

DIRECTORS' REPORT

REVIEW OF OPERATIONS AND FINANCIAL REVIEW (continued)

Compass Group signed a deal with Swift to provide Wi-Fi and internet services to 800 active rooms as well as a 36-month support and services agreement at Gateway Village in Port Hedland, WA.

Through agreements with Shell and NOKIA, Swift will deliver a broad suite of design, construction, entertainment, telecommunications, maintenance and support services to the Prelude LNG project offshore Western Australia, the world's largest offshore floating facility, for an initial period of five years.

Swift will supply and manage digital entertainment, connectivity and related support and maintenance for the Ichthys LNG project offshore Western Australia for at least the next three years.

Swift also signed a contract with Sea Trucks, which owns and operates a fleet of more than 180 vessels and barges through which it provides offshore accommodation, construction facilities and maritime support to the oil and gas industry to provide content and telecommunications services initially to a 355-man barge, with significant scope for international expansion.

The Company was proud to renew its long-standing support of Sandfire Resources with a new three-year contract to provide entertainment and connectivity to Sandfire's Doolgunna copper/gold project in central Western Australia.

Also in the resources sector, Pacific Offshore awarded Swift a contract to provide content to its Arcadia vessel, which supports 750 crew members and its supporting the final stages of commissioning at Shell's Prelude FLNG facility in WA's Browse Basin. The contract is for up to 12 months, dependent on the commissioning timeframe.

Aged Care and Lifestyle Villages

A key business development for Swift 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 access to established relationships with 27 aged care and retirement village operators, and opened significant new lines of revenue growth.

Swift's integration of these businesses proceeded to plan, with a focus on cross-selling its existing entertainment and connectivity services to Web2TV and Living Networks' strong customers base, with the acquisitions opening multiple new opportunities to boost revenue.

Residential accommodation and aged care provider Elderbloom Community Care, which operates four facilities with three different styles of living, engaged Swift to deliver managed IT services for an initial term of three years.

Swift won a material contract to provide its entertainment and connectivity solution to McKenzie Aged Care Group, comprising 16 aged care facilities with 1,700 bed licenses across the Australian east coast. Swift is bringing its extensive design, construct and delivery experience to bear in the deployment of systems and services to McKenzie Aged Care Group's facilities, commencing with McKenzie's new 128-room Seaton Place Aged Care facility in Cleveland, Queensland.

Swift will also provide its aged care entertainment system (free-to-air TV, movies on demand, Swift Aged Care curated content, My Family and My Community) to the 120 guests at Rosewood's new five-star aged care facility in Leederville, Perth.

DIRECTORS' REPORT

REVIEW OF OPERATIONS AND FINANCIAL REVIEW (Continued)

In another win in the aged care sector, Swift won a three-year contract with BlueCross Community and Residential Services, which operates 24 sites with more than 2,000 rooms across Victoria. As a first step, Swift is providing its Aged Care Entertainment system, including free-to-air TV, movies on demand, aged care curated content and it's My Family and My Community applications to the 178 residents at BlueCross' new Ivanhoe residence in Melbourne's north-eastern suburbs.

Hospitality

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, including a three-year service agreement to the 300-room Beachcomber Resort in Surfer's Paradise, Queensland.

Post year-end, Swift announced the acquisition of Video on Demand (VOD) and its parent Movie Source Pty Ltd. VOD is a market leader in the provision of IPTV and video-on-demand services, with more than 15 years of industry experience in the hospitality sector and material agreements in the growing student accommodation sector. Swift funded the acquisition through a $4.5 million (before costs) placement to institutional investors and entering a $3 million debt facility with Bankwest.

Government & Defence

Swift won a contract with NT Link at Delamere Range, a government facility in the Northern Territory, supplying TV and Wi-Fi services. The initial contract covered 36 rooms but this subsequently expanded to cover 212 rooms.

Building on this, Swift won a multi-year contract to provide entertainment and communications services to Lendlease Corporation. The Company's engagement with Lendlease's facility manager Northern Rise will see Swift support staff and contractors conducting major construction activities at a government defence facility southeast of Katherine in Australia's Northern Territory.

In addition, Swift signed a preferred supplier agreement with Lockheed Martin Australia to provide support and maintenance services.

Content

The Company strengthened its content offering, partnering with Optus Networks to supply live English Premier League football to commercial customers across all sectors.

Swift further strengthened its content library, securing a license to distribute and promote millennial-focused video on demand from The QYOU.

Subsequent to year-end, acquiring VOD will bring Swift access to a range of attractive new content partners, including Telstra, Sony, Village Roadshow, Universal, Paramount, MGM, Miramax and Triple Play. These partnerships have come to Swift along with a significant reduction in content costs as the Company has moved further up the content supply chain.

DIRECTORS' REPORT

REVIEW OF OPERATIONS AND FINANCIAL REVIEW (Continued)

Senior Management appointments

Swift appointed 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.

Subsequent to year-end, Swift appointed George Nicholls as Chief Financial Officer. George joined Swift in January 2017 after a career spanning almost 20 years as a finance professional. He has held positions in professional practice across multiple industries for private and public companies in Australia and the United Kingdom. George is a fully qualified member of the Charted Accountants of Australia and New Zealand and the Governance Institute of Australia.

Financial overview

The consolidated net loss after tax for the Group is $1,364,198 (2016: loss of $5,249,924). The 2017 financial year represented the first full 12 months of trading for the Group, as on 19 May 2016 the Company acquired Swift Networks Pty Ltd and Wizzie TV Pt Ltd.

In 2017 the Group achieved an operating revenue of $17,005,143, which represents growth of 18% compared to the previous full financial year for Swift Pty Ltd. This growth reflects the strong momentum continuing to build across the Group's key markets with multiple new contract wins secured during the year. This in combination with a resolute focus on constraining costs and overheads, coupled with a significant increase in revenue generation, has driven a substantial turnaround in the Group's financial performance.

DIRECTORS' REPORT

The Group had underlying Earnings Before Interest, Tax, Depreciation Amortisation ("EBITDA") of $1,005,844. A reconciliation of EBITDA is provided below:

	A$	Description
Net loss after tax	**(1,364,198)**	Refer to the Consolidated Statement of Profit or loss and Other Comprehensive Income
Income tax benefit	(1,001,757)	Refer to Note 5
Interest costs (net)	(6,609)	Refer to Note 3 and Note 4
Depreciation and amortisation	1,121,925	Refer to the Consolidated Statement of Profit or loss and Other Comprehensive Income
Fair valuation loss on financial liability	1,929,167	Non-cash year end adjustment to the fair value of financial liabilities in respect of various performance shares (refer to Note 14)
Impairment of available for sale assets	83,350	Non-cash year end adjustment to the fair value of available for sale assets (refer to Note 4)
Share based payments	192,182	One-off option issue by SW1 to Company advisors (refer to Note 18)
Other expenses	51,784	One-off expenses incurred in respect to acquisitions and negotiations to exit an onerous contract (refer to Note 4)
Underlying EBITDA	**1,005,844**	

The Company's cash balance at 30 June 2017 was $2,237,906 with the Company achieving increasing cash flow positivity throughout the second half of the financial year, a consequence of a strong focus on increasing recurring revenues to drive higher cash receipts. The Group's cash reserves have been further strengthened since the end of the period, through the raising of $4.5million (before costs) through a share placement and entering into a debt facility with Bankwest for a further $3 million to fund the Company's transformational acquisition of Video on Demand.

At reporting the Company carried no outstanding borrowings.

OUTLOOK

The Company will look to build on the significant turnaround in 2017 and strive to continue to execute on its strategy of expanding into new markets and geographies through organic and inorganic pursuits. The Company has developed a robust sales pipeline across the maritime, resources, hospitality, aged care and lifestyle village sectors, and this is expected to grow revenue and EBITDA further in the coming 2018 financial year. The Company expects to accelerate its rate of new business development in these large, fast-growing sectors in the coming months.

SIGNIFICANT CHANGE IN STATE OF AFFAIRS

There has been no significant change in the state of affairs of the company during the financial year.

DIRECTORS' REPORT

REVIEW OF OPERATIONS AND FINANCIAL REVIEW (Continued)

EVENTS SINCE THE END OF THE FINANCIAL YEAR

On 7 July 2017 Swift Networks Group Limited entered into a binding share purchase agreement for the acquisition of VOD Pty Ltd and its parent Movie Source Pty Ltd. The acquisition will complete, upon satisfaction of certain conditions precedent, which is likely to occur at or around the date of signing of this report. The purchase price payable by the Company to the Sellers for the Acquisition is:

- $5,100,000 in cash (subject to adjustment for prepaid liabilities, trade debts, trade credits, employee entitlements and prepayments); and
- 3,600,000 fully paid ordinary shares at $0.25 per share in the Company.

In order to fund the Acquisition, the Company has received binding commitments to raise $4.5 million (before costs) via a placement of 18 million fully paid ordinary shares to sophisticated and institutional investors at $0.25 per share and has entered into debt facility with Bankwest to raise a further $3 million.

The Placement occurred in 2 tranches, with the initial tranche of up to $2.2 million settled on 12 July 2017, and the balance of up to $2.3 million, settled on 18 August 2017 after receiving approval of shareholders at an Extraordinary General Meeting held on 11 August 2017.

The Facility has a term of 3 years, during which the Company will make quarterly repayments with a final bullet repayment to be made at the end of the term. In addition, the Company has negotiated access to a debt facility of up to $350,000 to fund general working capital requirements. Both facilities will be secured by a first ranking general security of all present and future assets of the Company and its subsidiaries, and are subject to other terms which are considered customary for such agreements.

There are no other matters or circumstances that have arisen since 30 June 2017 that have or may significantly affect the operations, results, or state of affairs of the Group in future financial periods.

DIVIDENDS PAID OR RECOMMENDED

No dividends were paid or recommended during the year (2016: nil).

DIRECTORS' REPORT

INFORMATION ON THE DIRECTORS

Carl Clump – Non-Executive Chairman

Carl Clump has experience of being the CEO of a public listed company on the London Stock Exchange, an AIM listed company, a private equity backed company and two start-ups, as well as being Group Managing Director for a VC backed entity. He holds a number of Non-Executive and advisory roles. Until July 2014, he was the Chairman of the cards and payment division of a European Private Bank.
He is a special advisor to Jacanda Capital, a boutique advisory company headquartered in Sydney. He has been working with an Asia-Pacific organization on the launch of a specialist payment product, and working with other companies in Singapore, Malaysia, and UK. In 2000, Carl founded Retail Decisions, an international card issuing and fraud prevention company, with many of the world's leading brands as customers. Its customers include Banks, Payment Service Providers, Retailers and Airlines. He was the Chief Executive from 2000 until 2011. The Company was listed on the London Stock Exchange until 2006, when Carl took the company private. He retired as the company's Group Chairman in March 2013.
Prior to Retail Decisions, Carl was the Chief Executive of Card Clear plc., an AIM listed company involved in payments, card issuing, loyalty, currency exchange and fraud prevention. From 1993 to 1998, he served as the Group Managing Director of the Harpur Group, an issuer of specialist payment cards. Based in France, he was the President - Directeur General of TEPAR a consortium of European card issuing companies from 1989 to 1993. He spent some 13 years with Texaco, where he served as European Marketing Coordinator, Manager of the UK's Marketing and Planning Division, as well as a series of roles in Retail Management, Logistics and Finance and Economics.
Carl has an MBA from the Cranfield School of Management, a post-graduate diploma in Management Studies and a University of London Degree in Physics.

Directorships held in other listed companies in the past 3 years: None

Xavier Kris – Executive Director and Chief Executive Officer

Xavier Kris is an accomplished and innovative, international C-level executive with early experience as a Chief Executive and a proven track record in building global businesses and delivering results. With over 21 years' experience as a Director of service based information technology businesses in the UK, France, USA, South East Asia and Australia, Xavier specialises in providing acquisition, integration and business development services for companies seeking to expand their operations internationally.
Xavier has led multiple international businesses within transactional processing companies, the Harpur Group and International Card Services followed by Motorcharge Australia. In 2001, he joined the data and information technology firm, Retail Decisions Ltd, a company listed on the London Stock Exchange as part of the small executive management team as Head of Global Business Development based in London and subsequently Chief Executive Officer of the Americas based in Palo Alto, California.
In addition to being a director of PLUS 8, a hospitality labour hire and management consulting group, Xavier is a founding partner of Boardroom Capital, a boutique corporate advisory firm based in Perth, Western Australia. Xavier holds an English Law and French Degree and a Master of Business Administration.

Directorships held in other listed companies in the past 3 years: None

INFORMATION ON THE DIRECTORS (continued)

Paul Doropoulos – Non-Executive Director (resigned as Chief Financial Officer on 30 June 2017)

Paul Doropoulos has approximately 21 years' combined experience in an Executive Consultant capacity to ASX listed companies in the oil and gas and mining services sectors. Further has an understanding of business fundamentals through multiple start-ups in the hospitality industry. Instrumental in overseeing the successful ASX listing of junior gold explorer Metaliko Resources Ltd in 2010 and Kinetiko Energy Limited in 2011. In addition, he also held simultaneously the position of Chief Financial Officer in both companies. Paul is a founding participant to the establishment of the philanthropic Jackman Furness Foundation for the Performing Arts in Western Australia. Established and oversees financial aspects of Cirrena Pty Ltd a software solutions business with offices in Perth and Manila in the role of Chief Financial Officer. Paul also advises to the Board of Ageus Limited an enterprise developer. Paul was appointed in 2014 as an Executive Advisor to Boardroom Capital, a boutique corporate advisory firm based in Perth, Western Australia. Paul holds a Bachelor of Business Degree with Finance.
During the year ended 30 June 2017 Paul Doropoulos gave the Company notice of resignation as Chief Financial Officer effective 30 June 2017. He will remain a Non-Executive Director of the Company.

Directorships held in other listed companies in the past 3 years: None

Ryan Sofoulis – Executive Director and Head of Finance appointed 19 May 2016

Ryan has spent the last 12 years working within the various companies owned by the Sofoulis family. Ryan worked in the accounts department with the ASTIB Group until it was sold in 2011, at which time he became the Company Secretary of Swift Networks.
In 2012, Ryan became the Company Secretary of the newly created EITS Global Group and oversaw the establishment of an international structure spanning over the US, UK, Ireland and Australia.

Directorships held in other listed companies in the past 3 years: None

Robert Sofoulis – Non-Executive Director

Robert is the founder of Swift Networks and Wizzie TV. Robert has an engineering background in instrumentation and worked in the mining and oil and gas industries for 20 years before becoming an entrepreneur in 1995.
Initially concentrating in the two-way radio rental business, Robert soon expanded the business to include sales and engineering services and created ASTIB Group, consisting of various radio and communications subsidiaries. Most of the ASTIB Group was divested in January 2011 for approximately $50 million to CSE Global, a multinational organisation of the Singapore Exchange.

Directorships held in other listed companies in the past 3 years: None

Stephen Hewitt-Dutton – Company Secretary

Mr Hewitt-Dutton has over 23 years of experience in corporate finance, accounting and company secretarial matters. He is an Associate Director of Trident Capital and holds a Bachelor of Business from Curtin University, and is an affiliate of the Institute of Chartered Accountants and a Senior Associate of FinSIA.
Before joining Trident Capital, Mr Hewitt-Dutton was an Associate Director of Carmichael Corporate where he assisted clients by providing equity market, IPO and M&A advice and assistance. He has also held Financial Controller and Company Secretary positions for both public and private companies for in excess of 16 years.

DIRECTORS' REPORT

DIRECTORS' INTERESTS

The interests of each Director in the shares and options of the Group as notified by the Directors to the ASX in accordance with s205G(1) of the Corporations Act 2001 as at the 30 June 2017 were as follows:

Director	Ordinary shares	Options
Mr C Clump	1,259,879	740,000
Mr X Kris	3,580,833	1,980,000
Mr P Doropoulos	2,456,437	795,000
Mr Ryan Sofoulis	39,000	-
Mr Robert Sofoulis	30,120,000	-

DIRECTORS' MEETINGS

The number of meetings (including meetings of Board committees) of the Company's Board of Directors held during the year ended 30 June 2017 and the number of meetings attended by each Director was:

	Board		Remuneration Committee	
Director	Number eligible to attend	Number Attended	Number eligible to attend	Number Attended
Mr C Clump	12	12	2	2
Mr X Kris	12	12	-	-
Mr P Doropoulos	12	12	-	-
Mr Ryan Sofoulis	12	11	-	-
Mr Robert Sofoulis	12	11	2	2

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

Additional comments on expected results of operations of the Group are included in this report under the review of operations and significant changes in the state of affairs.

DIRECTORS' REPORT

REMUNERATION REPORT - AUDITED

Introduction

This Remuneration Report ("The Report") has been prepared in accordance with section 300A of the Corporations Act and associated regulations. The Remuneration Report has been audited by the Group's Auditor.

The Report provides details of the remuneration arrangements for the following Key Management Personnel* of the Group and the Company for the 2017 financial year:

Executive Chairman, Non-Executive Directors and Key Personnel

Name	***Position***
Mr C Clump	Non-Executive Chairman
Mr X Kris	Executive Director – Chief Executive Officer
Mr P Doropoulos	Non-Executive Director
Mr Ryan Sofoulis	Executive Director
Mr Robert Sofoulis	Non-Executive Director

*** Key Management Personnel are those Directors and executives with authority and responsibility for planning, controlling and directing the affairs of Swift Networks Group Limited.**

Subsequent to year end, on 1 July 2017 the Group appointed Mr. George Nicholls as Chief Financial Officer. It is acknowledged that Mr. Nicholls will be a key management personnel in future reporting periods.

Remuneration Policy

Compensation levels for key management personnel and secretaries of the Company and key management personnel of the Group are competitively set to attract and retain appropriately qualified and experienced Directors and executives.

The compensation structures explained below are designed to attract suitably qualified candidates, reward the achievement of strategic objectives, and achieve the broader outcome of creation of value for shareholders. The compensation structures take into account:

- the capability and experience of the key management personnel
- the key management personnel's ability to control the relevant segment's performance

Currently there is no direct relationship between key management personnel remuneration and performance. However, following the engagement of an independent remuneration consultant (BDO Reward), the Board may seek to adopt compensation packages that will include a mix of fixed and variable compensation, and short- and long-term performance-based incentives.

Fixed compensation

Fixed compensation consists of base compensation (which is calculated on a total cost basis), as well as employer contributions to superannuation funds.

Compensation levels are reviewed annually by the Board through a process that considers individual, segment and overall performance of the Group.

Remuneration governance

The Board has Remuneration and Nomination Committee consisting of independent Chairman Carl Clump and non-executive Director Robert Sofoulis. Due to the size of the Board, the Company has not appointed a third member to the committee.

DIRECTORS' REPORT

REMUNERATION REPORT – AUDITED (CONTINUED)

Key Management Personnel Remuneration

The key management personnel of the Company are the Directors. There are no executives, other than Directors, who have the authority and responsibility for planning, directing and controlling the activities of the Company.

The emoluments for each director and key management personnel of the Company for the year ended 30 June 2017 are as follows:

		Short Term Employee Benefits			Post-Employment	
		Salary & Fees (Cash)	Share Based Payments[1]	Non-Cash[2]	Superannuation	Total
		$	$	$	$	$
Mr C Clump	2017	48,000	-	3,660	-	**51,660**
	2016	65,893	123,587	6,807	-	**196,287**
Mr X Kris	2017	351,886	-	3,660	3,420	**358,966**
	2016	236,063	422,884	6,807	570	**666,324**
Mr P Doropoulos	2017	164,262	-	3,660	3,420	**171,342**
	2016	185,197	372,974	6,807	855	**565,833**
Mr Ryan Sofoulis	2017	120,308	-	3,660	11,429	**135,397**
	2016	15,700	-	6,807	-	**22,507**
Mr Robert Sofoulis[3]	2017	150,917	-	3,660	35,218	**189,795**
	2016	16,661	-	6,806	-	**23,467**
Mr J Pearson	2017	-	-	-	-	**-**
(resigned 19/5/16)	2016	86,895	383,111	6,807	-	**476,813**
Mr W Ng	2017	-	-	-	-	**-**
(resigned 19/5/16)	2016	15,000	-	6,806	-	**21,806**
Mr T Sargant	2017	-	-	-	-	**-**
(resigned 19/5/16)	2016	6,900	-	6,807	-	**13,707**
Total	**2017**	**835,373**	**-**	**18,300**	**53,487**	**907,160**
	2016	**628,309**	**1,302,556**	**54,454**	**1,425**	**1,986,744**

[1] Refer to the below table and Note 18 for further details.

[2] Non-Cash benefits include the provision of Directors and Officers liability insurance.

[3] Fees paid to Mr Robert Sofoulis is in relation to a related party service contract.

Details of Share Based Payments

	Remuneration Type	Grant Date	Number Granted	Grant Value $
Mr C Clump	Shares Options	19/05/2016 19/05/2016	693,333 260,000	$103,307 $20,280
Mr X Kris	Shares Options	19/05/2016 19/05/2016	2,408,889 820,000	$358,925 $63,960
Mr P Doropoulos	Shares Options	19/05/2016 19/05/2016	2,128,889 715,000	$317,204 $55,770

REMUNERATION REPORT – AUDITED (CONTINUED)

The shares and options granted to Directors were in consideration for services provided to the Company in connection with the acquisition of Swift Networks Pty Ltd and Wizzie Pty Ltd. All options are escrowed for 24 months, exercisable at 15 cents and are due to expire on 19 May 2021 if not exercised earlier. All shares and options vested immediately upon grant. The fair value of options granted was determined using the Black-Scholes option pricing model using the following key inputs:

Key Management Personnel Remuneration (continued)

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%
Grant date	19 May 2016

The size of the Company has resulted in the Board assuming the roles of key management personnel for the purposes of executive remuneration reporting.

Current service agreements

The agreements related to remuneration for the year ended 30 June 2017 are set out below:

(i) The Company has entered into letter agreements for Director Fees as follows:

Carl Clump	$48,000 per annum plus statutory superannuation
Xavier Kris	$36,000 per annum plus statutory superannuation
Paul Doropoulos	$36,000 per annum plus statutory superannuation
Ryan Sofoulis	$36,000 per annum plus statutory superannuation
Robert Sofoulis	$36,000 per annum plus statutory superannuation

The agreements for the above Directors commenced upon completion of the acquisition of Swift Networks Pty Ltd and Wizzie Pty Ltd on 19 May 2016.

(ii) The Company has entered into an employment agreement with Ryan Sofoulis, whereby the base remuneration, exclusive of superannuation entitlements, for services provided by Mr Sofoulis as the Head of Finance of the Company is $100,000 per annum. The term of the employment agreement commenced on 19 May 2016 until such time as the agreement is terminated in accordance with the terms of the agreement. The Company or Mr Sofoulis may terminate the employment agreement at any time by giving to the other not less than 9 months' written notice.

(iii) The Company has entered into a service agreement with Xavier Kris, for the provision of corporate consultancy services as Chief Executive Officer. The Company has agreed to pay a base remuneration of $16,465 per month ($197,585 per annum), and any additional payments for hours of services performed over and above the required minimum capped at a maximum of $10,000 per month.

The term of the agreement is for a minimum period of 6 months commencing on 19 May 2016 with 3 months' written notice by either party at any time after the first 6 months.

REMUNERATION REPORT – AUDITED (CONTINUED)

Current service agreements (continued)

(iv) The Company has entered into a service agreement with Paul Doropoulos, whereby the Company has agreed to pay NVNG Investments Pty Ltd, a Company in which Mr Doropoulos is the sole director, for the provision of consultancy services as Chief Financial Officer. The Company has agreed to pay a base remuneration of $8,233 per month ($98,792 per annum), and any additional payments for hours of services performed over and above the required minimum capped at a maximum of $5,000 per month.

The term of the agreement is for a minimum period of 6 months commencing on 19 May 2016 with 3 months' written notice by either party at any time after the first 6 months. During the year ended 30 June 2017 Paul Doropoulos gave the Company notice of resignation as Chief Financial Officer effective 30 June 2017. He will remain a Non-Executive Director of the Company.

(v) The Company has entered into a service agreement with Sofoulis Holdings Pty Ltd, a Company in which Robert Sofoulis is a director of and has a controlling interest in, for the provision of consultancy services and has agreed to pay $12,500 per month ($150,000 per annum). The term of the agreement is fixed for 24 months commencing on 19 May 2016. In the event of the Company terminating the service agreement within the fixed term, the Company is liable to pay for the remainder of the term of the service agreement.

Shareholdings of key management personnel

The movement during the reporting period in the number of ordinary shares of Swift Networks Group Limited held directly, indirectly or beneficially, by each specified Director and key management personnel, including their related entities, is as follows:

	Held at 30 June 2016 No.	Held at 30 June 2017 No.
Directors		
C Clump	**1,259,879**	**1,259,879**
X Kris	**3,580,833**	**3,580,833**
P Doropoulos	**2,456,437**	**2,456,437**
Ryan Sofoulis	**39,000**	**39,000**
Robert Sofoulis	**30,120,000**	**30,120,000**

Option holdings of key management personnel

The movement during the reporting period in the number of issued options of Swift Networks Group Limited held directly, indirectly or beneficially, by each specified Director and key management personnel, including their related entities, is as follows:

	Held at 30 June 2016 No.	Held at 30 June 2017 No.	Options vested & exercisable at year end
Directors			
C Clump	**740,000**	**740,000**	**740,000**
X Kris	**1,980,000**	**1,980,000**	**1,980,000**
P Doropoulos	**795,000**	**795,000**	**795,000**
Ryan Sofoulis	-	-	-
Robert Sofoulis	-	-	-

REMUNERATION REPORT – AUDITED (CONTINUED)

Loans with key management personnel

Loans

During the year, the directors and their related parties advanced the following funds to the Company:

	2017	2016
	$	$
Funds owed to Sentinel Gardens Pty Ltd, a related party of Ryan and Robert Sofoulis, by Wizzie Pty Ltd, upon the acquisition of Swift Networks Pty Ltd and Wizzie Pty Ltd[1]	909,308	1,309,308
Funds repaid	(909,308)	(400,000)
Closing balance	-	909,308

[1] The loan was interest free and repayable at call. In 2017 the loan was repaid in full.

Other transactions with key management personnel

Transactions with key management personnel related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

		2017 $	2016 $
(i)	Payments made to Wenro Holdings Pty Ltd, a company of which Robert Sofoulis is a Director and Ryan Sofoulis is associated with, for provision of office premises, pursuant to operating lease.	473,360	44,202
	<u>Amounts outstanding at reporting date</u> Aggregate amount payable to Key Management Personnel and their related entities at reporting date.		
(i)	Payables	188,205	557,483
(ii)	Borrowings – refer to Note 13 for further details	-	909,308

No other transactions or loans existed during the year and as at reporting date between the Company and with key management personnel.

Use of remuneration consultants

BDO Reward were engaged by the Remuneration Committee during the financial year to provide independent advice to the Committee on incentive plan consideration, which the Board will consider adopting ahead of the next Annual General Meeting. BDO Reward were paid a total of $23,500 for these services by the Company for the 2017 financial year.

Voting and comments made at the Company's 2016 Annual General Meeting

The approval of the remuneration report was passed as indicated in the results of the Annual General Meeting dated 8 November 2016. The Company did not receive specific feedback at the AGM or throughout the year on its remuneration practices.

This is the end of the Audited Remuneration Report.

DIRECTORS' REPORT

SHARES UNDER ISSUE

Unissued ordinary shares of Swift Networks Group Limited under option at the date of this report are:

Grant date	Expiry date	Exercise Price	Number
30 April 2015	30 April 2018	$0.25	9,440,000
19 May 2016	19 May 2021	$0.15	6,933,333
31 May 2017	31 May 2021	$0.35	1,000,000
31 May 2017	31 May 2021	$0.42	1,000,000
			18,373,333

On 5 August 2016, 205,220 unlisted options granted on 5 August 2015 expired unexercised.

There were no shares issued on the exercise of options during the financial year.

INDEMNIFICATION AND INSURANCE OF DIRECTORS

During the financial year, Swift Networks Group Limited paid a premium of $18,300 to insure the Directors and Officers of the Company and its wholly owned subsidiaries.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of any entity in the Group, and any other payments arising from liabilities incurred by the officers in connection with such proceedings, other than where such liabilities arise out of conduct involving a wilful breach of the duty by the officers or the improper use by the officers of their position or of information to gain an advantage for themselves or someone else to cause detriment to the Company. It is not possible to apportion the premium between amounts relating to the insurance against legal costs and those relating to other liabilities.

NON-AUDIT SERVICES

BDO Audit (WA) Pty Ltd is the Group's auditor. During the year, non-audit services of $23,500 were performed for other services in addition to their statutory duties. The Group may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company is important.

The board of directors has considered the position and is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed by the Board to ensure they do not impact the impartiality and objectivity of the auditor
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants.

Details of the amount paid to the auditors are disclosed in Note 22 to the financial statements.

AUDITORS' INDEPENDENCE DECLARATION

A copy of the Auditors' Independence Declaration as required under Section 307C of the Corporations Act 2001 is set out on page 20.

DIRECTORS' REPORT

ENVIORNMENTAL REGULATIONS

The Directors have considered compliance with the National Greenhouse and Energy Reporting Act 2007 which requires entities to report greenhouse gas emissions and energy use. For the measurement period 1 July 2016 to 30 June 2017 the directors have assessed that there are no current reporting requirements, but the Group may be required to do so in the future.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the year.

Dated at Perth this 31st day of August 2017

This report is made in accordance with a resolution of the Directors:

Carl Clump
Chairman

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Fax: +61 8 6382 4601
www.bdo.com.au

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Subiaco, WA 6008
PO Box 700 West Perth WA 6872
Australia

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

As lead auditor of Swift Networks Group Limited for the year ended 30 June 2017, 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 audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

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

J Prue

Jarrad Prue

Director

BDO Audit (WA) Pty Ltd

Perth, 31 August 2017

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

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2017

	Note	Consolidated	
		2017	2016
		$	$
Continuing Operations			
Revenue	3	17,005,143	1,699,076
Cost of Sales		(11,610,317)	(1,670,527)
Gross Profit		**5,394,826**	**28,549**
General & administration expenses	4	(4,388,981)	(2,046,670)
Other Income		12,521	29,959
Depreciation and amortisation expenses		(1,121,925)	(170,225)
Other expenses	4	(2,256,483)	(3,186,617)
Finance costs		(5,913)	-
Profit/(loss) before income tax expense		**(2,365,955)**	**(5,345,004)**
Income tax (expense)/benefit	5	1,001,757	95,080
Profit/(loss) after income tax expense		**(1,364,198)**	**(5,249,924)**
Other comprehensive income/(loss) for the period			
Items that may be reclassified to profit or loss		-	-
Other comprehensive income/(loss) for the period		**-**	**-**
Total comprehensive (loss)/profit for the period		**(1,364,198)**	**(5,249,924)**

		Cents	Cents
Loss per share attributable to the members of Swift Networks Group Limited:			
Basic earnings/(loss) per share	28	(1.6)	(22.3)
Diluted earnings/(loss) per share	28	(1.6)	(22.3)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2017

	Note	Consolidated	
		2017	2016
		$	$
Current Assets			
Cash and cash equivalents	6	2,237,906	3,208,352
Trade and other receivables	7	2,189,478	1,415,446
Inventory	8	666,631	470,454
Available for sale financial assets		-	83,350
Other current assets		191,012	195,274
Total Current Assets		**5,285,027**	**5,372,876**
Non Current Assets			
Property, plant and equipment	9	1,086,747	1,385,804
Deferred tax assets	5	1,406,658	453,385
Intangible assets	10	6,702,105	4,685,098
Total Non Current Assets		**9,195,509**	**6,524,287**
Total Assets		**14,480,537**	**11,897,163**
Current Liabilities			
Trade and other payables	11	3,448,098	2,983,911
Unearned revenue		222,399	-
Provisions	12	-	569,393
Deferred tax liabilities	5	64,890	194,673
Loans and borrowings	13	-	909,308
Total Current Liabilities		**3,735,387**	**4,657,285**
Non Current Liabilities			
Financial liabilities	14	4,604,167	1,900,000
Total Non Current Liabilities		**4,604,167**	**1,900,000**
Total Liabilities		**8,339,554**	**6,557,285**
Net Assets		**6,140,983**	**5,339,878**
Equity			
Issued capital	15	30,768,966	28,727,663
Reserves	16	774,652	650,652
Accumulated losses	17	(25,402,635)	(24,038,437)
Total Equity		**6,140,983**	**5,339,878**

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 AS AT 30 JUNE 2017

	Note	Issued Capital	Reserves	Accumulated losses	Total
		$	$	$	$
For the year ended 30 June 2017					
At the beginning of the year		28,727,663	650,652	(24,038,437)	**5,339,878**
Total comprehensive loss for the year		-	-	(1,364,198)	**(1,364,198)**
Transactions with shareholders in their capacity as shareholders:					
- Placement of shares		2,175,000	-	-	**2,175,000**
- Options granted		-	124,000	-	**124,000**
- Share issue costs (net of tax)		(133,697)	-	-	**(133,697)**
At the end of the year		**30,768,966**	**774,652**	**(25,402,635)**	6,140,983
For the year ended 30 June 2016					
At the beginning of the year		19,677,822	109,852	(18,788,513)	**999,161**
Total comprehensive loss for the year		-	-	(5,249,924)	**(5,249,924)**
Transactions with shareholders in their capacity as shareholders:					**-**
- Placement of shares		9,700,000	-	-	**9,700,000**
- Options granted		-	540,800	-	**540,800**
- Share issue costs		(650,159)	-	-	**(650,159)**
At the end of the year		**28,727,663**	**650,652**	**(24,038,437)**	5,339,878

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

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2017

	Note	Consolidated 2017 $	Consolidated 2016 $
Cash Flows from Operating Activities			
Cash receipts in the course of operations		16,179,792	2,453,462
Cash payments in the course of operations		(16,316,481)	(3,216,141)
Finance costs		(5,913)	-
Interest received		12,521	25,222
Net cash used in operating activities	19	**(130,081)**	**(737,457)**
Cash Flows from Investing Activities			
(Acquisition)/redemption of convertible notes		-	300,000
Purchase of property, plant and equipment		(272,009)	-
Payment for acquisition of business, net of cash acquired	29	(399,130)	(67,216)
Proceeds on sale of available for sale financial assets		-	52,907
Payment for development and new subscribers		(1,064,866)	-
Net cash (used in)/provided for investing activities		**(1,736,005)**	**285,691**
Cash Flows from Financing Activities			
Proceeds from issue of shares		2,000,000	4,008,000
Payment of share issue costs		(195,052)	(432,302)
Repayments of borrowings		(909,308)	(400,000)
Net cash flows from financing activities		**895,640**	**3,175,698**
Net increase/(decrease) in cash and cash equivalents		(970,446)	2,723,932
Cash at the beginning of the year		3,208,352	484,420
Cash at the end of the year	6	**2,237,906**	**3,208,352**

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

1. Reporting entity

Swift Networks Group Limited (the 'Company') is a Company domiciled in Australia and a for-profit entity for the purpose of preparing financial statements. The consolidated financial statements and notes represent those of the Swift Networks Group Limited and controlled entities (the "consolidated Group" or "Group").

The separate financial statements of the parent entity, Swift Networks Group Limited, have not been presented within this financial report as permitted by the *Corporations Act 2001*.

2. Statement of Significant accounting policies

Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards as issued by the IASB. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless otherwise stated.

The financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

The accounts have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

The consolidated financial statements were approved by the Board of Directors on the 31st of August 2017.

(a) Principles of Consolidation

The consolidated financial statements incorporate the assets, liabilities and results of entities controlled by Swift Networks Group Limited at the end of the reporting period. A controlled entity is any entity over which Swift Networks Group Limited has the ability and right to govern the financial and operating policies so as to obtain benefits from the entity's activities. Control will generally exist when the parent owns, directly or indirectly through subsidiaries, more than half of the voting power of an entity. In assessing the power to govern, the existence and effect of holdings of actual and potential voting rights are also considered.

Where controlled entities have entered or left the Group during the year, the financial performance of those entities are included only for the period of the year that they were controlled. A list of controlled entities is contained in Note 27 to the financial statements.

2. Statement of Significant accounting policies (continued)

(a) Principles of Consolidation (continued)

In preparing the consolidated financial statements, all inter-Group balances and transactions between entities in the consolidated Group have been eliminated in full on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with those adopted by the parent entity.

Non-controlling interests, being the equity in a subsidiary not attributable, directly or indirectly, to a parent, are reported separately within the Equity section of the Consolidated Statement of Financial Position and Statement of Profit or Loss and Other Comprehensive Income. The non-controlling interests in the net assets comprise their interests at the date of the original business combination and their share of changes in equity since that date.

Subsidiaries

Subsidiaries are entities controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable or convertible are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Investments in subsidiaries are carried at amortised cost in the Company's financial statements.

Transactions eliminated on consolidation

Intra-Group balances, and any unrealised gains and losses or income and expenses arising from intra-Group transactions are eliminated in preparing the consolidated financial statements.

(b) Income Tax

The income tax expense / (benefit) for the year comprises current income tax expense (income) and deferred tax expense / (benefit).

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at the end of the reporting period. Current tax liabilities / (assets) are therefore measured at the amounts expected to be paid to / (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well unused tax losses.

Current and deferred income tax expense / (benefit) is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

2. Statement of Significant accounting policies (continued)

(b) Income Tax (continued)

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at the end of the reporting period. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

(c) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership that is transferred to entities in the consolidated Group, are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

2. Statement of Significant accounting policies (continued)

(d) Financial Instruments

Recognition and Initial measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the Company commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified 'at fair value through profit or loss', in which case transaction costs are expensed to profit or loss immediately.

Classification and subsequent measurement

Finance instruments are subsequently measured at either of fair value, amortised cost using the effective interest rate method, or cost. *Fair value* represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as:

(a) the amount at which the financial asset or financial liability is measured at initial recognition;

(b) less principal repayments;

(c) plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the *effective interest method*; and

(d) less any reduction for impairment.

The *effective interest method* is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

The Group does not designate any interests in subsidiaries, associates or joint venture entities as being subject to the requirements of accounting standards specifically applicable to financial instruments.

i. *Financial assets at fair value through profit or loss*

Financial assets are classified at 'fair value through profit or loss' when they are either held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a Group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

2. Statement of Significant accounting policies (continued)

(d) Financial Instruments (continued)

Classification and subsequent measurement (continued)

ii. *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

Loans and receivables are included in current assets, except for those which are not expected to mature within 12 months after the end of the reporting period. (All other loans and receivables are classified as non-current assets.)

iii. *Available-for-sale financial assets*

Available-for-sale financial assets are non-derivative financial assets that are either not suitable to be classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

Available-for-sale financial assets are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period. (All other financial assets are classified as current assets.)

Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Impairment

At the end of each reporting period, the Group assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether impairment has arisen. Impairment losses are recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive Income. Also, any cumulative decline in fair value previously recognised in other comprehensive income is classified to profit or loss at this point.

De-recognition

Financial assets are de-recognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are de-recognised where the related obligations are discharged, cancelled or expired. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

2. Statement of Significant accounting policies (continued)

(e) Impairment of Assets

At each the end of each reporting period, the Group assesses whether there is any indication that an asset may be impaired. The assessment will include the consideration of external and internal sources of information including dividends received from subsidiaries, associates or jointly controlled entities deemed to be out of pre-acquisition profits. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the Consolidated Statement of Profit or Loss and Other Comprehensive Income unless the asset is carried at a relevant amount in accordance with another standard (e.g. in accordance with the revaluation model in AASB 116). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other standard.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

(f) Functional and presentation currency

These consolidated financial statements are presented in Australian dollars, which is the Company's functional currency and the functional currency of the majority of the Group.

(g) Employee Benefits

Wages, salaries and annual leave

Liabilities for wages and salaries and annual leave are recognised, and are measured as the amount unpaid at the reporting date at current pay rates in respect of employees' services up to that date.

Superannuation

Contributions to employee superannuation plans are charged as an expense as the contributions are paid or become payable.

(h) Provisions

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

(i) Cash and Cash Equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows. Cash held on reserve to meet collateral requirements, lease bonds and for regulatory purposes are not included in cash and cash equivalents, but classified as cash deposits not available for use by the Group.

2. Statement of Significant accounting policies (continued)

(j) Trade and Other Receivables

Trade receivables, which generally have 30-60 day terms, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts.

An allowance for doubtful debts is made when there is objective evidence that the Company will not be able to collect the debts. Bad debts are written off when identified.

(k) Revenue Recognition

Revenues are recognised at fair value of the consideration received net of the amount of goods and services tax (GST) payable to the taxation authority. Exchanges of goods or services of the same nature and value without any cash consideration are not recognised as revenues. Revenue is recognised on an accruals basis in accordance with the timing in which services are rendered.

The gross proceeds of non-current asset sales are recognised as revenue at the date control of the asset passes to the buyer, usually when an unconditional contract of sale is signed.

The gain or loss on disposal is calculated as the difference between the carrying amount of the asset at the time of disposal and the net proceeds on disposal (including incidental costs).

Interest revenue is recognised using the effective interest rate method.

Management fees are recognised once all conditions have been satisfied to recognise the services provided.

Where uncertainty exists as to the recoverability of the management fees that have been earned an impairment of the amount due will be taken to Consolidated Statement of Profit or Loss and Other Comprehensive Income.

(l) Inventories

Inventories are measured at the lower of coast and net realisable value. The cost of manufactured products includes direct materials, direct labour and an appropriate portion of variable and fixed overheads. Overheads are applied on the basis of normal operating capacity. Costs are assigned on the basis of weighted average costs.

(m) Property, Plant & Equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation. The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets.

Depreciation

The depreciable amount of all fixed assets is depreciated on a diminishing value basis over their useful lives to the Group commencing from the time the asset is held ready for use. The depreciation rates used for each class of depreciable assets are:

Motor Vehicles	25%
Software	25% - 66.66%
Office Equipment, Fit Out & Furniture	10% - 100%
Test Equipment & Tools	10% - 66.66%
Rental Equipment – DES	20% - 100%

2. Statement of Significant accounting policies (continued)

(n) Business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the

- fair values of the assets transferred
- liabilities incurred to the former owners of the acquired business
- equity interests issued by the group
- fair value of any asset or liability resulting from a contingent consideration arrangement, and
- fair value of any pre-existing equity interest in the subsidiary

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The group recognis es any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the

- consideration transferred,
- amount of any non-controlling interest in the acquired entity, and
- acquisition-date fair value of any previous equity interest in the acquired entity

over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired, the difference is recognised directly in profit or loss as a bargain purchase.

(o) Intangibles

Goodwill

Goodwill represents the excess of the purchase consideration over the fair value of the identifiable net assets at the time of acquisition of a combination. When the excess is negative (bargain purchase), it is recognize immediately in profit or loss.

Goodwill is not amortised. Instead, Goodwill is tested for impairment at each reporting date or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of Goodwill relating to the entity sold.

Goodwill is allocated to each of the cash-generating units for the purpose of impairment testing. Impairment is determined by assessing the recoverable amount of the cash- generating unit to which the goodwill relates (refer note 10). Impairment losses on goodwill cannot be reversed.

Identifiable intangible assets

Intangible assets acquired separately or in a business combination are initially measured at the lower of cost or fair value cost at the time of acquisition when it is probable that the future economic benefits arising as a result of the costs incurred will flow to the Group. The Group assesses identifiable intangible assets as having either finite or indefinite useful lives.

2. Statement of Significant accounting policies (continued)

(o) Intangibles (continued)

Intangible assets with finite lives are amortised over the useful life and assessed for impairment at least twice a year or whenever there is an indication that the intangible asset may be impaired. The amortisation period and amortisation method are reviewed at least each financial year end. Changes in the expected useful life or flow of economic benefits intrinsic in the asset are an accounting estimate. The amortisation charge on intangible assets with finite lives is recognised in the statement of profit or loss and other comprehensive income.

Customer contracts

Customer contracts acquired as part of a business combination are recognised separately from goodwill. The customer contracts are carried at their fair value at the date of acquisition less accumulated amortisation and any impairment losses. Where customer contracts useful lives are assessed as finite, the customer contracts are amortised over their estimated useful lives of 1 to 2 years

Subscriber acquisition costs

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 (contract 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.

Note: historically all expenses relating to activities undertaken to acquire new subscribers have been expensed as incurred, however no adjustment has been made to prior year comparatives as at the time of the acquisition organisational structure in place prior to the date of acquisition whereby fixed resources were allocated to the business as a whole, therefore the costs incurred to win new subscribers could not be easily separately identified nor measured reliably and accordingly no adjustment has been made in the prior year comparatives to recognise an Intangible for deferred subscriber acquisition costs

Research and development costs

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 (1-5 years) 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.

Note: historically all expenses pertaining to product development has been expensed as incurred. When SW1 was acquired in June 2016 it was estimated that the previous owners had spent approx. $3.6m in product development costs, the majority in relation to developing the Digital Entertainment System (DES) which, due to its high cost and low suitability in sectors outside of the resources industry, has now been superseded by the On Demand (OD) system, and therefore hold nominal carrying value. Accordingly, there is no impact on prior year comparatives.

2. Statement of Significant accounting policies (continued)

(p) Trade and Other Payables

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the Group during the reporting period which remains unpaid. The balance is recognised as a current liability with the amount being normally paid within 30 days of recognition of the liability.

(q) Borrowing Costs

Borrowing costs are recognised in the profit or loss in the period in which they are incurred.

(r) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Tax Office. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(s) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the profit and loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities, which are not incremental costs relating to the actual draw-down of the facility, are recognised as prepayments and amortised on a straight-line basis over the term of the facility.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

(t) Fair value of assets and liabilities

The Group measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.

Fair value is the price the Group would receive to sell an asset or would have to pay to transfer a liability in an orderly (i.e. unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (i.e. the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (i.e. the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

2. Statement of Significant accounting policies (continued)

(t) Fair value of assets and liabilities (continued)

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

The fair value of liabilities and the entity's own equity instruments (excluding those related to share-based payment arrangements) may be valued, where there is no observable market price in relation to the transfer of such financial instruments, by reference to observable market information where such instruments are held as assets. Where this information is not available. other valuation techniques are adopted and, where significant, are detailed in the respective note to the financial statements.

(u) Contributed Equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(v) Earnings Per Share

Basic earnings per share is calculated as a net profit attributable to members, adjusted to exclude any costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share is calculated as net profit attributable to members, adjusted for:

- costs of servicing equity (other than dividends) and preference share dividends;
- the after-tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares; divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

(w) Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

When the Group applies an accounting policy retrospectively, makes a retrospective restatement or reclassifies items in its financial statements, a statement of financial position as at the beginning of the earliest comparative period will be disclosed.

(x) Critical Accounting Estimates and Judgments

The Directors evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

2. Statement of Significant accounting policies (continued)

Key Estimates

Share based payment transactions

<u>*Employees and Directors*</u>

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an internal valuation using a Black-Scholes option pricing model taking into account the terms and conditions upon which the instruments were granted.

<u>*External Consultants*</u>

The Group measures the cost of equity-settled transactions with external consultants through the issuance of Options which could not be valued due to the fact that they represented consideration for past and future services provided by the broker to the Company. The fair value is determined by an internal valuation using the up and in share price barrier model taking into account the terms and conditions upon which the instruments were granted.

Significant Judgement

Deferred tax assets

Deferred tax assets and liabilities have been brought to account in 2017 after considering the level of tax losses carried forward and available to the Company against future taxable profits and the probability within the future that taxable profits will be available against which the benefits of the deductible temporary difference can be claimed. The Company believes that it is probable that sufficient future taxable profits will be available against which unused tax losses can be utilised.

Goodwill – impairment testing

Goodwill is tested for impairment annually. The Board has determined the most appropriate method for determining the recoverable amount of the goodwill attributable to the acquisition of Swift Networks, Living Networks and Web 2 TV by assessing the carrying value through a value in use model. Refer Note 10 for details of the assumptions used in these calculations.

Sensitivity to possible changes in key assumptions

Management have made judgements and estimates in respect of impairment testing of goodwill which management deem to be best estimates. Should the judgements and estimates not occur, the resulting goodwill may vary in carrying amount. The key assumptions are as follows (refer note 10 for further detail):

- Growth rate
- Discount rate
- Terminal value long term growth rate
- Capital spend

No impairment has been recognised in respect of goodwill at the end of the reporting period.

Contingent consideration

The Directors have assessed the likelihood of reaching various performance share milestones at reporting date (refer to Note 14) based on internal budgeting and information regarding contracts related to rooms and revenues.

2. Statement of Significant accounting policies (continued)

(y) Segment Information

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Chief Executive Officer.

(z) Government Grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group satisfies all attached conditions.

When the grant relates to an expense item, it is recognised as income over the periods necessary to match the grant on a systematic basis to the costs that it is intended to compensate.

When the grant relates to an asset, the fair value is credited against the asset and is released to the Statement of Profit or Loss and Other Comprehensive Income over the expected useful life of the relevant asset by equal annual instalments.

Where a grant is received in relation to the tax benefit of research and development costs, the grant shall be credited to income tax expense in the Statement of Profit or Loss and Other Comprehensive Income in the year of receipt.

(aa) New, revised or amending Accounting Standards and Interpretations adopted

The Group has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Any significant impact on the accounting policies of the Company from the adoption of these Accounting Standards and Interpretations are disclosed below. The adoption of these Accounting Standards and

Interpretations did not have any significant impact on the financial performance or position of the Company.

The following Accounting Standards and Interpretations are most relevant to the Company.

AASB 9 Financial Instruments – Recognition and Measurement (Effective 1 January 2018)

2. Statement of Significant accounting policies (continued)

(aa) New, revised or amending Accounting Standards and Interpretations adopted (continued)

AASB 9 introduces new requirements for the classification and measurement of financial assets and liabilities.

- Financial assets that are debt instruments will be classified based on (i) the objective of the entity's business model for managing the financial assets; and (ii) the characteristics of the contractual cash flows.
- Allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income (instead of in profit or loss). Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument.
- Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases.
- Where the fair value option is used for financial liabilities the change in fair value is to be accounted for as follows:
  - The change attributable to changes in credit risk are presented in other comprehensive income (OCI);
  - The remaining change is presented in profit or loss.

Otherwise, the following requirements have generally been carried forward unchanged from AASB 139 into AASB 9:

- Classification and measurement of financial liabilities; and
- De-recognition requirements for financial assets and liabilities.

AASB 9 requirements regarding hedge accounting represent a substantial overhaul of hedge accounting that will enable entities to better reflect their risk management activities in the financial statements.

Consequential amendments arising from AASB 9 are contained in AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010), AASB 2010-10 Further Amendments to Australian Accounting Standards – Removal of Fixed Dates for First-time Adopters, AASB 2012-6 Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and Transition Disclosures, AASB 2013-9 Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments and AASB 2014-1 Amendments to Australian Accounting Standards.

The introduction of AASB 9 is not expected to have a significant impact on the operations of the Group when implemented.

2. Statement of Significant accounting policies (continued)

(aa) New, revised or amending Accounting Standards and Interpretations adopted (continued)

AASB 15 Revenue from Contracts with Customers (Effective 1 January 2018)

This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard provides a single standard for revenue recognition. The core principle of the standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard will require: contracts (either written, verbal or implied) to be identified, together with the separate performance obligations within the contract; determine the transaction price, adjusted for the time value of money excluding credit risk; allocation of the transaction price to the separate performance obligations on a basis of relative stand-alone selling price of each distinct good or service, or estimation approach if no distinct observable prices exist; and recognition of revenue when each performance obligation is satisfied. Credit risk will be presented separately as an expense rather than adjusted to revenue. For goods, the performance obligation would be satisfied when the customer obtains control of the goods. For services, the performance obligation is satisfied when the service has been provided, typically for promises to transfer services to customers. For performance obligations satisfied over time, an entity would select an appropriate measure of progress to determine how much revenue should be recognised as the performance obligation is satisfied. Contracts with customers will be presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Sufficient quantitative and qualitative disclosure is required to enable users to understand the contracts with customers; the significant judgments made in applying the guidance to those contracts; and any assets recognised from the costs to obtain or fulfil a contract with a customer. The impact of this adoption is currently in the process of being assessed by the Group, however the impact has yet to be quantified. The Group will adopt this standard from 1 July 2018.

AASB 16 Leases (Effective 1 January 2019)

This standard is applicable to annual reporting periods beginning on or after 1 January 2019. The standard replaces AASB 117 'Leases' and for lessees will eliminate the classifications of operating leases and finance leases. Subject to exceptions, a 'right-of-use' asset will be capitalised in the statement of financial position, measured as the present value of the unavoidable future lease payments to be made over the lease term. The exceptions relate to short-term leases of 12 months or less and leases of low-value assets (such as personal computers and small office furniture) where an accounting policy choice exists whereby either a 'right-of-use' asset is recognised or lease payments are expensed to profit or loss as incurred. A liability corresponding to the capitalised lease will also be recognised, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration, removal or dismantling costs. Straight-line operating lease expense recognition will be replaced with a depreciation charge for the leased asset (included in operating costs) and an interest expense on the recognised lease liability (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However, EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results will be improved as the operating expense is replaced by interest expense and depreciation in profit or los s under AASB 16. For classification within the statement of cash flows, the lease payments will be separated into both a principal (financing activities) and interest (either operating or financing activities) component. For lessor accounting, the standard does not substantially change how a lessor accounts for leases. The impact of this adoption is currently in the process of being assessed by the Group, however the impact has yet to be quantified. The Group will adopt this standard from 1 July 2019.

Note 3. Revenue

	Consolidated	
	2017	2016
	$	$
(a) Revenue from continuing operations		
Sales revenue	17,005,143	1,699,076
	17,005,143	1,699,076
(b) Other income		
Interest	12,521	25,222
Other income	-	4,737
	12,521	29,959

Note 4. Expenses

	Consolidated	
	2017	2016
	$	$
(a) General & administration expenses		
Employment costs	(2,364,945)	(931,213)
Occupancy costs	(583,293)	(44,202)
Professional fees	(424,695)	(678,942)
Provision for doubtful debts	-	(66,083)
General and administration expenses	(1,016,048)	(326,230)
	(4,388,981)	(2,046,670)
(b) Other expenses		
Impairment of available for sale assets	(83,350)	(53,663)
Loss on assets written off	-	(232,487)
Loss on sale of available for sale assets	-	(132,267)
Share based payments	(192,182)	(1,522,200)
Fair valuation loss on financial liability	(1,929,167)	(1,025,000)
Business restructure expenses	-	(221,000)
Other expenses	(51,784)	-
	(2,256,483)	(3,186,617)

Note 5. Taxation

	Consolidated	
	2017	2016
	$	$
(a) Income tax benefit		
Major components of income tax expense are:		
Current tax	-	-
Deferred tax	(879,860)	(95,080)
Under/Over	(250,415)	-
Impact of provisional accounting	128,518	-
Income tax benefit reported in the income statement	**(1,001,757)**	**(95,080)**
(b) Numerical reconciliation		
The prima facie tax on loss from ordinary activities before income tax is reconciled to the income tax as follows:	(2,365,955)	(5,345,004)
Prima facie tax payable on loss from ordinary activities before income tax at 30% (2016: 30%)	(709,786)	(1,603,501)
- Non deductible share based payments	57,655	456,660
- Fair value loss on financial liability	578,750	-
- Goodwill amortisation	35,476	-
- Other	801	-
	(37,105)	(1,146,841)
Changes to income tax expense due to:		
- Under/over	(250,415)	-
- Impact of provisional accounting	128,518	-
- Effect of enacted tax rate reduction to 27.5% (on carried forward tax losses only)	27,330	-
- Capital raising costs allowable	-	(37,025)
- Movement in unrecognised timing differences	195,167	(7,437)
- Impairment of available-for-sale-assets	25,005	16,099
- Unused tax losses not recognised as a deferred tax asset	-	1,080,124
- Unused tax losses recognised as a deferred tax asset	(1,090,256)	-
Income tax benefit attributable to entity	**(1,001,757)**	**(95,080)**

Note 5. Taxation (continued)

	Consolidated	
	2017	2016
	$	$
(c) Deferred tax asset balances		
Contractual obligations	-	195,167
Provisions, accruals and section 40-880 deductions	167,215	258,218
Carried forward tax losses	1,090,256	-
Other	2,927	-
Changes to income statement:		
Share issue costs	146,260	-
	1,406,658	**453,385**
(d) Deferred tax liabilities balances		
Intangibles	64,890	194,673
	64,890	**194,673**

(e) Amounts recognised directly in equity

Aggregate current and deferred tax arising in the reporting period and not recognised in net profit or loss or other comprehensive income but directly debited or credited to equity.

Current tax		
Net deferred tax	57,299	
	57,299	**-**

Note 6. Cash and cash equivalent

	Consolidated	
	2017	2016
	$	$
Cash at bank on hand	2,237,906	3,208,352
	2,237,906	**3,208,352**

Cash at bank on hand includes an amount of $405,028 being restricted cash not readily convertible to cash (2016 - $190,028). Refer to Note 21 Financial Risk Management for risk exposure analysis for Cash and cash equivalents.

Note 7. Trade and other receivables

	Consolidated	
	2017	2016
	$	$
Current		
Trade receivables	1,975,087	1,252,128
Other receivables	214,391	163,318
	2,189,478	**1,415,446**

Trade and other receivables are non-interest bearing and are generally on 30-day terms. An allowance for doubtful debts is made when there is objective evidence that a trade receivable is impaired. None of the above receivables are past due or impaired. Refer to Note 21 Financial Risk Management for risk exposure analysis for Trade and other receivables.

Note 8. Inventory

	Consolidated	
	2017	2016
	$	$
Inventory		
- Finished goods	220,901	156,254
- Work in progress	445,730	314,200
	666,631	**470,454**

Note 9. Property, Plant & Equipment

	Motor Vehicles	Software	Office fit out & Equipment	Test Equipment	Rental Equipment	Total
	$	$	$	$	$	$
Year ended 30 June 2017						
Opening net book amount	60,828	36,849	545,910	50,071	692,146	1,385,804
Additions	-	1,600	29,954	-	240,455	272,009
Acquired upon acquisition of subsidiaries	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
Depreciation expense & impairment charges	(15,207)	(27,005)	(80,063)	(18,414)	(430,377)	(571,066)
Closing net book amount	**45,621**	**11,444**	**495,801**	**31,657**	**502,224**	**1,086,747**
At 30 June 2017						
Cost	91,143	142,955	1,047,497	170,566	3,219,281	4,671,442
Accumulated depreciation and impairment	(45,522)	(131,511)	(551,696)	(138,909)	(2,717,057)	(3,584,695)
Net book amount	**45,621**	**11,444**	**495,801**	**31,657**	**502,224**	**1,086,747**
Year ended 30 June 2016						
Opening net book amount	-	-	-	-	-	-
Additions	-	-	-	-	1,910	1,910
Acquired upon acquisition of subsidiaries	64,220	43,268	562,727	55,141	1,061,250	1,786,606
Disposals	-	-	-	-	(232,487)	(232,487)
Depreciation expense & impairment charges	(3,392)	(6,419)	(16,817)	(5,070)	(138,527)	(170,225)
Closing net book amount	**60,828**	**36,849**	**545,910**	**50,071**	**692,146**	**1,385,804**
At 30 June 2016						
Cost	91,143	141,356	1,017,376	170,566	3,282,680	4,703,121
Accumulated depreciation and impairment	(30,315)	(104,507)	(471,466)	(120,495)	(2,590,534)	(3,317,317)
Net book amount	**60,828**	**36,849**	**545,910**	**50,071**	**692,146**	**1,385,804**

Note 10. Intangible assets

	Goodwill	Development costs	Subscriber Acquisition Costs	Customer Contracts	Other Intangibles	Total
	$	$	$	$	$	$
Year ended 30 June 2017						
Opening net book amount	4,036,187	-	-	648,911	-	**4,685,098**
Additions	-	590,598	299,358	-	174,910	**1,064,866**
Acquired upon acquisition of subsidiaries	1,503,000	-	-	-	-	**1,503,000**
Amortisation and impairment charge	-	(42,127)	(71,251)	(432,607)	(4,874)	**(550,859)**
Closing net book amount	5,539,187	548,471	228,107	216,304	170,036	**6,702,105**
Cost	5,539,187	590,598	299,358	648,911	174,910	**7,252,964**
Accumulated amortisation and impairments	-	(42,127)	(71,251)	(432,607)	(4,874)	**(550,859)**
Closing net book amount	5,539,187	548,471	228,107	216,304	170,036	**6,702,105**
Year ended 30 June 2016						
Opening net book amount	-	-	-	-	-	**-**
Additions	-	-	-	-	-	**-**
Acquired upon acquisition of subsidiaries	4,036,187	-	-	648,911	-	**4,685,098**
Amortisation and impairment charge	-	-	-	-	-	**-**
Closing net book amount	4,036,187	-	-	648,911	-	**4,685,098**
Cost	4,036,187	-	-	648,911	-	**4,685,098**
Accumulated amortisation and impairments	-	-	-	-	-	**-**
Closing net book amount	4,036,187	-	-	648,911	-	**4,685,098**

In June 2016, the Group acquired Swift Networks Pty Ltd and Wizzie Pty Ltd as a going concern and Goodwill of $4,036,187 and identifiable Customer Contracts of $648,911 were recognised on acquisition. 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. Goodwill is recognised initially as the excess over the aggregate of the consideration transferred, the fair value of any non-controlling interests, and the acquisition date fair value of the acquirer's previously held equity interests, less tha n fair value of the identifiable assets acquired and liabilities consumed.

Development costs consists of amounts spent developing product enhancements to the Group's "On Demand" digital entertainment system and "My Family / My Community" application that will derive a future income stream. Development costs are amortised over five years.

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

Note 10. Intangible assets (continued)

Other intangible assets include costs incurred in order to establish content agreements with suppliers, which the company will offer to customers as part of its entertainment content offering. These costs are amortised over the average term of the supplier content agreements.

Assessment of carrying value

The aggregate carrying amount of intangibles allocated to the Group's separably identifiable cash-generating units (CGU) is:

	2017 $	2016 $
Swift Networks	5,199,105	4,685,098
Web 2 TV	953,000	-
Living Networks	550,000	-
Total	**6,702,105**	**4,685,098**

For the purpose of impairment testing, intangibles are allocated to three (2016: one) cash-generating units (CGU). The CGU and aggregate carrying amounts are structured to fall in line with the Group operations and cash flows. The Living Networks and Web 2 TV operations became part of the Group from 16 November 2016, please refer to note 29 Business Combinations for further details.

During the year ending 30 June 2017, there is no impairment of any CGU (2016: nil). The recoverable amount of each CGU is determined based on value-in-use calculations. Value-in-use calculations use cash flow projections based on financial budgets covering a projected five-year period and then estimating a terminal value. The cash flow for 2018 is based on the 2018 budget adopted by the Board. The cash flows are discounted using a pre-tax discount rate of 13.04%.

Significant estimate: key assumptions used for value-in-use calculations

The following table sets out the key assumptions for CGU value-in-use calculations:

2017	Swift Networks	Web 2 TV	Living Networks
Pre-tax discount rate	13.04%	13.04%	13.04%
Growth rate	5%	3.1%	3.1%
Terminal value long term growth rate	0%	0%	0%
Capital spend (1)	1%	1%	1%

(1) Reflects capital spend as a percentage of revenue calculated as the 5 year average of forecast spend.

Management has determined the values assigned to each of the above key estimates as follows:

Assumption	Approach used to determine values
Growth rate	Growth rates have been determined with reference to external sources including industry specific forecasts, adjusted for management's best estimate of growth achievable in the current economic and competitive environment.
Capital spend	Expected costs to maintain assets in current condition.

Sensitivity to change in assumptions

The Directors and management have considered and assessed reasonably possible changes to key assumptions that result in a change to the recoverable amount for each CGU. With regard to the assessment, management recognises that the actual time value of money may vary from the estimated and the discount rate used.

Note 10. Intangible assets (continued)

Estimated reasonably possible changes in the key assumptions would have the following approximate impact on impairment of each CGU as at 30 June 2017:

	Reasonable possible change	Swift Networks	Web 2 TV	Living Networks
Pre-tax discount rate	+10%/-10%	Nil	Nil	Nil
Growth rate	+10%/-10%	Nil	Nil	Nil
Terminal growth rate	+10%/-10%	Nil	Nil	Nil
Capital outlay	+10%/-10%	Nil	Nil	Nil

Each of the sensitivities above assumes that the specific assumption moves in isolation, whilst all other assumptions are held constant.

Note 11. Trade and Other Payables

	Consolidated	
	2017	2016
Current	$	$
Trade payables	2,533,303	1,732,276
Contractual liabilities	-	650,556
Other payables and accruals	914,795	601,079
	3,448,098	**2,983,911**

Note 12. Provisions

	Consolidated	
	2017	2016
Current	$	$
Onerous contracts	-	348,393
Other	-	221,000
	-	**569,393**

Note 13. Borrowings

	Consolidated	
	2017	2016
Unsecured – current	$	$
Loans payable	-	909,308
	-	**909,308**

The loans payable for the year ended 30 June 2016 represent funds advanced by Sentinel Gardens Pty Ltd, a related party of Robert and Ryan Sofoulis, prior to the acquisition of Swift Networks Pty Ltd and Wizzie Pty Ltd. The was interest free and repayable at call. During the year ended 30 June 2017 the loan was repaid in full.

Note 14. Financial Liability – at Fair Value

	Consolidated 2017 $	2016 $
Non current		
Opening balance	1,900,000	-
Amount due under contract of sale - at acquisition	775,000	875,000
Add: Fair value through the P&L	1,929,167	1,025,000
Closing balance	**4,604,167**	**1,900,000**

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 Pty Ltd, Living Networks and Web 2 TV pursuant to the respective acquisition agreement.

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

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

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.

<u>Note:</u> only new business won as a direct result of providing a Swift product or service can be counted towards these performance milestones.

(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:

i. a payment of $300,000 upon $800,000 gross revenue; and
ii. 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:

i. payment of $500,000 upon $2,000,000 gross revenue;
ii. Eight (8) payments of $125,000 each upon every additional $500,000 of gross revenue up to a total of $6,000,000

Note 14. Financial Liability – at Fair Value (continued)

Significant Judgement

(a) Based on internal budgeting and information regarding contracts signed relating to rooms and revenue the Directors have assessed the likelihood of reaching these milestones to be as follows:

Entity	At initial recognition	At 30 June 2016	At 30 June 2017	Fair value at 30 June 2017
Swift Networks Pty Ltd / Wizzie Pty Ltd	Milestone 1 – 20% Milestone 2 – 15%	Milestone 1 – 30% Milestone 2 – 25%	Milestone 1 – 50% Milestone 2 – 30%	$3,666,667
Living Networks	Milestone 1 – 50% Milestone 2 – 50%	Milestone 1 – N/a Milestone 2 – N/a	Milestone 1 – 50% Milestone 2 – 50%	$250,000
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%	Milestone 1 – N/a Milestone 2 – N/a Milestone 3 – N/a Milestone 4 – N/a Milestone 5 – N/a Milestone 6 – N/a Milestone 7 – N/a Milestone 8 – N/a Milestone 9 – N/a	Milestone 1 – 75% Milestone 2 – 60% Milestone 3 – 50% Milestone 4 – 40% Milestone 5 – 30% Milestone 6 – 25% Milestone 7 – 20% Milestone 8 – 15% Milestone 9 – 10%	$687,500

(b) The financial liability is a level 3 financial instrument. The Following summarises quantitative information about the significant unobservable inputs:

Entity	Description	Unobservable inputs	Range of inputs	Relationship of inputs to fair value
Swift Networks Pty Ltd / Wizzie Pty Ltd	Contingent consideration	Probability of achieving Milestones disclosed above	Milestone 1 – 50% Milestone 2 – 30%	If the probability of achieving each milestone was 10% higher (or lower) the fair value would increase (decrease) by $916,667
Living Networks	Contingent consideration	Probability of achieving Milestones disclosed above	Milestone 1 – 50% Milestone 2 – 50%	If the probability of achieving each milestone was 10% higher (or lower) the fair value would increase (decrease) by $50,000
Web 2 TV	Contingent consideration	Probability of achieving Milestones disclosed above	Milestone 1 – 75% Milestone 2 – 60% Milestone 3 – 50% Milestone 4 – 40% Milestone 5 – 30% Milestone 6 – 25% Milestone 7 – 20% Milestone 8 – 15% Milestone 9 – 10%	If the probability of achieving each milestone was 10% higher (or lower) the fair value would increase (decrease) by $150,000

Note 15. Issued capital

	Consolidated	
	2017	2016
	$	$
Issued capital	**30,768,966**	**28,727,663**

Movement in Ordinary Share Capital:	30 June 2017 No.	30 June 2016 No.	30 June 2017 $	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	-
Advisor offer (24 May 2017)	284,199	-	75,000	-
Share issue costs (net of tax)	-	-	(133,697)	(650,159)
	90,212,903	**80,825,054**	**30,768,966**	**28,727,663**

(c) **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 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 amounts 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.

Note 15. Issued capital (continued)

Options

At 30 June 2017, there were 18,373,333 options (30 June 2016 - 16,578,553) available for exercise.

Exercise price	20 cents	25 cents	15 cents	35 cents	42 cents	**Total**
Expiry date	5-Aug-16	30-Apr-18	19-May-21	31-May-21	31-May-21	
Opening balance	205,220	9,440,000	6,933,333	-	-	**16,578,553**
Issued during the year	-	-	-	1,000,000	1,000,000	**2,000,000**
Expired during the year	(205,220)	-	-	-	-	**(205,220)**
Exercised during the year	-	-	-	-	-	**-**
Closing balance	**-**	**9,440,000**	**6,933,333**	**1,000,000**	**1,000,000**	**18,373,333**

Share buy-back

There is no current on-market share buy-back.

Capital risk management

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell to reduce debt.

The Group will look to raise capital when an opportunity to make investments is seen as value adding relative to the current parent entity's share price at the time of the investment.

The Group is not subject to externally imposed capital requirements.

The capital risk management policy remains unchanged from the 2016 Annual Financial Statement.

Note 16. Reserves

	Consolidated	
	2017	2016
	$	$
Options reserves		
Opening balance	650,652	109,852
Options issued	124,000	540,800
Closing balance	**774,652**	**650,652**

Options reserve
The reserve is used to recognise the fair value of options granted.

During the year, 2,000,000 options exercisable at $0.35 and $0.42 respectively were issued to brokers and advisers in connection to future and past services provided to Swift Networks Group Limited. Refer to Note 18 (ii) for details regarding the issue.

Note 17. Accumulated losses

	Consolidated	
	2017	2016
	$	$
Accumulated losses at the beginning of the financial year	(24,038,437)	(18,788,513)
Profit / (loss) after income tax expense for the year	(1,364,198)	(5,249,924)
Accumulated losses at the end of the financial year	**(25,402,635)**	**(24,038,437)**

Note 18. Share based payments

(i) Share Issue

During the financial year ended 30 June 2017, $75,000 was recognised as a share based payment made in consideration of services provided to the Company by an executive consultant.

(ii) Options Issued

During the financial year ended 30 June 2017 two tranches of 1,000,000 options each valued at $69,000 and $55,000 respectively were issued to brokers in connection with future and past services provided to Swift Networks Group Limited (refer to Note 16). The value of the services could not be reliably determined and therefore, were measured at their fair value using the up and in share price barrier model.

Note 18. Share based payments (continued)

The fair value of these options granted was calculated as 6.9 cents and 5.5 cents respectively each by using the "up and in share price barrier model" option valuation methodology and applying the following inputs:

	Tranche A	Tranche B
Underlying share price	$0.2667	$0.2667
Exercise price	$0.35	$0.42
VWAP barrier	$0.35	$0.42
Valuation date	31 March 2017	31 March 2017
Expiry date	31 May 2021	31 May 2021
Exercise period	4.17	4.17
Volatility	40%	40%
Risk free rate	2.21%	2.21%
No. of options	1,000,000	1,000,000

(iii) Expenses arising from share based payment transactions

Total expenses arising from share-based payment transactions recognised during the period were as follows:

	Consolidated	
	2017	2016
	$	$
Issue of shares	68,182	1,192,000
Issue of options	124,000	330,200
Closing balance	**192,182**	**1,522,200**

(iv) Additional disclosures

Summary of options granted as a share based payment:

	2017			2016		
	Average exercise price per option	No. of options	Value of options	Average exercise price per option	No. of options	Value of options
As at 1 July	$0.15	4,233,333	$330,200	-	-	-
Granted during the year	$0.39	2,000,000	$124,000	$0.15	4,233,333	$330,200
As at 30 June 2017	$0.23	6,233,333	$454,200	$0.15	4,233,333	$330,200

Note 18. Share based payments (continued)

Share options outstanding at the end of the year have the following expiry date and exercise prices:

Grant Date	Expiry Date	Exercise Price	Share options 30 June 2017	Share options 30 June 2016
19 May 2016	19 May 2021	$0.15	6,933,333	6,933,333
31 March 2017	31 May 2021	$0.35	1,000,000	-
31 March 2017	31 May 2021	$0.42	1,000,000	-
Total			8,933,333	6,933,333

Weighted average remaining contractual life of options	4.17 years
Outstanding at end of year	Nil

As at 30 June 2017, none of the above options have vested and are exercisable.

Note 19. Cash flow information

	Consolidated 2017 $	Consolidated 2016 $
(a) Reconciliation of net profit/(loss) after tax to net cash flows from operations:		
(Loss) after tax	(1,364,198)	(5,249,924)
(a) Non cash flows in profit:		
Depreciation expenses and assets written off	1,121,925	402,712
Net fair value movement off available for sale financial assets	83,350	53,663
Loss on sale of available for sale financial assets	-	132,267
Share based payments	192,182	1,522,200
Fair value loss on financial liability	1,929,167	1,025,000
Income tax benefit	(1,001,757)	-
	960,669	(2,114,082)
(b) Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries		
Change in trade and other receivables	(774,032)	650,569
Change in inventories	(215,057)	820,729
Change in other current assets	4,846	-
Change in trade and other payables	327,497	196,988
Change in unearned revenue	151,708	-
Change in provisions	(585,712)	(291,661)
Cash flow used in operations	**(130,081)**	**(737,457)**

Note 19. Cash flow information (continued)

	Consolidated	
	2017	2016
	$	$
(b) Non-cash financing and investing activities		
Issue of 30,000,000 shares at $0.15 upon acquisition of Swift Networks Pty Ltd and Wizzie Pty Ltd	-	4,500,000
Liability raised for the possible future issue of ordinary shares pursuant to the acquisition of Swift Networks Pty Ltd and Wizzie Pty Ltd	-	875,000
Share based payment via issue of shares to related parties for services in connection with the acquisition of Swift Networks Pty Ltd and Wizzie Pty Ltd	-	1,192,000
Share based payment via issue of options to advisors and brokers in connection with the acquisition of Swift Networks Pty Ltd and Wizzie Pty Ltd	-	210,600
Issue of 407,997 shares at $0.23 upon acquisition of Living Networks	100,000	-
Liability raised for the possible future issue of ordinary shares pursuant to the acquisition of Living Networks and Web 2 TV (refer to Note 14)	775,000	-
	875,000	**6,777,600**

Note 20. Segment information

Activities in the operating segments are identified by management based on the manner in which resources are allocated, the nature of the resources provided and the identity of service line manager and area of income and expenditure. Discrete financial information about each of these areas is reported to the executive management team on a monthly basis. Management has determined that the Group has one operating segment being the provision of digital entertainment services in Australia. Prior to 19 May 2016 no reportable segments were identified. This segment meets aggregating criteria and are aggregated into one reporting sector. This internal reporting framework is the most relevant to assist the Board with making decisions regarding the company and its ongoing activities.

Note 20. Segment information (continued)

	Consolidated	
	2017	2016
	$	$
Revenue from external sources	17,005,143	1,703,973
Reportable segment loss	(173,777)	(1,185,951)
Reportable segment assets	14,480,537	8,299,500
Reportable segment liabilities	(8,339,555)	(5,184,286)
Reconciliation of reportable segment loss		
Reportable segment loss	(173,777)	(1,185,951)
Other revenue	12,521	25,062
Unallocated		
- Share based payments	(192,182)	(1,522,200)
- Fair value loss on financial liability	(1,929,167)	(1,025,000)
- Other	(83,350)	(1,636,915)
Loss before tax	(2,365,955)	(5,345,004)
Reconciliation of reportable segment assets		
Reportable segment assets	14,480,537	8,299,500
Unallocated		
- Cash	-	2,729,634
- Receivables	-	146,537
- Other assets	-	178,426
Total assets	14,480,537	11,354,097
Reconciliation of reportable segment liabilities		
Reportable segment liabilities	(8,339,555)	(5,184,286)
Unallocated		
- Trade and other payables	-	(829,933)
Total liabilities	(8,339,555)	(6,014,219)

Note 21. Financial risk management

Introduction and overview

The Group activities expose it to various types of risk that are associated with the financial instruments and markets in which it invests. The most important types of financial risk to which the Group is exposed are market risk, credit risk and liquidity risk.

Risk management framework

(a) **Market risk**

Market risk is analysed as market price risk, interest rate risk and currency risk.

(i) ***Market price risk***

Market price risk is the risk that changes in market prices (other than changes due to currency or interest rate risk) will affect the Group's income or value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures.

The investments are carried at fair value with changes in fair value recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive Income; all changes in market conditions will directly affect net investment.

As at balance date the exposure to market price risk related to financial instruments was considered to be immaterial.

(ii) ***Interest rate risk***

Interest rate risk consists of cash flow interest rate risk (the risk that future cash flows of a financial instrument will vary due to changes in market interest rates) and fair value interest rate risk (the risk that the value of a financial instrument will vary due to changes in market interest rates).

Management of interest rate risk

Interest rate risk is the risk of financial loss and / or increased costs due to adverse movements in the values of the financial assets and liabilities as a result of changes in interest rates.

Exposure to interest rate risk

As at the reporting date the interest rate risk was considered to be immaterial.

(iii) ***Currency risk***

Currency risk is the risk that the value of assets and liabilities denominated in a foreign currency will fluctuate due to adverse movements in exchange rates.

As at 30 June 2017, the Group has exposure to currency risk relating to an operating lease and contractual commitments denominated in $US. A 10% movement in exchange rate would not have a material impact for the Group.

(d) **Credit Risk**

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

Management of credit risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis.

Note 21. Financial risk management (continued)

Exposure to credit risk

The carrying amount of the Group's financial assets represents the maximum credit exposure. The Group's maximum exposure to credit risk at the reporting date was:

	Consolidated	
	2017	**2016**
	$	**$**
Carrying amount		
Cash and cash equivalents	2,237,906	3,208,352
Trade and other receivables	2,189,478	1,415,446
	4,427,384	4,623,798

Trade and other receivables that are neither past due nor impaired are considered to be of high credit quality.

Credit risk related to balances with banks and other financial institutions is managed in accordance with approved board policy. Such policy requires that surplus funds are only invested with counterparties with a Standard & Poor's rating of at least A-.

(e) Liquidity Risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due.

Management of liquidity risk

The Group's policy is to ensure that, as far as possible, it will always have sufficient liquidity to meet its financial liabilities when due, under both normal and stressed conditions.

Exposure to liquidity risk

As at reporting date the Group had sufficient cash reserves to meet its requirements. The Group has no access to credit standby facilities or arrangements for further funding or borrowings in place.

The financial liabilities the Group had at reporting date were trade payables incurred in the normal course of the business. These were non-interest bearing and were due within the normal 30-60 days terms of creditor payments.

The following table sets out the carrying amounts, by maturity, of the financial instruments including exposure to interest rate risk:

Note 21. Financial risk management (continued)

	Carrying	Weighted average	Maturity			
	amount	interest rate	6 months or less	6-12 months	1-2 years	More than 2 years
	$	%	$	$	$	$
Consolidated - 2017						
Financial assets						
Cash and cash equivalents	2,237,906	1.25%	1,832,878	-	190,028	215,000
Trade receivables	1,975,087	-	1,975,087	-	-	-
Other receivables	214,391	-	214,391	-	-	-
Closing net book amount	**4,427,384**		**4,022,356**	**-**	**190,028**	**215,000**
Financial liabilities						
Trade payables	2,533,303	-	2,533,303	-	-	-
Other payable and accruals	914,795	-	914,795	-	-	-
Loan	-	-	-	-	-	-
Financial liability	4,604,167	-	-	-	-	4,604,167
Closing net book amount	**8,052,265**	**-**	**3,448,098**	**-**	**-**	**4,604,167**
Consolidated - 2016						
Financial assets						
Cash and cash equivalents	3,208,352	1.4%	3,208,352	-	-	-
Trade receivables	1,252,128	-	1,252,128	-	-	-
Other receivables	358,592	-	358,592	-	-	-
	4,819,072		**4,819,072**	**-**	**-**	**-**
Financial liabilities						
Trade payables	1,732,276	-	1,732,276	-	-	-
Other payable and accruals	1,251,635	-	1,251,635	-	-	-
Loan	909,308	-	909,308	-	-	-
Financial liability	1,900,000	-	-	-	1,900,000	-
	5,793,219	**-**	**3,893,219**	**-**	**1,900,000**	**-**

Note 21. Financial risk management (continued)

The Group maintains cash flow forecasts for the next 12 months on a rolling basis. This takes into consideration all projected debt payments.

Fair value of financial assets and liabilities

The fair value of cash and cash equivalents and non-interest bearing monetary financial assets and financial liabilities of the Group approximates their carrying amounts.

The fair value of other monetary financial assets and financial liabilities is based upon market prices where a market exists or by discounting the expected future cash flows by the current interest rates for assets and liabilities with similar risk profiles. Non-interest bearing related party receivables and loans are repayable on demand, thus face value equates to fair value.

Equity investments traded on organised markets have been valued by reference to market prices prevailing at balance date. For non-traded equity investments, the fair value is an assessment by the Directors based on the underlying net assets, future maintainable earnings and any special circumstances pertaining to a particular investment.

The carrying amounts of financial assets and liabilities equates to their fair values at balance date.

Note 22. Auditors' Remuneration

During the year the following fees were paid or payable for services provided by the auditor of the parent entity, its related practices and non-related audit firms:

	Consolidated	
	2017	**2016**
	$	**$**
Auditors of the Company		
BDO Audit (WA) Pty Ltd		
Audit and review of financial statements	90,558	64,964
Non-audit services provided (BDO Reward)	23,500	26,550
Total remuneration for audit and non-audit services	**114,058**	**91,514**

BDO Reward were engaged by the Remuneration Committee during the financial year to provide independent advice to the Committee on incentive plan consideration. BDO Reward were paid a total of $23,500 for these services by the Company for the 2017 financial year.

Note 23. Parent entity

	Parent entity	
	2017	**2016**
	$	**$**
(a) Statement of Profit or Loss and other comprehensive income		
The individual financial statements for the parent entity show the following aggregate amounts:		
Net profit/(loss) attributable to equity holders of the Company	(3,322,085)	(4,063,973)
(b) Statement of financial position		
ASSETS		
Total current assets	-	2,959,517
Total non-current assets	9,915,915	6,296,245
Total assets	9,915,915	9,255,762
LIABILITIES		
Total current liabilities	-	(829,933)
Total non-current liabilities	(4,604,167)	(1,900,000)
Total liabilities	(4,604,167)	(2,729,933)
Net assets	5,311,748	6,525,829
EQUITY		
Share capital	30,636,667	28,727,663
Other reserves	849,652	650,652
Accumulated losses	(26,174,571)	(22,852,486)
Total equity	5,311,748	6,525,829

The Parent has not entered into any Guarantees on behalf of the Group as at 30 June 2017.

The Parent has Contingent Assets or Contingent Liabilities as at 30 June 2017.

The Parent has no contractual obligations on behalf of the Group as at 30 June 2017.

Note 24. Commitments

	Consolidated 2017 $	Consolidated 2016 $
Operating lease commitments		
Office premises		
The Group leases office premises under an operating lease expiring in two years. Minimum commitments under the lease are as follows:		
Not later than 1 year	420,691	393,713
Later than 1 year and not later than 2 years	-	393,713
Later than 2 years and not later than 5 years	-	-
	420,691	**787,426**
Satellite content services		
The Group leases satellite content services under a lease expiring in July 2017. Minimum commitments are as follows:		
Not later than 1 year	-	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	-	-
	-	**1,324,000**

There are no other operating lease commitments.

Note 25. Key management personnel compensation disclosures

Refer to the Remuneration Report contained in the Directors' Report for details of the remuneration paid or payable to each member of the Company's Key Management Personnel (KMP) for the year ended 30 June 2017.

	Consolidated 2017 $	Consolidated 2016 $
Short term employee benefits	853,673	682,763
Share based payments	-	1,302,556
Post-employment benefits	53,487	1,425
	907,160	**1,986,744**

Note 26. Related party transactions

Key management personnel

Disclosures relating to key management personnel are set out in the remuneration report of the Directors' report.

Transactions with related parties

Transactions with key management personnel related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

	Consolidated	
	2017	**2016**
	$	**$**
Payments made to Wenro Holdings Pty Ltd, a company of which Robert Sofoulis is a Director and Ryan Sofoulis is associated with, for the provision of office premises, pursuant to operating lease	472,360	44,202
Amounts outstanding at reporting date		
(i) Payables	188,205	557,483
(ii) Borrowings	-	909,308

No other transactions or loans existed during the year and as at reporting date between the Company and its key management personnel.

Loans from related parties		
Opening balance	909,308	-
Funds owed to Sentinel Gardens Pty Ltd, a related party of Robert and Ryan Sofoulis, by Wizzie Pty Ltd, upon acquisition of Swift Networks Pty Ltd and Wizzie Pty Ltd	-	1,309,308
Funds repaid to directors and related parties	(909,308)	(400,000)
Closing balance	-	909,308

No other transactions or loans existed during the year and as at reporting date between the Company and with key management personnel.

Note 27. Group entity

Ultimate parent entity

The ultimate parent entity in the wholly owned Group is Swift Networks Group Limited.

Name of entity	Country of residence / establishment	Ownership interest 30 June 2017 %	Ownership interest 30 June 2016 %
Parent entity			
Swift Networks Group Limited	Australia	100%	100%
Controlled entities			
Swift Networks Pty Ltd	Australia	100%	100%
Wizzie Pty Ltd	Australia	100%	100%
Stanfield Funds Management Limited	Hong Kong	100%	100%

Of the controlled entities, only Swift Networks Pty Ltd and Wizzie Pty Ltd were operating during the financial year.

Note 28. EPS

	Consolidated 2017 $	Consolidated 2016 $
Net profit / (loss) from continuing operations for the year	(1,364,198)	(5,249,924)
	No.	**No.**
Weighted average number of ordinary shares for the purpose of basic earnings per share	86,690,176	23,579,152
Basic earnings / (loss) per share (cents)	(1.6)	(22.3)
Diluted earnings / (loss) per share (cents)	(1.6)	(22.3)

Note 29. Business Combination

(a) Summary of acquisition - Swift Networks Pty Ltd and Wizzie Pty Ltd

On 19 May 2016 Swift Networks Group Limited acquired 100% of the issued share capital of Swift Networks Pty Ltd and Wizzie Pty Ltd. The Group has recognised the fair values of the assets and liabilities 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 the acquisition agreement (refer to Note 14)	875,000
Total Purchase Consideration	**5,875,000**

The assets and liabilities recognised as a result of the acquisition are as follows:	
Cash	432,784
Inventory	178,793
Trade and other receivables	2,083,888
Other assets	315,717
Deferred tax assets	299,685
Plant & equipment	1,786,606
Intangibles - Customer Contracts (iii)	648,911
Trade & other payables	(463,934)
Unfavourable operating lease	(650,556)
Provision for onerous contract (iii)	(348,393)
Other liabilities	(940,707)
Loans	(1,309,308)
Deferred tax liabilities	(194,673)
Net identifiable assets	1,838,813
Add: Goodwill	4,036,187
Net assets acquired	**5,875,000**

(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) At 30 June 2016, provisional accounting was applied to the fair value at the identifiable assets and liabilities acquired. At 30 June 2017, as a result of the finalisation of the subsidiary's position, an adjustment has been made to recognise an intangible asset for customer contracts and a provision for an onerous contract (net of tax) with a comparative net decrease in Goodwill of $210,363.

Significant accounting estimates and judgements

The fair value of acquired assets was determined using the following key assumptions:

- Customer contracts: assumed level of future revenue and assumed EBITDA margin

Note 29. Business Combination (continued)

(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 to be issued upon successfully meeting performance hurdles, pursuant to the acquisition agreement (refer to Note 14)	525,000
Total Purchase Consideration	**765,519**

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

Inventory	18,880
Other current assets	(7,833)
Trade and other payables	(140,155)
Unearned revenue	(42,054)
Provisions	(16,319)
Net identifiable assets	(187,481)
Add: Goodwill	953,000
Net assets acquired	**765,519**

(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 Livings Networks included in the consolidated statement of profit or loss and other comprehensive income from the acquisition date of 16 November 2016 to 30 June 2017 were $319,863 and $55,185.

Note 29. 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 to be issued upon successfully meeting performance hurdles, pursuant to the acquisition agreement (refer to Note 14)	250,000
Total Purchase Consideration	**508,611**

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
Net assets acquired	**508,611**

(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 Livings Networks included in the consolidated statement of profit or loss and other comprehensive income from the acquisition date of 16 November 2016 to 30 June 2017 were $615,327 and $132,132.

(d) Purchase Consideration - Cash outflow

	Consolidated	
	2017	**2016**
	$	**$**
Swift Networks Pty Ltd/ Wizzie TV	-	67,216
Living Networks	158,611	-
Web2TV	240,519	-
Total	**399,130**	**67,216**

Note 30. Contingencies

There are no contingent assets or contingent liabilities as at 30 June 2017.

Note 31. Events subsequent to reporting date

On 7 July 2017 Swift Networks Group Limited entered into a binding share purchase agreement for the acquisition of VOD Pty Ltd and its parent Movie Source Pty Ltd. The acquisition will complete, upon satisfaction of certain conditions precedent, which is likely to occur at or around the date of signing of this report. The purchase price payable by the Company to the Sellers for the Acquisition is:

- $5,100,000 in cash (subject to adjustment for prepaid liabilities, trade debts, trade credits, employee entitlements and prepayments); and
- 3,600,000 fully paid ordinary shares at $0.25 per share in the Company.

In order to fund the Acquisition, the Company has received binding commitments to raise $4.5 million (before costs) via a placement of 18 million fully paid ordinary shares to sophisticated and institutional investors at $0.25 per share and has entered into debt facility with Bankwest to raise a further $3 million.

The Placement occurred in 2 tranches, with the initial tranche of up to $2.2 million settled on 12 July 2017, and the balance of up to $2.3 million, settled on 18 August 2017 after receiving approval of shareholders at an Extraordinary General Meeting held on 11 August 2017.

The Facility has a term of 3 years, during which the Company will make quarterly repayments with a final bullet repayment to be made at the end of the term. In addition, the Company has negotiated access to a debt facility of up to $350,000 to fund general working capital requirements. Both facilities will be secured by a first ranking general security of all present and future assets of the Company and its subsidiaries, and are subject to other terms which are considered customary for such agreements.

There are no other matters or circumstances that have arisen since 30 June 2017 that have or may significantly affect the operations, results, or state of affairs of the Group in future financial periods.

Note 32. Company details

The registered office and principal place of business of the Company is:
Swift Networks Group Limited
1 Watts Place
BENTLEY WA 6102
Australia

Directors' declaration

The Directors of the Company declare that:

the financial statements and notes, as set out on pages 21 to 68 are in accordance with the *Corporations Act 2001* and:

a. comply with Accounting Standards, which as stated in accounting policy Note 2 to the financial statements, constitutes explicit and unreserved compliance with International Financial Reporting Standards (IFRS); and

b. give a true and fair view of the financial position as at 30 June 2017 and of the performance for the year ended on that date of the consolidated Group;

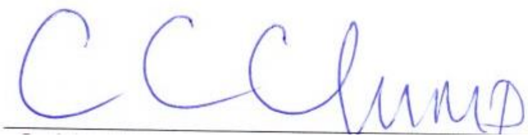
c. the financial records of the Company for the financial year have been properly maintained in accordance with s 286 of the *Corporations Act 2001*;

d. the financial statements and notes for the financial year comply with the Accounting Standards; and

e. the financial statements and notes for the financial year give a true and fair view;

in the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable as disclosed in Note 2 to the financial statements.

This declaration is made in accordance with a resolution of the Board of Directors.



Chairman
Carl Clump

Dated this 31st day of August 2017

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INDEPENDENT AUDITOR'S REPORT

To the members of Swift Networks Group Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Swift Networks Group Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2017, 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 year then ended, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

In our opinion the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:

(i) Giving a true and fair view of the Group's financial position as at 30 June 2017 and of its financial performance for the year ended on that date; and

(ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Recoverability of intangible assets

Key audit matter	*How the matter was addressed in our audit*
As disclosed in Note 10, the Group has $6,702,105 of intangible assets comprising goodwill, development costs, subscriber acquisition costs, customer contracts and other intangible assets. As detailed in Note 10, management's assessment of the recoverability of intangible assets is supported by a value in use cash flow model and the key assumptions used in this model. The assessment of impairment for intangible assets within the relevant cash generating units (CGUs) is a key audit matter due to the significant degree of estimations and assumptions made by management in the cash flow forecasts including future operating and financial performance, expectation of future growth rates, anticipated cost assumptions, the discount rate applied and the terminal value.	Our procedures included, but were not limited to the following: • Considering whether the methodology in the models was consistent with the basis required by Australian Accounting Standards and checking the mathematical accuracy of the models; • Comparing the cash flow forecasts for future periods in the models to those in the latest Board approved budgets; • Performing sensitivity analysis on the key assumptions including discount rate and growth rate inputs; • Assessing whether the growth rate assumptions in the models' forecasts were consistent with our understanding of the industry and the Group; • Using our internal valuation specialists to assess the appropriateness of the discount rate applied; and • Assessing the appropriateness of the Group's disclosures in respect of the assessment of carrying values for intangibles (refer note 10).

Finalisation of provisional accounting (Swift Networks Pty Ltd & Wizzie TV Pty Ltd)

Key audit matter	*How the matter was addressed in our audit*
As disclosed in Note 29(a), the Group finalised its provisional accounting for the acquisition of Swift Networks Pty Ltd and Wizzie TV Pty Ltd during the year. The finalisation of the provisional accounting of this acquisition is a key audit matter given its financial significance to the Group and because significant judgement was involved in assigning a fair value to the assets and liabilities acquired and the equity instruments issued by the Group.	Our procedures included, but were not limited to the following: • Evaluating the assumptions and methodology used in management's determination of the fair value of assets and liabilities acquired; • Performing substantive testing on fair value adjustments, including agreeing to supporting documentation on a sample basis, as part of the finalisation of provisional fair value accounting; and • Assessing the appropriateness of the Group's disclosures in respect of the finalisation of acquisition accounting (refer note 29(a)).

Recognition and measurement of deferred tax assets

Key audit matter	*How the matter was addressed in our audit*
Refer Note 5 in the financial report. The Group recognised $1,406,658 of deferred tax assets of which $1,090,256 arises from tax losses carried forward. Australian Accounting Standards require deferred tax assets to be recognised only to the extent that it is probable that sufficient future taxable profits will be generated in order for the benefits of the deferred tax assets to be realised. These benefits are realised by reducing tax payable on future taxable profits. The recognition and measurement of these deferred tax assets was a key audit matter given the quantum of accumulated losses, the judgement in assessing availability of tax losses being recognised by the Group from recent business acquisitions and the judgement in assessing whether there will be enough future taxable profits to utilise the existing tax losses.	Our procedures included, but were not limited to the following: • Using our internal tax specialists to evaluate the availability of these losses given the change in control as a result of recent acquisitions; • Reviewing management's key assumptions in the cash flow budget and forecasts and assessing whether deferred tax assets had been appropriately based on the extent to which they can be recovered by future taxable profits; and • Assessing the appropriateness of the Group's disclosures in respect of the recognition and measurement of deferred tax assets (refer note 5).

Other information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2017, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the Financial Report

The directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (http://www.auasb.gov.au/Home.aspx) at:

http://www.auasb.gov.au/auditors_files/ar2.pdf

This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 13 to 17 of the directors' report for the year ended 30 June 2017.

In our opinion, the Remuneration Report of Swift Networks Group Limited, for the year ended 30 June 2017, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

BDO Audit (WA) Pty Ltd

BDO

J Prue

Jarrad Prue

Director

Perth, 31 August 2017

Shareholder information

A. Substantial Shareholders

The following have a relevant interest (>5%) in the capital of Swift Networks Group Limited as at 28 August 2017

Substantial ordinary shareholders	No. of ordinary shares held	Percentage held of Issued Ordinary Capital
MR ROBERT NICHOLAS SOFOULIS & RELATED ENTITIES	30,185,000	27.89%
WILSON ASSET MANAGEMENT GROUP & RELATES ENTITIES	10,057,236	9.29%

B. Distribution of Equity Securities

(i) Analysis of numbers of equity security holders by size of holding as at 28 August 2017.

Category (Size of Holdings)			Ordinary Shares Number of Holders	Unlisted Options
1	-	1,000	23	-
1,001	-	5,000	225	-
5,001	-	10,000	103	-
10,001	-	100,000	357	15
100,001	-	and over	135	28
			562	43

Shareholder information (continued)

C. Equity Security Holders

Twenty largest quoted equity security holders (28 August 2017)

		Ordinary shares	
		Number held	**Percentage of issued shares**
1	SOFOULIS HOLDINGS PTY LTD <THE SOFOULIS FAMILY A/C>	30,000,000	27.72%
2	RBC INVESTOR SERVICES AUSTRALIA NOMINEES PTY LTD <VFA A/C>	10,057,236	9.29%
3	J P MORGAN NOMINEES AUSTRALIA LIMITED	5,071,883	4.69%
4	BNP PARIBAS NOMS PTY LTD <DRP>	3,039,291	2.81%
5	SUETONE PTY LTD <THE AK SHADFORTH FAMILY A/C>	2,481,096	2.29%
6	TRI-NATION HOLDINGS PTY LTD <KRIS FAMILY A/C>	2,408,889	2.23%
7	JAMES FLORIAN PEARSON <PEARSON FAMILY A/C>	2,222,223	2.05%
8	PAUL DOROPOULOS	2,128,889	1.97%
9	JOHN COLIN & SUSAN MARJORY LOOSEMORE <LOOSEMORE SUPER FUND A/C>	1,400,000	1.29%
10	BURRWOOD INVESTMENTS PTY LTD <BURRWOOD INVESTMENTS A/C>	981,110	0.91%
11	MR RUSSELL NEIL CREAGH	918,277	0.85%
12	MR JAMES FLORIAN PEARSON <J PEARSON FAMILY A/C>	902,115	0.83%
13	MR GEORGE STEPHEN PEMBERTON	831,262	0.77%
14	TRI-NATION HOLDINGS PTY LTD <KRIS FAMILY A/C>	825,572	0.76%
15	BOND STREET CUSTODIANS LTD <MACQ AUS EMERGING COMPANIES>	800,000	0.74%
16	SUNSET CAPITAL MANAGEMENT PTY LTD <SUNSET SUPERFUND A/C>	793,887	0.73%
17	BWD ADVISORY PTE LTD	693,333	0.64%
18	SKYLINE ENTERTAINMENT HOLDING LIMITED	625,000	0.58%
19	SUETONE PTY LTD <THE AK SHADFORTH FAMILY A/C>	598,544	0.55%
20	KIM WALKER	546,666	0.51%
	Total	**67,325,273**	**62.22%**

Shareholder information (continued)

D. Voting Rights

The voting rights, upon a poll, are one vote for each share held.

E. Unquoted securities

Securities	Number of Options	Number of Holders	Holders with more than 20%
Options exercisable at $0.25 on or before 30 April 2018	9,440,000	19	1
Options exercisable at $0.15 on or before 19 May 2021	6,933,333	24	1
Options exercisable at $0.35 on or before 31 May 2021	1,000,000	1	-
Options exercisable at $0.42 on or before 31 May 2021	1,000,000	1	-
Class A Performance Shares	16,666,667	1	1
Class B Performance Shares	16,666,667	1	1

Details of Performance Shares

Each Performance Shares converts to one (1) fully paid ordinary share upon satisfaction of the relevant milestone on or before 15 November 2020. The milestones in relation to the Performance Shares are:

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.

No Performance Shares were converted or cancelled during the period.

No performance milestones were met during the period.

F. On-market buyback

There is no current on-market buy-back

G. Stock Exchange listing

Quotation has been granted for the Company's Ordinary Shares.

Shareholder information (continued)

H. Securities subject to escrow

The following securities are currently subject to escrow:

Securities	Escrow Period	Release Date	Number
Fully Paid Shares	24 months from quotation	1 June 2018	38,000,000
Fully paid shares	12 months from quotation	22 November 2017	407,997
Unlisted Options, 15c (expiry 19 May 2021)	24 months from quotation	1 June 2018	6,933,333
Class A Performance Shares	24 months from quotation	1 June 2018	16,666,667
Class B Performance Shares	24 months from quotation	1 June 2018	16,666,667

I. Statement in relation to Listing Rule 4.10.19

The Directors of Swift Networks Group confirm in accordance with ASX Listing Rule 4.10.19 that during the period from reinstatement to official quotation to 30 June 2017, the Company has used its cash, and assets that are readily convertible to cash, in a way consistent with its business objectives.

CORPORATE GOVERNANCE STATEMENT

The Board is responsible for establishing the Company's corporate governance framework, the key features of which are set out below. In establishing its corporate governance framework, the Board has referred to the 3rd edition of the ASX Corporate Governance Councils' Corporate Governance Principles and Recommendations.

The corporate governance statement discloses the extent to which the Company follows the recommendations. The Company will follow each recommendation where the Board has considered the recommendation to be an appropriate benchmark for its corporate governance practices. Where the Company's corporate governance practices will follow a recommendation, the Board has made appropriate statements reporting on the adoption of the recommendation. In compliance with the "if not, why not" reporting regime, where, after due consideration, the Company's corporate governance practices will not follow a recommendation, the Board has explained its reasons for not following the recommendation and disclosed what, if any, alternative practices the Company will adopt instead of those in the recommendation.

The following governance-related documents can be found on the Company's website at http://www.swiftnetworks.com.au, under the section marked "Corporate Governance":

(a) Board Charter
(b) Board Performance Evaluation Policy;
(c) Code of Conduct;
(d) Audit Committee Charter;
(e) Remuneration and Nomination Committee Charter;
(f) Security Trading Policy;
(g) Continuous Disclosure Policy;
(h) Shareholder Communication and Investor Relations Policy;
(i) Risk Management Policy; and
(j) Diversity Policy.

Principle 1: Lay solid foundations for management and oversight

Recommendation 1.1

The Company has established the respective roles and responsibilities of its Board and management, and those matters expressly reserved to the Board and those delegated to management, and has documented this in its Board Charter.

The responsibilities of the Board include but are not limited to:

(a) setting and reviewing strategic direction and planning;
(b) reviewing financial and operational performance;
(c) identifying principal risks and reviewing risk management strategies; and
(d) considering and reviewing significant capital investments and material transactions.

In exercising its responsibilities, the Board recognises that there are many stakeholders in the operations of the Company, including employees, shareholders, co-ventures, the government and the community.

The Board has delegated responsibility for the business operations of the Company to the Chief Executive Officer. The Chief Executive Officer is accountable to the Board.

CORPORATE GOVERNANCE STATEMENT

Recommendation 1.2

The Company undertakes appropriate checks before appointing a person, or putting forward to shareholders a candidate for election as a director and provides shareholders with all material information in its possession relevant to a decision on whether or not to elect a director.

The checks which are undertaken, and the information provided to shareholders, are set out in the Company's Remuneration and Nomination Committee Charter.

Recommendation 1.3

The Company has a written agreement with each of the Directors and senior executives setting out the terms of their appointment. The material terms of any employment, service or consultancy agreement the Company, or any of its child entities, has entered into with its Chief Executive Officer, any of its directors, and any other person or entity who is a related party of the Chief Executive Officer or any of its directors will be disclosed in accordance with ASX Listing Rule 3.16.4 (taking into consideration the exclusions from disclosure outlined in that rule).

Recommendation 1.4

The Company Secretary is accountable directly to the Board, through the Chair, on all matters to do with the proper functioning of the Board. The Company Secretary is responsible for the application of best practice in corporate governance and also supports the effectiveness of the Board by:

(a) ensuring a good flow of information between the Board, its committees, and Directors;

(b) monitoring policies and procedures of the Board;

(c) advising the Board through the Chairman of corporate governance policies; and

(d) conducting and reporting matters of the Board, including the despatch of Board agendas, briefing papers and minutes.

Recommendation 1.5

The Company has a Diversity Policy, the purpose of which is:

(a) to outline the Company's commitment to creating a corporate culture that embraces diversity and, in particular, focuses on the composition of its Board and senior management; and

(b) to provide a process for the Board to determine measurable objectives and procedures which the Company will implement and report against to achieve its diversity goals.

As at 30 June 2017 there is one woman in senior executive positions in the Company, and 6 women employees across the Company, representing 17% of the whole organisation. There are no women on the Board at this time. The Board maintains full transparency of board processes, reviews and appointments and encourages gender diversity.

Given the Company's size the Board does not consider it appropriate to set quantitative objectives regarding gender diversity at this time. As the operations grow, the Board will give consideration to the setting of such objectives and their achievement through the appointment of appropriate candidates to the Board and senior executive positions as they become available

Recommendation 1.6

The Chair will be responsible for evaluating the performance of the Board, Board committees and individual directors in accordance with the process disclosed in the Company's Board performance evaluation policy.

CORPORATE GOVERNANCE STATEMENT

This policy is to ensure:

(a) individual Directors and the Board as a whole work efficiently and effectively in achieving their functions;

(b) the executive Directors and key executives execute the Company's strategy through the efficient and effective implementation of the business objectives; and

(c) committees to which the Board has delegated responsibilities are performing efficiently and effectivel y in accordance with the duties and responsibilities set out in the board charter.

This policy will be reviewed annually.

During the current reporting period, the Company has not conducted an evaluation of the Board, its committees and individual directors. The Board has committed to conducting an evaluation during the December quarter 2017 following integration of the Company's recent acquisitions.

Recommendation 1.7

The Chief Executive Officer will be responsible for evaluating the performance of the Company's senior executives in accordance with the process disclosed in the Company's Process for Performance Evaluations, which is currently being developed by the Board.

The Chair will be responsible for evaluating the performance of the Company's Chief Executive Officer in accordance with the process disclosed in the Company's Process for Performance Evaluations, which is currently being developed by the Board.

During the current reporting period, the Company has not conducted an evaluation of its Chief Executive Officer. The Board has committed to conducting an evaluation during the December quarter 2017 following integration of the Company's recent acquisitions.

Principle 2: Structure the board to add value

Recommendation 2.1

The Board has Remuneration and Nomination Committee consisting of independent Chairman Carl Clump and non-executive Director Robert Sofoulis. Due to the size of the Board, the Company has not appointed a third member to the committee.

The duties of the committee are set out in the Company's Remuneration and Nomination Committee Charter which is available on the Company's website.

The Board has adopted a Remuneration and Nomination Committee Charter which describes the role, composition, functions and responsibilities of a Nominati on Committee and is disclosed on the Company's website.

During the financial year the committee met twice and both members attended both meetings.

Recommendation 2.2

The mix of skills and diversity which the Board is looking to achieve in its composition i s:

(a) a broad range of business experience; and

(b) technical expertise and skills required to discharge duties.

Recommendation 2.3

The Board considers the independence of directors having regard to the relationships listed in Box 2.3 of the Principles and Recommendations.

CORPORATE GOVERNANCE STATEMENT

Currently the Board is structured as follows:

(a) Carl Clump (Independent Chairman, appointed 6 October 2014);

(b) Xavier Kris (Chief Executive Officer, appointed 6 October 2014);

(c) Paul Doropoulos (Non-Executive Director, appointed 6 October 2014);

(d) Ryan Sofoulis (Executive Director, appointed 19 May 2016); and

(e) Robert Sofoulis (Non-Executive Director, appointed 19 May 2016).

Recommendation 2.4

Currently, the Board considers that membership weighted towards relevant expertise is appropriate at this stage of the Company's operations. Accordingly, the Board does not have a majority of independent directors.

Recommendation 2.5

Mr Carl Clump is an independent Chairman.

Recommendation 2.6

It is a policy of the Company, that new Directors undergo an induction process in which they are given a full briefing on the Company.

In order to achieve continuing improvement in Board performance, all Directors are encouraged to undergo continual professional development. Specifically, Directors are provided with the resources and training to address skills gaps where they are identified.

Principle 3: Act ethically and responsibly

Recommendation 3.1

The Company is committed to promoting good corporate conduct grounded by strong ethics and responsibility. The Company has established a Code of Conduct (Code), which addresses matters relevant to the Company's legal and ethical obligations to its stakeholders. It may be amended from time to time by the Board, and is disclosed on the Company's website.

The Code applies to all Directors, employees, contractors and officers of the Company.

The Code will be formally reviewed by the Board each year.

Principle 4: Safeguard integrity in corporate reporting

Recommendation 4.1

Due to the size of the Board, the Company does not have a separate Audit Committee. The roles and responsibilities of an audit committee are undertaken by the Board.

The full Board in its capacity as the audit committee is responsible for reviewing the integrity of the Company's financial reporting and overseeing the independence of the external auditors. The duties of the full Board in its capacity as the audit committee are set out in the Company's Audit Committee Charter which is available on the Company's website.

When the Board meets as an audit committee it carries out those functions which are delegated to it in the Company's Audit Committee Charter. Items that are usually required to be discussed by an Audit Committee are marked as separate agenda items at Board meetings when required.

The Board is responsible for the initial appointment of the external auditor and the appointment of a new external auditor when any vacancy arises. Candidates for the position of external auditor must demonstrate complete independence from the Company through the engagement period. The Board may otherwise select an external auditor based on criteria relevant to the Company's business and circumstances. The performance of the external auditor is reviewed on an annual basis by the Board.

The Board has adopted an Audit Committee Charter which describes the role, composition, functions and responsibilities of the Audit Committee and is disclosed on the Company's website.

Recommendation 4.2

Before the Board approves the Company financial statements for each financial period it will receive from the Chief Executive Officer and the Chief Financial Officer or equivalent a declaration that, in their opinion, the financial records of the Company for the relevant financial period have been properly maintained and that the financial statements for the relevant financial period comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the Company and the consolidated entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

Recommendation 4.3

Under section 250RA of the Corporations Act, the Company's auditor is required to attend the Company's annual general meeting at which the audit report is considered, and does not arrange to be represented by a person who is a suitably qualified member of the audit team that conducted the audit and is in a position to answer questions about the audit. Each year, the Company will write to the Company's auditor to inform them of the date of the Company's annual general meeting. In accordance with section 250S of the Corporations Act, at the Company's annual general meeting where the Company's auditor or their representative is at the meeting, the Chair will allow a reasonable opportunity for the members as a whole at the meeting to ask the auditor (or its representative) questions relevant to the conduct of the audit; the preparation and content of the auditor's report; the accounting policies adopted by the Company in relation to the preparation of the financial statements; and the independence of the auditor in relation to the conduct of the audit. The Chair will also allow a reasonable opportunity for the auditor (or their representative) to answer written questions submitted to the auditor under section 250PA of the Corporations Act.

Principle 5: Make timely and balanced disclosure

Recommendation 5.1

The Company is committed to:

(a) ensuring that shareholders and the market are provided with full and timely information about its activities;

(b) complying with the continuous disclosure obligations contained in the Listing Rules and the applicable sections of the Corporations Act; and

(c) providing equal opportunity for all stakeholders to receive externally available information issued by the Company in a timely manner.

The Company has adopted a Disclosure Policy, which is disclosed on the Company's website. The Disclosure Policy sets out policies and procedures for the Company's compliance with its continuous disclosure obligations under the ASX Listing Rules, and addresses financial markets communication, media contact and continuous disclosure issues. It forms part of the Company's corporate policies and procedures and is available to all staff.

The Chief Executive Officer manages the policy. The policy will develop over time as best practice and regulations change and the Company Secretary will be responsible for communicating any amendments. This policy will be reviewed by the Board annually.

CORPORATE GOVERNANCE STATEMENT

Principle 6: Respect the rights of security holders

Recommendation 6.1

The Company provides information about itself and its governance to investors via its website at http://www.swiftnetworks.com.au. The Company is committed to maintaining a Company website with general information about the Company and its operations and information specifically targeted at keeping the Company's shareholders informed about the Company. In particular, where appropriate, after confirmation of receipt by ASX, the following will be posted to the Company website:

(a) relevant announcements made to the market via ASX;
(b) media releases;
(c) investment updates;
(d) Company presentations and media briefings;
(e) copies of press releases and announcements for the preceding three years; and
(f) copies of annual and half yearly reports including financial statements for the preceding three years.

Recommendation 6.2

The Company has a Shareholder Communication and Investor Relations Policy which aims to ensure that Shareholders are informed of all major developments of the Company. The policy is disclosed on the Company's website.

Information is communicated to Shareholders via:

(a) reports to Shareholders;
(b) ASX announcements;
(c) annual general meetings; and
(d) the Company website.

This Shareholder Communication and Investor Relations policy will be formally reviewed by the Board each year. While the Company aims to provide sufficient information to Shareholders about the Company and its activities, it understands that Shareholders may have specific questions and require additional information. To ensure that Shareholders can obtain all relevant information to assist them in exercising their rights as Shareholders, the Company has made available a telephone number and relevant contact details (via the website) for Shareholders to make their enquiries.

Recommendation 6.3

The Board encourages full participation of Shareholders at meetings to ensure a high level of accountability and identification with the Company's strategies and goals.

However, due to the size and nature of the Company, the Board does not consider a policy outlining the policies and processes that it has in place to facilitate and encourage participating at meetings of shareholders to be appropriate at this stage.

Recommendation 6.4

Shareholders are given the option to receive communications from, and send communication to, the Company and its share registry electronically. To ensure that shareholders can obtain all relevant information to assist them in exercising their rights as shareholders, the Company has made available a telephone number and relevant contact details (via the website) for shareholders to make their enquiries.

CORPORATE GOVERNANCE STATEMENT

Principle 7: Recognise and manage risk

Recommendation 7.1

Due to the size of the Board, the Company does not have a separate Risk Committee. The Board is responsible for the oversight of the Company's risk management and control framework.

When the Board meets as a risk committee is carries out those functions which are delegated to it in the Company's Audit Committee Charter. Items that are usually required to be discussed by a Risk Committee are marked as separate agenda items at Board meetings when required.

The Board has adopted an Audit Committee Charter which describes the role, composition, functions and responsibilities in relation to the risk management system of the Audit Committee and is disclosed on the Company's website.

The Board has adopted a Risk Management Policy, which is disclosed on the Company's website. Under the policy, responsibility and control of risk management is delegated to the appropriate level of management within the Company with the Chief Executive Officer having ultimate responsibility to the Board for the risk management and control framework.

The risk management system covers:

(a) operational risk;

(b) financial reporting;

(c) compliance / regulations; and

(d) system / IT process risk.

A risk management model is also being developed and will provide a framework for systematically understanding and identifying the types of business risks threatening the Company as a whole, or specific business activities within the Company.

Recommendation 7.2

The Board will review the Company's risk management framework annually to satisfy itself that it continues to be sound, to determine whether there have been any changes in the material business risks the Company faces and to ensure that the Company is operating within the risk appetite set by the Board.

Arrangements put in place by the Board to monitor risk management include, but are not limited to:

(a) monthly reporting to the Board in respect of operations and the financial position of the Company; and

(b) quarterly rolling forecasts prepared;

Recommendation 7.3

The Company does not have, and does not intend to establish, an internal audit function. To evaluate and continually improve the effectiveness of the Company's risk management and internal control processes, the Board relies on ongoing reporting and discussion of the management of material business risks as outlined in the Company's Risk Management Policy.

Recommendation 7.4

Given the speculative nature of the Company's business, it will be subject to general risks and certain specific risks.

The Company will identify those economic, environmental and/or social sustainability risks to which it has a material exposure, and disclose how it intends to manage those risks in each of its corporate governance statements.

Principle 8: Remunerate fairly and responsibly

Recommendation 8.1

The Board has Remuneration and Nomination Committee consisting of independent Chairman Carl Clump and non-executive Director Robert Sofoulis. Due to the size of the Board, the Company has not appointed a third member to the committee.

The duties of the committee are set out in the Company's Remuneration and Nomination Committee Charter which is available on the Company's website

The Board has adopted a Remuneration and Nomination Committee Charter which describes the role, composition, functions and responsibilities of the Remuneration Committee and is disclosed on the Company's website.

During the financial year the committee met twice and both members attended both meetings.

Recommendation 8.2

Details of the Company's policies on remuneration will be set out in the Company's" Remuneration Report" in each Annual Report published by the Company. This disclosure will include a summary of the Company's policies regarding the deferral of performance-based remuneration and the reduction, cancellation or clawback of the performance-based remuneration in the event of serious misconduct or a material misstatement in the Company's financial statements.

Recommendation 8.3

The Company's Security Trading Policy includes a statement on the Company's policy on prohibiting participants in the Company's Employee Incentive Plan entering into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the Employee Incentive Plan.

Security Trading Policy

In accordance with ASX Listing Rule 12.9, the Company has adopted a trading policy which sets out the following information:

(a) closed periods in which directors, employees and contractors of the Company must not deal in the Company's securities;

(b) trading in the Company's securities which is not subject to the Company's trading policy; and

(c) the procedures for obtaining written clearance for trading in exceptional circumstances.

The Company's Security Trading Policy is available on the Company's website.

Corporate Directory

Directors

Carl Clump
Chairman

Xavier Kris
Executive Director – Chief Executive Officer

Paul Doropoulos
Non-Executive Director

Robert Sofoulis
Non-Executive Director

Ryan Sofoulis
Executive Director

Company Secretary

Stephen Hewitt-Dutton

Chief Financial Officer

George Nicholls

Corporate Details

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ABN: 54 006 222 395
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Auditor

BDO Audit (WA) Pty Ltd
38 Station Street
SUBIACO WA 6008

Bankers

Bank West Ltd
Bank West Place
300 Murray Street
WA 6000

Share Registry

Automic Registry Services
Level 1
7 Ventnor Avenue
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PO Box 223, West Perth WA 6872
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E : info@automic.com.au

Stock Exchange Listings

The ordinary shares of Swift Networks Group Limited are listed on the Australian Stock Exchange
(Code: SW1)