SWIFT NETWORKS GROUP LIMITED
AND CONTROLLED ENTITIES

ABN 54 006 222 395

ANNUAL REPORT
FOR THE YEAR ENDED
30 JUNE 2018

Contents

CHAIRMAN'S REPORT

Dear Fellow Shareholder,

I am pleased to be writing to you following a year of diversification and importantly, rapid growth.

Our company has seen year on year growth of 31% in revenue, driving a 168% uplift in underlying (non IFRS) earnings before interest, tax, depreciation and amortisation (EBITDA) in the year ended 30 June 2018 (FY18).

We have achieved this whilst behind the scenes, we integrated the newly acquired VOD business, we released new functionality to keep our offering fresh and current, reinvigorated our digital media presence, and initiated projects to improve internal efficiency such as the deployment of NetSuite's ERP system.

Our performance and achievements are a credit to the passion and dedication of Xavier and his team.

Increasing our market reach

In FY18, Swift devoted much effort to extending its market reach by developing relationships with notable resellers to give us global presence. This saw us cement relationships with the likes of Telstra, AST, DXC and Tripleplay, which brought customer wins such as the 3,000 international rooms with AST and the significant oil and gas deployment via DXC.

Increasing our market opportunity

We have maintained our market leading position in the mining and resources sector, but have made significant gains in hospitality, aged care and lifestyle, and other sectors including hospitals and government establishments. The net result is that from a starting point of mining and resources operators comprising some 70% of our customer base last year, non-resources clients now account for 36% of our expanding customer base. This is in line with diversifying our customer base as we said we would do in last year's Annual Report.

In FY19, we will embark upon a trial to include hostels and backpacker establishments with a view to capturing a share of the 2 million plus nights spent by backpackers each year across Australia.

Increasing our customer attractiveness

Increasing our market share and the size of our target market goes hand in hand with our maintaining an outstanding library of content. Our Hollywood content, our global content partnerships and our premium channels are second to none.

A further feather in our cap is the recently announced partnership with Future TV, a subsidiary of CCTV, China Central Television. This is a first in Australia, allowing us to provide high-quality content to the increasingly mobile and important Chinese outbound tourist market.

Financial discipline

It is worthwhile noting that in July 2017, the company assumed a debt facility of $3 million from Bankwest to go towards the funding of the VOD acquisition which took place in September 2017.

In May 2018, the company repaid the outstanding debt ahead of schedule, leaving it entirely debt free.
Swift finished the financial year with an underlying (non IFRS) EBITDA margin of 12%, a 168% uplift on the previous year, cash in hand of $3.2 million, an uplift of 43% on the previous year, and annualised contracted (recurring) revenues of $15.7 million, an uplift of 44% on last year.

Looking forward

We are strongly positive about Swift as we look to the future. The initiatives undertaken, the relationships forged, and the talent recruited make us highly confident of and excited about Swift's long-term prospects.

As I said at the beginning of this statement, what we achieve is down to our exceptional colleagues, as well as a supportive board, our increasingly valuable partners, our encouraging customers and of course, our loyal shareholders.

C C Clump

Carl Clump
Chairman

31 August 2018

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 2018.

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 resources, hotel, government, lifestyle village and aged care sectors.

REVIEW OF OPERATIONS AND FINANCIAL REVIEW

Review of Operations

The Company has delivered another year of stellar operational and financial performance through the continued execution of its strategic growth plan articulated at the time of listing in June 2016. Through a combination of organic and inorganic growth initiatives Swift has continued to deliver exceptional financial and operational growth. At reporting date Swift had over 63,000 contracted subscribers, an increase of 84% from 30 June 2017, with its system now installed in 334 sites in Australia and across the globe.

Acquisition of Video On Demand (VOD)

In September 2017, Swift completed its acquisition of digital entertainment provider VOD which boosted Swift's footprint by more than 20,000 new rooms and 114 new sites, at the time of acquisition, representing 75% growth in the number of sites with Swift services installed. VOD had a network of multinational clients and system integrators across Swift's target markets of hospitality, resources, student accommodation, hospitals and aged care.

Technology

In 2018 the Company continued to invest in its core product with the addition of several new technologies aimed at maintaining Swift's competitive advantage and adding new and exciting product offerings to its growing customer base. Swift has developed smart television and hotel property management system integration capabilities, as well as Bring Your Own Device ("BYOD") capabilities allowing users to access the Swift Entertainment app via Android and IOS smart phones and tablets. These new technology advancements have allowed Swift to offer its services to a growing number of different market verticals.

DIRECTORS' REPORT

REVIEW OF OPERATIONS AND FINANCIAL REVIEW (Continued)

Reselling agreements

During FY 2018, Swift signed several reseller agreements with strategic partners to provide Swift with a sizeable pipeline of new business opportunities in several of its identified target markets both in Australia and across the globe.

Swift signed a reseller agreement with DXC Technology (NYSE: DXC), a leading independent, end-to-end IT services company, via its subsidiary DXC Connect. DXC Technology is a major international provider of IT solutions with 6,000 clients in private and public sectors across 70 countries. Under the agreement, Swift became DXC Connect's preferred vendor for the provision of digital entertainment systems, content and services to complement DXC Connect's system integration solutions and add further value to their existing client base. Swift's reselling agreement with DXC saw the Company sign its largest revenue deal since listing – a five-year deal to provide services to between 2,500 and 4,600 rooms annually in onshore and offshore locations through Australia's Northwest.

Swift also signed a reseller agreement with global satellite communications provider AST Australia to offer Swift's full suite of services to AST clients over three years. AST Australia provides satellite services and equipment to a global base of more than 2,000 clients in the maritime (commercial and cruise), resources, government, energy and utilities sectors.

Swift's reseller agreement with Telstra has also delivered several key contracts in the resources and aged care markets which are detailed below.

Resources

In 2018 Swift further enshrined its position as the dominant market leader in the provision of fully integrated digital entertainment solutions in the resources sector, with new client wins during the year including the following:

OZ Minerals Ltd (ASX: OZL). OZ signed a three-year contract for Swift to provide its services at the 550-bed Carrapateena camp in South Australia, providing entertainment on demand and online connectivity, with movies on demand, free-to-air TV, 24x7 support and capability for wireless internet as well as information, messaging and alerting direct to workers in-room.

In WA, Swift won multi-year contracts to provide telecommunications services and entertainment content to new clients Pilbara Minerals Ltd (ASX: PLS), Talison Lithium and Altura Mining Ltd (ASX: AJM).

At Pilbara Minerals, Swift upgraded the digital entertainment and connectivity services at its 300-room Pilgangoora Camp in WA's Pilbara region. Under the contract, Swift designed, rolled out and provided a range of services to Pilbara Minerals for an initial period of three years. In addition to scheduled movies from Swift's extensive content library, Swift recommissioned the optical network at Pilgangoora and enhanced the camp's free-to-air TV service. Swift also provided Wi-Fi capability and internet user management services, all supported 24x7 across the contract term.

Talison Lithium chose Swift to provide content and services to its new North Greenbushes camp, south of Perth in WA. Contracting via MSP Engineering, Swift designed, constructed and supported a world-class in-room entertainment service for the camp's 200 rooms, with the contract having an initial period of 24 months. Swift is providing movies on demand, wireless internet, free-to-air TV and 24x7 support across the contract term.

Altura Mining Ltd (ASX: AJM) selected Swift for an initial 12-month term to provide digital entertainment and movie content to Altura's 325-room camp at Pilgangoora in the Pilbara.

REVIEW OF OPERATIONS AND FINANCIAL REVIEW (Continued)

Through its partnership with Telstra, Swift won a contract with St Barbara to upgrade its digital entertainment and connectivity services at its 329-man camp in Leonora, WA. Swift and Telstra worked together to install network infrastructure to deliver wireless internet to each room and upgrade the existing internet link to a fibre-based solution, and following this, commenced provision of ongoing telecommunication services for an initial period of 36 months. Swift is also directly providing its entertainment and crew welfare system, including pay TV, wireless internet, free-to-air TV and 24x7 support, across the contract term.

Post-year end, Swift announced contract wins with NT Link, Iluka Resources Ltd (ASX: ILU), Tronox Management Pty Ltd, AngloGold Ashanti (ASX: AGG) and Ausco, representing both new and returning clients in the resources sector.

In its first contract with Iluka, and second with Tronox, Swift is completing onsite infrastructure works and deploying its market leading communications and digital entertainment solution to a total of 416 rooms across two camps at Cataby, WA.

Swift won a 12-month contract extension to provide services to 662 rooms at AngloGold Ashanti's Tropicana facility in WA. The contract was expanded to include 160 additional rooms.

Ausco engaged Swift to refit a 200-room fly camp adjacent to the 500-room Amrun Village camp at Weipa, Queensland where Swift is already under contract.

Aged Care and Lifestyle Villages

Swift continues to make significant inroads into the high growth aged care market, with Swift clients currently representing 18% of the total residential Aged Care rooms in Australia. With this number set to grow in the coming years as Australia's population continues to age, Swift has a growing pipeline of opportunities to deploy its services. These new client wins have already seen Swift's revenue from the Aged Care sector grow by 62% year on year.

In October 2017, Swift announced a three-year contract to provide its services to not-for-profit aged care and retirement living provider Baptcare. Swift deployed its services at The Orchards, Baptcare's facility in Doncaster, Victoria, and is the planned provider for Baptcare's three greenfield sites set for development during the contract. Swift is also Baptcare's preferred supplier of digital entertainment and connectivity services as it standardises its offering across its 13 sites that comprise 1,800 rooms.

Swift further extended its reach in the retirement lifestyle sector, signing a contract with IRT (Illawarra Retirement Trust), one of Australia's largest community-owned seniors' lifestyle and care providers. Swift is deploying its digital entertainment services to IRT's new lifestyle community facilities over three years, initially to a facility with 75 apartments. It also became the preferred supplier of services to existing IRT Lifestyle Communities, which total more than 30 sites. IRT has more than 8,000 clients in lifestyle communities, care centres and receiving in-home care through NSW, Queensland and the ACT.

Through its partnership with Telstra, Swift won a three-year contract with residential aged care provider Craigcare. Swift and Telstra jointly installed the Swift system at three Craigcare sites totalling 315 rooms, with the intent to deploy the solution to all other Craigcare sites over the next 24 months. Craigcare residents benefit from Swift's My Family and My Community applications as well as a range of bespoke aged care content, movies and pay TV.

Hospitality

Swift services are now deployed into over 18,000 hotel rooms in Australia and abroad through its reseller partners with its services installed at tier one hotel groups such as the Hilton (Sydney), Westin (Perth) and across several of the QT hotels in the Rydges group.

DIRECTORS' REPORT

REVIEW OF OPERATIONS AND FINANCIAL REVIEW (Continued)

Government & Defence

Under its agreement with AST, Swift won a contract to provide its content and communication system to support 3,000 defence personnel located in multiple international locations. The contract has an initial term of two years with the option to extend for a further two years.

Maritime

Under an existing reseller agreement with Tripleplay, Swift won a material contract to provide Swift's premium content services to approximately 1,000 rooms across 10 oil rigs in the Gulf of Mexico and the Persian Gulf via a leading global satellite communication provider. The contract has an initial period of five years with potential for significant expansion.

Content

During FY 2018 Swift continued to expand its library of high quality, tailored content securing a content agreement with Future TV Co. Ltd, owned by CCTV.com, which was launched by China Central Television - a national media institution owned by the Government of the People's Republic of China. Swift is the first company to obtain the rights to provide Chinese entertainment content from Future TV to the Australian market. Future TV has a library of more than 2.6 million hours of high-quality content, including news, sport, documentaries, kids' entertainment, education, variety shows and exclusive series, and from 1 April 2018, Swift commenced curating this content for its clients in the hospitality and student accommodation sectors. This enabled Swift to execute on its strategy to address the needs of Chinese residents and travellers abroad.

Share Registry

Responsibility for the maintenance of the SW1 share register transferred to Link Market Services effective from 18 June 2018.

Financial overview

The consolidated net loss after tax for the Group is $7,728,812 (2017: loss of $1,364,198).

In 2018 the Group achieved an operating revenue of $22,279,804 (2017: $17,005,143) which represents growth of 31% year on year. Swift's annualised contracted (recurring) revenue increased 44% year-on-year to $15.7 million. The Group successfully implemented a reseller and partnership strategy in FY18 which delivered 43% of Swift's new sales during the year, with this expected to accelerate further in FY19.

REVIEW OF OPERATIONS AND FINANCIAL REVIEW (Continued)

In 2018 the Group continued to deliver strong earnings growth delivering underlying non IFRS Earnings Before Interest, Tax, Depreciation Amortisation ("EBITDA") of $2,694,814. A reconciliation of non IFRS EBITDA is provided below:

	A$	Description
Net loss after tax	(7,728,812)	Refer to the Consolidated Statement of Profit or loss and Other Comprehensive Income
Income tax expense	169,253	Refer to Note 5
Interest costs (net)	81,382	Refer to Notes 3 & 4
Depreciation & amortisation expenses	1,066,744	Incurred in the ordinary course of business
Amortisation expenses	1,514,426	Attributable to the amortisation of intangibles recognised as part of the acquisitions made
Fair valuation loss on financial liability	5,683,333	Non-cash year end adjustment to the fair value of financial liabilities in respect of various performance shares (refer to Note 14)
Share based payments	1,715,492	Share based payments issued to the executive management team (refer to Note 18)
Other expenses	192,996	Acquisition related integration and restructuring costs (refer to Note 4)
Underlying EBITDA*	**2,694,814**	

*EBITDA is non IFRS financial information

The Company's cash balance at 30 June 2018 was $3,201,819 with the Company recorded cash receipts of $20,803,518, a 29% increase year on year. Cash receipts have now grown every quarter since listing on the ASX in June 2016.

The record cash generation allowed the Company to fully repaid ahead of schedule its Commercial Advance Facility held with Bankwest from existing cash reserves. Swift had taken out this facility in July 2017 to part-fund its acquisition of Video on Demand. Having repaid this, Swift is debt free and well-funded to support immediate growth plans.

In addition, Bankwest increased an existing multi-option working capital facility from $865,000 to $3,000,000. This undrawn facility will allow Swift to accelerate growth as opportunities arise.

OUTLOOK

The Company will continue to draw upon its leading technology and strategic relationships it has created with content suppliers and resellers to deploy its fully integrated digital entertainment solutions service across multiple sectors and geographies operating in an ever-growing number of closed loop environments.

Additionally, the Company has recently signalled its intention to utilise intelligent analytics technologies to create new revenue streams in advertising. The Company currently has pilots underway and hopes to achieve first revenues before the end of the 2018 calendar year.

Based on the Directors' growth expectations it has been assumed that certain performance milestones attached to performance shares issued to the former owners of Swift Networks Pty Ltd may vest within twelve months of the date of this report. The associated financial liabilities, which are 100% equity settled, have been disclosed in the Company's Consolidated Statement of Financial Position as a Current Liability.

DIRECTORS' REPORT

REVIEW OF OPERATIONS AND FINANCIAL REVIEW (Continued)

SIGNIFICANT CHANGE IN STATE OF AFFAIRS

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

EVENTS SINCE THE END OF THE FINANCIAL YEAR

There have been no significant events since the end of the financial year.

DIVIDENDS PAID OR RECOMMENDED

No dividends were paid or recommended during the year (2017: 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

Special responsibilities include member of the Remuneration committee.

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 22 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

DIRECTORS' REPORT

INFORMATION ON THE DIRECTORS (continued)

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

Paul Doropoulos has approximately 22 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

Special responsibilities include member of the Remuneration committee.

Ryan Sofoulis – Executive Director

Ryan has spent the last 13 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

Special responsibilities include member of the Remuneration committee.

Stephen Hewitt-Dutton – Company Secretary

Mr Hewitt-Dutton has over 24 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 17 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 2018 were as follows:

Director	Ordinary shares	Options	Performance Shares
Mr C Clump	1,803,689	260,000	-
Mr X Kris*	4,805,300	820,000	2,047,006
Mr P Doropoulos*	2,568,670	715,000	468,522
Mr Ryan Sofoulis	54,000	-	-
Mr Robert Sofoulis**	30,185,000	-	33,333,334

*includes all performance rights and options issued under Swift's Executive Incentive Plan (refer to Note 18)
**includes performance shares pertaining to share sale agreement of Swift Networks Pty Ltd and Wizzie Pty Ltd (refer to Note 14)

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 2018 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	14	14	3	3
Mr X Kris	12	12	-	-
Mr P Doropoulos	14	14	3	3
Mr Ryan Sofoulis	14	13	-	-
Mr Robert Sofoulis	14	14	3	3

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 2018 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 Robert Sofoulis	Non-Executive Director
Mr Ryan Sofoulis	Executive Director
Mr G Nicholls	Chief Financial Officer

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

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

There is direct relationship between key management personnel remuneration and performance. The Board engaged an independent remuneration consultant (Godfrey Remuneration Group) to advise on a 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 Directors Robert Sofoulis and Paul Doropoulos.

DIRECTORS' REPORT

REMUNERATION REPORT – AUDITED (CONTINUED)

Statutory Performance Indicators

Below table shows measures of the group's financial performance over the last 5 years as required by the Corporations Act 2001.

	2018	2017	2016	2015	2014
Loss after income tax	(7,728,812)	(1,364,198)	(5,249,924)	-	-
Basic earnings (cents per share)	(6.9)	(1.6)	(22.3)	-	-
Increase/ (decrease) share price (%)	24	34	-	-	-
Dividend payments	-	-	-	-	-

Key Management Personnel Remuneration

The key management personnel of the Company are the Directors and the Chief Financial Officer. There are no other 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 2018 are as follows:

		Short Term Employee Benefits		Post-Employment				
		Salary & Fees[1] (Cash) $	**Share Based Payments[2] (Cash settled) $**	**Share Based Payments[2] $**	**Non-Cash[3] $**	**Super-annuation $**	**Total $**	**% Performance Related**
Mr C Clump	2018	49,000	-	-	4,103	-	**53,103**	**-**
	2017	48,000	-	-	3,660	-	**51,660**	**-**
Mr X Kris[4]	2018	436,000	-	829,138	4,103	3,420	**1,272,661**	**65%**
	2017	351,886	-	-	3,660	3,420	**358,966**	**-**
Mr P Doropoulos[5]	2018	37,000	20,100	192,073	4,103	3,515	**256,791**	**82%**
	2017	164,262	-	-	3,660	3,420	**171,342**	**-**
Mr Ryan Sofoulis	2018	136,000	-	-	4,103	12,920	**153,023**	**-**
	2017	120,308	-	-	3,660	11,429	**135,397**	**-**
Mr Robert Sofoulis[6]	2018	137,500	-	-	4,103	36,000	**177,603**	**-**
	2017	150,917	-	-	3,660	35,218	**189,795**	**-**
Mr G Nicholls[7]	2018	180,625	-	73,473	-	17,159	**271,257**	**27%**
	2017	70,833	-	-	-	6,729	**77,562**	**-**
Total	**2018**	**976,125**	**20,100**	**1,094,684**	**20,515**	**73,014**	**2,184,438**	**-**
	2017	**906,206**	**-**	**-**	**18,300**	**60,216**	**984,722**	**-**

[1] Salary & Fees are inclusive of annual leave provision (no long service leave provisions during the year).
[2] Refer to the below table and Note 18 for further details.
[3] Non-Cash benefits include the provision of Directors and Officers liability insurance.
[4] Share based payments for Mr Xavier Kris include $647,522 for FY 2017 and $181,616 for FY 2018
[5] Mr Doropoulos resigned as Chief Financial Officer on 30 June 2017, share based payments relate to FY 2017.
[6] Fees paid to Mr Robert Sofoulis is in relation to a related party service contract that ceased in June 2018.
[7] Mr Nicholls commenced employment on 16 January 2017 and became a KMP from 1 July 2017.

DIRECTORS' REPORT

REMUNERATION REPORT – AUDITED (CONTINUED)

Details of Share Based Payments

	Remuneration Type	Grant Date	Number Granted	Grant Value ($)
Mr G Nicholls	Performance Shares (STIPs)	14 December 2017	205,232	73,473
Mr X Kris	Performance Rights (A) Performance Rights (B) Share Appreciation Rights Deferred Options Performance Shares (STIPs)	5 September 2017 5 September 2017 5 September 2017 5 September 2017 14 December 2017	452,841 452,841 452,841 181,176 507,307	168,046 184,483 204,405 90,588 181,616
Mr P Doropoulos	Performance Rights (A) Performance Rights (B) Share Appreciation Rights Cash Settled	5 September 2017 5 September 2017 5 September 2017 N/A	156,174 156,174 156,174 -	57,955 63,624 70,494 20,100

2017 EXECUTIVE INCENTIVE PLAN

The issue of Deferred Options, Performance Rights and Share Appreciation Rights under an Executive Incentive Plan (EIP) to Swift directors Mr Kris and Mr Doropoulos and other selected senior executives was approved by shareholders at the Group's Annual General Meeting (AGM) held on 27 October 2017.

As part of the 2017 EIP, Mr Doropoulos elected a short-term incentive cash settlement option of $20,100.

Deferred Options

Entitle holders to receive one share for each option exercised. No consideration is payable on the exercise of the options. Under the EIP, Deferred Options form part of the bonus pool which may be paid in cash, deferred options or a combination of both, as determined at the discretion of the Board. Deferred Options vest immediately.

Performance rights

Are rights to receive shares in the event that certain Vesting Conditions are met, and the Performance Rights are exercised.
The company's performance period is 3 years from 1 July 2016 to 30 June 2019. The vesting date is 1 July 2019 subject to the satisfaction of the following vesting conditions:

Class A Performance Rights	Class B Performance Rights
If the Company achieves compound annual growth in Baseline EBITDA of 268%, then 50% of the PR's will vest. Management have attributed a 100% probability of rights vesting. If the Company achieves compound annual growth in Baseline EBITDA above 268% but less than 532%, then between 50% and 100% of the PR's will vest. Management have attributed a 100% probability of rights vesting. If the Company achieves compound annual growth in Baseline EBITDA above 532%, then 100% of the PR's will vest. Management have attributed a 0% probability of rights vesting.	If the Company's relative Total Shareholder Return (TSR) ranking is between P50th of the Small Industrials Index (XSI), 0% of the PR's will vest If the Company's relative Total Shareholder Return (TSR) ranking is P50th of the XSI, 50% of the PR's will vest If the Company's relative Total Shareholder Return (TSR) ranking is between P50th and P75th of the XSI, between 50% and 100% of the PR's will vest If the Company's relative Total Shareholder Return (TSR) ranking is above P75th of the XSI, 100% of the PR's will vest

REMUNERATION REPORT – AUDITED (CONTINUED)

Share Appreciation Rights (SAR)

Are rights to receive the value equal to the increase in the value of the Share above the applicable grant price in the event that certain vesting conditions are met and the Share Appreciation Rights are exercised.

The company's performance period is 3 years from 1 July 2016 to 30 June 2019. The vesting date is 1 July 2019 subject to the satisfaction of the following vesting conditions:

Share Appreciation Rights
If cumulative growth in the grant price is less than 106%, no SARs will vest
If cumulative growth in the grant price is 106%, 50% of the SARs will vest
If cumulative growth in the grant price is above 106% but less than 170%, then between 50% and 100% of SARs will vest on a pro rata basis
If cumulative growth in the grant price is 170% or above, 100% of the SARs will vest

Valuation
The fair value of these share-based instruments was calculated as follows:

	Deferred Options	**Class A Performance Rights**	**Class B Performance Rights**	**Share Appreciation Rights**
Method	Black Scholes	Monte Carlo	Hybrid ESO	Hybrid ESO
Spot price	50 cents	50 cents	50 cents	50 cents
Strike price	0 cents	0 cents	0 cents	0 cents
Time to maturity	5 years	3 years	5 years	5 years
Volatility	75.00%	75.00%	75.00%	75.00%
Risk free rate	2.28%	1.87%	1.87%	1.87%
Probability of vesting	N/a	75.00%*	N/a	N/a
Fair value per unit (cents)	50.0000	37.1093	40.7390	45.1383

*This is the weighted average of probability

The Company engaged an independent expert to provide the valuations, which are summarised below:

Recipient	**Deferred options**		**Class A Performance Rights**		**Class B Performance Rights**		**Share Appreciation Rights**		**Total**
	Number	**$ Total fair value**	**Number**	**$ Total fair value**	**Number**	**$ Total fair value**	**Number**	**$ Total fair value**	**$ Total fair value**
Xavier Kris	181,176	90,588	452,841	168,046	452,841	184,483	452,841	204,405	647,522
Paul Doropoulos*	-	-	156,174	57,955	156,174	63,624	156,174	70,494	192,073
Total	**181,176**	**90,588**	**609,015**	**226,001**	**609,015**	**248,107**	**609,015**	**274,899**	**839,595**

*Paul Doropoulos resigned as Chief Financial Officer on 30 June 2017 but remains a Non-Executive Director of the Company.

REMUNERATION REPORT – AUDITED (CONTINUED)

2018 EXECUTIVE INCENTIVE PLAN

In December 2017 The Company approved the 2018 Executive Incentive Plan and issued Participation Offer for its Short-Term Incentive Plan (STIP). Long Term Incentive Plans (LTIPs) will be subject to board and shareholder approval at the time of the 2018 AGM. As per the rules of the STIP, awards may be paid in cash or Rights, or a combination of both, as determined at the discretion of the Board. For each participant the Company will select Key Performance Indicators (KPI's) by applying the following steps:

- Identifying broad assessment areas that a relevant to the participants
- Identifying Key Results Areas (KRA) (for example, EBITDA, strategic objectives, individual contribution)
- Selecting KPIs for each KRA

Performance goals are then set at three levels below:

- Threshold is achievement of Budgeted non IFRS EBITDA
- Target is 20% outperformance of non IFRS Budgeted EBITDA
- Stretch is 150% outperformance of Budgeted non IFRS EBITDA

Valuation

At 30 June 2018 the value of individual awards based on the Company's STIP have been calculated by an independent expert assessment as at reporting date and are summarised below:

Recipient	Threshold Award ($)	Target Award ($)	Stretch Award ($)	No of Rights	Total Awarded ($)	Total Opportunity ($)	Awarded (%)
Mr X Kris	Exceeded	Exceeded	Exceeded	507,307	181,616	200,000	91
Mr G Nicholls*	Exceeded	Exceeded	Exceeded	205,232	73,473	80,910	91
Total				**715,539**	**255,089**	**280,910**	**-**

*Mr Nicholls was appointed as Chief Financial Officer on 1 July 2017 at which time he became a Key Management Personnel.

The actual value of these awards has been determined by reference to the volume weighted price at which the Company's shares were traded on the ASX over the 10 trading days up to and including 30 June 2018.

Current service agreements

The current service agreements in place between the Company and its Directors and Key Management Personnel set out below:

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

Carl Clump	$60,000 per annum plus statutory superannuation
Xavier Kris	$36,000 per annum plus statutory superannuation
Paul Doropoulos	$48,000 per annum plus statutory superannuation
Ryan Sofoulis	$36,000 per annum plus statutory superannuation
Robert Sofoulis	$48,000 per annum plus statutory superannuation

The letter agreements were last amended in June 2018.

(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.

DIRECTORS' REPORT

REMUNERATION REPORT – AUDITED (CONTINUED)

(iii) In August 2017 the Company amended its existing service agreement (originally signed on 19 May 2016) with Xavier Kris, for the provision of corporate consultancy services as Chief Executive Officer. The Company has agreed to pay a base remuneration of $33,333 per month ($400,000 per annum).

The Company or Mr Kris may terminate the amended agreement with 3 months' written notice by either party at any time.

(iv) The Company has entered into an employment agreement with George Nicholls, whereby the base remuneration, exclusive of superannuation entitlements, for services provided by Mr Nicholls as the Chief Financial Officer of the Company is $185,000 per annum. The term of the employment agreement commenced on 16 January 2017 until such time as the agreement is terminated in accordance with the terms of the agreement. The Company or Mr Nicholls may terminate the employment agreement at any time by giving to the other not less than 3 months' written notice.

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:

	Ordinary Shares Held at 30 June 2017 No.	Received during the year on the exercise of options	Other changes during the year	Ordinary Shares Held at 30 June 2018 No.
Directors				
Mr C Clump	1,259,879	480,000	63,810	**1,803,689**
Mr X Kris	3,580,833	1,160,000	64,467	**4,805,300**
Mr P Doropoulos	2,456,437	80,000	32,233	**2,568,670**
Mr Ryan Sofoulis	39,000	-	15,000	**54,000**
Mr Robert Sofoulis	30,120,000	-	65,000	**30,185,000**
Mr G Nicholls	-	-	-	**-**

Rights to deferred shares of key management personnel

The movement during the reporting period in the number of deferred 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 2017 No.	Performance Rights granted during the year	Held at 30 June 2018 No.
Directors			
Mr C Clump	-	-	**-**
Mr X Kris	-	1,412,989	**1,412,989**
Mr P Doropoulos	-	312,348	**312,348**
Mr Ryan Sofoulis	-	-	**-**
Mr Robert Sofoulis	-	-	**-**
Mr G Nicholls	-	205,232	**205,232**

DIRECTORS' REPORT

REMUNERATION REPORT – AUDITED (CONTINUED)

	Held at 30 June 2017 No.	Share Appreciation Rights granted during the year	Held at 30 June 2018 No.
Directors			
Mr C Clump	-	-	**-**
Mr X Kris	-	452,841	**452,841**
Mr P Doropoulos	-	156,174	**156,174**
Mr Ryan Sofoulis	-	-	**-**
Mr Robert Sofoulis	-	-	**-**
Mr G Nicholls	-	-	**-**

	Held at 30 June 2017 No.	Deferred Options granted during the year	Held at 30 June 2018 No.
Directors			
Mr C Clump	-	-	**-**
Mr X Kris	-	181,176	**181,176**
Mr P Doropoulos	-	**-**	**-**
Mr Ryan Sofoulis	-	-	**-**
Mr Robert Sofoulis	-	-	**-**
Mr G Nicholls	-	-	**-**

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 2017 No.	Exercised during the year	Granted as compensation	Held at 30 June 2018 No.	Options vested & exercisable at year end
Directors					
Mr C Clump	**740,000**	**480,000**	**-**	**260,000**	**260,000**
Mr X Kris	**1,980,000**	**1,160,000**	**-**	**820,000**	**820,000**
Mr P Doropoulos	**795,000**	**80,000**	**-**	**715,000**	**715,000**
Mr Ryan Sofoulis	-	-	-	-	-
Mr Robert Sofoulis	-	**-**	**-**	**-**	**-**
Mr G Nicholls	-	**-**	**-**	**-**	**-**

Loans with key management personnel

Loans

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

	2018 $	2017 $
Funds owed by Xavier Kris[1]	275,000	-
Closing balance	275,000	-

[1]The unsecured loan was drawn on 30 April 2018 and repayable by no later than 30 April 2019. It is subject to an arm's length interest rate, payable within 5 business days of the last day of the month. $4,663 interest paid during the year. Prior to the date of this report the loan was repaid in full**.**

DIRECTORS' REPORT

REMUNERATION REPORT – AUDITED (CONTINUED)

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.

		2018 $	2017 $
(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.	433,538	473,360
(ii)	Payments received from Wenro Holdings Pty Ltd, a company of which Robert Sofoulis is a director and Ryan Sofoulis is associated with, as an incentive for the renewal of an operating lease	439,523	
(iii)	Payments received from Wenro Holdings Pty Ltd, a company of which Robert Sofoulis is a director and Ryan Sofoulis is associated with, for Project Management Services provided by the Company in relation to renovation of office premises	71,500	
	<u>Amounts outstanding at reporting date</u> Aggregate amount payable to Key Management Personnel and their related entities at reporting date.		
	Payables	57,543	188,205
	Receivables	275,000	-

	2018 $	2017 $
Transactions with other related parties		
Entities managed by Key Management personnel		
Share based payments to KMP and other non KMP - non-cash	1,695,392	-
Share based payments to KMP and other non KMP - cash settled	20,100	-
Total share-based payments	1,715,492	-

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

Godfrey Remuneration Group (GRG) 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. GRG were paid a total of $27,000 for these services by the Company for the 2018 financial year.

Voting and comments made at the Company's 2017 Annual General Meeting

The approval of the remuneration report was passed as indicated in the results of the Annual General Meeting dated 27 October 2017. 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
19 May 2016 PY	19 May 2021	$0.15	6,833,333
31 May 2017 PY	31 May 2021	$0.35	1,000,000
31 May 2017 PY	31 May 2021	$0.42	1,000,000
			8,833,333

9,250,000 options exercised during the financial year (refer to Note 15).

INDEMNIFICATION AND INSURANCE OF DIRECTORS

During the financial year, Swift Networks Group Limited paid a premium of $20,515 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, BDO Tax services were performed for other services in addition to their statutory duties. In the future 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.

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 23.

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 2017 to 30 June 2018 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 2018

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

C C Clump

Carl Clump
Chairman

Tel: +61 8 6382 4600
Fax: +61 8 6382 4601
www.bdo.com.au

38 Station Street
Subiaco, WA 6008
PO Box 700 West Perth WA 6872
Australia

DECLARATION OF INDEPENDENCE BY DEAN JUST TO THE DIRECTORS OF SWIFT NETWORKS GROUP LIMITED

As lead auditor of Swift Networks Group Limited for the year ended 30 June 2018, 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.

Dean Just

Director

BDO Audit (WA) Pty Ltd

Perth, 31 August 2018

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2018

	Note	Consolidated 2018 $	Consolidated 2017 $
Continuing Operations			
Revenue	3	22,279,804	17,005,143
Cost of Sales		(13,017,786)	(11,610,317)
Gross Profit		**9,262,018**	**5,394,826**
General & administration expenses	4	(6,567,204)	(4,388,981)
Other Income	3	31,474	12,521
Depreciation and amortisation expenses		(2,581,170)	(1,121,925)
Other expenses	4	(7,591,821)	(2,256,483)
Finance costs		(112,856)	(5,913)
Loss before income tax expense		**(7,559,559)**	**(2,365,955)**
Income tax (expense)/benefit	5	(169,253)	1,001,757
Loss after income tax expense		**(7,728,812)**	**(1,364,198)**
Other comprehensive loss for the year			
Items that may be reclassified to profit or loss		-	-
Other comprehensive loss for the year		**-**	**-**
Total comprehensive loss for the year		**(7,728,812)**	**(1,364,198)**

		Cents	Cents
Loss per share attributable to the members of Swift Networks Group Limited:			
Basic loss per share	28	(6.9)	(1.6)
Diluted loss per share	28	(6.9)	(1.6)

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

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2018

	Note	Consolidated 2018 $	2017 $
Current Assets			
Cash and cash equivalents	6	3,201,819	2,237,906
Trade and other receivables	7	3,447,658	2,189,478
Inventory	8	1,062,177	666,631
Other current assets		605,529	191,012
Total Current Assets		**8,317,183**	**5,285,027**
Non Current Assets			
Trade and other receivables	7	1,079,985	-
Property, plant and equipment	9	1,886,519	1,086,747
Deferred tax assets	5	826,217	1,406,658
Intangible assets	10	13,167,992	6,702,105
Total Non Current Assets		**16,960,713**	**9,195,509**
Total Assets		**25,277,896**	**14,480,537**
Current Liabilities			
Trade and other payables	11	5,923,342	3,448,098
Unearned revenue		254,930	222,399
Provisions	12	72,643	-
Financial liabilities	14	9,350,000	-
Deferred tax liabilities	5	318,225	64,890
Total Current Liabilities		**15,919,140**	**3,735,387**
Non Current Liabilities			
Provisions	12	290,593	-
Financial liabilities	14	937,500	4,604,167
Unearned Revenue		270,400	-
Total Non Current Liabilities		**1,498,493**	**4,604,167**
Total Liabilities		**17,417,633**	**8,339,554**
Net Assets		**7,860,263**	**6,140,983**
Equity			
Issued capital	15	38,437,650	30,768,966
Reserves	16	2,470,044	774,652
Accumulated losses	17	(33,047,431)	(25,402,635)
Total Equity		**7,860,263**	**6,140,983**

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 2018

	Issued Capital	Reserves	Accumulated losses	Total
	$	$	$	$
For the year ended 30 June 2018				
At the beginning of the year	30,768,966	774,652	(25,402,635)	**6,140,983**
Total comprehensive loss for the year	-	-	(7,728,812)	**(7,728,812)**
Transactions with shareholders in their capacity as shareholders:				
- Placement of shares	5,724,000	-	-	**5,724,000**
- Options exercised	2,307,500	-	-	**2,307,500**
- Share issue costs (net of tax)	(362,816)	-	-	**(362,816)**
Share based payments	-	1,695,392	-	**1,695,392**
Prior year tax effect adjustment	-	-	84,016	**84,016**
At the end of the year	**38,437,650**	**2,470,044**	**(33,047,431)**	**7,860,263**
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	(133,697)	-	-	**(133,697)**
At the end of the year	**30,768,966**	**774,652**	**(25,402,635)**	**6,140,983**

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 2018

	Note	Consolidated 2018 $	Consolidated 2017 $
Cash Flows from Operating Activities			
Cash receipts in the course of operations		20,803,518	16,179,792
Cash payments in the course of operations		(18,079,477)	(16,316,481)
Finance costs		(112,856)	(5,913)
Interest received		31,474	12,521
Net cash inflows/ (outflows) from operating activities	19	**2,642,659**	**(130,081)**
Cash Flows from Investing Activities			
Purchase of property, plant and equipment		(1,265,779)	(272,009)
Payment for acquisition of business, net of cash acquired	29	(5,557,257)	(399,130)
Payment for development and new subscribers		(1,300,394)	(1,064,866)
Net cash outflows for investing activities		**(8,123,430)**	**(1,736,005)**
Cash Flows from Financing Activities			
Proceeds from issue of shares		6,807,500	2,000,000
Payment of share issue costs		(362,816)	(195,052)
Proceeds from borrowings		3,000,000	-
Repayments of borrowings		(3,000,000)	(909,309)
Net cash inflows from financing activities		**6,444,684**	**895,640**
Net increase/(decrease) in cash and cash equivalents		963,913	(970,446)
Cash at the beginning of the year		2,237,906	3,208,352
Cash at the end of the year	6	**3,201,819**	**2,237,906**

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.

Going Concern

As at 30 June 2018, the Group had a working capital deficiency of $7,601,957 with cash and cash equivalents of $3,201,819 and a net loss of $7,728,812 with cash inflows from operating activities for the year of $2,642,659.

The Group's net current liability position at year end is due to financial liabilities of $9.35M relating to issue of performance shares as partial deferred consideration for the acquisition of the respective business which is expected to be converted to equity pursuant to the respective acquisition agreement.

Therefore, the Directors are satisfied the Group is a going concern and therefore have prepared the financial statements on the basis the Group will continue to meet its commitments and can therefore continue normal business activities and realise its assets and settle liabilities in the normal course of the business.

The consolidated financial statements were approved by the Board of Directors on the 31st of August 2018.

(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 recognises 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 recognised 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.

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 or 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

Employees and Directors

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 Black-Scholes option pricing model, Monte Carlo performance rights model and Hybrid ESO, taking into account the terms and conditions upon which the instruments were granted.

External Consultants

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 2018 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 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)

Business combinations

As discussed in note (n), business combinations are initially accounted for on a provisional basis. The fair value of assets acquired, liabilities and contingent liabilities assumed are initially estimated by the consolidated entity taking into consideration all available information at the reporting date. Fair value adjustments on the finalisation of the business combination accounting is retrospective, where applicable, to the period the combination occurred and may have an impact on the assets and liabilities, depreciation and amortisation reported.

(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 not yet 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 (not yet adopted).

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 not yet 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.

From 1 July 2018, the Group will assess expected credit losses associated on a forward looking basis.

For trade receivables, the Group will apply the simplified approach permitted by AASB 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

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 not yet 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 loss 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 2018.

Note 3. Revenue

	Consolidated 2018 $	Consolidated 2017 $
(a) Revenue from continuing operations		
Sales revenue	22,279,804	17,005,143
	22,279,804	17,005,143
(b) Other income		
Interest	31,474	12,521
	31,474	12,521

Note 4. Expenses

	Consolidated 2018 $	Consolidated 2017 $
(a) General & administration expenses		
Employment costs	(4,162,101)	(2,364,945)
Occupancy costs	(606,620)	(583,293)
Professional fees	(334,603)	(424,695)
General and administration expenses	(1,463,880)	(1,016,048)
	(6,567,204)	(4,388,981)
(b) Other expenses		
Impairment of available for sale assets	-	(83,350)
Share based payments	(1,715,492)	(192,182)
Fair value loss on financial liability (refer Note 14)	(5,683,333)	(1,929,167)
Other expenses	(192,996)	(51,784)
	(7,591,821)	(2,256,483)

Note 5. Taxation

	Consolidated	
	2018	**2017**
	$	**$**
(a) Income tax benefit		
Major components of income tax expense are:		
Current tax	-	-
Deferred tax	163,075	(879,860)
Under/Over	6,178	(250,415)
Impact of provisional accounting	-	128,518
Income tax expense/ (benefit) reported in the income statement	**169,253**	**(1,001,757)**

(b) Numerical reconciliation		
The prima facie tax on loss from ordinary activities before income tax is reconciled to the income tax as follows:	(7,559,559)	(2,365,955)
Prima facie tax payable on loss from ordinary activities before income tax at 27.5% (2017: 30%)	(2,078,879)	(709,786)
- Non deductible share based payments	471,760	57,655
- Fair value loss on financial liability	1,562,917	578,750
- Goodwill amortisation	-	35,476
- Other	-	801
	(44,202)	(37,105)
Changes to income tax expense due to:		
- Under/over	6,178	(250,415)
- Impact of provisional accounting	-	128,518
- Research and Development benefit recorded against asset	112,409	-
- Effect of enacted tax rate reduction to 27.5% (on carried forward tax losses only)	25,052	27,330
- Movement in unrecognised timing differences	(41,998)	195,167
- Impairment of available-for-sale-assets	-	25,005
- Change in corporate tax rate from prior year	111,814	-
- Unused tax losses recognised as a deferred tax asset	-	(1,090,256)
Income tax expense/ (benefit) attributable to entity	**169,253**	**(1,001,757)**

Note 5. Taxation (continued)

	Consolidated 2018 $	Consolidated 2017 $
(c) Deferred tax asset balances		
Provisions, accruals and section 40-880 deductions	221,466	167,215
Carried forward tax losses	447,908	1,090,256
Other	-	2,927
Changes to income statement:		
Share issue costs	156,843	146,260
	826,217	**1,406,658**
(d) Deferred tax liabilities balances		
Intangibles	318,225	64,890
	318,225	**64,890**

(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.

	Consolidated 2018 $	Consolidated 2017 $
Current tax		
Net deferred tax	84,016	57,299
	84,016	**57,299**

Note 6. Cash and cash equivalent

	Consolidated 2018 $	Consolidated 2017 $
Cash at bank on hand	3,201,819	2,237,906
	3,201,819	**2,237,906**

Note 7. Trade and other receivables

	Consolidated	
	2018	2017
	$	$
Current		
Trade receivables	3,401,497	1,975,087
Other receivables	46,161	214,391
	3,447,658	**2,189,478**
Non Current		
Trade receivables	1,079,985	-
	1,079,985	**-**

Trade and other receivables are non-interest bearing and are generally on 30-60 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	
	2018	2017
	$	$
Inventory		
- Finished goods	345,701	220,901
- Work in progress	716,476	445,730
	1,062,177	**666,631**

Note 9. Property, Plant & Equipment

	Motor Vehicles $	Software $	Office fit out & Equipment $	Test Equipment $	Rental Equipment $	Total $
Year ended 30 June 2018						
Opening net book amount	45,621	11,444	495,801	31,657	502,224	**1,086,747**
Additions	-	3,059	276,480	7,496	978,744	**1,265,779**
Acquired upon acquisition of subsidiaries	-	2,699	122,220	-	-	**124,919**
Disposals	-	-	-	-	-	**-**
Depreciation expense & impairment charges	(11,405)	(11,562)	(127,364)	(16,383)	(424,210)	**(590,924)**
Closing net book amount	**34,216**	**5,640**	**767,137**	**22,770**	**1,056,757**	**1,886,519**
At 30 June 2018						
Cost	91,143	148,713	1,446,198	178,061	4,198,025	**6,062,140**
Accumulated depreciation and impairment	(56,927)	(143,073)	(679,061)	(155,293)	(3,141,267)	**(4,175,621)**
Net book amount	**34,216**	**5,640**	**767,137**	**22,769**	**1,056,758**	**1,886,519**
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**

Note 10. Intangible Assets

	Goodwill	Development Costs	Subscriber Acquisition Costs	Brand Loyalty / Customer Contracts	Supplier Contracts	Other	Total
Year ended 30 June 2018							
Opening net book amount	5,539,187	548,470	228,107	216,304	-	170,036	**6,702,105**
Additions	-	741,834	520,507	-	-	38,083	**1,300,394**
Acquired upon acquisition of VOD	4,975,354	650,000	-	1,271,523	123,610	-	**7,020,687**
Adjustment upon PY acquisition of subsidiaries	(315,000)			450,000			**135,000**
Amortisation and impairment charge	-	(369,614)	(230,618)	(1,230,863)	(103,008)	(56,092)	**(1,990,194)**
Closing net book amount	10,199,741	1,570,690	517,996	706,965	20,602	151,997	**13,167,992**
Cost	10,199,741	1,982,432	819,865	2,370,434	123,610	212,963	**15,709,046**
Accumulated amortisation and impairments	-	(411,741)	(301,869)	(1,663,470)	(103,008)	(60,966)	**(2,541,054)**
Closing net book amount	10,199,741	1,570,690	517,996	706,965	20,602	151,997	**13,167,992**
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	548,470	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	548,470	228,107	216,304	-	170,036	**6,702,105**

Note 10. Intangible Assets (continued)

In 31 August 2017 the Group acquired VOD Pty Ltd and Goodwill of $4,975,354 and identifiable Customer Contracts of $1,271,523, Supplier Contracts of $123,610 and Product Development of $650,000 were recognised on acquisition. 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 than 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 to allow smart television and hotel property management system integration capabilities, as well as Bring Your Own Device ("BYOD") capabilities allowing user to access the Swift Entertainment app via Android and IOS smart phones and tablets. These new technology advancements will allow Swift to derive additional revenue streams from a growing number of different market verticals. Development costs are amortised over five years.

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

Customer Contracts consists of existing fixed term customer contracts inherited as part of acquisition. Customer Contracts are amortised over three years from date of acquisition.

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

	2018 $	2017 $
Swift Networks	13,167,992	5,199,105
Web2TV	-	953,000
Living Networks	-	550,000
	13,167,992	**6,702,105**

For the purpose of impairment testing, intangibles are allocated to one (2017: three) consolidated cash-generating unit (CGU). Due to the change in business view after the successful integration of the businesses acquired, the focus is now solely on consolidated profit rather than business unit profit, effective 30 June 2018, the four existing segments were integrated under one consolidated reporting segment. The CGU and aggregate carrying amounts are structured to fall in line with the Group operations and cash flows. The VOD Pty Ltd operations became part of the Group from 31 August 2017, please refer to note 29 Business Combinations for further details.

During the year ending 30 June 2018, there is no impairment of the CGU (2017: nil). The recoverable amount of the 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 2019 is based on the 2019 budget adopted by the Board. The cash flows are discounted using a pre-tax discount rate of 13.04%.

Note 10. Intangible Assets (continued)

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

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

2018	**Swift Networks**
Pre-tax discount rate	13.04%
Growth rate	2.5%
Terminal value long term growth rate	0%
Capital spend[1]	1%

[1]FY 19 spend is in line with FY 19 Budget (5% of revenue) whilst FY20 to FY23 has been estimated as 1% of revenue.

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	at 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.

Estimated reasonably possible changes in the key assumptions would have the following approximate impact on impairment of the CGU as at 30 June 2018:

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

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

Note 11. Trade Payables

	Consolidated	
	2018	2017
Current	$	$
Trade Payables	3,751,485	2,533,303
Other payables and accruals	2,171,857	914,795
	5,923,342	**3,448,098**

Note 12. Provisions

	Consolidated	
	2018	2017
Current	$	$
Lease Incentives for 1 Watts Place Bentley (Transfer from non current Provisions)	72,643	-
	72,643	**-**
Non Current		
Lease Incentives	290,593	-
	290,593	**-**

Note 13. Borrowings

	Consolidated	
	2018	2017
Unsecured – Current	$	$
Loans payable	-	-
	-	**-**

In September 2017 the Group secured a loan of $3,000,000 from Bankwest to fund the purchase of VOD Pty Ltd. The loan is secured via a general Security Interest (GSI) over Swift Networks Group Limited, Swift Networks Pty Ltd and Wizzie Pty Ltd. In May 2018 the loan was repaid in full. The Group extended its Multi-purpose facility from $865,000 to $3,000,000. At 30 June 2018 there was no drawn debt and contingent liabilities of $313,711 (Refer Note 30).

The Group is in compliance with its bank covenants and expects to continue to meet all covenants at the next review on 30 June 2019.

Note 14. Financial Liability – at Fair Value

	Consolidated 2018 $	Consolidated 2017 $
Current		
Opening balance	-	-
Transfer from non current liabilities	9,350,000	-
Closing balance	**9,350,000**	**-**
Non Current		
Opening balance	4,604,167	1,900,000
Amount due under contract of sale - at acquisition	-	775,000
Add: Fair value through the P&L	5,683,333	1,929,167
Transfer to current	(9,350,000)	**-**
Closing balance	**937,500**	**4,604,167**

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 on 19 May 2016

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.

Note: 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 on 10 November 2016

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

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

(c) Acquisition of Web 2 TV on 16 November 2016

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

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 2017	At 30 June 2018	Fair value at 30 June 2018[1]
Swift Networks Pty Ltd / Wizzie Pty Ltd	Milestone 1 – 20% Milestone 2 – 15%	Milestone 1 – 50% Milestone 2 – 30%	Milestone 1 – 90% Milestone 2 – 75%	$9,350,000
Living Networks	Milestone 1 – 50% Milestone 2 – 50%	Milestone 1 – 50% Milestone 2 – 50%	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 – 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%	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

[1] Measured under cash consideration, share price and managements' probability

(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 – 90% Milestone 2 – 75%	If the probability of achieving each milestone was 10% higher (or lower) the fair value would increase (decrease) by $1,133,333
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	
	2018	**2017**
	$	**$**
Issued capital	**38,437,650**	**30,768,966**

Movement in Ordinary Share Capital:	**30 June 2018 No.**	**30 June 2017 No.**	**30 June 2018 $**	**30 June 2017 $**
At the beginning of the period	90,212,903	80,825,054	30,768,966	28,727,663
Placements:				
- 8 November 2016	-	8,695,653	-	2,000,000
- 12 July 2017	8,818,000	-	2,204,500	-
- 18 August 2017	9,182,000		2,295,500	-
Living Networks acquisition (16 November 2016)	-	407,997	-	100,000
Advisor offer (24 May 2017)	-	284,199	-	75,000
Movie Source/VOD acquisition (31 August 2017)	3,600,000	-	1,224,000	-
Options exercised during the period	9,250,000	-	2,307,500	-
Share issue costs	-	-	(362,816)	(133,697)
	121,062,903	**90,212,903**	**38,437,650**	**30,768,966**

(a) Movie Source/VOD acquisition

Under the terms of the Swift Networks acquisition, the Group issued 3,600,000 shares as part of the consideration paid to the vendors for the acquisition of Movie Source Pty Ltd and VOD Pty Ltd on 31 August 2017.

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 2018, there were 8,883,333 options (30 June 2017 – 18,373,333) available for exercise.

Exercise price	25 cents	15 cents	35 cents	42 cents	**Total**
Expiry date	30-Apr-18	19-May-21	31-May-21	31-May-21	
Opening balance	9,440,000	6,933,333	1,000,000	1,000,000	**18,373,333**
Issued during the year	-	-	-	-	-
Expired during the year	(240,000)	-	-	-	**(240,000)**
Exercised during the year	(9,200,000)	(50,000)	-	-	**(9,250,000)**
Closing balance	**-**	**6,883,333**	**1,000,000**	**1,000,000**	**8,883,333**

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 2017 Annual Financial Statement.

Note 16. Reserves

	Consolidated	
	2018	**2017**
	$	**$**
Options reserves		
Opening balance	774,652	650,652
Options issued (Refer Note 18)	1,695,392	124,000
Closing balance	**2,470,044**	**774,652**

Options reserve

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

Note 17. Accumulated losses

	Consolidated	
	2018	**2017**
	$	**$**
Accumulated losses at the beginning of the financial year	(25,402,635)	(24,038,437)
Profit / (loss) after income tax expense for the year	(7,728,812)	(1,364,198)
Tax effect adjustment relating to prior year	84,016	-
Accumulated losses at the end of the financial year	**(33,047,431)**	**(25,402,635)**

Note 18. Share based payments

2017 EXECUTIVE INCENTIVE PLAN

The issue of Deferred Options, Performance Rights and Share Appreciation Rights under an Executive Incentive Plan (EIP) to Swift directors Xavier Kris and Paul Doropoulos and other selected senior executives was approved by shareholders at the Group's Annual General Meeting (AGM) held on 27 October 2017.

As part of the 2017 EIP, Paul Doropoulos elected a short term incentive cash settlement option of $20,100.

Deferred Options

Entitle holders to receive one share for each option exercised. No consideration is payable on the exercise of the options. Under the EIP, Deferred Options form part of the bonus pool which may be paid cash, deferred options or a combination of both, as determined at the discretion of the Board. Deferred Options vest immediately.

Performance rights

Are rights to receive shares in the event that certain Vesting Conditions are met and the Performance Rights are exercised.

The company's performance period is 3 years from 1 July 2016 to 30 June 2019. The vesting date is 1 July 2019 subject to the satisfaction of the following vesting conditions:

Note 18. Share based payments (continued)

Class A Performance Rights	Class B Performance Rights
If the Company achieves compound annual growth in Baseline EBITDA of 268%, then 50% of the PR's will vest. Management have attributed a 100% probability of rights vesting. If the Company achieves compound annual growth in Baseline EBITDA above 268% but less than 532%, then between 50% and 100% of the PR's will vest. Management have attributed a 100% probability of rights vesting. If the Company achieves compound annual growth in Baseline EBITDA above 532%, then 100% of the PR's will vest. Management have attributed a 0% probability of rights vesting.	If the Company's relative Total Shareholder Return (TSR) ranking is between P50th, 0% of the PR's will vest If the Company's relative Total Shareholder Return (TSR) ranking is P50th, 50% of the PR's will vest If the Company's relative Total Shareholder Return (TSR) ranking is between P50th and P75th, between 50% and 100% of the PR's will vest If the Company's relative Total Shareholder Return (TSR) ranking is above P75th, 100% of the PR's will vest

Share Appreciation Rights (SAR)

Are rights to receive the value equal to the increase in the value of the Share above the applicable grant price in the event that certain vesting conditions are met and the Share Appreciation Rights are exercised.

The company's performance period is 3 years from 1 July 2016 to 30 June 2019. The vesting date is 1 July 2019 subject to the satisfaction of the following vesting conditions:

Share Appreciation Rights
If cumulative growth in the grant price is less than 106%, no SARs will vest If cumulative growth in the grant price is 106%, 50% of the SARs will vest If cumulative growth in the grant price is above 106% but less than 170%, then between 50% and 100% of SARs will vest on a straight-line basis If cumulative growth in the grant price is 170% or above, 100% of the SARs will vest

Note 18. Share based payments (continued)

The fair value of these share-based instruments was calculated as follows:

	Deferred Options	Class A Performance Rights	Class B Performance Rights	Share Appreciation Rights
Date	5th Sept 2017	5th Sept 2017	5th Sept 2017	5th Sept 2017
Method	Black Scholes	Monte Carlo	Hybrid ESO	Hybrid ESO
Spot price	50 cents	50 cents	50 cents	50 cents
Strike price	0 cents	0 cents	0 cents	0 cents
Time to maturity	5 years	3 years	5 years	5 years
Volatility	75.00%	75.00%	75.00%	75.00%
Risk free rate	2.28%	1.87%	1.87%	1.87%
Probability of vesting	N/a	75.00%*	N/a	N/a
Fair value per unit (cents)	50.0000	37.1093	40.7390	45.1383

*This is the weighted average of probability

The Company engaged an independent expert to provide the valuations, which are summarised below:

Recipient	Deferred options		Class A Performance Rights		Class B Performance Rights		Share Appreciation Rights		Total
	Number	$ Total fair value	Number	$ Total fair value	Number	$ Total fair value	Number	$ Total fair value	$ Total fair value
Xavier Kris	181,176	90,588	452,841	168,046	452,841	184,483	452,841	204,405	647,522
Paul Doropoulos*	-	-	156,174	57,955	156,174	63,624	156,174	70,494	192,073
Other	77,647	38,824	130,391	48,347	130,391	53,120	130,391	58,856	199,147
Total	**258,823**	**129,412**	**739,406**	**274,348**	**739,406**	**301,227**	**739,406**	**333,755**	**1,038,742**

*Paul Doropoulos resigned as Chief Financial Officer on 30 June 2017 but remains a Non-Executive Director of the Company.

	2018 $
Settled in equity - KMP	1,094,684
Settled in equity - non KMP	600,708
Settled in Profit & Loss- KMP	20,100
Closing balance	**1,715,492**

Note 18. Share based payments (continued)

2018 EXECUTIVE INCENTIVE PLAN

In December 2017 The Company approved the 2018 Executive Incentive Plan and issued Participation Offer for its Short-Term Incentive Plan (STIP). Long Term Incentive Plans (LTIPs) will be subject to board and shareholder approval at the time of the 2018 AGM. As per the rules of the STIP, awards may be paid in cash or Rights, or a combination of both, as determined at the discretion of the Board. For each participant the Company will select Key Performance Indicators (KPI's) by applying the following steps:

- Identifying broad assessment areas that a relevant to the participants
- Identifying Key Results Areas (KRA) (for example, EBITDA, strategic objectives, individual contribution)
- Selecting KPIs for each KRA

Performance goals are then set at three levels being Threshold, Target and Stretch.

Valuation

At 30 June 2018, the value of individual awards based on the Company's STIP have been calculated by an independent expert assessment as at reporting date and are summarised below:

Recipient	Threshold Award ($)	Target Award ($)	Stretch Award ($)	Total ($)
Xavier Kris	Exceeded	Exceeded	170,000	181,616
George Nicholls*	Exceeded	Exceeded	68,774	73,473
Other non-KMP	Exceeded	Exceeded	375,841	401,521
Total			**614,615**	**656,610**

*George Nicholls was appointed as Chief Financial Officer on 1 July 2017 at which time he became a Key Management Personnel.

The actual value of these awards will be determined by reference to the volume weighted price at which the Company's shares are traded on the ASX over the 10 trading days up to and including 30 June 2018.

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

	Consolidated 2018 $	Consolidated 2017 $
Issue of share	-	68,182
Cash settled -KMP	20,100	-
Issue of options -KMP	1,094,684	-
Issue of options - Other	600,708	124,000
Closing balance	**1,715,492**	**192,182**

Note 19. Cash flow information

	Consolidated 2018 $	Consolidated 2017 $
(a) Reconciliation of net profit/(loss) after tax to net cash flows from operations:		
(Loss) after tax	(7,728,812)	(1,364,198)
(a) Non-cash flows in profit:		
Depreciation expenses and assets written off	2,581,170	1,121,925
Net fair value movement off available for sale financial assets	-	83,350
Share based payments (settled in equity)	1,695,392	192,182
Fair value loss on financial liability	5,683,333	1,929,167
Income tax expense/(benefit)	169,253	(1,001,757)
	2,400,336	960,669
(b) Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries		
Change in trade and other receivables	(566,387)	(774,032)
Change in inventories	(476,872)	(215,057)
Change in other current assets	(293,033)	4,846
Change in trade and other payables	2,008,946	327,497
Change in unearned revenue	(533,736)	151,708
Change in provisions	103,405	(585,712)
Cash flow provided from operations	**2,642,659**	**(130,081)**

(b) Non-cash financing and investing activities

	2018	2017
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	-	775,000
Issue of 3,600,000 shares at $0.34 upon acquisition of VOD Pty Ltd (refer to Note 29)	1,224,000	-
	1,224,000	**875,000**

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. Up to 31 December 2017, Board of Directors (Board) monitored the operating results of the Group distinct business segments, being Swift Pty Ltd, VOD Pty Ltd, Living Networks and Web2TV separately for the purposes of making decisions about resource allocation and performance assessment. Due to the change in business view, with focus solely on consolidated profit rather than business unit profit, the four existing segments were integrated under one consolidated reporting segment, being the provision of digital entertainment services in Australia. This internal reporting framework is the most relevant to assist the Board with making decisions regarding the company and its ongoing activities.

	Consolidated	
	2018	2017
	$	$
Revenue from external sources	22,279,804	17,005,143
Reportable segment loss	(212,308)	(173,777)
Reportable segment assets	25,277,896	14,480,537
Reportable segment liabilities	(17,417,634)	(8,339,555)
Reconciliation of reportable segment loss		
Reportable segment loss	(212,308)	(173,777)
Other revenue	31,474	12,521
Unallocated		
- Share based payments	(1,695,392)	(192,182)
- Fair value loss on financial liability	(5,683,333)	(1,929,167)
- Other	-	(83,350)
Loss before tax	(7,559,559)	(2,365,955)
Reconciliation of reportable segment assets		
Reportable segment assets	25,277,896	14,480,537
Unallocated	-	-
Total assets	25,277,896	14,480,537
Reconciliation of reportable segment liabilities		
Reportable segment liabilities	(17,417,634)	(8,339,555)
Unallocated		
- Trade and other payables	-	-
Total liabilities	(17,417,634)	(8,339,555)

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.

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 2018, 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.

(c) **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	
	2018	**2017**
	$	**$**
Carrying amount		
Cash and cash equivalents	3,201,819	2,237,906
Trade and other receivables	4,527,643	2,189,478
	7,729,462	4,427,384

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-.

(d) **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 amount	Weighted average interest rate	Maturity 6 months or less	6-12 months	1-2 years	More than 2 years	Total Contractual cash flows
	$	%	$	$	$	$	$
Consolidated - 2018							
Financial assets							
Cash and cash equivalents	3,201,819	1.25%	3,201,819	-	-	-	3,201,819
Trade receivables	4,481,482	-	3,153,684	247,993	275,560	804,245	4,481,482
Other receivables	46,161	-	46,161	-	-	-	46,161
Closing net book amount	**7,729,462**		**6,401,664**	**247,993**	**275,560**	**804,245**	**7,729,462**
Financial liabilities							
Trade payables	3,751,485	-	3,751,485	-	-	-	3,751,485
Other payable and accruals	2,171,857	-	2,171,857	-	-	-	2,171,857
Provisions	363,236	-	72,643	-	290,593	-	363,236
Financial liability	10,287,500	-	9,350,000	-	937,500	-	10,287,500
Closing net book amount	**16,574,078**	**-**	**15,345,985**	**-**	**1,228,093**	**-**	**16,574,078**
Consolidated - 2017							
Financial assets							
Cash and cash equivalents	2,237,906	1.25%	1,832,878	-	190,028	215,000	2,237,906
Trade receivables	1,975,087	-	1,975,087	-	-	-	1,975,087
Other receivables	214,391	-	214,391	-	-	-	214,391
	4,427,384		**4,022,356**	**-**	**190,028**	**215,000**	**4,427,384**
Financial liabilities							
Trade payables	2,533,303	-	2,533,303	-	-	-	2,533,303
Other payable and accruals	914,795	-	914,795	-	-	-	914,795
Loan	-	-	-	-	-	-	-
Financial liability	4,604,167	-	-	-	-	4,604,167	4,604,167
	8,052,265	**-**	**3,448,098**	**-**	**-**	**4,604,167**	**8,052,265**

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	
	2018	**2017**
	$	**$**
Auditors of the Company		
BDO Audit (WA) Pty Ltd		
Audit and review of financial statements	106,068	90,558
Non-audit services provided (BDO Tax)	5,000	-
Non-audit services provided (BDO Reward)	-	23,500
Total remuneration for audit and non-audit services	**111,068**	**114,058**

Note 23. Parent entity

	Parent entity	
	2018	2017
	$	$
(a) Statement of Profit or Loss and other comprehensive income		
The individual financial statements for the parent entity show the following aggregate amounts:		
Net loss attributable to equity holders of the Company	(8,702,446)	(3,322,085)
(b) Statement of financial position		
ASSETS		
Total current assets	17,266	-
Total non-current assets	14,548,220	9,915,915
Total assets	14,565,486	9,915,915
LIABILITIES		
Total current liabilities	-	-
Total non-current liabilities	(10,287,500)	(4,604,167)
Total liabilities	(10,287,500)	(4,604,167)
Net assets	4,277,986	5,311,748
EQUITY		
Share capital	38,305,351	30,636,667
Other reserves	849,652	849,652
Accumulated losses	(34,877,017)	(26,174,571)
Total equity	4,277,986	5,311,748

The Parent has not entered into any Guarantees on behalf of the Group as at 30 June 2018.

The Parent has Contingent Assets or Contingent Liabilities as at 30 June 2018.

The Parent has no contractual obligations on behalf of the Group as at 30 June 2018.

Note 24. Commitments

	Consolidated	
	2018	2017
	$	$
Operating lease commitments		
Office premises The Group leases office premises under an operating lease expiring in five years. Minimum commitments under the lease are as follows:		
Not later than 1 year	525,863	420,691
Later than 1 year and not later than 2 years	533,745	-
Later than 2 years and not later than 5 years	1,650,123	-
	2,709,731	**420,691**
ERP implementation commitments		
ERP implementation costs and license fees The Group entered in a three year payment plan for ERP costs. Minimum commitments under the lease are as follows:		
Not later than 1 year	121,200	-
Later than 1 year and not later than 2 years	121,200	-
Later than 2 years and not later than 5 years	121,200	-
	363,600	**-**

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 2018.

	Consolidated	
	2018	2017
	$	$
Short term employee benefits	976,125	853,673
Share based payments – cash	20,100	-
Share based payments – non cash	1,094,684	-
Post-employment benefits	93,529	53,847
	2,184,438	**907,160**

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	
	2018	**2017**
	$	**$**
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	433,538	472,360
Payments received from Wenro Holdings Pty Ltd, a company of which Robert Sofoulis is a director and Ryan Sofoulis is associated with, as an incentive for the renewal of an operating lease	439,523	-
Payments received from Wenro Holdings Pty Ltd, a company of which Robert Sofoulis is a director and Ryan Sofoulis is associated with, for Project Management Services provided by the Company in relation to renovation of office premises	71,500	-
Loans from related parties		
Opening balance	-	909,308
Funds repaid to directors and related parties	-	(909,308)
Closing balance	-	-
Loans to related parties		
Opening balance	-	-
Funds loaned to Xavier Kris[1]	275,000	-
Funds repaid	-	-
Closing balance	275,000	-

[1] The unsecured loan was subject to an arm's length interest rate and repayable by no later than 30 April 2019. Prior to the date of this report the loan was repaid in full.

Note 26. Related party transactions (continued)

	Consolidated 2018 $	Consolidated 2017 $
Amounts outstanding at reporting date		
(i) Payables	57,543	188,205
(ii) Receivables	275,000	-
Transactions with other related parties		
Entities managed by Key Management personnel		
Share based payments to KMP and other non KMP - non cash	1,695,392	-
Share based payments to KMP and other non KMP - cash settled	20,100	-
Total share-based payments	1,715,492	188,205

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 2018 %	Ownership interest 30 June 2017 %
Parent entity			
Swift Networks Group Limited	Australia	100%	100%
Controlled entities			
Swift Networks Pty Ltd	Australia	100%	100%
VOD Pty Ltd	Australia	100%	0%
Movie Source Pty Ltd	Australia	100%	0%
Wizzie Pty Ltd	Australia	100%	100%
Stanfield Funds Management Limited	Hong Kong	100%	100%

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

Note 28. EPS

	Consolidated	
	2018	**2017**
	$	**$**
Net profit / (loss) from continuing operations for the year	(7,728,812)	(1,364,198)
	No.	**No.**
Weighted average number of ordinary shares for the purpose of basic earnings per share	112,000,798	86,690,176
Basic earnings / (loss) per share (cents)	(6.9)	(1.6)
Diluted earnings / (loss) per share (cents)	(6.9)	(1.6)

Note 29. Business Combination

(a) Summary of acquisition - Movie Source Pty Ltd and VOD Pty Ltd

On 31 August 2017 the Group acquired 100% of the issued share capital of Movie Source Pty Ltd and VOD Pty Ltd. The Group has provisionally recognised the fair values of the assets and liabilities based on the best available information available at reporting date. Details of the purchase consideration and the net assets acquired are as follows:

Purchase consideration:	**$**
Cash paid	5,100,000
Ordinary shares issued (3,600,000 shares at F.V of $0.34/share on 31 August 2017)	1,224,000
Adjustment payment to Vendor (paid in cash)	457,257
Total Purchase Consideration	**6,781,257**
The assets and liabilities recognised as a result of the acquisition are as follows:	
Cash	255
Inventory	38,673
Trade and other receivables	1,748,028
Other assets	1,485
Plant & equipment	122,220
Intangibles - Customer Contracts(iii)	1,271,523
Intangibles – Supplier Contracts	123,610
Intangibles – Product Development)	650,000
Intangibles – Other	2,699
Trade & other payables	(441,552)
Provisions	(259,831)
Unearned Income	(836,667)
Deferred tax liabilities	(614,540)

Note 29. Business Combination (continued)

Net identifiable assets	1,805,903
Add: Goodwill	4,975,354
Net assets acquired	**6,781,257**

(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 Movie Source Pty and VOD Pty Ltd included in the consolidated statement of profit or loss and other comprehensive income from the acquisition date of 1 September 2017 to 30 June 2018 were $2,310,725 and ($625,192).

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

At 30 June 2017, provisional accounting was applied to the fair value at identifiable assets and liabilities of Web2TV and Living Networks. At 31 Dec 2017, an adjustment has been made to recognise an intangible asset for customer contracts of $250,000 and $200,000 for Web2TV and Living Networks respectively, with a comparative net decrease in Goodwill of $175,000 and $140,000.

Note 30. Contingencies

	2018 $	2017 $
Liabilities under guarantees	313,711	-
Total Contingent liabilities	313,711	-

Note 31. Events subsequent to reporting date

There are no other matters or circumstances that have arisen since 30 June 2018 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 24 to 71 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 2018 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 2018

Tel: +61 8 6382 4600
Fax: +61 8 6382 4601
www.bdo.com.au

38 Station Street
Subiaco, WA 6008
PO Box 700 West Perth WA 6872
Australia

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 2018, 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 2018 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
Note 10 to the financial report discloses the individual intangible assets and the assumptions used by the Group in testing these assets for impairment. This was determined to be a key audit matter as management's assessment of the recoverability of the intangible assets is supported by a value in use cash flow forecast which requires estimates and judgements about future performance. These include judgements and estimates over the expectation of future revenues, anticipated gross profit margin, growth rates expected and the discount rate applied.	Our procedures included, but were not limited to the following: • Assessing the appropriateness of the Group's categorisation of Cash Generating Units (CGUs)and the allocation of assets to the carrying value of CGUs based on our understanding of the Group's business and the Group's internal reporting; • Evaluating management's ability to accurately forecast cash flows by assessing the precision of the prior year forecasts against actual outcomes; • Challenging key inputs used in the discounted cash flows calculations including the following: o In conjunction with our valuation specialist, comparing the discount rate utilised by management to an independently calculated discount rate; o Comparing growth rates with historical data and economic and industry growth forecast; o Comparing the Group's forecast cash flows to the board approved budget; o Performing sensitivity analysis on the revenue, growth rates and gross profit margins and discount rates; and • Evaluating the adequacy of related disclosures in the financial report.

Accounting for business combinations (Movie Source Pty Ltd and VOD Pty Ltd)

Key audit matter	How the matter was addressed in our audit
On 31 August 2017, the Group acquired 100% of the issued share capital of Movie Source Pty Ltd and VOD Pty Ltd. The Group had provisionally recognised the fair value of the assets and liabilities based on the best available information available at the reporting date. The accounting for business combinations was a key audit matter given the acquisition was material to the Group and involved significant judgements made by the Group, including: • Determination of the amount of the purchase consideration for the acquisition; and • Estimation of the fair value of assets and liabilities acquired.	Our procedures included, but were not limited to the following: • Reviewing the acquisition agreement to understand the key terms and conditions, and confirming our understanding of the transaction with management; • Obtaining an understanding of the transaction including an assessment of the accounting acquirer and whether the transaction constituted a business or an asset acquisition; • Comparing the assets and liabilities recognised on acquisition against the executed agreements and the historical financial information of the acquired businesses; • Evaluating the assumptions and methodology in management's determination of the fair value assets and liabilities acquired; and • Assessing the appropriateness of the Group's disclosures in respect of the acquisitions (Refer Note 29).

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 2018, 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 20 of the directors' report for the year ended 30 June 2018.

In our opinion, the Remuneration Report of Swift Networks Group Limited, for the year ended 30 June 2018, 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

Dean Just

Director

Perth, 31 August 2018

Shareholder information

A. Substantial Shareholders

The following have a relevant interest (>5%) in the capital of Swift Networks Group Limited as at 30 August 2018

Substantial ordinary shareholders	No. of ordinary shares held	Percentage held of Issued Ordinary Capital
MR ROBERT NICHOLAS SOFOULIS & RELATED ENTITIES	30,185,000	24.88%

B. Distribution of Equity Securities

(i) Analysis of numbers of equity security holders by size of holding as at 30 August 2018

			Ordinary Shares	
Category (Size of Holdings)			Number of Holders	Unlisted Options
1	-	1,000	62	-
1,001	-	5,000	537	-
5,001	-	10,000	224	-
10,001	-	100,000	528	12
100,001	-	and over	141	14
			1,492	26

Shareholder information (continued)

C. Equity Security Holders

Twenty largest quoted equity security holders (30 August 2018)

		Ordinary shares	
		Number held	**Percentage of issued shares**
1	SOFOULIS HOLDINGS PTY LTD	30,000,000	24.73
2	J P MORGAN NOMINEES AUSTRALIA LIMITED	4,949,400	4.08
3	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	4,850,824	4.00
4	MR JOHN COLIN LOOSEMORE & MRS SUSAN MARJORY LOOSEMORE	4,200,000	3.46
5	SUETONE PTY LTD	3,880,000	3.20
6	ARADHIPPOU GROVE PTY LTD	3,162,386	2.61
7	TRI-NATION HOLDINGS PTY LTD	2,408,889	1.99
8	JAMES FLORIAN PEARSON	2,222,223	1.83
9	PAUL DOROPOULOS	2,128,889	1.75
10	BNP PARIBAS NOMS PTY LTD	2,085,518	1.72
11	NATIONAL NOMINEES LIMITED	1,350,875	1.11
12	TRI-NATION HOLDINGS PTY LTD	1,080,000	0.89
13	MR RUSSELL NEIL CREAGH	1,025,777	0.85
14	BOTSIS HOLDINGS PTY LTD	1,000,000	0.82
14	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	1,000,000	0.82
15	BURRWOOD INVESTMENTS PTY LTD	984,193	0.81
16	MR JAMES FLORIAN PEARSON	971,125	0.80
17	SHARIC SUPERANNUATION PTY LTD	850,000	0.70
18	TRI-NATION HOLDINGS PTY LTD	825,572	0.68
19	BOND STREET CUSTODIANS LTD	818,860	0.67
20	BNP PARIBAS NOMINEES PTY LTD	792,045	0.65
	Total	**70,586,576**	**58.19**

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 $0.15 on or before 19 May 2021	6,633,333	24	-
Options exercisable at $0.35 on or before 31 May 2021	1,000,000	1	1
Options exercisable at $0.42 on or before 31 May 2021	1,000,000	1	1
Class A Performance Shares	16,666,667	1	1
Class B Performance Shares	16,666,667	1	1
Deferred Options	258,823	2	2
Class A Performance Rights	739,406	3	3
Class B Performance Rights	739,406	3	3
Share appreciation rights	739,406	3	3

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.

H. Securities subject to escrow

The following securities are currently subject to escrow:

Securities	Escrow Period	Release Date	Number
Fully Paid Shares	12 months from quotation	1 September 2018	2,700,000

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 2018, 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

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 2018 there is one woman in senior executive positions in the Company, and 9 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 effectively 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 is currently in the process of conducting its evaluation for the 2018 year.

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 2018.

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 Directors Paul Doropoulos and Robert Sofoulis.

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 Nomination Committee and is disclosed on the Company's website.

The attendance of the members of the Remuneration and Nomination Committee is shown in the Directors' Report

Recommendation 2.2

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

(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.

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.

The attendance of the members of the Remuneration and Nomination Committee is shown in the Directors' Report.

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

Swift Networks Group Limited
ACN: 006 222 395
ABN: 54 006 222 395
www.swiftnetworks.com.au

Registered Office

1 Watts Place
BENTLEY WA 6102

Telephone: +61 8 6103 7595
Facsimile: +61 8 6103 7594

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

Link Group
Level 12
QV1 Building
PERTH WA 6000
T: +61 8 9211 6650
F: +61 8 9211 6670
W : linkmarketservices.com.au

Stock Exchange Listings

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