

SKYFII LIMITED

Harnessing big data to help drive customer loyalty and sales.

ASX: SKF

118 Devonshire Street SYDNEY NSW 2010 AUSTRALIA

T +61 2 8188 1188

W www.skyfii.com

ABN 20 009 264 699



ASX ANNOUNCEMENT/MEDIA RELEASE

31st July 2015

QUARTERLY BUSINESS UPDATE

SkyFii delivers strong business growth and pipeline conversion

Data services company SkyFii Limited (ASX: SKF) (SkyFii, the Company) is pleased to provide the following update on its business activities for the three month period to 30 June 2015.

Highlights:

- **Significant pipeline growth:** qualified shopping centre pipeline grew from 300 to 450+
- **Continued conversion to contracts:** conversion of 5 initial tender discussions to trial services agreements and signing of a master services agreement with the GPT Group
- **Installations on track:** 7 new large shopping centres were added during the quarter, bringing the total number of live shopping centres to 17, a 70% growth in new installations quarter on quarter
- **Significant growth in total registered user base** from 644,000 to 880,000 unique users quarter on quarter
- **Significant increase in network usage by registered users:** growth in Wi-Fi sessions of +31% quarter on quarter
- **Increased venue traffic flows:** significant uplift in customer visits across all venues of 26.6 million during the quarter representing growth of +98% quarter on quarter

During the June 2015 quarter, SkyFii continued to execute its business plan and convert its retail pipeline into paid trial services agreements and a master service agreement.

SkyFii's portfolio of fully installed large format venues under new and existing contracts (excluding trials) grew from 10 to 17 in the quarter – a 70% qoq increase. In addition, SkyFii's current customer contracted pipeline (excluding trials), grew 141% during the quarter.

Key contract and pipeline highlights include:

- Continuation of services roll-out to a premium Australian shopping centre group through its partnership with a leading Australian telecommunications company
- Master Services Agreement signed with The GPT Group for provision of services to up to 19 retail mall and office properties
- Continuation of services roll-out to Iguatemi – Brazil's premier mall operator following the master services agreement announcement in the previous quarter which governs rollout to 16 large venues in Brazil
- Delivery of services to two additional Vicinity Centres retail shopping centres (formerly Federation Centres and Novion Property Group)

SkyFii also entered into a number of new trial service agreements during the quarter with the following groups:

- Precision property group
- Hawaiian property group
- Top Ryde Shopping Centre, currently owned by the Blackstone Group

- Barangaroo South precinct
- Merivale Hospitality Group

The above trials are currently underway and subject to their successful completion, the Company intends to pursue full portfolio roll-outs across these groups' portfolio of venues, which could result in long term contracts for an additional 78 new venues.

SkyFii is currently pursuing a qualified pipeline of 450+ shopping malls globally, which alone represent potential annual recurring revenues of between \$8 million and \$14 million.

During the June quarter, the Company also conducted a successful placement of \$2.8 million at \$0.22 per share to new and existing sophisticated shareholders.

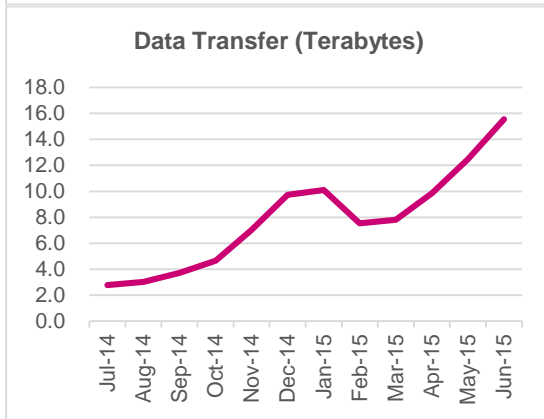
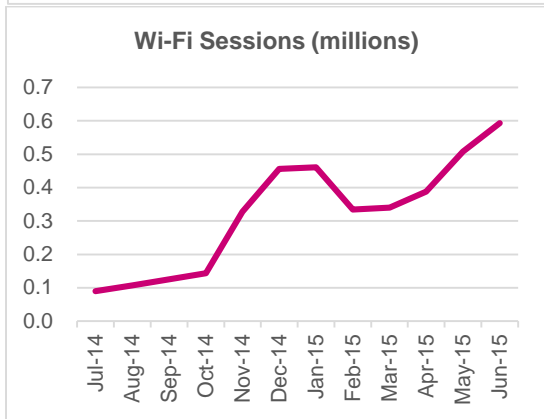
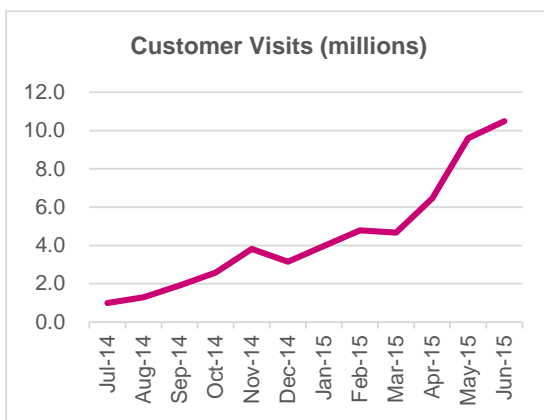
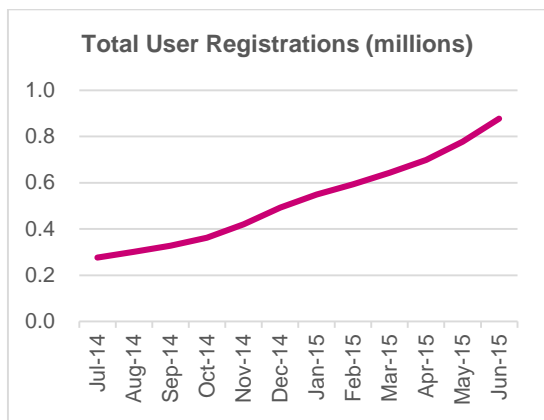
Recap on SkyFii's sales process

The typical sales process, from pipeline to initial contract and full service roll-out, for SkyFii's analytics services includes:

- Initial tendering of commercial proposal
- Entry into trial services agreements which incorporate specified KPIs and deliverables for SkyFii
- Trial services contracts run for an approximate 4-6 week period
- Upon successful delivery of trial services, negotiation and entry into long term contracts to govern deployment and delivery of services

The structure of SkyFii's sales process, and its ability to deliver on the stipulated KPI's, provides the Company with strong confidence that it will continue to achieve a very high conversion rate of trial services agreements to long term contract roll-out.

Key operating metrics



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For further information, please contact:

Wayne Arthur

CHIEF EXECUTIVE OFFICER

E wayne@skyfii.com

M +61 410 600 145

Investor Inquiries

James Moses

Media and Investor Relations

Mandate Corporate

T: +61 420 991 574

E: james@mandatecorporate.com.au

Media Inquiries

Asher Moses

Media relations

M&C Capital Partners

T: +61 438 008 616

E: asher.moses@mcpartners.com.au

ABOUT SKYFII

SkyFii is an innovative data services company that captures, stores and analyses behavioural data through technologies such as WiFi. We build, manage and monetise free public Wi-Fi by creating an engaging content channel for advertisers and by analysing customer data to assist retailers to make smarter business decisions.

Our networks are powered by a bespoke technology and commercial solution that gives people access to the internet for free, provides venues a valuable service to offer their customers, and gives brands and venues a powerful tool to understand and engage with consumers.



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Appendix 4C

Quarterly report for entities admitted on the basis of commitments

Name of entity

Skyfii Limited

ABN

20 009 264 699

Quarter ended ("current quarter")

30 June 2015

Unaudited consolidated statement of cash flows

	Current quarter \$A'000	Year to date (12 months) ¹ \$A'000
Cash flows related to operating activities		
1.1 Receipts from customers	324	835
1.2 Payments for		
(a) staff costs ²	(756)	(2,157)
(b) advertising and marketing	(47)	(141)
(c) research and development ²	(67)	(189)
(d) leased assets	-	-
(e) other working capital	(681)	(1,570)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	7	22
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes refunded/ (paid)	-	481
1.7 Other:		
(a) Government grant revenue	4	64
Net operating cash flows	(1,217)	(2,655)

¹ The consolidated year to date cash flows have been prepared using reverse acquisition accounting. In reverse acquisition accounting, the cost of the business combination is deemed to have been incurred by the legal subsidiary Skyfii Group Pty Ltd (the acquirer for accounting purposes) in the form of equity instruments issued to the owners of the legal parent, Skyfii Limited (the acquiree for accounting purposes).

² Cash flows are presented before the capitalisation of employee, contractor and other expenditure attributable to software development of approximately \$663k for the six months to 30 June 2015. The Company expects to capitalise this expenditure as an intangible software development asset in the full year accounts ended 30 June 2015, in addition to the amount capitalised for similar expenditures (\$757k) for the half year ended 31 December 2014. Note that capitalised software development expenditures in this Appendix 4C are presented as payments for intellectual property at item 1.9(c).



	Current quarter \$A'000	Year to date (12 months) ¹ \$A'000
1.8 Net operating cash flows (carried forward)	(1,217)	(2,655)
Cash flows related to investing activities		
1.9 Payment for acquisition of:		
(a) businesses (item 5)	-	-
(b) equity investments	-	-
(c) intellectual property ³	-	(757)
(d) physical non-current assets	6	(26)
(e) other non-current assets	29	(4)
1.10 Proceeds from disposal of:		
(a) businesses (item 5)	-	-
(b) equity investments	-	-
(c) intellectual property	-	-
(d) physical non-current assets	-	-
(e) other non-current assets	-	-
1.11 Loans to other entities	-	(72)
1.12 Loans repaid by other entities	72	72
1.13 Other:		
(a) Payments for acquisition costs (1.9(a))	-	(444)
Net investing cash flows	107	(1,231)
1.14 Total operating and investing cash flows	(1,111)	(3,886)
Cash flows related to financing activities		
1.15 Proceeds from issues of shares, options, etc. ⁴	2,800	4,450
1.16 Proceeds from sale of forfeited shares	-	-
1.17 Proceeds from borrowings	-	-
1.18 Repayment of borrowings ⁴	-	(453)
1.19 Dividends paid	-	-
1.20 Other:		
(a) Capital raising costs	(172)	(260)
(b) Cash at acquisition ⁴	-	2,801
Net financing cash flows	2,628	6,537
Net increase (decrease) in cash held	1,518	2,651
1.21 Cash at beginning of quarter/year to date	1,167	33
1.22 Exchange rate adjustments	-	-
1.23 Cash at end of quarter	2,685	2,685

³ Represents software development expenditure capitalised as an intangible asset for the half year ended 31 December 2014. Excludes additional software development expenditure of approximately \$663k for the six months to 30 June 2015, which the Company expects to capitalise in the full year accounts ended 30 June 2015.

⁴ Year to date proceeds from issue of shares and repayment of borrowings include financing activities of Skyfii Group Pty Ltd prior to its acquisition by Skyfii Limited (formerly RKS Consolidated Limited). Cash at acquisition represents cash and equivalents of RKS Consolidated Limited (net of capital raising costs) deemed to have been acquired by Skyfii Group Pty Ltd in accordance with reverse acquisition accounting standards.

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.24	Aggregate amount of payments to the parties included in item 1.2	89
1.25	Aggregate amount of loans to the parties included in item 1.11	-

1.26 Explanation necessary for an understanding of the transactions

1.24 includes directors' fees and salaries paid in the quarter.

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

On 20 November 2014, the Company (formerly RKS Consolidated Limited) (RKS) acquired 100% of the issued capital of Skyfii Group Pty Ltd (SGPL). The acquisition was achieved following the RKS 1 for 10 share consolidation by issuing 70,000,000 ordinary shares in RKS to existing shareholders of SGPL. Following completion, the previous shareholders of RKS held 12.5% and shareholders of SGPL held 87.5% of the Company respectively. As a consequence of this and other factors, for accounting purposes the acquisition has been treated as a reverse takeover.

2.2 Details of outlays made by other entities to establish or increase their share in businesses in which the reporting entity has an interest

N/A

Financing facilities available

		Amount available \$A'000	Amount used \$A'000
3.1	Loan facilities	-	-
3.2	Credit standby arrangements	-	-



Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.		Current quarter \$A'000	Previous quarter \$A'000
4.1	Cash on hand and at bank	2,680	1,162
4.2	Deposits at call	5	5
4.3	Bank overdraft	-	-
4.4	Other (provide details):	-	-
Total: cash at end of quarter (item 1.23)		2,685	1,167

Acquisitions and disposals of business entities

		Acquisitions (Item 1.9(a))	Disposals (Item 1.10(a))
5.1	Name of entity	Skyfii Group Pty Ltd	-
5.2	Place of incorporation or registration	NSW	-
5.3	Consideration for acquisition or disposal	70,000,000 ordinary shares were issued to existing shareholders of Skyfii Group Pty Ltd. Refer to the Replacement Prospectus dated 15 October 2014 for further information.	-
5.4	Total net assets	(\$130,000)	-
5.5	Nature of business	Data and technology company that captures and visualises consumer behaviour data to drive informed decisions and deliver real time content.	-

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act (except to the extent that information is not required because of note 2) or other standards acceptable to ASX.
- 2 This statement does give a true and fair view of the matters disclosed.

Dated 31 July 2015

Heath Roberts
Company Secretary

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
2. The definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report except for any additional disclosure requirements requested by AASB 107 that are not already itemised in this report.
3. **Accounting Standards.** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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