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ASX Release

31 October 2012

STW SUCCESSFULLY COMPLETES \$33 MILLION PLACEMENT

- Successful completion of a \$33 million institutional placement announced on 30 October 2012
- Strong support from current institutional shareholders as well as new investors

Sydney, 31 October 2012: STW Communications Group Limited ("**STW**") (ASX: SGN) today announced that it has successfully completed a \$33 million placement to qualified and sophisticated institutional investors ("**Placement**") at a fixed price of \$0.97 ("**Placement Price**") per new fully paid ordinary share in STW ("**New Share**").

As announced to the market on 30 October 2012, STW will use the funds raised under the Placement to fund the acquisition of four companies, with the remainder of the net proceeds to be used for other acquisitions currently being evaluated and/or for general corporate purposes. If the acquisitions do not proceed, the funds raised will be used to pay down debt.

STW's Chief Executive Officer, Mr Michael Connaghan, said "We are delighted by the level of demand from both existing shareholders and new investors wishing to participate in the Placement. The successful outcome demonstrates investors' support for STW and the acquisitions."

Following the successful completion of the Placement, the trading halt is expected to be lifted prior to market open today. Settlement of the New Shares is expected to occur on 5 November 2012, with allotment and normal settlement trading on 6 November 2012.

Macquarie Capital (Australia) Limited acted as Sole Lead Manager, Bookrunner and Underwriter to the Placement.

Share purchase plan

STW intends to raise up to \$7 million under the SPP. Investors on STW's share register at 7:00pm (Sydney time) on 29 October 2012 ("**SPP Record Date**") and whose registered address is in Australia or New Zealand will be entitled to subscribe for up to \$15,000 worth of new fully paid ordinary shares in STW at the Placement Price (subject to scale-back at STW's discretion should applications under the SPP exceed \$7 million).

The SPP is not underwritten. Further details of the SPP, including instructions on how to apply, will be announced on ASX and distributed to eligible shareholders in due course.

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Important Information

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This announcement has been prepared for publication in Australia and may not be released or distributed in the United States or to "U.S. Persons" (as defined in Regulation S under the U.S. Securities Act of 1933, as amended (the "**U.S. Securities Act**")) ("**U.S. Persons**"). This announcement does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States, or to any person that is, or is acting for the account or benefit of, a U.S. Person. The New Shares described in this announcement have not been, and will not be, registered under the U.S. Securities Act or the securities laws of any state or other jurisdiction of the United States and may not be offered or sold, directly or indirectly, in the United States or to, or for the account or benefit of, U.S. Persons except in transactions exempt from, or not subject to, registration under the U.S. Securities Act and other applicable securities laws.

Forward-looking statements contained in this announcement are subject to significant risks, uncertainties, assumptions, contingencies and other factors (many of which are outside the control of, and unknown to, STW and its officers, employees, agents or associates), which may cause the actual results or performance to be materially different from any future result expressed or implied by such forward looking statements. There can be no assurance or guarantee that actual outcomes will not differ materially from these statements.