

ASX: SKF

QUARTERLY BUSINESS UPDATE

Highlights

- **Significant revenue pipeline momentum – \$40m from advanced stage pipeline** assuming 5 year contract terms, excluding any revenues from advertising and data services
- **Strong growth in revenue for the quarter, up 101% to \$466k¹**, driven by accelerated growth in revenues from retail mall customers
- **Accelerated installation rate – installed venues increasing from 17 to 30**, representing 13 new installations during the quarter compared to 10 in the previous quarter
- **Cash position of \$1.8m** (increased to \$2.3m in October due to receipt of R&D tax rebate of \$0.5m early in the month)
- **Increased market penetration within existing markets** (Australia, New Zealand, Brazil, South Africa) with new distribution agreements signed within SE Asia, the UK & Ireland proving global demand for core product offering

Data analytics services company Skyfii Limited (**Skyfii, the Company**) has today released its Appendix 4C Report for the three month period to 30 September 2015 and is pleased to provide a review of the progress made during Q1 FY16.

Increased market penetration with exceptional conversion rates

Skyfii installed 13 new venues during the quarter, compared with 10 new installations in the previous quarter which represented a quarter on quarter growth rate of 30%.

Growth in installations and live billing venues resulted in 101% revenue growth for the Company during the quarter to \$466k (up from \$231k in Q4 FY15)¹. Cash receipts were down for the quarter to \$241k due to the timing of payment of several large invoices, with these funds received in October.

Skyfii also continued to expand its presence in Asia during the quarter, a region characterised with high mobile technology and associated services usage. The region has over 1,100 world-class retail shopping malls as well as countless other venues in vertical markets, making it a key geography for Skyfii.

The Company signed a distribution agreement with Originex (Singapore) Pte Ltd to provide its guest WiFi and data analytics services to resellers in Hong Kong, Malaysia and Singapore. Originex is a leading distributor of Ruckus wireless and Xirrus hardware across Asia, and is headquartered in Malaysia with an office in Singapore.

In addition, Skyfii services will be delivered to one of Vietnam's largest premier retail malls, Crescent mall, a deal which was delivered through another re-seller partner, Spooki, which has an existing customer base within Asia and access to 70+ large retail malls and over 4,000 small to medium sized retail venues.

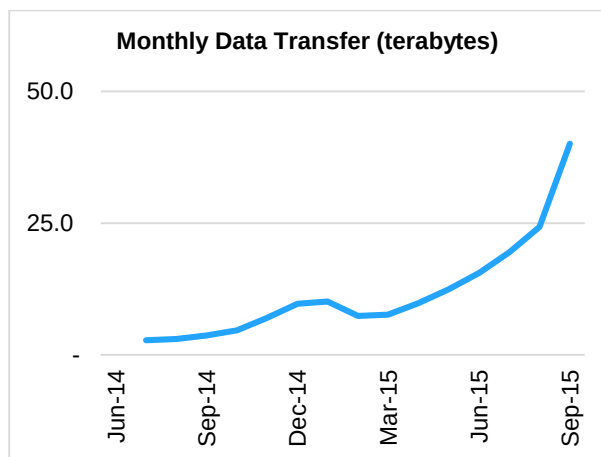
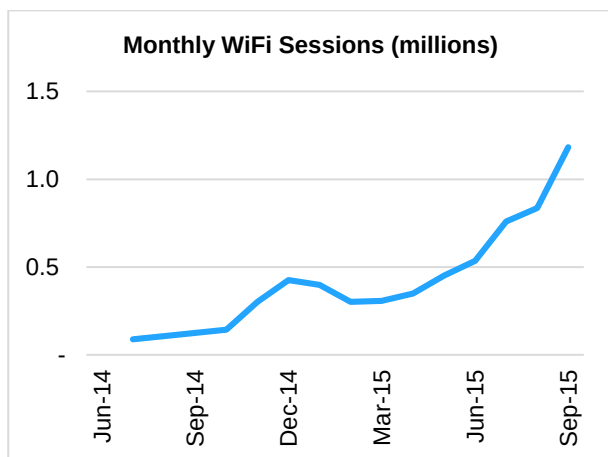
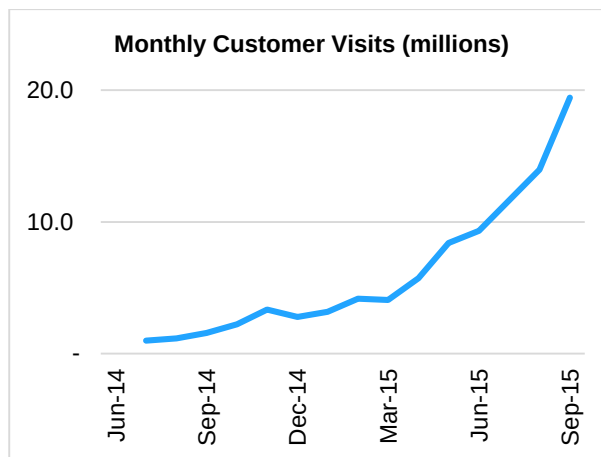
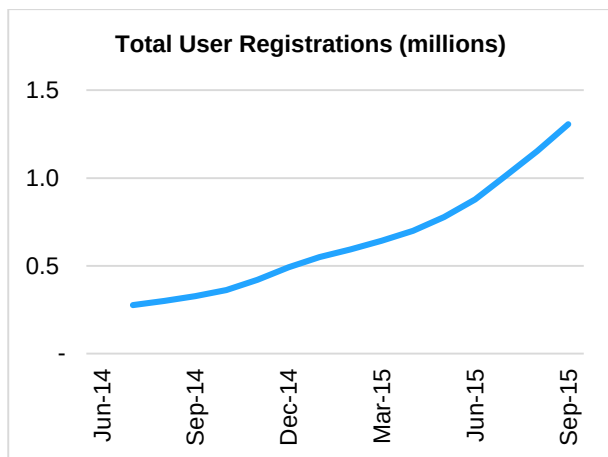
In Brazil, Skyfii continued strong momentum within the retail mall sector, continuing to progress its relationship with mall operator Iguatemi and delivering its first mall pilot roll-out into a potential new retail mall client in the Brazil market. In addition to the new mall pilot, Skyfii has begun to advance discussions within a number of other verticals within retail, hospitality, fitness and healthcare and will update the market of further developments in due course.

¹ Based on unaudited total revenues for the quarters ending 30 September 2015 and 30 June 2015.

Key operating metrics

In line with the Company's continued growth in contract deployments, all key operating metrics continue to experience significant growth:

- Significant growth in total registered user base of +44% qoq from 0.9 million to 1.3 million unique users
- Significant growth in new unique registered users of +84% qoq
- Significant growth in Wi-Fi sessions of +108% qoq
- Significant growth in customer venue visits of +92% qoq
- Significant growth in data transferred of +122% qoq



Outlook

In addition to continued strong sales resulting in increased sales pipeline and accelerated installations, the Company looks forward to providing an update on the increased penetration with its existing customer and increased penetration in new territories and markets within SE Asia, the UK, Europe and the USA.

As recently reported, Skyfii's estimated sales revenue pipeline now exceeds \$40m assuming a five-year term from currently billing, contracted customers and those in advanced stages of commercial discussion. Whilst this is only representative of a segment of the total Skyfii revenue pipeline, this demonstrates tremendous revenue momentum and solidifies our first-mover position in Australia in particular.

As announced earlier this month, Skyfii is pleased to have signed a distribution agreement with Data Solutions opening up access to new customers in the UK and Ireland, with one new customer trial services contract already signed under this agreement. The Company looks forward to updating shareholders regarding further customer growth, as well as its advanced negotiations for a significant pilot deployment with a global sports goods retailer in due course.

Finally, Skyfii is pleased to present its **new brand identity Skyfii i/o** and its accompanying new website (www.skyfii.io) which reflect the current and future direction the business is taking.

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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.

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 September 2015

Unaudited consolidated statement of cash flows

Cash flows related to operating activities		Current quarter \$A'000	Year to date (3 months) \$A'000
1.1	Receipts from customers	241	241
1.2	Payments for		
	(a) staff costs	(753)	(753)
	(b) advertising and marketing	(36)	(36)
	(c) research and development	(128)	(128)
	(d) leased assets	-	-
	(e) other working capital	(549)	(549)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	7	7
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes refunded/ (paid)	-	-
1.7	Other:		
	(a) Government grant revenue	26	26
	(b) R&D tax rebate ¹	315	315
Net operating cash flows		(877)	(877)

¹ Note that the Company received the balance of its R&D tax rebate (\$504k) in the first week of October 2015.

	Current quarter \$A'000	Year to date (3 months) \$A'000
1.8 Net operating cash flows (carried forward)	(877)	(877)
Cash flows related to investing activities		
1.9 Payment for acquisition of:		
(a) businesses (item 5)	-	-
(b) equity investments	-	-
(c) intellectual property	-	-
(d) physical non-current assets	(11)	(11)
(e) other non-current assets	-	-
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	-	-
(a) employee advances	(15)	(15)
1.12 Loans repaid by other entities	-	-
1.13 Other	-	-
Net investing cash flows	(26)	(26)
1.14 Total operating and investing cash flows	(903)	(903)
Cash flows related to financing activities		
1.15 Proceeds from issues of shares, options, etc.	-	-
1.16 Proceeds from sale of forfeited shares	-	-
1.17 Proceeds from borrowings	-	-
1.18 Repayment of borrowings	-	-
1.19 Dividends paid	-	-
1.20 Other	-	-
Net financing cash flows	-	-
Net increase (decrease) in cash held	(903)	(903)
1.21 Cash at beginning of quarter/year to date	2,685	2,685
1.22 Exchange rate adjustments	-	-
1.23 Cash at end of quarter	1,781	1,781

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	103
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

N/A

- 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	1,776	2,680
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)		1,781	2,685

Acquisitions and disposals of business entities

	Acquisitions (Item 1.9(a))	Disposals (Item 1.10(a))
5.1 Name of entity	-	-
5.2 Place of incorporation or registration	-	-
5.3 Consideration for acquisition or disposal	-	-
5.4 Total net assets	-	-
5.5 Nature of business	-	-

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 29 October 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.