

27th July 2017

QUARTERLY ACTIVITIES REPORT AND APPENDIX 4C FOR QUARTER ENDED 30 JUNE 2017

ASX Symbol: ST1

REGISTERED OFFICE

Level 4, 100 Albert Road
South Melbourne VIC AUS 3205

PRINCIPAL PLACE OF BUSINESS

Level 2
240 Chapel Street Prahran
VIC AUS 3181

CONTACT

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F 1300 887 813
www.spirit.com.au

BOARD OF DIRECTORS

Mr James Joughin (Chairman)
Mr Terry Gray (Director)
Mr Geoff Neate (Managing Director)

ISSUED CAPITAL

Fully paid ordinary shares:	184,050,420
ST10 Listed Options:	44,654,523
ST1AC Unlisted Options:	2,500,000
ST1AB Performance Rights:	2,570,000

Spirit is pleased to provide its Quarterly Activity report to our shareholders.

Highlights:

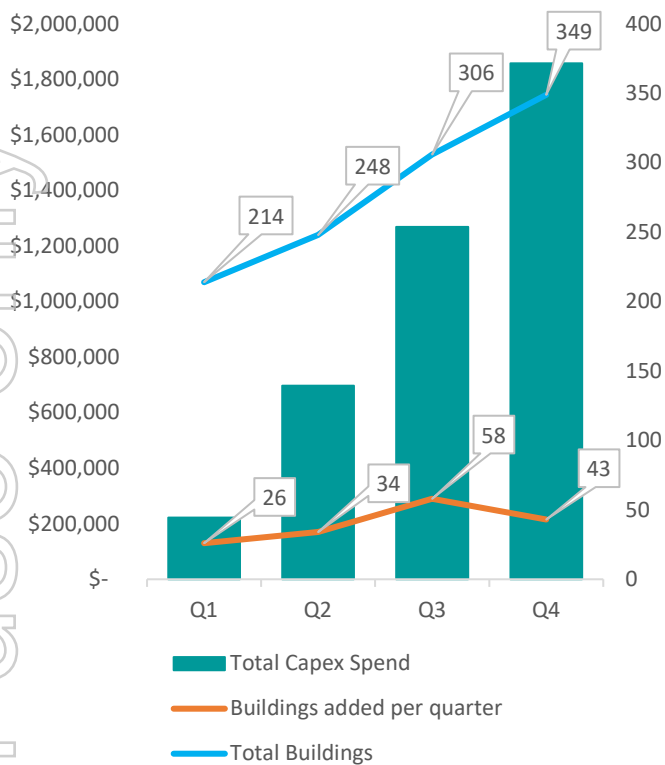
- Continued momentum saw customer receipts of \$3.35M take the total for the year to \$12.39M with a second half increase of 17% over the first half
- Net cash from operating activities increased for the quarter to \$1,082,000, producing a 13% growth in cash for the quarter, to \$1.21M
- Total Buildings connected to Spirit's network increased by 43 for a full year total of 161. This brings Spirit's total on-network ("on-net") buildings to 349
- The commercial sector grew strongly, with 140 commercial buildings being added for the year
- Debt paydown of \$210,000 reduced our senior debt facility to \$3.78m

Spirit Telecom Limited (ASX ST1) ("Spirit") is pleased to provide shareholders with the 4th quarterly activities report and Appendix 4C for the quarter ended 30 June 2017.

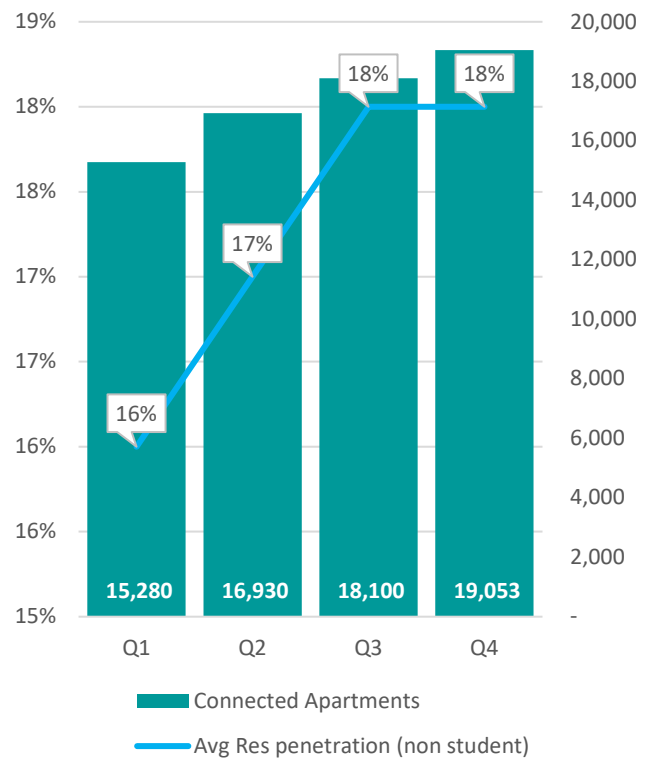
Spirit completed its first full year as an ASX listed entity and is excited about the platform of growth that has been developed.

Highlights for the year include:

- Growing customer receipts to over \$12 mill
- Growing the number of on-net buildings
- Increased penetration levels in NBN buildings due to Spirit's product quality
- Acquisition of Phone Names was successful and performing in line with management expectations
- Increasing the customer numbers within its on-net buildings



Spirit is pleased with the growth of on-net buildings to 349. The deployment of 43 buildings takes the 2nd half of the FY to 101 buildings, a 68% increase on the first half of FY2017 and continues to demonstrate the appetite the market has for Spirit's superfast internet and voice services. The Capex used in these buildings for the full year is \$1.85M, or an average of \$11,500/building. The slight increase in Capex/building can be attributable to the marquee buildings added, such as Eureka Tower in Melbourne and Southport Central on Gold Coast.



In the residential sector the number of connected apartments grew to 19,053. This represents a 53% increase for FY2017. Active customers within the residential apartments grew to 3,916. Removing the more nomadic student population, leaves a residential base of 3377. This represent an increase of 89% for FY2017. Building growth has increased, which has had a lag effect on penetration levels. Notwithstanding this penetration levels are holding up well.

Spirit's Managing Director, Geoff Neate, commented:

"We have enjoyed our first year as a listed entity and continue to be excited by the opportunities that lay ahead. We continue to pursue our growth strategy of geographic expansion and M&A activity. Our residential numbers are growing. The number of on network buildings are growing and this is leading to solid revenue growth. We continue to build foundations of growth and look forward to meeting the expectations of our customers and our shareholders"

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Appendix 4C

Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

Name of entity

Spirit Telecom Limited

ABN

73 089 224 402

Quarter ended ("current quarter")

30 June 2017

Consolidated statement of cash flows	Current quarter \$A'000	Year to Date (12 Months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	3,352	12,394
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	-	-
(c) advertising and marketing	(77)	(321)
(d) leased assets		
(e) staff costs	(450)	(2,165)
(f) administration and corporate costs	(1,654)	(8,293)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	2	18
1.5 Interest and other costs of finance paid	(50)	(176)
1.6 Income taxes paid	(41)	(113)
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	1,082	1,344

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(590)	(1,859)
(b) businesses (see item 10)	-	(4,400)

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Consolidated statement of cash flows	Current quarter \$A'000	Year to Date (12 Months) \$A'000
(c) investments	-	-
(d) intellectual property	-	-
(e) other non-current assets	(133)	(269)
2.2 Proceeds from disposal of:		
(a) property, plant and equipment	-	10
(b) businesses (see item 10)	-	-
(c) investments	-	-
(d) intellectual property	-	-
(e) other non-current assets	-	-
2.3 Cash flows from loans to other entities	-	-
2.4 Dividends received (see note 3)	-	-
2.5 Other (Cash acquired on acquisition)	-	310
2.6 Net cash from / (used in) investing activities	(723)	(6,208)

3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	-	2,252
3.2 Proceeds from issue of convertible notes	-	-
3.3 Proceeds from exercise of share options	-	-
3.4 Transaction costs related to issues of shares, convertible notes or options	-	(81)
3.5 Proceeds from borrowings	-	4,200
3.6 Repayment of borrowings	(218)	(2,549)
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (provide details if material)	-	-
3.10 Net cash from / (used in) financing activities	(218)	3,822

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of quarter/year to date	1,071	2,254
4.2 Net cash from / (used in) operating activities (item 1.9 above)	1,082	1,344
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(723)	(6,208)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	(218)	3,822

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Consolidated statement of cash flows		Current quarter \$A'000	Year to Date (12 Months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of quarter	1,212	1,212

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	1,212	1,071
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	1,212	1,071

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

Current quarter \$A'000
98
-

Director's fees and salaries paid to directors during the June 2017 quarter.

7. Payments to related entities of the entity and their associates

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

Current quarter \$A'000
25
-

7.1 – Total payments to Lodge Corporate Advisory services are \$24,750. Terence Gray is a consultant with Lodge and a Director of Spirit Telecom Ltd.

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8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	3,780,000	3,780,000
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

An initial loan facility of \$4,200,000 (disclosed at Section 3.5) has been provided by Bank West. The interest rate applied is the BBSY plus a margin of 3%. The scheduled principal repayments to Bank West are \$210,000 per quarter, each payable at the end of each interest period commencing on 31 March 2017. The facility is secured.

9. Estimated cash outflows for next quarter	\$A'000
9.1 Research and development	-
9.2 Product manufacturing and operating costs	-
9.3 Advertising and marketing	(100)
9.4 Leased assets	-
9.5 Staff costs	(780)
9.6 Administration and corporate costs	(2,200)
9.7 Other – Investing activities – Capital Expenditure	(650)
Other – Financing activities - Repayment of borrowings **	(210)
9.8 Total estimated cash outflows	(3,940)

* Please note that the above estimated cash outflows for the next quarter do not include inflows of receipts from customers. The cash outflows are estimates only and variable outflows are calculated on forecast revenue for the quarter. Variable outflows will change if actual revenue differs from forecast revenue.

** The principal of the loan provided by Bank West is to be repaid by Scheduled Repayments of \$210,000 per quarter, each payable at the end of each Interest Period commencing on 31 March 2017.


10. Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions	Disposals
10.1 Name of entity	Phone Names Marketing Pty Ltd	N/A
10.2 Place of incorporation or registration	Australia	N/A
10.3 Consideration for acquisition or disposal	\$4,400,000	N/A
10.4 Total net assets	\$1,327,000	N/A
10.5 Nature of business	Telecommunications	N/A

*Current estimated goodwill is approximately \$3.1million for the acquisition.

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Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here:  Date: 27 July 2017
(Company secretary)

Print name:MELANIE LEYDIN.....

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 that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.

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