



The Swish Group Limited
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Australian Stock Exchange Limited
Companies Announcements Office
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Dear Sir

MANAGING DIRECTOR'S ADDRESS

Attached is an announcement for release to the market regarding The Swish Group Limited.

Yours faithfully,

CARY P. STYNES
Managing Director

MANAGING DIRECTOR'S ADDRESS

Since the Company's last General Meeting in July 2005 Swish Group has continued to develop and expand its production, digital video on demand and digital signage businesses and made a number of complimentary acquisitions that will position the Company well for the year ahead.

The developments in each of the Company's businesses can be summarised as follows:

Production and Post Production Business

Swish Media continues to provide digital production services to the film, television and advertising industries. During the financial year, the Company carried out post production on the feature film 'The Extra' and on the Channel 7 television series 'Last Man Standing'. The Company also continued to produce music videos, audio and video news releases and corporate videos and satisfy all of the Company's digital signage and digital video on demand production requirements.

Digital Video on Demand

The Company has continued to improve and enhance its digital video on demand ("DVOD") and high speed internet system for hotels, apartment buildings, hospitals and other large multi-unit developments.

The Swish Interactive system enables users to choose from a vast range of movies, television shows and other content and allows users to pause, bookmark, fast forward, rewind and replay their selected programmes. The system also enables users to surf the internet and receive emails on a television screen or connect their laptop to a high speed internet access system. These features are now becoming increasingly sought after by hotels seeking to deliver superior services to their guests.

The Company recently completed its first international installation at the Crowne Plaza Hotel, Dubai, part of the Intercontinental Hotel Group. Sales agents have now been appointed to market and sell the Swish Interactive system in the Middle East, UK, South East Asia and China and a large number of sales prospects exist in particular in the Middle East, China and South East Asian markets.

Location Television/Digital Signage

During the year Swish Group acquired and now operates the Good Health Television, Gymvision and Swish Transit location television/digital signage networks. Digital signage enables television-style advertising to be viewed on a range of different types of screens outside the home and where the advertising is most relevant to the consumer.

In September 2005, the Company announced the launch of Pharmacy TV. Under an agreement with the Pharmacy Guild of Australia the Company will establish and manage a Digital Signage/Location Television network for initially 1,200 pharmacies across Australia. This is expected to expand to up to 4,500 pharmacies over the term of the agreement. The Pharmacy TV network is expected to generate revenues of \$2.0-\$2.5 million in its first full year of operation and be profitable within 3-6 months.

The Company is also in negotiations with a number of companies in the digital signage area and is seeking to acquire businesses which it believes have good prospects. The Company will also offer production and sales representation services to other companies to enable it to continue to expand its digital signage network. The Company remains Australia's largest digital signage company.

Swish Ambient

In August 2005, the Company announced the acquisition of Ambient Advertising which is one of Australia's leading advertising sales representation businesses. This acquisition significantly enhances the Company's advertising sales capacity and is expected to increase the Company's revenues by approximately \$3-\$3.5 million per annum.

The Company believes that, along with digital signage, the ambient media area will experience significant growth as mainstream media continues to fragment and advertisers look for other more effective ways to reach their target market. The Company now also sells advertising on mobile outdoor billboards, outdoor audio visual screens, into sports stadiums and onto a range of products. The Company is continuing to look for other businesses in the ambient media area to acquire and/or provide sales representation services.

The expertise and expanded sales resources and infrastructure delivered by the ambient acquisition are also expected to deliver significant sales growth to the Company's digital signage business.

The sales teams from Swish Ambient and Swish Group have now been integrated which should also improve the Company's sales performance.

Swish Black Cat

In September 2005, the Company acquired a 51% interest in Australian production company Black Cat Films and in its associated Indian production company which produces Indian movies in Australia for what is called Bollywood. Subsequently in October 2005 the Company acquired the balance of the business and assets of Black Cat Films Pty Ltd.

Black Cat Films, which was established in 1993, has produced over 400 television commercials for clients including TAC, Honda, Epsom, Pacific Dunlop, Fairfax General Motors, Holden, ANZ Bank, Grundig and Mazda. Black Cat Films has operated profitably for the past twelve years. Revenues for that business are expected to be approximately \$3.5 million per annum.

The Black Cat Australian production business has been merged with the Swish Media business under the new name Swish Films. In addition to developing the Swish Films business, the Company is looking to acquire a number of additional digital production businesses in what is again an extremely fragmented market.

Financial position

Revenue for the financial year ended 30 June 2005 was \$2.5 million with the consolidated entity incurring a net loss of \$1.5 million. The Company's financial results for the year continued to reflect the costs incurred by Swish Group in developing the Company's digital media businesses and the early losses incurred by the digital signage businesses that the Company acquired during the period. The Company's DVOD, digital signage and ambient media businesses are now beginning to generate more significant revenues.

With the development of the Company's existing businesses and the acquisitions undertaken since the end of the financial year the Company expects its revenues to increase to approximately \$10 million, a fourfold increase on the 2005 financial year, and for the Company to be profitable within the next 12 months. This will of course be influenced by further acquisitions that the Company is currently considering.

The Directors continue to strongly believe in the digital signage and DVOD areas and that its expertise in digital media and related technology fields will enable it to continue to grow rapidly both organically and through strategic and complementary acquisition.

I, along with my fellow Directors, thank you for your support during the past year and look forward to that support being rewarded with an appreciating share price as the market begins to understand the digital media area.