



APPENDIX 4D

Entity Name :	Cirrus Networks Holdings Limited (CNW)
ABN :	98 103 348 947
Current Period :	1 July 2016 to 31 December 2016 (6 months)
Previous corresponding periods :	1 July 2015 to 31 December 2015 (6 months)

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Details of associates and joint venture entities	4.
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1. Results for Announcement to the Market

	Movement 31 Dec 2015 to 31 Dec 2016	<u>31 Dec 2016</u> <u>(6 months)</u>	<u>31 Dec 2015</u> <u>(6 months)</u>
Revenue from ordinary activities	Up 185%	18,685,018	6,545,991
Profit / (Loss) from ordinary activities after income tax attributable to members	Up 111%	724,393	(6,783,004)
Total comprehensive Profit / (Loss) attributable to members	Up 111%	724,393	(6,783,004)

On 9 November 2016, Cirrus Networks Holdings Limited completed the acquisition of 100% of the share capital of VTS Canberra Pty Ltd for a cash purchase consideration of \$95,000. VTS Canberra Pty Ltd holds panel status as an information and communications technology provider for government bodies.

The acquisition will enable the Group to offer comprehensive cost-effective IT solutions to this new market through its access to VTS Canberra Pty Ltd's panel status.

The net profit for the consolidated entity after providing for income tax amounted to \$724,393 (31 December 2015 \$6,783,004 net loss)

2. Net Tangible Assets Per Ordinary Share (NTA Backing)

Current Period	Previous Corresponding Period (31 December 2015)
\$0.017	\$0.014

3. Details of Controlled Entities

3.1 Control gained over entities during the period :

- VTS Canberra Pty Ltd.

3.2 Loss of control of entities during the period – Nil.

4. Details of Associates and Joint Venture Entities

4.1 Equity accounted Associates and Joint Venture Entities – Nil.

5. Dividends

No dividends have been declared for the half year ended 31 December 2016 or for the previous corresponding period.

6. Accounting Standards

AASB Standards, other AASB authoritative pronouncements and Urgent Issues Group Interpretations have been used in compiling the information in this Appendix 4D.



7. Review Status

The Half Year Interim Financial Report has been reviewed. Refer to the attached interim financial report which includes our auditor's Independent Review Report.



CIRRUS NETWORKS HOLDINGS LIMITED

A.C.N. 103 348 947

INTERIM FINANCIAL REPORT

HALF-YEAR ENDED 31 DECEMBER 2016

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This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2016 and any public announcements made by Cirrus Networks Holdings Limited during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

DIRECTORS' REPORT

The Directors of Cirrus Networks Holdings Limited present their report on the Consolidated Entity consisting of Cirrus Networks Holdings Limited ("Company" or "Cirrus Networks Holdings") and the entities it controlled at the end of, or during, the half-year ended 31 December 2016 ("Consolidated Entity" or "Group").

Directors

The names of directors who held office during or since the end of the half year are:

- Andrew Milner
- Frank Richmond
- Daniel Rohr
- Matthew Sullivan
- Patrick Glovac

Significant change in the state of affairs

On 9 November 2016, Cirrus Networks Holdings Limited completed the acquisition of 100% of the share capital of VTS Canberra Pty Ltd for a cash purchase consideration of \$95,000. VTS Canberra Pty Ltd holds panel status as an information and communications technology provider for government bodies.

The acquisition will enable the Group to offer comprehensive cost-effective IT solutions to this new market through its access to VTS Canberra Pty Ltd's panel status.

There were no other significant changes in the state of affairs of the Consolidated Entity other than those disclosed in other areas of this Annual Financial Report.

Principal activities

The principal activities of the Group is the provision of information technology services and related third party products.

Review of operations

The statutory net profit for the consolidated entity after providing for income tax amounted to \$724k (31 December 2015: \$6,783k loss). This result included expenses related to the ongoing development of the Managed Services Division and related cloud infrastructure. It also included a one-off R&D tax offset refund of \$1,189k. During the half the consolidated entity also incurred a number of one-off and non-cash expenses including:

- costs associated with establishing the new Canberra location including the onboarding of local sales and account management professionals of \$513k.
- non-cash expensing of share based options \$96k

After adjusting for these one-off transactions and non-cash expenses the entity had an underlying net profit of \$190k. (31 December 2015 : \$952k Loss).

The entity continues to be debt free and generated a positive operating cash flow of \$619k for the half leaving \$3.5m in Net Assets at 31 December including \$4.5m in cash.

DIRECTORS' REPORT (continued)

	Current H1 FY17	Prior Year H1 FY16
Underlying Net Profit / (Loss) for the period	\$190,499	(\$951,997)
Adjustments:		
One off non-cash expense for the reverse acquisition of Cirrus Networks Holdings	-	(\$5,610,548)
R&D Tax Offset	\$1,188,686	-
Amortisation of Intangible	(\$4,511)	-
Share based options expensed	(\$95,774)	(\$221,816)
Investment in Canberra Expansion	(\$513,311)	-
FX Impact	(\$41,196)	\$1,357
Net Profit / (Loss) for the consolidated entity for the period	\$724,393	(\$6,783,004)

Subsequent events

There has been no transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial years.

Dividends

There were no dividends paid, recommended or declared during the half-year ended 31 December 2016.

Auditor's Independence Declaration

A copy of the auditor's independence declaration under section 307C of the *Corporations Act 2001* is included on page 5 of the financial report and forms part of this Directors' Report.

This report is signed in accordance with a resolution of the Board of Directors.

A handwritten signature in blue ink, appearing to read 'M Sullivan', with a stylized flourish at the end.

Matthew Sullivan
Managing Director

Dated this 24th day of February 2017

DECLARATION OF INDEPENDENCE BY DEAN JUST TO THE DIRECTORS OF CIRRUS NETWORKS HOLDINGS LIMITED

As lead auditor for the review of Cirrus Networks Holdings Limited for the half-year ended 31 December 2016, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Cirrus Networks Holdings Limited and the entities it controlled during the period.



Dean Just

Director

BDO Audit (WA) Pty Ltd

Perth, 24 February 2017

Condensed consolidated statement of profit or loss and other comprehensive income
For the six months ended 31 December 2016



		Consolidated Half Year ended 31 December 2016	Consolidated Half Year ended 31 December 2015
	Note	\$	\$
Income			
Revenue		17,351,056	6,413,521
Other Income	8	1,306,962	132,470
		<hr/> 18,685,018	<hr/> 6,545,991
Expenses			
Purchase of Goods		13,078,251	4,513,164
Employee and Labour related costs		4,115,286	2,530,804
Depreciation & Amortisation		44,517	36,086
Finance Costs		-	2,040
Other Expenses		681,375	637,710
Foreign exchange (gains)/losses		41,196	(1,357)
Listing fee expense on acquisition of Cirrus Networks		-	5,610,548
		<hr/> 17,960,625	<hr/> 13,328,995
Profit/(loss) before income tax		724,393	(6,783,004)
Income tax expense		-	-
Profit/(loss) for the period		<hr/> 724,393	<hr/> (6,783,004)
Other comprehensive income			
Other comprehensive loss for the period, net of income tax		-	-
Total comprehensive profit/(loss) for the period		<hr/> 724,393	<hr/> (6,783,004)
Earnings/(loss) per share from continuing operations			
- basic earnings per share (cents)	5	0.1106	(1.106)
- diluted earnings per share (cents)	5	0.1106	(1.106)

The condensed consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the attached notes to the consolidated financial statements.

**Condensed consolidated statement of financial position
As at 31 December 2016**



	Consolidated as at 31 December 2016	Consolidated as at 30 June 2016
Note	\$	\$
Current assets		
Cash and cash equivalents	4,491,224	4,029,617
Trade and other receivables	4,943,211	4,334,760
Inventories	1,675,520	8,346
Other	137,826	95,292
Total current assets	11,247,781	8,468,015
Non-current assets		
Property, plant and equipment	219,908	227,149
Intangible assets	1,047,963	957,474
Total non-current assets	1,267,871	1,184,623
Total assets	12,515,651	9,652,638
Current liabilities		
Trade and other payables	8,377,939	6,126,355
Provisions	456,450	699,905
Total current liabilities	8,834,389	6,826,260
Non-current liabilities		
Provisions	174,519	139,802
Total non-current liabilities	174,519	139,802
Total liabilities	9,008,908	6,966,062
Net assets / (liabilities)	3,506,743	2,686,576
Equity		
Issued capital	4 10,145,690	10,145,690
Reserves	373,256	277,482
Retained earnings (losses)	(7,012,203)	(7,736,596)
Total equity	3,506,743	2,686,576

The condensed consolidated statement of financial position should be read in conjunction with the attached notes to the consolidated financial statements.

**Condensed consolidated statement of changes in equity
For the six months ended 31 December 2016**



Consolidated	Issued Capital \$	Share Option Reserve \$	Retained earnings / (losses) \$	Total \$
Balance at 1 July 2015	326,900	-	(301,211)	25,689
Total comprehensive loss for the period	-	-	(6,783,004)	(6,783,004)
<i>Transactions with owners in their capacity as owners:</i>				
Issue of share capital	10,278,130	-	-	10,278,130
Capital raising costs	(459,339)	-	-	(459,339)
Issue of options	-	221,816	-	221,816
Balance at 31 December 2015	10,145,690	221,816	(7,084,215)	3,283,291

Consolidated	Issued Capital \$	Share Option Reserve \$	Retained earnings / (losses) \$	Total \$
Balance at 1 July 2016	10,145,690	277,482	(7,736,596)	2,686,576
Total comprehensive profit/(loss) for the period	-	-	724,393	724,393
Other comprehensive income for the year, net of tax	-	-	-	-
<i>Transactions with owners in their capacity as owners:</i>				
Issue of share capital	-	-	-	-
Capital raising costs	-	-	-	-
Issue of options	-	95,774	-	95,774
Balance at 31 December 2016	10,145,690	373,256	(7,012,203)	3,506,743

The condensed consolidated statement of changes in equity should be read in conjunction with the attached notes to the condensed consolidated financial statements.

Condensed consolidated statement of cash flows
For the six months ended 31 December 2016



	Consolidated Half Year ended 31 December 2016	Consolidated Half Year ended 31 December 2015
Cash flows from operating activities	\$	\$
Receipts from customers	18,700,562	4,877,050
Payments to suppliers and employees	(19,297,498)	(7,007,236)
Interest received	27,584	35,835
Government grants and tax incentives	1,188,686	-
Net cash provided by / (used in) operating activities	619,334	(2,094,351)
Cash flows from investing activities		
Payments for property, plant and equipment	(29,239)	(252,063)
Payment for intangible	(95,000)	-
Cash held by Cirrus Networks Holdings Ltd at acquisition date	-	194,453
Payment for acquisition of subsidiary, net of cash acquired	-	(500,000)
Net cash provided by / (used in) investing activities	(124,239)	(557,610)
Cash flows from financing activities		
Proceeds from issue of shares	-	5,000,000
Other – Capital raising costs	-	(446,302)
Net cash provided by / (used in) financing activities	-	4,553,698
Net change in cash and cash equivalents held	495,095	1,901,737
Effects of exchange rate changes on cash	(33,488)	-
Cash and cash equivalents at beginning of financial period	4,029,617	1,254,963
Cash and cash equivalents at end of financial period	4,491,224	3,156,700

The condensed consolidated statement of cash flows should be read in conjunction with the attached notes to the consolidated financial statements.

Note 1. Reporting entity

Cirrus Networks Holdings Limited (the 'Company') is a company domiciled in Australia. These condensed consolidated interim financial statements ('interim financial statements') as at and for the six months ended 31 December 2016 comprise the Company and its controlled entities (together referred to as the 'Group').

Note 2. Basis of preparation

These interim financial statements are general purpose financial statements which have been prepared in accordance with the requirements of the *Corporations Act 2001*, applicable accounting standards including AASB 134 *Interim Financial Reporting*, Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board ('AASB'). Compliance with AASB 134 ensures compliance with IAS 34 'Interim Financial Reporting'.

It is recommended that these interim financial statements be read in conjunction with the Group's last annual consolidated financial statements as at and for the year ended 30 June 2016 ('last annual financial statements') and any public announcements made by Cirrus Networks Holdings Limited and its controlled entities during the half-year in accordance with continuous disclosure requirements arising under the *Corporations Act 2001*.

For the purposes of preparing the interim financial statements, the half-year has been treated as a discrete reporting period. These interim financial statements don't include all of the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last financial statements.

Adoption of new and revised accounting standards

In the half year ended 31 December 2016 the Group has reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for annual reporting periods beginning on or after 1 July 2016. It has been determined by the Group that there is no impact, material or otherwise, of the new and revised standards and interpretations on its business and therefore no change is necessary to Group accounting policies.

No retrospective change in accounting policy or material reclassification has occurred requiring the inclusion of a third Statement of Financial Position as at the beginning of the comparative financial period, as required under AASB 101.

New standards and interpretations not yet effective

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2017 and earlier application is permitted; however, the Group has not early adopted the following new or amended standards in preparing these consolidated financial statements.

Note 3. Fair value measurement

Due to their short-term nature, the carrying amount of the current receivables, current payables and current borrowings is assumed to approximate their fair value. Loans and borrowings are recognised at the fair value of the consideration received, net of transaction costs.

**Notes to the condensed consolidated interim financial statements
For the six months ended 31 December 2016**



Note 4. Share capital	Ordinary Shares	\$
Balance at 1 July 2015	636	326,900
Issues of shares	166,666,667	5,000,000
Less: Capital raising costs		(459,339)
Advisor shares	15,100,000	513,400
Shares for acquisition of Cirrus Networks Pty Ltd, Deemed consideration on acquisition (Note 6)	300,935,090	4,764,730
Cirrus Networks Holdings Ltd shares on issue at acquisition date	143,724,092	-
Balance at 30 June 2016	626,426,485	10,145,690
Balance 1 July 2016	626,426,485	10,145,690
Issue of deferred consideration shares	50,000,000	-
Balance at 31 December 2016	676,426,485	10,145,690

Note 5. Earnings per share	Half Year ended 31 December 2016	Half Year ended 31 December 2015
Profit/(loss) used in the earnings per share calculation	\$724,393	\$(6,783,004)
Weighted average number of ordinary shares	655,075,135	613,331,224
Profit/(loss) per share (cents)	0.1106	(1.106)

Note 6. Operating Segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the board of directors in assessing performance and determining the allocation of resources. The Group's chief executive officer reviews the internal management reports at least quarterly. The reportable segment is represented by the primary statements forming this financial report.

Note 7. R&D tax offset

The Group was successful in obtaining a cash grant of \$1,188,686 from the Australian R&D tax incentive program relating to the 2016 income tax year.

During the six months ended 31 December 2016, the grant was received based on eligible research and development activities, and was recognised in 'other income' in the condensed consolidated statement of profit or loss and OCI.

Note 8. Other income

	Consolidated Half year ended 31 December 2016 \$	Consolidated Half year ended 31 December 2015 \$
Interest income	27,583	36,545
Vendor marketing support	90,693	95,925
R&D tax offset	1,188,686	-
	1,306,962	132,470

Note 9. Share-based payment arrangement

Share option programme (equity-settled)

Goods or services received or acquired in a share-based payment transaction are recognised as an increase in equity if the goods or services were received in an equity-settled share-based payment transaction or as a liability if the goods and services were acquired in a cash settled share-based payment transaction.

For equity-settled share-based transactions, goods or services received are measured directly at the fair value of the goods or services received provided this can be estimated reliably. If a reliable estimate cannot be made the value of the goods or services is determined indirectly by reference to the fair value of the equity instrument granted using a Black-Scholes option pricing model that considers the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

Transactions with employees and others providing similar service are measured by reference to the fair value at grant date of the equity instrument granted using the Black-Scholes option pricing model.

Measurement of grant date fair value

The following inputs were used in the measurement of the fair values at grant date of the equity-settled share options granted in the current financial period.

Employee options	Tier 1	Tier 2
Grant date	5 July 2016	5 July 2016
Expiry date	30 June 2021	30 June 2021
Share price at grant date	\$0.028	\$0.028
Exercise price	\$0.035	\$0.045
Expected volatility	57.07%	57.07%
Dividend yield	0.00%	0.00%
Risk free interest rate	1.64%	1.64%
Fair value at grant date	\$0.0123	\$0.0052
Number granted	10,062,500	10,062,500
Total fair value	\$123,705	\$105,366
Remuneration expense for period	\$20,460	\$10,230

Matthew Sullivan's options	Tier 1	Tier 2	Tier 3	Tier 4
Grant date	18 Oct 2016	18 Oct 2016	18 Oct 2016	18 Oct 2016
Expiry date	5 years from vesting	5 years from vesting	18 Apr 2023	17 Oct 2024
Share price at grant date	\$0.028	\$0.028	\$0.028	\$0.028
Exercise price	\$0.045	\$0.060	\$0.045	\$0.060
Expected volatility	47.70%	47.70%	47.70%	47.70%
Dividend yield	0.00%	0.00%	0.00%	0.00%
Risk free interest rate	1.86%	1.86%	1.86%	1.86%
Fair value at grant date	\$0.0101	\$0.0098	\$0.0101	\$0.0098
Number granted	5,000,000	5,000,000	5,000,000	5,000,000
Total fair value	\$50,681	\$48,766	\$50,681	\$48,766
Remuneration expense for period	\$1,833	\$1,750	\$1,833	\$1,750

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. No other features of options granted were incorporated into the measurement of fair value

Note 10. Related parties

Transactions with key management personnel

A number of key management personnel, or their related parties, hold positions in other companies that result in them having control or significant influence over these companies.

A number of these companies transacted with the Group during the year. The terms and conditions of these transactions were no more favourable than those available, or which might reasonably be expected to be available, in similar transactions with non-key management personnel related companies on an arm's length basis.

The aggregate value of transactions and outstanding balances (excluding re-imburement of expenses incurred on behalf of the Company) relating to key management personnel and entities over which they have control or significant influence were as follows.

Key management personnel compensation

In October 2016, the general meeting of shareholders approved Matthew Sullivan to be issued with the following options:

- 5 million options at an exercise price of 4.5c, vesting when Cirrus achieves \$2 million in EBIT
- 5 million options at an exercise price of 4.5c, vesting after 18 months' service
- 5 million options at an exercise price of 6c, vesting when Cirrus achieves \$4 million in EBIT; and
- 5 million options at an exercise price of 6c, vesting after 36 months' service

Note 11. Events after the reporting period

There has been no transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial years.

DIRECTORS' DECLARATION

The directors of the Company declare that:

1. The Financial Statements and Notes, as set out on pages 6 to 13 are in accordance with the *Corporations Act 2001*, including:
 - a) giving a true and fair view of the Consolidated entity's financial position as at 31 December 2016 and of its performance for the half year ended on that date; and
 - b) complying with Accounting Standard AASB 134 "Interim Financial Reporting".
2. In the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.



Matthew Sullivan
Director

Perth

Dated this 24th day of February 2017

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Cirrus Networks Holdings Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Cirrus Networks Holdings Limited, which comprises the condensed consolidated statement of financial position as at 31 December 2016, the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the half-year ended on that date, notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of Cirrus Networks Holdings Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the Corporations Act 2001. We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of Cirrus Networks Holdings Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.



Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Cirrus Networks Holdings Limited is not in accordance with the Corporations Act 2001 including:

- (i) Giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and of its performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001.

BDO Audit (WA) Pty Ltd

A handwritten signature in blue ink, appearing to read 'Dean Just'. Above the signature, the letters 'BDO' are written in a stylized, cursive blue ink.

Dean Just

Director

Perth, 24 February 2017