



CIRRUS NETWORKS HOLDINGS LIMITED

(ASX:CNW)

QUARTERLY ACTIVITIES REPORT

DECEMBER 2015

ACTIVITIES DURING THE QUARTER

- Completion of the acquisition of Amcom L7 Solutions Pty Ltd (now renamed L7 Solutions Pty Ltd (**L7**)) from Vocus Communications Ltd (ASX:VOC) (**Vocus**) for \$500,000. L7 is an information technology company that provides IT Integration solutions and managed services and was established in 2004 by current Cirrus Board members Andrew Milner and Matt Sullivan. It was acquired by Amcom Telecommunications Ltd (now a subsidiary of Vocus) in 2011 for \$15 million. This acquisition provides the Company with a highly complementary business to its existing operations allowing it to increase its product offerings and accelerate its ability for growth throughout Australia. L7 has a well-established customer base across a range of blue chip companies and government organisation, with unaudited revenue of \$6.3 million during the first quarter of FY 2016. The combined business will provide Cirrus with greater scale and expertise as it continues to roll out its business plan and grow its overall market share. The acquisition is expected to be earnings positive to Cirrus' full year results.
- After the launch of the Managed Services Division in June 2015, Cirrus has announced four new managed services contract wins with a value in excess of \$2.1m. This includes a three year contract entered into this quarter with health care provider Richmond Wellbeing to an initial value of \$600,000, with additional add on services being quoted beyond that initial contract value.
- New contract win with aged care service provider Bethanie Group (terms confidential), Western Australia's largest not for profit aged care and retirement village provider, with 1600 staff and more than 500 volunteers. This win continued the recent success within health care and reinforced the benefit of Cirrus Networks strategic focus on the sector.
- Western Australia Department of Finance panel status awarded allowing the Company to engage with all WA State government agencies to promote and sell its professional services capability – a major opportunity for further business growth.
- Continued investment in the Company's Managed Services Division through both capital assets and staff to meet continued demand.
- The Company was recognised for consistent revenue growth over the last 3 years placing second in the 2015 Deloitte Australia's Technology Fast 50. Cirrus also placed third in the CRN Fast 50 and fourth in the 2015 Deloitte Asia Pacific Technology Fast 500.

STATUS OF CONDITIONS FOR EXERCISE OF DEFERRED CONSIDERATION SHARES

As required by the waiver to ASX Listing Rule 7.3.2 granted to the Company by ASX on 17 April 2015 in relation to the issue of “Deferred Consideration Shares” to the Cirrus vendors as part of the Cirrus acquisition, the Company advises as follows:

Number of Deferred Consideration Shares issued during the reporting period	0
Number of Deferred Consideration Shares that remain to be issued on the following bases:	
1. Cirrus achieving AUD\$12,000,000 in actual gross revenue with a minimum Gross Profit of 10% within a period of 2 years from 2/7/2015 (“Milestone 1”)	50,000,000 ordinary shares
2. Cirrus achieving AUD\$2,000,000 in EBIT during any rolling period of 12 months within a period of 3 financial years from 2/7/2015 (“Milestone 2”)	25,000,000 ordinary shares
3. Cirrus achieving AUD\$4,000,000 in EBIT during any rolling period of 12 months within a period of 3 financial years from 2/7/2015 (“Milestone 3”)	17,500,000 ordinary shares

For enquiries please contact:

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About Cirrus:

Cirrus Networks Holdings Limited (ASX: CNW) is an IT solutions provider that helps businesses understand their technology needs to implement solutions that are world leading, best of breed, cost effective and efficient for long term operational gain. Cirrus’ innovative approach has resulted in the swift establishment of a blue-chip customer base and its success was recently recognised at the Deloitte Australia’s Technology Fast 50 Awards, where it was named in second place for 2015. This followed the second placing received in the fastest growing “Rising Star” technology company category in Australia in 2014.

APPENDIX 4C

QUARTERLY REPORT
FOR ENTITIES ADMITTED
ON THE BASIS OF COMMITMENTS

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

Name of entity

CIRRUS NETWORKS HOLDINGS LIMITED

ABN

98 103 348 947

Quarter ended ("current quarter")

31/12/2015

CONSOLIDATED STATEMENT OF CASH FLOWS

Cash flows related to operating activities	Current quarter \$A'000	Year to date (6 months) \$A'000
1.1 Receipts from customers	2,810	5,006
1.2 Payments for (a) staff costs	(1,135)	(2,218)
(b) advertising and marketing	(41)	(75)
(c) research and development	-	-
(d) leased assets	-	-
(e) other working capital	(1,956)	(4,733)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	14	35
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	(28)
1.7 Other (provide details if material)	-	-
Net operating cash flows	(308)	(2,013)

	Current quarter \$A'000	Year to date (6 months) \$A'000
1.8 Net operating cash flows (carried forward)	(308)	(2,013)
Cash flows related to investing activities		
1.9 Payment for acquisition of:		
(a) businesses (Note : 1)	(500)	(500)
(b) equity investments	-	-
(c) intellectual property	-	-
(d) physical non-current assets	8	(189)
(e) other non-current assets	-	-
1.10 Proceeds from disposal of:		
(a) businesses	-	-
(b) equity investments	-	1
(c) intellectual property	-	-
(d) physical non-current assets	-	-
(e) other non-current assets	-	-
1.11 Loans to other entities	-	-
1.12 Loans repaid by other entities	-	-
1.13 Other (provide details if material)	-	-
Net investing cash flows	(492)	(688)
1.14 Total operating and investing cash flows	(800)	(2,701)
Cash flows related to financing activities		
1.15 Proceeds from acquisition of business	-	1,254
1.16 Proceeds from issue of shares (Note: 2)	-	5,000
1.17 Proceeds from borrowings	-	-
1.18 Repayment of borrowings	-	-
1.19 Dividends paid	-	-
1.20 Other – Capital raising costs (Note: 2)	-	(497)
Net financing cash flows	-	5,757
Net increase (decrease) in cash held	(800)	3,084
1.21 Cash at beginning of quarter/year to date	4,051	165
1.22 Exchange rate adjustments to item 1.20	(1)	1
1.23 Cash at end of quarter	3,250	3,250

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	44
1.25	Aggregate amount of loans to the parties included in item 1.11	-

1.26 Explanation necessary for an understanding of the transactions

Directors fees and superannuation

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

Add notes as necessary for an understanding of the position.

		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	2,258	3,922
4.2 Deposits at call	-	-
4.3 Term deposits	995	129
4.4 Bank overdraft	-	-
Total: cash at end of quarter (item 1.23)	3,250	4,051

ADDITIONAL NOTES

1. On 15 December 2015, Cirrus Networks completed the acquisition of Amcom L7 Solutions Pty Ltd (now renamed L7 Solutions Pty Ltd (L7)) from Vocus Communications Ltd (ASX:VOC) for \$500,000.
2. On 2 July 2015, Cirrus Networks Holdings Ltd (formerly Liberty Resources Ltd) completed the acquisition of 100% of Cirrus Networks Pty Ltd, which included a capital raising of \$5m. As this transaction was completed after 30 June 2015, the impact of this transaction was not included in the 30 June 2015 quarterly statement of cash flows.

ACQUISITIONS AND DISPOSALS OF BUSINESS ENTITIES

On 2 July 2015 the acquisition by Liberty Resources Limited (now Cirrus Networks Holdings Limited) of 100% of the issued capital of Cirrus Networks Pty Ltd (ACN 161 277 121) was completed and the Company was re-admitted to the ASX on 8 July 2015.

Under the Principles of AASB 3: Business Combinations, Cirrus Networks Pty Ltd is the accounting acquirer and Liberty Resources Limited (now Cirrus Networks Holdings Limited) is the accounting acquiree. Accordingly, the 31 December 2015 and the 30 June 2016 consolidated financial statements of Liberty Resources Limited (now Cirrus Networks Holdings Limited) will be prepared as a continuation of the financial statements of Cirrus Networks Pty Ltd.

In addition, as part of the above transaction, Rhodes Resources Pty Ltd, a 100% owned subsidiary of Liberty Resources Limited (now Cirrus Networks Holdings Limited), was disposed of for \$1,000 consideration. At the time of disposal Rhodes Resources Pty Ltd had nil net assets.

On 15 December 2015, Cirrus Networks Holdings Limited completed the acquisition of 100% of the share capital of Amcom L7 Solutions Pty Ltd (now renamed L7 Solutions Pty Ltd (L7)) from Vocus Communications Ltd (ASX:VOC) for \$500,000. L7 is an information technology company that provides IT Integration solutions and managed services.

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.

Sign here:  Date:29/01/2016.....

Company Secretary

Print name:Catherine Anderson.....

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.