APPENDIX 4D

Half Year Report **Period ending on or after 31 December 2011**

Sirius Corporation Limited and Controlled Entities ABN 94 050 240 330

1. *Details of the reporting period and the previous corresponding period.*

Reporting Period	6 months ending	**31 Dec 2011**
Previous Corresponding Period	6 months ending	**31 Dec 2010**

2. *Results for announcement to the market*

2.1 *The amount and percentage change up or down from the previous corresponding period of revenue from ordinary activities.*

Total revenue in reporting period	2011	**$2,553,856**
Previous corresponding period	2010	**$2,131,333**

Amount of change up or down from the previous corresponding period of revenue from ordinary activities	**Up**	**$422,523**
Percentage change up or down from the previous corresponding period of revenue from ordinary activities	**Up**	**19.82%**

2.2 *The amount and percentage change up or down from the previous corresponding period of profit (loss) from ordinary activities after tax attributable to members.*

Net profit/(loss) after tax	2011	**$(1,690,348)**
Previous corresponding period	2010	**$(970,600)**

Amount of change up or down from the previous corresponding period of profit (loss) from ordinary activities after tax attributable to members.	**Down**	**$(719,748)**
Percentage change up or down from the previous corresponding period of profit (loss) from ordinary activities after tax attributable to members..	**Down**	**(74.15)%**

2.3 ***The amount and percentage change up or down from the previous corresponding period of net profit (loss) for the period attributable to members.***

Net profit/(loss) after tax attributable to members	2011	**$(1,690,348)**
Previous corresponding period	2010	**$(970,600)**

Amount of change up or down from the previous corresponding period of net profit (loss) for the period attributable to members.	**Down**	**$(719,748)**

Percentage change up or down from the previous corresponding period of net profit (loss) for the period attributable to members.	**Down**	**(74.15)%**

2.4 ***The amount per security and franked amount per security of final and interim dividends or a statement that it is not proposed to pay dividends.***

No dividends proposed relating to the reporting period.

2.5 ***The record date for determining entitlements to the dividends (if any).***

Not applicable.

2.6 ***A brief explanation of any of the figures in 2.1 to 2.4 necessary to enable the figures to be understood.***

Please refer to the attached Half-year Report.

3. ***Net tangible assets per security with the comparative figure for the previous corresponding period.***

Reporting Period	Cents	**(0.01)**
Previous Corresponding Period	Cents	**(0.01)**

4. ***Details of entities over which control has been gained or lost during the period***

4.1 ***Name of the entity.***

Gained control of Pinnacle Software Pty Ltd

4.2 ***The date of the gain or loss of control.***

01 July 2011

4.3 ***Where material to an understanding of the report – the contribution of such entities to the reporting entity's profit from ordinary activities during the period and the profit or loss of such entities during the*** whole of the previous corresponding period.

Not applicable.

5. ***Details of individual and total dividends or distributions and dividend or distribution payments. The details must include the date on which each dividend or distribution is payable, and (if known) the amount per security of foreign sourced dividend or distribution.***

Not applicable.

6. ***Details of any dividend or distribution reinvestment plans in operation and the last date for the receipt of an election notice for participation in any dividend or distribution reinvestment plan.***

Not applicable.

7. ***Details of associates and joint venture entities including:***

7.1 ***The name of the associate or joint venture entity.***

Nil.

7.2 ***Details of the reporting entity's percentage holding in each of these entities.***

Nil.

7.3 ***Where material to an understanding of the report - aggregate share of profits (losses) of these entities details of contributions to net profit for each of these entities, and with comparative figures for each of these disclosures for the previous corresponding period.***

Reporting Period	-
Previous Corresponding Period	-

8. ***Accounting Standards).For foreign entities, which set of accounting standards is used in compiling the report (e.g. International Accounting Standards).***

Not applicable.

9. ***For all entities, if the accounts are subject to audit dispute or qualification, a description of the dispute or qualification.***

No dispute or qualification known at the date of lodgement of this report.

ANTHONY ONSLEY
Managing Director

29 FEBRUARY 2012

Sirius Corporation Limited and Controlled Entities
ABN 94 050 240 330

Half-year report – 31 December 2011

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This interim financial report does not include all of 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 2011 and any public announcements made by Sirius Corporation Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001.*

Sirius Corporation Limited is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Sirius Corporation Limited
Suite 2, Level 8
616 St Kilda Road
Melbourne, Vic 3004

Through the use of the internet, we have ensured that our corporate reporting is timely, complete and available globally at minimum cost to the company. All press releases, financial statements and other information are available at our Shareholders' Centre on our website: www.sirius.com.au.

For queries in relation to our reporting please call the Company Secretary (03) 9520 7914 or e-mail melbourne@sirius.com.au.

DIRECTORS' REPORT

Your Directors present their report on the consolidated entity consisting of Sirius Corporation Limited and the entities it controlled ("Sirius") at the end, or during, the half-year ended 31 December 2011.

Directors

The following persons were directors of Sirius during the whole of the half-year, unless otherwise specified:

Mr. Anthony Onsley (CEO & Managing Director), appointed 13 February 2012.
Mr. Rajiv (Raju) Parrab (Non-Executive Director, Chairman)
Mr David Mandel, (Non-Executive Director)

Mr. Francesco Licciardello was the CEO and Managing Director until his resignation on 16 November 2011, and then Non Executive director from 17 November 2011 until the AGM on 30 November 2011.
Mr Arthur Lagos was a Non-Executive Director until the AGM on 30 November 2011.
Mr Keith Goss was appointed as Executive Chairman and Managing Director on 30 November 2011, and he resigned effective 6 December 2011.

Overview and review of operations

Highlights during the half:

- Successful completion of fully underwritten non-renounceable rights Issue for $1,596,667 closed 21 December 2011;
- InfoMaster launch of OpenCouncil™ eServices Suite;
- InfoMaster awarded Western Water AMIS ("Asset Management Information Systems")Tender; and
- Acquisition of Pinnacle Software completed.

The last six months revenue compared to the same period 12 months ago shows a significant increase, driven by the successful acquisition of Pinnacle Software Pty Ltd. The first of the highlights for the period. Pinnacle maintained its year on year revenue, despite the distractions of the sale and purchase. Pinnacle with annual revenue of over $1.5 million, develops, installs and supports Asset, Lease and Property Management software for the asset management and asset maintenance markets. The company has been operating since 1984, and has developed specialist software solutions for the management of assets of large organisations mainly within the corporate and government sectors. Pinnacle has an installed base of over 90 customers across Australia and has offices in both Canberra and Melbourne.

InfoMaster, on the other hand, had a reduction in quantity of revenue, but a significant increase in quality. The announcement of the award by Western Water of the AMIS Tender, marked a turning point in the sales fortunes of the company, with this major contract for $900,000+ underpinning both the revenue for the rest of the financial year, and future business opportunities. This year the company has both software license sales in addition to consulting revenue, unlike last year when there was no significant software license sales.

The SMS division continued to derive revenue and small profits for the Group but continues to shrink to half its size in the comparable prior period. This business unit will continue to be supported as long as it remains profitable and its customers continue to request the service, most of who have been with the company since its inception. This is despite a decision made by the directors not to invest further in this business a number of years ago.

InfoMaster launched OpenCouncil™ eServices Suite in December 2011 at the Annual National Local Government Customer Service Network Seminar. It is the first comprehensive suite of eServices solution for Australian Councils. InfoMaster OpenCouncil™ was developed in direct response to feedback from councils, highlighting the need for a robust platform that provides a range of online services to constituents and other customers while integrating smoothly with existing Corporate Systems and Council processes. As Australians have embraced online commerce and communication, OpenCouncil™ expands a Council's ability to offer a range of online services that drive both efficiency and customer service improvements. The company has received interest from some early adopting Councils, and are expecting many more, as knowledge about the new product grows.

DIRECTORS' REPORT (continued)

The company anticipates growth in both the customer base and revenue with this new product.

While the Group controlled operating costs across the divisions during the period, corporate costs expanded significantly, driven by the one-off events of the management and Board changes that occurred, and the termination of the agreement to purchase Chameleon. When combined with the revenue reductions referred to above, the Group loss for the period expanded to $1.69 million.

At a Group corporate level shareholders have provided significant support to the company during the period. The Company was lent $1.375 million to facilitate the purchase of Pinnacle Software by way of the issue of unsecured notes. An underwritten 3 for 4 non-renounceable Rights Issue was successful in raising $1,596,667 before costs for the purpose of repaying the unsecured notes and providing additional working capital. A number of the unsecured note holders have offered to extend the note period to 30 June 2012 to provide the Company further working capital until the end of the financial year at which time the notes become repayable.

After the period, but before the issue of the report the company appointed Mr A (Tony) Onsley as Managing Director and Group CEO of the company, and we look forward to him capitalising on the opportunities the company has in front of itself today.

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 4.

This report is made in accordance with a resolution of the directors:

ANTHONY ONSLEY
Managing Director
Melbourne
29 February 2012

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of Sirius Corporation Limited for the half year ended 31 December 2011, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

(ii) any applicable code of professional conduct in relation to the review.

RSM Bird Cameron Partners

RSM BIRD CAMERON PARTNERS
Chartered Accountants

P A RANSOM
Partner

Dated: 29 February 2012
Melbourne, Victoria

Consolidated Statement of Comprehensive Income
For the half-year ended 31 December 2011

	Half-year	
	2011	2010
	$	
Revenue from continuing operations	**2,553,856**	2,131,333
Cost of goods sold	**(85,876)**	(63,388)
Operating lease payments (excl occupancy)	**(6,652)**	(7,200)
Telecommunication carrier expenses	**(62,017)**	(36,807)
Employee benefits, other labour & related expenses	**(2,899,895)**	(1,608,019)
Occupancy expenses	**(318,525)**	(257,791)
Travel, accommodation and entertainment expenses	**(145,193)**	(124,777)
Professional fees (non Director related)	**(88,208)**	(43,413)
Insurance	**(34,399)**	(26,099)
Borrowing cost expenses	**(11,681)**	(4,841)
Other expenses from operating activities	**(224,952)**	(60,793)
Marketing expenses	**(86,881)**	(18,586)
Depreciation expenses	**(39,578)**	(40,430)
Amortisation expenses	**(231,021)**	(809,789)
Acquisition expenses	**(9,326)**	-
Profit (Loss) from continuing operations before income tax	**(1,690,348)**	(970,600)
Income tax (expense)/benefit	**-**	-
Profit (Loss) from continuing operations after tax	**(1,690,348)**	(970,600)
Other comprehensive income	**-**	-
Total comprehensive income	**(1,690,348)**	(970,600)
	Cents	Cents
Earnings per share for profit (loss) attributable to the ordinary equity holders of the company:		
Basic earnings per share	**(1.28)**	(0.81)
Diluted earnings per share	**(i)**	(i)

(i) Not materially different to basic earnings per share

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position
As at 31 December 2011

	Notes	31 December 2011 $	30 June 2011 $
Current Assets			
Cash and Cash Equivalents	2	**317,852**	255,498
Trade and Other Receivables	3	**603,908**	1,336,929
Other	4	**213,973**	228,645
Total Current Assets		**1,135,733**	1,821,072
Non Current Assets			
Property Plant and Equipment	5	**234,699**	286,820
Intangible Assets	6	**2,918,137**	1,294,494
Investments on Deposit	7	**144,771**	144,771
Total Non Current Assets		**3,297,607**	1,726,085
TOTAL ASSETS		**4,433,340**	3,547,157
Current Liabilities			
Trade and Other Payables	8	**1,432,975**	2,050,932
Other	9	**2,363,819**	1,447,545
Total Current Liabilities		**3,796,794**	3,498,477
Non Current Liabilities			
Long-term provisions	10	**56,218**	68,570
Other	11	**1,200,158**	560,158
Total Non Current Liabilities		**1,256,376**	628,728
TOTAL LIABILITIES		**5,053,170**	4,127,205
NET ASSETS		**(619,830)**	(580,048)
Equity			
Contributed Equity	13	**13,680,713**	12,030,147
Accumulated Losses		**(14,300,543)**	(12,610,195)
TOTAL EQUITY		**(619,830)**	(580,048)

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity
For the half-year ended 31 December 2011

	Issued Capital $	Accumulated Profit/(Losses) $	**TOTAL $**
Balance @ 1 July 2011	12,030,147	(12,610,195)	**(580,048)**
Profit (Loss) for the period	-	(1,690,348)	**(1,690,348)**
Increase in equity	1,650,566	-	**1,650,566**
Balance @ 31 December 2011	13,680,713	(14,300,543)	**(619,830)**
Balance @ 1 July 2010	10,858,299	(7,468,263)	3,390,036
Profit (Loss) for the period	-	(970,600)	(970,600)
Increase in equity	-	-	-
Balance @ 31 December 2010	10,858,299	(8,438,863)	2,419,436

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes

Consolidated Cash Flow Statement
For the half-year ended 31 December 2011

	Half-year 2011	2010
	$	$
Cash flows from operating activities		
Receipts from customers (inclusive of GST)	**3,208,112**	2,989,834
Payments to suppliers and employees (inclusive of GST)	**(5,080,797)**	(2,656,638)
	(1,872,685)	333,196
Interest received	**5,106**	4,773
Finance costs	**(13,483)**	(4,841)
Insurance recoveries	**135,000**	-
Net cash inflow from operating activities	**(1,746,062)**	333,128
Cash flows from investing activities		
Payments for property plant and equipment	**(6,019)**	(2,584)
Payments for acquisition costs	**(96,215)**	-
Payments for development costs	**-**	(660,406)
Net cash (outflow) from investing activities	**(102,234)**	(662,990)
Cash flows from financing activities		
Receipts from bank borrowings	**250,000**	(12,834)
Purchase of subsidiary	**(571,995)**	-
Purchase of debt	**(75,000)**	-
Proceeds from rights issue	**1,596,667**	-
Shareholder loans	**710,978**	-
Net cash inflow/(outflow) from financing activities	**1,910,650**	(12,834)
Net increase/(decrease) in cash held	**62,354**	(342,696)
Cash at the beginning of the financial year	**255,498**	435,230
Cash and cash equivalents at the end of the half-year	**317,852**	92,534

The above consolidated cash flow statement should be read in conjunction with the accompanying notes

Notes to the consolidated financial statements
For the half-year ended 31 December 2011

1. Basis for preparation of half-year financial reports

This general purpose financial report for the interim half-year reporting period ended 31 December 2011 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

The interim financial report does not include all of 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 2011 and any public announcements made by Sirius Corporation Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The financial statements have been prepared on the basis of going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and liabilities will occur in the normal course of business.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except as set out below.

1(a). Going Concern

The financial report has been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and discharge of liabilities in the normal course of business. The Consolidated Entity reported an operating loss of $1,690,348 for the six month period to 31 December 2011 (prior half year - loss of $970,600) and has a negative working capital and net asset position of $2,661,061 and $619,830 respectively as at that date (30 June 2011 - $1,677,405 and $580,048 respectively). The working capital deficiency includes income received in advance of $1,026,547 which is accounted for as a liability. The Directors are of the view that the Consolidated Entity needs to increase its revenue and reduce its costs, so that it is sustainably profitable, on an ongoing basis, despite

(i) long sales cycles common in this industry of over 6 months as much of the work is subject to local government tender and procurement provisions for tender bids of over $100,000 in value; and
(ii) being a small cap publicly listed company and associated costs and compliance fees.

The Directors have prepared cash flow forecasts for the next 12 months, which support the going concern assumption, and which include a number of significant cash inflows from operations to continue.

The key assumptions included in the cash flow forecasts are:

(i) A contracted firm order book as at January 2012 in excess $1 million in consulting and services work to be delivered in 2012;
(ii) Recurrent maintenance revenue is forecast to increase in FY 2013 to over $2 million, with the acquisition of Pinnacle resulting in increased cash flows and that this revenue is received in June and July 2012;
(iii) That InfoMaster and Pinnacle are successful in some of the current tender bids and other business proposals for which they have been officially short-listed and receive official advice of outcome prior to 30 April 2012;
(iv) Receipt of a Research and Development Tax Concession Application that has been lodged for over $450,000; and
(v) Unsecured notes are repaid in full at the end of the 2012 financial year.

However, should the forecast level of cash flows not be achieved, there is a possibility additional funding from either investors or financiers may be required. The Directors are confident that this additional funding will not be required as they believe the forecast level of cash flows will be achieved. In the event that both forecast cash flows and new investments are not achieved and in such circumstances that additional funding is not obtained, there would be significant uncertainty as to whether the consolidated entity would continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report. The financial statements do not include any adjustments relating to the

1(a) Going Concern (continued)

recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary if the consolidated entity does not continue as a going concern.

	31 December 2011	30 June 2011
2. Current Assets – Cash & Cash Equivalents	**$**	$
Cash at bank and on hand	**317,852**	255,498
	317,852	255,498

	31 December 2011	30 June 2011
3. Current Assets – Trade & Other Receivables	**$**	$
Trade Debtors	**603,908**	1,336,929
	603,908	1,336,929

	31 December 2011	30 June 2011
4. Current Assets – Other	**$**	$
Prepayments	**22,922**	33,614
Deposits	**-**	1,941
Accrued Income	**161,620**	193,090
Sundry debtors	**29,431**	-
	213,973	228,645

	31 December 2011	30 June 2011
5. Non-current assets – Property, plant & equipment	**$**	$
Leasehold Improvements		
At cost	**154,571**	154,570
Accumulated depreciation	**(53,767)**	(49,906)
	100,804	104,664
Plant and Equipment		
At cost	**4,330,730**	4,318,420
Accumulated depreciation	**(4,196,835)**	(4,136,264)
	133,895	182,156
Total Property, Plant & Equipment	**234,699**	286,820

Notes to the consolidated financial statements (continued)
For the half-year ended 31 December 2011

	31 December 2011	30 June 2011
6. Non-current assets – Intangibles	**$**	$
IT Development	**3,891,377**	3,891,377
Less: Accumulated Amortisation	**(3,891,377)**	(3,891,377)
	-	-
Customer maintenance contracts	**3,465,311**	2,773,917
Less: Accumulated Amortisation	**(1,710,444)**	(1,479,423)
	1,754,867	1,294,494
Software	**2,502,083**	2,502,083
Less: Accumulated Amortisation	**(2,502,083)**	(2,502,083)
	-	-
Goodwill	**1,146,160**	-
Less: Accumulated Amortisation	**-**	-
	1,146,160	-
Capitalised acquisition costs	**17,110**	-
Less: Accumulated Amortisation	**-**	-
	17,110	-
Total Intangibles	**2,918,137**	1,294,494

7. **Investments**	**$**	$
Investments on Deposit	**144,771**	144,771
	144,771	144,771

8. **Current Liabilities – Trade & Other Payables**	**$**	$
Trade Payables	**929,359**	1,109,638
Other Payables	**503,616**	941,294
	1,432,975	2,050,932

Notes to the consolidated financial statements (continued)
For the half-year ended 31 December 2011

	31 December 2011	30 June 2011
9. Current Liabilities – Other	**$**	**$**
Income in Advance	**1,026,547**	1,447,545
Loans	**1,073,486**	-
Provisions	**263,786**	-
	2,363,819	1,447,545

10. Non-Current Liabilities – Long term provisions	**$**	**$**
Long term provisions	**56,218**	68,570
	56,218	68,570

11. Non-Current Liabilities – Other	**$**	**$**
Other liabilities	**1,200,158**	560,158
	1,200,158	560,158

12. Segment Information

Management has determined the operating segments based on the reports reviewed by the Board of Directors that are used to make strategic decisions.

The Board of Directors has identified four reportable segments. Corporate consists of the compliance aspect of a public company such as the finance, human resources, IT and directors' costs. This segment provides management services to the other three segments being SMS, InfoMaster and Pinnacle. The SMS division provides help-desk and operator services to government departments. The InfoMaster business is a provider of on-line tools for planning and development assessment and asset management software for governments and corporate clients. Pinnacle Software provides specialized systems and support services such as asset management software and mobile web applications to a wide range of organizations in the public, private and corporate sectors.

The Board of Directors monitors the performance of all the segments which is why the four segments are being reported seperately.

The segment information provided to the Board of Directors, for the reportable segments, for the six months ended 31 December 2011, is as follows:

Half year end 31 December 2011	Corporate	SMS	InfoMaster	Pinnacle	Consolidation Adjustment**	Total
	$	$	$		$	$
Revenue from external customers	97,860	229,150	1,455,801	771,045	-	2,553,856
Reportable segment profit/(loss) before tax	(912,781)	48,847	(458,955)	(182,531)	(184,928)	(1,690,348)
Total segment assets	3,457,984	41,308	546,083	387,965	-	4,433,340
Total segment liabilities	2,657,481	23,185	1,729,453	643,051	-	5,053,170

**Consolidation adjustment relates to the amortisation of intellectual property.

Notes to the consolidated financial statements (continued)
For the half-year ended 31 December 2011

12. Segment Information (continued)

The segment information provided to the Board of Directors, for the reportable segments, for the year ended 30 June 2011, is as follows:

Year end 30 June 2011	Corporate	SMS	InfoMaster	Consolidation Adjustment**	Total
	$	$	$	$	$
Revenue from external customers	328,506	604,058	2,782,544	-	3,715,108
Reportable segment profit/(loss) before tax	(1,601,964)	203,694	(3,129,365)	(614,297)	(5,141,932)
Total segment assets	1,732,376	49,974	1,764,807	-	3,547,157
Total segment liabilities	1,611,425	47,726	2,468,055	-	4,127,206

**Consolidation adjustment relates to the amortisation of intellectual property.

13. Contributed Equity

	31 December 2011	30 June 2011
(a) Ordinary Shares	**$**	**$**
Full Paid	**13,680,713**	12,030,147

(b) Movements in ordinary share capital	**Number of Shares**	$
Opening balance @ 1 July 2011	170,311180	12,030,147
Additions/Reductions	137,885,385	1,650,566
Closing balance @ 31 December 2011	308,196,565	13,680,713

14. Business Combination

a) Summary of acquisition

Effective 1 July 2011, the parent entity acquired 100% of the issued share capital of Pinnacle Software Pty Ltd.

The acquired business contributed revenues of $771,045 and net loss of $(182,531) to the Group for the period 1 July 2011 to 31 December 2011:

Details of the fair value of the assets and liabilities acquired and gain on acquisition are as follows

	Fair Value
Purchase consideration:	**$**
Cash Paid	865,000
Earn out payable in 2012 (if EBIT thresholds are just achieved)*	360,000
Earn out payable in 2013 (if EBIT thresholds are just achieved)*	540,000
Total purchase consideration	1,765,000

Notes to the consolidated financial statements (continued)
For the half-year ended 31 December 2011

15. Business Combination (continued)

	Fair Value
Less:	
Cash & cash equivalents	293,005
Trade Receivables	378,769
Other assets	71,827
Plant & equipment	37,144
Trade payables	(57,366)
Other liabilities	(583,317)
Employee benefits liabilities	(212,616)
Intellectual Property – Software & Maintenance Contracts	691,394
Identifiable assets acquired and liabilities assumed	618,840
Goodwill	1,146,160
Purchase consideration settled in cash	865,000
Less Cash and Cash equivalents acquired	(293,005)
Cash outflow on acquisition	**571,995**

*Part of the arrangement for the business combination was an earn-out agreement for 2011/12 and 2012/13, which required a specified minimum earnings threshold to be reached before any earn out was payable in each year. The earn-out payable has been calculated on the basis that those thresholds are just achieved.

DIRECTORS' DECLARATION

The Directors declare that:

1. the financial statements and notes set out on pages 5 to 14, are in accordance with the Corporations Act 2001 and:
   a) comply with Accounting Standards and the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
   b) give a true and fair view of the consolidated entity's financial position as at 31 December 2011 and of its performance, as represented by the results of its operations, changes in equity and its cash flows, for the half-year ended on that date;

2. as alluded to in Note 1(a) on going concern, 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.

ANTHONY ONSLEY
Managing Director

Melbourne, 29 February 2012

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INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF
SIRIUS CORPORATION LIMITED

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Sirius Corporation Limited which comprises the statement of financial position as at 31 December 2011, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant 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 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 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 financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the company's financial position as at 31 December 2011 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 Sirius Corporation 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 Sirius Corporation 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 Sirius Corporation Limited is not 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 2011 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

Emphasis of matter

Without qualifying our conclusion expressed above, we draw attention to Note 1(a) in the half-year financial report which indicates that the consolidated entity reported an operating loss after tax of $1,690,348 for the six month period to 31 December 2011 (prior half year - loss of $970,600) and has a negative working capital and net asset position of $2,661,061 and $619,830 respectively as at that date (30 June 2011 - $1,677,405 and $580,048 respectively). In the event that cash flow forecasts or other investment opportunities are not achieved then there is a possibility that additional funding may be required from either investors or financiers. These conditions, along with other matters as set forth in Note 1(a), indicate the existence of a material uncertainty which may cast significant doubt about the consolidated entity's ability to continue as a going concern and, therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business.

RSM Bird Cameron Partners

RSM BIRD CAMERON PARTNERS
Chartered Accountants

Philip A Ransom

P A RANSOM
Partner

Dated: 29 February 2012
Melbourne, Victoria