



CIRRUS NETWORKS HOLDINGS LIMITED

(ASX:CNW)

QUARTERLY ACTIVITIES REPORT

JUNE 2016

ACTIVITIES DURING THE QUARTER

- Secured 2 new enterprise licensing contracts with blue chip clients, reinforcing the success of the enterprise focused strategy.
- Announced the opening of a new Canberra office providing the first important step in the geographic based growth strategy. The Canberra market represents the largest single ICT services market in Australia and an ideal platform to showcase the Cirrus managed and professional services offering.
- The Company also announced Lisa Thorburn as General Manager – Federal, to lead the Canberra team. Lisa has more than 20 years experience in the ICT and Business Intelligence market within Government. Lisa joined Cirrus from her most recent role as Director of Datacom Systems ACT having had significant success in growing an agile, customer focused and profitable division.
- The Company delivered its first positive operating cash quarter in Q3 (per the Appendix 4C released on 18 April) on the back of continued revenue growth.

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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Managing Director

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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")

30/06/2016

CONSOLIDATED STATEMENT OF CASH FLOWS

Cash flows related to operating activities	Current quarter \$A'000	Year to date (12 months) \$A'000
1.1 Receipts from customers	7,509	19,488
1.2 Payments for (a) staff costs	(1,730)	(5,698)
(b) advertising and marketing	(39)	(152)
(c) research and development	-	-
(d) leased assets	-	-
(e) other working capital	(5,365)	(14,905)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	18	69
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	421	(1,198)

	Current quarter \$A'000	Year to date (12 months) \$A'000
1.8 Net operating cash flows (carried forward)	421	(1,198)
Cash flows related to investing activities		
1.9 Payment for acquisition of:		
(a) businesses (Note : 1)	-	(500)
(b) equity investments	-	-
(c) intellectual property	-	-
(d) physical non-current assets	(9)	(201)
(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	(9)	(700)
1.14 Total operating and investing cash flows	412	(1,898)
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	412	3,859
1.21 Cash at beginning of quarter/year to date	3,615	165
1.22 Exchange rate adjustments to item 1.20	3	6
1.23 Cash at end of quarter	4,030	4,030

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	65
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 (including superannuation), and marketing services.

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	4,030	3,615
4.2 Deposits at call	-	-
4.3 Term deposits	-	-
4.4 Bank overdraft	-	-
Total: cash at end of quarter (item 1.23)	4,030	3,615

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:22/07/2016.....

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.