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ASX ANNOUNCEMENT: CNW

Cirrus Networks Acquires IT Services Provider L7 Solutions

Highlights

- Cirrus acquires L7 Solutions for \$500,000.
- Acquisition provides greater scale for Cirrus' managed services business and adds greater capabilities and expertise in this market.
- Accelerates the ability for further growth in WA and interstate.
- L7 Solutions generated unaudited revenue of \$6.3m during the first quarter of FY2016.

Cirrus Networks Holding limited ("Cirrus or the "Company") (ASX: CNW) is pleased to announce that it has agreed to acquire 100% of Amcom L7 Solutions Pty Ltd (L7) for \$500,000 from Vocus Communications Ltd. The agreement is subject to a number of conditions precedent and is anticipated to complete within a week.

L7 is an information technology company specialising in the provision of IT integration solutions and managed services, established in 2004 by current Cirrus Board Members Matthew Sullivan and Andrew Milner, and acquired by Amcom Telecommunications Ltd in 2011 for \$15m.

The L7 acquisition provides Cirrus with a highly complementary business to its existing operations allowing it to increase its product offerings and accelerate its ability for growth in WA and interstate. L7 has a well-established customer base across a range of blue chip companies and government organisations and generated unaudited revenue of \$6.3m during the first quarter of FY2016.

L7 has experienced a steady decline over recent years and Cirrus is excited about having the opportunity to revitalise the business. The combined businesses 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.

Cirrus's CEO Frank Richmond said,

"This is a key strategic acquisition for Cirrus, enabling us to grow our capability sets in both a cost effective and efficient manner. L7 has a strong brand and blue chip client base that is complementary to our own. We are confident of driving further growth as we integrate the businesses and implement an immediate return to the service levels and technical expertise L7 customers have come to expect."

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In 2011 L7 was Cisco Systems and EMC's largest WA owned partner, having built strong relationships with a number of blue-chip enterprise and Government clients. The additional capability enables us to accelerate our recently launched Managed Service offering while also increasing our skill set to bid for more significant enterprise and Government projects. " Richmond added.

The material terms of the proposed transaction are as follows:

1. The transaction involves the acquisition of 100% of the issued share capital of Amcom L7 Solutions Pty Ltd for a purchase price of \$500,000 cash; and
2. Completion is expected to take place next week, and is subject to the following material conditions precedent:
 - a. The Company must deliver to the Vendor a bank guarantee with respect to the obligations under the lease for L7's current premises ("Premises");
 - b. The execution of a Deed of Assignment between the Vendor and the Company/L7 in relation to the lease for the Premises; and
 - c. The Vendor providing written evidence to the Company of its payment of all outstanding amounts due by it on the fit-out of the Premises.

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 the second fastest growing "Rising Star" technology company in Australia in 2014.

Cirrus currently has contracts in place with some of Australia's premier companies including Argyle Diamonds, Western Australia Police, Roy Hill Iron Ore, LandCorp, Independence Group NL, Tronox Ltd, Emeco Holdings Ltd and Keystart Home Loans.

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