

1. Company details

Name of entity: Zyber Holdings Ltd
ACN: 131 090 947
Reporting period: For the half-year ended 31 December 2016
Previous period: For the half-year ended 31 December 2015

2. Results for announcement to the market

Revenue	up	100.0% to	\$12,920
Loss from ordinary activities after tax attributable to the owners of Zyber Holdings Ltd	up	149.7% to	\$1,505,082
Loss for the half-year attributable to the owners of Zyber Holdings Ltd	up	149.7% to	\$1,505,082

3. Review of Operations

Refer to Directors' Report included in the attached half-year financial report.

4. Earnings Per Share

	Reporting period Cents	Previous period Cents
Loss per Share (Basic & Diluted)	<u>(0.39)</u>	<u>(0.51)</u>

5. Net tangible assets

	Reporting period \$	Previous period \$
Net tangible assets per ordinary security	<u>\$0.004</u>	<u>\$0.008</u>

6. Control gained over entities

No new control gained over entities.

7. Loss of control over entities

	Reporting period	30 June 2016
Abbotts Exploration Pty Limited*	-	100%
Anuman Holdings Pty Limited*	<u>-</u>	<u>100%</u>

*Entities were in the process of being deregistered during 2016 financial year. Entities deregistered on 9 November 2016.

8. Compliance Statement

The report is based on financial statements reviewed by the auditor, a copy of which is attached.

Signed in accordance with a resolution of Directors.

On behalf of the Directors:

Signed  _____

Date: 24 February 2017

Peter Wall
Non-Executive Director



Holdings Limited

ABN: 84 131 090 947

**Interim Financial Report
for the
Half-Year Ended 31 December 2016**

ZYBER HOLDINGS LIMITED

ABN: 84 131 090 947

Interim Financial Report for the Half-Year Ended 31 December 2016

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**ZYBER HOLDINGS LIMITED
AND CONTROLLED ENTITIES
CORPORATE INFORMATION**

Corporate Directory

Directors	Mr Peter Wall Non-Executive Chairman Mr Jason Tomkinson Non-Executive Director Mr Paul Callander Non-Executive Director
Company Secretary	Mrs Elizabeth Hunt
Registered Office & Principal Place of Business	Level 11, 216 St Georges Terrace Perth WA 6000
Postal Address	GPO Box 2517 Perth WA 6831
Web Site	www.zyber.com.au
Share Registry	Automic Registry Services Level 2, 267 St Georges Terrace Perth WA 6000
Auditors	RSM Australia Partners 8 St Georges Terrace Perth WA 6000
Legal Advisors	Steinepreis Paganin 16 Milligan Street Perth WA 6000
Stock Exchange Listing	ASX Code: ZYB, ZYBOA
Country of Incorporation and Domicile	Australia

**ZYBER HOLDINGS LIMITED
AND CONTROLLED ENTITIES
DIRECTORS' REPORT**

Your directors submit the financial report of Zyber Holdings Limited (the "Consolidated Entity") and its controlled entities for the half year ended 31 December 2016.

For this report:

Zyber Secure Mobile Solutions Inc. ("Zyber Canada") refers to the Company purchased by Zyber Holdings Limited ("Zyber") on 16 February 2016. As required by Australian Accounting Standard AASB 3: Business Combination, Zyber is deemed to have been acquired by Zyber Canada as at 16 February 2016 under the reverse acquisition rules.

Zyber Holdings Limited or Listed Entity or Company means only legal entity of Zyber Holdings Limited, which is listed on the Australian Securities Exchange (ASX: ZYB). Zyber Holdings Limited is the legal parent of Zyber Secure Mobile Solutions Inc.

Consolidated Entity for the period ended 30 June 2016 means Zyber Holdings Limited and its subsidiaries and Zyber Secure Mobile Solutions Inc. combined, where Zyber Holdings Limited is deemed to be acquired by Zyber Secure Mobile Solutions Inc. as required by Australian Accounting Standard AASB 3.

Consolidated Entity for the half year ended 31 December 2015 means Zyber Secure Mobile Solutions Inc.

Consolidated Entity for the half year ended 31 December 2016 means Zyber Holdings Limited and its subsidiaries and Zyber Secure Mobile Solutions Inc. combined.

INFORMATION ON DIRECTORS

The names of directors who held office during or since the end of period and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

Mr Peter Wall	- Non-Executive Chairman
Mr Paul Callander	- Non-Executive Director
Mr Jason Tomkinson	- Non-Executive Director (Executive Director until 8 December 2016)
Ms Charly Duffy	- Non-Executive Director (resigned 1 December 2016)
Mr Benjamin Daly	- CEO (resigned 8 December 2016)

PRINCIPAL ACTIVITIES

The principal activities of the Company during the interim financial period were the development and sale of computer hardware, software and services of secure file synchronization and sharing solutions in Canada.

REVIEW OF OPERATIONS

Zyber Product Development

The Zyber technical team presented a proposal to the board of directors of the Company for the next stage of development of the Zyber product and the plan for further commercialisation.

The team launched the MyZyber (myzyber.com) consumer application. The product along with its mobile applications allows consumers to demo a subset of the Zyber Enterprise Application. The mobile applications are available free on the Apple App Store and the Google Play Store.

Development efforts were put into fixing defects and adding features specifically in the Zyber Enterprise Application and Windows Desktop Application. The team successfully completed a proof of concept of the "3rd Pillar" related to virtualisation with secure file sharing. This is integrated into the existing Zyber Enterprise Application, but further development is required to commercialise this technology.

A security assessment and testing was also done on the Zyber Application. The findings from this assessment are being worked on as part of the development process.

**ZYBER HOLDINGS LIMITED
AND CONTROLLED ENTITIES
DIRECTORS' REPORT**

Customer Engagements

The Company was unable to mutually agree terms with REDtrac following the "Proof of Concept" (POC) that was commenced with REDtrac for the use of Zyber's product to enable secure sharing of sensitive files with contracted field crews via their mobile devices. Unfortunately, a mutual arrangement regarding scope and related costs could not be reached with REDtrac declining to proceed further. This relationship was therefore terminated.

All other customer engagements have not moved forward significantly during the period.

CORPORATE

During half year, the Company completed a 1:2 pro rata non-renounceable rights issue of approximately 213,603,605 fully paid ordinary shares to raise approximately \$1,068,018 (together with one (1) free attaching option for every two (2) Shares subscribed for and issued exercisable at \$0.012 on or before 31 October 2019 ("Offer")). The shares were issued at a price of \$0.005 each under the Offer. The Company lodged a prospectus for the Offer with ASIC and ASX on 10 October 2016.

The entitlements issue was fully underwritten by Patersons Securities Limited. The Company also completed a placement of fully paid ordinary shares at an issue price of \$0.0065 per Share to clients and contacts of Patersons Securities Ltd to raise \$1,235,000.

On 1 December 2016, the consolidated entity announced resignation of Non-Executive director, Ms Charly Duffy. Ms Duffy retired by rotation at the Annual General Meeting held 25 November 2016 and did not seek re-election. During the period, Ben Daly resigned as CEO of the Company. Jason Tomkinson resigned as an Executive Director and moved into a Non-Executive Director role. The Company is now in the process of looking at other options to fill these executive roles.

At the end of the period the consolidated entity had \$2,315,047 in cash and the following securities on issue:

- 640,810,772 fully paid ordinary shares;
- 10,000,000 performance rights;
- 263,603,561 listed options exercisable at \$0.012 on or before 31 October 2019;
- 9,969,062 options exercisable at \$0.30 on or before 1 December 2017;
- 200,000 options exercisable at \$2.50 on or before 30 November 2018; and
- 29,920,000 options exercisable at \$0.05 on or before 31 October 2019.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

During the half year there were the following significant changes in the state of affairs of the consolidated entity occurred:

- On 10 October 2016, the consolidated entity completed a placement of ordinary fully paid shares at an issue price of \$0.0065 raising \$1,235,000.
- On 10 October 2016, the consolidated entity announced underwritten pro rata non-renounceable entitlement offer to raise up to \$1,068,018 at an issue price of \$0.005 per share. The entitlement offer was oversubscribed and closed on 2 November 2016.
- On 1 December 2016, the consolidated entity announced resignation of Non-Executive director, Ms Charly Duffy.
- On 8 December 2016, the consolidated entity announced resignation of CEO, Mr Benjamin Daly.

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

The following significant events occurred after the reporting period:

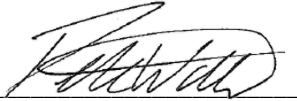
- On 6 January 2017, the consolidated entity announced the restructure of its development team with Mr Roe Markham and Mr Darius Millar being released from their positions as Chief Operating Officer and VP of Sales and Marketing respectively. As part of its ongoing review of commercialisation pathway for the Zyber technology, the Company will be looking to move to an outsourced model for further development of its technology.

**ZYBER HOLDINGS LIMITED
AND CONTROLLED ENTITIES
DIRECTORS' REPORT**

AUDITOR'S INDEPENDENCE DECLARATION

Section 307C of the Corporations Act 2001 requires our auditors, RSM Australia Partners, to provide the Directors of the consolidated entity with an Independence Declaration in relation to the review of the interim financial report. This Independence Declaration is set out in this report and forms part of this Directors' Report for the period ended 31 December 2016.

This report is signed in accordance with a resolution of the Board of Directors, made pursuant to s306(3) of the Corporations Act 2001.



Peter Wall
Director

Dated: 24 February 2017



RSM Australia Partners

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of Zyber Holdings Limited for the half-year ended 31 December 2016, 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

RSM AUSTRALIA PARTNERS

A Whyte
ALASDAIR WHYTE
Partner

Perth, WA

Dated: 24 February 2017

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RSM Australia Partners is a member of the RSM network and trades as RSM. RSM is the trading name used by the members of the RSM network. Each member of the RSM network is an independent accounting and consulting firm which practices in its own right. The RSM network is not itself a separate legal entity in any jurisdiction.

RSM Australia Partners ABN 36 965 185 036

Liability limited by a scheme approved under Professional Standards Legislation

**ZYBER HOLDINGS LIMITED
AND CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2016**

		Consolidated Entity	
	Note	31 December 2016 \$	31 December 2015 \$
Revenue	2	12,920	-
Other income	2	554	-
Employee & Management benefits expense		(172,366)	(167,005)
Marketing and Promotion expense		(220,391)	(138,736)
Professional fees		(656,222)	(149,724)
Depreciation expense		(714)	-
Finance costs		(18,129)	(7,570)
Share based payments	10	(160,000)	-
Foreign exchange loss		(2,408)	(1,863)
Other expenses	3	(288,326)	(137,809)
Loss before income tax		(1,505,082)	(602,707)
Income tax expense		-	-
Loss after income tax		(1,505,082)	(602,707)
Other comprehensive income		-	-
Total comprehensive loss for the period		(1,505,082)	(602,707)
Loss per share			
Basic earnings per share (cents)	4	(0.39)	(0.51)
Diluted earnings per share (cents)	4	(0.39)	(0.51)

The accompanying notes form part of these financial statements.

**ZYBER HOLDINGS LIMITED
AND CONTROLLED ENTITIES**
CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2016

Consolidated Entity		
Note	As at 31 December 2016 \$	As at 30 June 2016 \$
ASSETS		
CURRENT ASSETS		
	2,315,047	1,531,301
Cash and cash equivalents		
Trade and other receivables	39,520	17,490
Other assets	314,338	427,030
TOTAL CURRENT ASSETS	2,668,905	1,975,821
NON-CURRENT ASSETS		
Intangible assets	8,421	9,270
TOTAL NON-CURRENT ASSETS	8,421	9,270
TOTAL ASSETS	2,677,326	1,985,091
LIABILITIES		
CURRENT LIABILITIES		
Trade and other payables	211,464	262,394
TOTAL CURRENT LIABILITIES	211,464	262,394
TOTAL LIABILITIES	211,464	262,394
NET ASSETS	2,465,862	1,722,697
EQUITY		
Issued capital	7,605,938	5,766,503
Reserves	4,279,292	3,870,480
Accumulated losses	(9,419,368)	(7,914,286)
TOTAL EQUITY	2,465,862	1,722,697

The accompanying note form part of these financial statements.

**ZYBER HOLDINGS LIMITED
AND CONTROLLED ENTITIES**
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

	Issued Capital	Reserves	Accumulated Losses	Total
Consolidated Entity	\$	\$	\$	\$
Balance at 1 July 2015	337,817	171,169	(582,929)	(73,943)
Loss for the period	-	-	(602,707)	(602,707)
Total comprehensive loss for the period	-	-	(602,707)	(602,707)
Transactions with owners, in their capacity as owners, and other transfers				
Shares issued during the period	227,506	-	-	227,506
Options issued during the period	-	-	-	-
Foreign currency translation	-	4,524	-	4,524
Transaction costs	-	-	-	-
Total transactions with owners and other transfers	227,506	4,524	-	232,030
Balance at 31 December 2015	565,323	175,693	(1,185,636)	(444,620)
Balance at 1 July 2016	5,766,503	3,870,480	(7,914,286)	1,722,697
Loss for the period	-	-	(1,505,082)	(1,505,082)
Total comprehensive loss for the period	-	-	(1,505,082)	(1,505,082)
Transactions with owners, in their capacity as owners, and other transfers				
Shares issued during the period	2,463,018	-	-	2,463,018
Options issued during the period	-	382,055	-	382,055
Foreign currency translation	-	26,757	-	26,757
Transaction costs	(242,028)	-	-	(242,028)
Transaction costs – share based payment (Note 10)	(381,555)	-	-	(381,555)
Total transactions with owners and other transfers	1,839,435	408,812	-	2,248,247
Balance at 31 December 2016	7,605,938	4,279,292	(9,419,368)	2,465,862

The accompanying notes form part of these financial statements.

**ZYBER HOLDINGS LIMITED
AND CONTROLLED ENTITIES**
CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

	Consolidated Entity	
Note	31 December 2016 \$	31 December 2015 \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Interest received	12,920	-
Payments to suppliers and employees	(1,291,218)	(603,867)
Net cash (used in) operating activities	(1,278,298)	(603,867)
CASH FLOWS FROM INVESTING ACTIVITIES		
Loans advanced from entities	-	591,891
Proceeds from disposal of tenements	554	-
Net cash provided by investing activities	554	591,891
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	2,303,518	110,980
Share issue costs	(242,028)	-
Net cash provided by financing activities	2,061,490	110,980
Net increase in cash held	783,746	99,004
Cash and cash equivalents at beginning of financial period	1,531,301	11,018
Cash and cash equivalents at end of financial period	2,315,047	110,022

The accompanying notes form part of these financial statements.

**ZYBER HOLDINGS LIMITED
AND CONTROLLED ENTITIES**
NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

These general purpose financial statements for the interim half-year reporting period ended 31 December 2016 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2016 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

Reverse Acquisition accounting

On 16 February 2016, Zyber Holdings Limited, the legal parent and legal acquirer, completed the acquisition of Zyber Secure Mobile Solutions Inc. ("Zyber Subsidiary"). The acquisition did not meet the definition of a business combination in accordance with AASB 3 Business Combinations. Instead the acquisition has been treated as a group recapitalisation, using the principles of reverse acquisition accounting in AASB 3 Business Combinations given the substance of the transaction is that Zyber Subsidiary has effectively been recapitalised. Accordingly, the consolidated financial statements have been prepared as if Zyber Subsidiary had acquired Zyber Holdings Limited, not vice versa as represented by the legal position. The recapitalisation is measured at the fair value of the equity instruments that would have been given by Zyber Subsidiary to have exactly the same percentage holding in the new structure at the date of the transaction.

The impact of the reverse acquisition on each of the primary statements is as follows:

Consolidated statement of profit or loss and other comprehensive income

- 31 December 2016 consolidated statement comprises six months of Zyber Subsidiary and Zyber Holdings Limited.
- 31 December 2015 consolidated statement comprises six months of Zyber Subsidiary.

Consolidated statement of changes in financial position

- 31 December 2016 consolidated statement represent both Zyber Subsidiary and Zyber Holdings Limited.
- 30 June 2016 consolidated statement represent both Zyber Subsidiary and Zyber Holdings Limited and its subsidiaries.

Consolidated cash flow statement

- 31 December 2016 consolidated statement comprises six months of Zyber Subsidiary and Zyber Holdings Limited.
- 31 December 2015 consolidated statement of cash flows comprises six months of Zyber Subsidiary.

Consolidated Statement of Changes in Equity

- The 31 December 2016 consolidated changes in equity comprises six months of Zyber Subsidiary and Zyber Holdings Limited.
- The 31 December 2015 consolidated changes in equity comprises six months for Zyber Subsidiary.

**ZYBER HOLDINGS LIMITED
AND CONTROLLED ENTITIES**
NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

(b) New, revised or amending Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

It has been determined by the consolidated entity 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 consolidated entity accounting policies.

(c) Comparative figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year. When the consolidated entity applies an accounting policy retrospectively, makes a retrospective restatement or reclassifies items in its financial statements, a statement of financial position as at the beginning of the earliest comparative period will be disclosed.

(d) Significant accounting judgements and key estimates

The preparation of interim financial reports requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reports amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

In preparing this half-year report, the significant judgements made by management in applying the consolidated entity's accounting policies and key sources of estimation uncertainty were the same as those that applied to the consolidated financial report for the year ended 30 June 2016.

The financial report was authorised for issue on 24 February 2017 by the Board of directors.

**ZYBER HOLDINGS LIMITED
AND CONTROLLED ENTITIES**
NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

NOTE 2 REVENUE AND OTHER INCOME

	Consolidated Entity	
	31 December	31 December
	2016	2015
	\$	\$
Revenue		
Interest – bank	12,920	-
	<u>12,920</u>	<u>-</u>
Other income		
Proceeds on disposal of tenements and royalty rights	554	-
	<u>554</u>	<u>-</u>

NOTE 3 OTHER EXPENSES

	Consolidated Entity	
	31 December	31 December
	2016	2015
	\$	\$
Corporate and administrative costs	126,145	67,794
Other expenses	162,181	70,015
	<u>288,326</u>	<u>137,809</u>

NOTE 4 EARNINGS PER SHARE

	Consolidated Entity	
	31 December	31 December
	2016	2015
	\$	\$
(a) (Loss) for the period	(1,505,082)	(602,707)
Loss used to calculate basic EPS	(1,505,082)	(602,707)
Loss used in the calculation of dilutive EPS	<u>(1,505,082)</u>	<u>(602,707)</u>
	Number	Number
(b) Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS	386,580,997	117,247,008
Weighted average number of ordinary shares outstanding during the year used in calculating dilutive EPS	<u>386,580,997</u>	<u>117,247,008</u>

NOTE 5 TRADE AND OTHER RECEIVABLES

	Consolidated Entity	
	31 December	30 June
	2016	2016
	\$	\$
Other receivables (i)	39,520	17,490
Total trade and other receivables	<u>39,520</u>	<u>17,490</u>

(i) Other receivables are non-interest bearing and expect to be received in 30 days.

**ZYBER HOLDINGS LIMITED
AND CONTROLLED ENTITIES**
NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

NOTE 6 OTHER ASSETS

	Consolidated Entity	
	31 December 2016	30 June 2016
	\$	\$
Prepayments (i)	314,338	427,030
Total other assets	314,338	427,030

(i) Prepayments relate to contracts for consulting and sales services and rental deposits.

NOTE 7 CONTROLLED ENTITIES

	Country of Incorporation	Percentage Owned (%)	
		31 December 2016	30 June 2016
Parent entity			
Zyber Holdings Limited	Australia		
Name of controlled entity			
Zyber Secure Mobile Solutions Inc	Canada	100	100
1050494 B.C. Ltd	Canada	100	100
Abbotts Exploration Pty Limited *	Australia	-	100
Anuman Holdings Pty Limited *	Australia	-	100

* Entities were in the process of being deregistered during 2016 financial year. Entities were deregistered on 9 November 2016.

NOTE 8 ISSUED CAPITAL

	Consolidated Entity	
	31 December 2016	30 June 2016
	\$	\$
Ordinary shares issued and fully paid (a)	7,605,938	5,766,503
Total issued capital	7,605,938	5,766,503

(a) Ordinary Shares	Number	\$
At 1 July 2015	13,450,000	337,817
Add:		
Shares issued for cash	2,250,000	116,798
Shares issued for services rendered	926,109	65,003
Shares issued for finders' fees	3,400,000	176,495
Shares issued for assets	200,000	10,382
Less:		
Elimination of existing Zyber Subsidiary shares	(20,226,109)	-
Add:		
Existing Zyber Holdings Limited shares on acquisition	117,247,230	-
Add shares issued during the period:		
Shares issued for the acquisition of Zyber Secure Mobile Solutions Inc.	51,913,098	2,173,805
Shares issued – Initial Public Offer	60,046,882	3,002,344
Share issue costs	-	(116,141)
At the end of the reporting period – 30 June 2016	229,207,210	5,766,503

**ZYBER HOLDINGS LIMITED
AND CONTROLLED ENTITIES**
NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

NOTE 8 ISSUED CAPITAL (Continued)

(a) Ordinary Shares	Number	\$
At 1 July 2016	229,207,210	5,766,503
Shares issued during the period		
Conversion of performance shares	8,000,000	160,000
Shares issued for cash via placement	190,000,000	1,235,000
Shares issued for cash via entitlement offer	213,603,562	1,068,018
Share issue costs	-	(242,028)
Share issue costs – Share based payment (Note 10)	-	(381,555)
At the end of the reporting period – 31 December 2016	640,810,772	7,605,938

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held. At the shareholder meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

(b) Performance Shares

In 30 June 2016 financial year, 54,000,000 performance shares were issued to the shareholders of Zyber Secure Mobile Solutions Inc. as part of the consideration for the acquisition and are to be issued as three tranches of 18,000,000 upon the following milestones being achieved:

Event/Milestone	Number of Shares
Milestone 1: in the event that Zyber has commenced or has contracted product development and production testing “proof of concept” trials with a minimum of 5 enterprises/corporations who each have annualised revenue of at least \$100,000,000 and, of these, 2 of which have been converted into binding commercial contracts for purchase and use of a Zyber product within 12 month of Settlement	18,000,000
Milestone 2: in the event that Zyber generates gross revenue from sales of \$5,000,000 within 36 months of Settlement	18,000,000
Milestone 3: in the event that Zyber generates gross revenue from sales of \$10,000,000 within 59 months of Settlement.	18,000,000
	54,000,000

No value has been allocated to the Performance Shares due to the significant uncertainty of meeting the three performance milestones which are based on future events.

As at 31 December 2016, none of the milestones of the performance shares had been achieved.

On 5 July 2016, 10 million performance rights were issued to the CEO, Benjamin Daly, as part of his remuneration package on the terms and conditions of the Performance Rights Plan approved by shareholders at the general meeting held on 30 November 2015.

In order for the Performance rights to vest as shares, various performance milestones must be achieved.

As at 31 December 2016, no expense for these performance rights was recognised, as it is not probable for the performance hurdles to be achieved as the CEO has resigned on 8 December 2016. These options will be cancelled subsequent to the reporting period.

(c) Capital Management

Management controls the capital of the consolidated entity in order to maintain a sustainable debt to equity ratio, generate long-term shareholder value and ensure that the consolidated entity can fund its operations and continue as a going concern.

The consolidated entity’s debt and capital includes ordinary share capital and financial liabilities, supported by financial assets.

There are no externally imposed capital requirements.

**ZYBER HOLDINGS LIMITED
AND CONTROLLED ENTITIES**
NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

NOTE 8 ISSUED CAPITAL (Continued)

(c) Capital Management

Management effectively manages the consolidated entity's capital by assessing the consolidated entity's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distributions to shareholders and share issues.

There have been no changes in strategy adopted by management to control the capital of the consolidated entity since the financial year ended 30 June 2016.

NOTE 9 RESERVES

	Consolidated	
	31 December 2016	30 June 2016
	\$	\$
Exchangeable Shares Reserve (a)	3,688,545	3,688,545
Options Reserve (b)	382,055	-
Foreign Currency Reserve (c)	208,692	181,935
	4,279,292	3,870,480

	Consolidated			
	31 December 2016		30 June 2016	
	Number	\$	Number	\$
(a) Exchangeable Shares Reserve				
Balance at beginning of period	88,086,902	3,688,545	-	-
Shares issued for the acquisition of Zyber Secure Mobile Solutions Inc.	-	-	88,086,902	3,688,545
At the end of the reporting period	88,086,902	3,688,545	88,086,902	3,688,545

Exchangeable shares are non-voting, convertible, redeemable, preferred shares in the capital of 1050494 B.C. Ltd. Each exchangeable share is exchangeable for one ordinary share in Zyber Holdings Limited at the election of the holder before 16 February 2021. Exchangeable shares are subject to an escrow period of at least 12 months and no more than 24 months since the date of the acquisition of Zyber Secure Mobile Solutions Inc.

(b) Options Reserve	Number	\$
Options outstanding as at 1 July 2015	-	-
Add:		
Existing Zyber Holdings Limited options on acquisition	10,169,062	-
Add options issued during the period:		
Options issued for the acquisition of Zyber Secure Mobile Solutions Inc.	29,920,000	-
Options outstanding as at 30 June 2016	40,089,062	-

Options outstanding as at 1 July 2016	40,089,062	-
Add options issued during the period:		
Options issued for Entitlement Offer on 10 October 2016	106,801,759	-
Options issued to the underwriter for its services in relation to the Entitlement Offer on 10 October 2016	106,801,802	381,555
Options issued as per Cleansing Prospectus 9 December 2016	50,000,000	500
Options outstanding as at 31 December 2016	303,692,623	382,055

**ZYBER HOLDINGS LIMITED
AND CONTROLLED ENTITIES**
NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

NOTE 9 RESERVES (continued)

(c) Foreign Currency Reserve	Consolidated	
	31 December 2016	30 June 2016
	\$	\$
Foreign currency translation reserve	181,935	-
Movement in reserve	26,757	181,935
	208,692	181,935

NOTE 10 SHARE BASED PAYMENTS

The following share based payment arrangements were issued during the period:

Grant Date / Entitlement	Number of Instruments	Grant Date	Fair Value at grant date \$	Value \$
Performance rights issued in consideration for services rendered to the Company by employees and consultants converted on 5 August 2016 and 9 September 2016 as per general meeting	8,000,000	05/07/2016	0.02	160,000
Options issued in consideration for services rendered to the Company by consultant	106,801,802	25/11/2016	0.004	381,555

The fair value of shares issued during the period as share based payments was determined by reference to the market value of the shares at grant date.

The aggregate value of share based payments for the financial period was \$541,555.

- \$160,000 has been recognised as share based payment expense during the financial period.
- \$381,555 has been recognised as share issue costs in Statement of Changes in Equity during the financial period.

NOTE 11 CONTINGENT ASSETS AND CONTINGENT LIABILITIES

Contingent assets

There are no contingent assets at reporting date (30 June 2016: Nil).

Contingent liabilities

There has been no change in the contingent liabilities noted in the financial statements for the year ended 30 June 2016.

NOTE 12 OPERATING SEGMENTS

Segment Information

Identification of reportable segments

The directors have considered the requirements of AASB 8-Operating Segments and the internal reports that are reviewed by the chief operating decision maker (the Board) in allocating resources and have concluded that at this time there are no separately identifiable segments.

Following adoption of AASB 8, the identification of the company's reportable segments has not changed.

During the period, the company considers that it has only operated in one segment, being the development and sale of computer hardware, software and services of secure file synchronisation and sharing solution in Canada.

The consolidated entity is domiciled in Australia.

**ZYBER HOLDINGS LIMITED
AND CONTROLLED ENTITIES**
NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

NOTE 13 EVENTS AFTER THE REPORTING PERIOD

The following significant events occurred after the reporting period:

- On 6 January 2017, the consolidated entity announced the restructure of its development team with Mr Roe Markham and Mr Darius Millar being released from their positions as Chief Operating Officer and VP of Sales and Marketing respectively. As part of its ongoing review of commercialisation pathway for the Zyber technology, the Company will be looking to move to an outsourced model for further development of its technology.

Other than the above, no matters or circumstances have arisen since the end of the financial period which significantly affected or may significantly affect the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial periods.

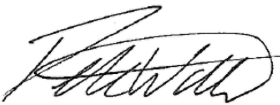
**ZYBER HOLDINGS LIMITED
AND CONTROLLED ENTITIES
DIRECTORS' DECLARATION**

In the opinion of the Directors of Zyber Holdings Limited ('the consolidated entity'):

1. The financial statements and notes thereto of the consolidated entity, as set out within this financial report, are in accordance with the *Corporations Act 2001* including:
 - (a) complying with Accounting Standard AASB 134: Interim Financial Reporting, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - (b) 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 then ended.
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 made pursuant to Section 303(5)(a) of the *Corporations Act 2001*.

On behalf of the directors



Peter Wall
Director

Dated this 24th day of February 2017



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**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF
ZYBER HOLDINGS LIMITED**

We have reviewed the accompanying half-year financial report of Zyber Holdings Limited which comprises the consolidated statement of financial position as at 31 December 2016, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated 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.

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 Zyber 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.

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Independence

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 Zyber 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 Zyber Holdings 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 2016 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*.

RSM

RSM AUSTRALIA PARTNERS

Al Whyte

ALASDAIR WHYTE
Partner

Perth, WA
Dated: 24 February 2017