



Linus Technologies Ltd

www.linus.com

(ASX: LNU)

28 July 2016

ASX Announcement

QUARTERLY REPORT – JUNE 2016

Highlights

- Linus listed on ASX on 9 May 2016
- Successful capital raising of \$3,500,000
- Acquisition of Linus (Aust) Pty Ltd completed
- Successful live demonstration of Linus Video Virtualization Engine™
- Alpha release of Linus technology completed
- Achievement of second performance share milestone
- Cash balance of \$3.3m

Linus Technologies Limited (ASX : LNU) (“Linus” or “Company”) is pleased to present its June 2016 quarterly report on business progress.

CORPORATE

Linus re-listed on ASX

Linus formally re-listed on ASX on 9th May 2016, following the successful public capital raising of \$3,500,000 (before costs) and reverse takeover of Firestrike Resources Limited (RTO).

The Offer to raise up to \$3.5 million pursuant to the Prospectus dated 3 March 2016 was oversubscribed. This successful capital raising enabled Linus to complete the RTO and the acquisition of Linus (Aust) Pty Ltd and has provided the funding for the Company to pursue the development of the Linus technology.

The Company and its directors appreciate the support shown by its existing and new shareholders during the capital raising.

Appendix 4C Quarterly Report and statement of cash flows

The ASX Appendix 4C quarterly report is attached to and lodged with this report.

The Company’s Appendix 4C Quarterly Report covers the 3 month period from 1 April to 30 June 2016. This includes the period from 1 April 2016 to 18 April 2016, prior to the Company acquiring Linus (Aust) Pty Ltd and then relisting on ASX. The Appendix 4C also discloses cash flow information for the year to date period of 12 months to 30 June 2016. This time period includes the activities and cash flows of the Company during its time as an ASX listed entity prior to the RTO, under the name of Firestrike Resources Limited.

The cash balance at 30 June 2016 was \$3.3 million, following June 2016 quarter operational cash burn of \$0.45 million.

Linus Technologies Ltd (ASX: LNU)

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OPERATIONS

The primary focus of operations during the June quarter was software development. The Company prospectus outlined milestones, the achievement of which would underpin the value of the Linius technology in the marketplace and the Company as a whole. The Company is pleased to confirm that the development of the technology has progressed at a fast pace and under budget compared with the original forecast in the operating plan.

A substantial milestone was hit on May 12th, when the company successfully demonstrated an alpha release of the Video Virtualization Engine performing Linius' core patent claims, and demonstrated a use-case of video personalisation:

- Ingesting a video from a remote location and creating a virtual index that points to the raw video DNA of the remote file;
- Reassembling the video DNA on the fly, to playout in a format different to the original file, demonstrating the reduced need for transcoding; and
- Inserting content into the middle of the video playout on the fly, demonstrating personalisation

Since alpha release, the development team has been focused on building and stabilising APIs, with a focus towards integrating with showcase partner Digisoft.

Linius and Digisoft expect to demonstrate their combined solution in Amsterdam this September at IBC, the world's premier broadcasting conference, at booth 31 in Hall 14 (www.ibc.org).

For more information, please contact:

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About Linius Technologies Ltd

Linius Technologies Ltd (ASX: LNU) is a developer of disruptive video management technology. Based in Melbourne, Australia, it seeks to apply its lead product — the Linius Video Virtualization Engine™ — throughout the global digital video value chain to cut costs and boost revenues for enterprise customers.

Linius is pursuing technology showcase partnerships in the transcoding, content distribution and video playout markets as it progresses toward commercialization.

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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

Linius Technologies Limited

ABN

84 149 796 332

Quarter ended ("current quarter")

30 June 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 (refer Note 1. below)	-	-
1.2 Payments for		
(a) staff costs	(132)	(132)
(b) advertising and marketing	(49)	(49)
(c) research and development	(144)	(144)
(d) leased assets	-	-
(e) other working capital	(135)	(135)
(f) exploration and evaluation	-	(20)
(e) administration (ex FIE)	-	(283)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	6	17
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other	-	-
Net operating cash flows	(454)	(746)

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Quarterly report for entities
admitted on the basis of commitments

	Current quarter \$A'000	Year to date (12 months) \$A'000
1.8 Net operating cash flows (carried forward)	(454)	(746)
Cash flows related to investing activities		
1.9 Payment for acquisition of:		
(a) businesses (item 5) – Net cash impact	15	(235)
(b) equity investments	-	-
(c) intellectual property	-	-
(d) physical non-current assets	-	-
(e) other non-current assets	-	-
1.10 Proceeds from disposal of:		
(a) businesses (item 5)	-	-
(b) equity investments	-	-
(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 - Due diligence costs	(115)	(221)
Net investing cash flows	(100)	(456)
1.14 Total operating and investing cash flows	(554)	(1,202)
Cash flows related to financing activities		
1.15 Proceeds from issues of shares, options, etc.	3,000	4,141 ⁺
1.16 Proceeds from sale of forfeited shares	-	-
1.17 Proceeds from borrowings	-	-
1.18 Repayment of borrowings	-	-
1.19 Dividends paid	-	-
1.20 Other – IPO/capital raising costs/refunds	(246)	(381)
Net financing cash flows	2,754	3,760
Net increase (decrease) in cash held	2,200	2,558
1.21 Cash at beginning of quarter/year to date	1,074	716
1.22 Exchange rate adjustments to item 1.20		
1.23 Cash at end of quarter	3,274	3,274

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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	91
1.25	Aggregate amount of loans to the parties included in item 1.11	-

1.26 Explanation necessary for an understanding of the transactions

Payments per item 1.24 include:
Director fees and consultant fees.

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

Following the successful Capital raising pursuant to the Prospectus dated 3 March 2016, the entity acquired 100% of the shares in Linus (Aust) Pty Ltd, effective from 18 April 2016. Consideration for this acquisition was via the issue of the Consideration Shares under the Consideration Offer as described in Section 7.2 of the Prospectus.

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	-	-

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Appendix 4C
Quarterly report for entities
admitted on the basis of commitments

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	1,774	1,074
4.2 Deposits at call	-	-
4.3 Bank overdraft	-	-
4.4 Other – Term deposits	1,500	-
Total: cash at end of quarter (item 1.23)	3,274	1,074

Acquisitions and disposals of business entities

	Acquisitions (Item 1.9(a))	Disposals (Item 1.10(a))
5.1 Name of entity	Linius (Aust) Pty Ltd	N/A
5.2 Place of incorporation or registration	Australia	
5.3 Consideration for acquisition or disposal	Issue of Consideration Shares pursuant to the Consideration Offer as described in section 7.2 of the Prospectus issued 3rd March 2016.	
5.4 Total net assets	\$A'000 4,529	
5.5 Nature of business	Video technology software development	

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:



(Director)

Date: 28 July 2016

Print name: Stephen Kerr

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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.

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