



Linus Technologies Limited
www.linus.com
(ASX: LNU)

27 October 2016

ASX Announcement

QUARTERLY REPORT – SEPTEMBER 2016

Highlights

- Beta release of software
- Showcase of personalised advertisement insertion
- Strategic investment from Kirby Family interests
- Presented at 2016 International Broadcasting Convention (IBC) in Amsterdam
- Extends patent portfolio in Europe in all key jurisdictions
- Cash balance of \$3.2m

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

CORPORATE

Placement to Kirby family interests

During the quarter the Company was pleased to announce a strategic investment in the company from Kirby family interests, with the investment of \$0.5 million for 10,000,000 ordinary shares at \$0.05 per share. The shares are subject to a voluntary escrow restriction for 8 months from their date of issue through to the first anniversary of the Company’s listing.

Mr Robert Kirby is the Co-Executive Chairman and Co-CEO of Village Roadshow, a leading international entertainment company, notably in film production, film distribution, cinema and theme parks. The Kirby family’s personal investment into Linus is seen as a strategic endorsement of the Company’s commercial aspirations. The Linus board also believes that the insight and experience of such key industry figures will provide value with regard to affecting the Company’s operating plan.

Appendix 4C Quarterly Report and statement of cash flows

The ASX Appendix 4C quarterly report for September 2016 is attached to and lodged with this report. The Appendix 4C Quarterly Report covers the 3 month period from 1 July to 30 September 2016 and reflects the cash outflows incurred by the Company in pursuing its technology development, showcases, marketing activities and its stated business plan and objectives.

The cash balance at 30 September 2016 was \$3.2 million, following September 2016 quarter operational cash burn of \$0.6 million and the receipt of placement funds of \$0.5million.

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OPERATIONS

The primary focus of operations during the September quarter was continued development of the Linus Video Virtualization Engine™ software, and progression on the path towards commercialization. Development of the software continues to proceed ahead of schedule and under budget. Significant operating outcomes for the company in the September quarter included

- Beta release of the software on September 16th
- Demonstration of the joint solution with Linus Showcase partner Digisoft to an attendance of over 55,000 industry professionals at the International Broadcasting Convention in Amsterdam
 - The joint solution showed identical movies being watched on cable TV, with ads specifically targeting the viewer on each TV — a world first for the cable industry on legacy set-top boxes
 - The show directly led to a number of partnership discussions which are on-going under mutual non-disclosure
 - Substantial interest from cable companies around the world in the joint Linus-Digisoft solution
 - Global exposure through coverage in the international industry press
- Decision by the EU to grant Linus' core patent — the last major jurisdiction in which the company was seeking patent protection
- Deepening of the relationship with Digisoft, with a commitment by Digisoft to become the first reseller of the Linus technology

About Linus Technologies Ltd

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

Linus 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 subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

Name of entity

Linius Technologies Limited

ABN

84 149 796 332

Quarter ended ("current quarter")

30 September 2016

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) research and development	(175)	(175)
(b) product manufacturing and operating costs	-	-
(c) advertising and marketing	(100)	(100)
(d) leased assets	-	-
(e) staff and consultant costs	(132)	(132)
(f) administration, travel and corporate costs	(68)	(68)
1.3 Dividends received (see note 3)		
1.4 Interest received	15	15
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Government grants and tax incentives		
1.8 Other – legal & patent costs	(142)	(142)
1.9 Net cash from / (used in) operating activities	(602)	(602)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment		
(b) businesses (see item 10)		
(c) investments		

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Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
(d) intellectual property		
(e) other non-current assets		
2.2 Proceeds from disposal of:		
(a) property, plant and equipment		
(b) businesses (see item 10)		
(c) investments		
(d) intellectual property		
(e) other non-current assets		
2.3 Cash flows from loans to other entities		
2.4 Dividends received (see note 3)		
2.5 Other (provide details if material)		
2.6 Net cash from / (used in) investing activities	-	-

3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	500	500
3.2 Proceeds from issue of convertible notes		
3.3 Proceeds from exercise of share options		
3.4 Transaction costs related to issues of shares, convertible notes or options		
3.5 Proceeds from borrowings		
3.6 Repayment of borrowings		
3.7 Transaction costs related to loans and borrowings		
3.8 Dividends paid		
3.9 Other (provide details if material)		
3.10 Net cash from / (used in) financing activities	500	500

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of quarter/year to date	3,275	3,275
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(602)	(602)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4 Net cash from / (used in) financing activities (item 3.10 above)	500	500

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Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of quarter	3,173	3,173

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	201	201
5.2	Call deposits	1,472	1,472
5.3	Bank overdrafts	-	-
5.4	Other – term deposits	1,500	1,500
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	3,173	3,173

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

Current quarter \$A'000
76
-

Amounts in item 6.1 relate to remuneration of directors.

7. Payments to related entities of the entity and their associates

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

Current quarter \$A'000
-
-

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8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

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9. Estimated cash outflows for next quarter	\$A'000
9.1 Research and development	270
9.2 Product manufacturing and operating costs	-
9.3 Advertising and marketing	170
9.4 Leased assets	-
9.5 Staff and consultant costs	175
9.6 Administration, travel and corporate costs	140
9.7 Other – legal & patent costs	45
9.8 Total estimated cash outflows	800

10. Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions	Disposals
10.1 Name of entity		
10.2 Place of incorporation or registration		
10.3 Consideration for acquisition or disposal		
10.4 Total net assets		
10.5 Nature of business		

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Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here:



(Director & Company secretary)

Date: 27 October 2016

Print name: Stephen Kerr

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 that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.