



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

31 January 2017

ASX Announcement

QUARTERLY REPORT – DECEMBER 2016

Highlights

- SuitcaseTV showcase
- Live demonstration of personalised ads
- Transcoding showcase with Village Roadshow
- Achievement of Key Company Milestones
- Additional equity of \$0.25m from share subscriptions by listed option holders
- Cash balance of \$2.8 million

Linus Technologies Limited (ASX : LNU) ("**Linus**" or "**Company**") is pleased to present its December 2016 Quarterly Report on business progress.

CORPORATE

Equity raised from exercise of Listed Options

During the quarter the Company was pleased to receive an additional equity investment from many holders of listed options, who exercised their options prior to the expiry date of 31 December 2016. The Company appreciates the support shown by these investors. In total, 6,523,506 ordinary shares were issued at the exercise price of A\$0.04 per share. The company received \$0.25million in cash from this additional equity in the December 2016 Quarter.

Appendix 4C Quarterly Report and statement of cash flows

The ASX Appendix 4C Quarterly Report for December 2016 is attached to and lodged with this report. The Appendix 4C Quarterly Report covers the 3 month period to 31 December 2016 and reflects the net cash outflows of the Company while pursuing its technology development, showcases, marketing activities, its stated business plan and objectives and equity funds raised.

The cash balance at 31 December 2016 was \$2.8 million, following December 2016 quarter operational cash burn of \$0.65 million and the receipt of new equity funds of \$0.25million from conversion of listed options to fully paid shares.

OPERATIONS

Operations for the quarter ending December 2016 witnessed the achievement of key company milestones and completion of Linus' initial Operating Plan with the signing of Suitcase TV as the Company's 3rd showcase partner and, more significantly, the completion of lab trials with Village Roadshow confirming the Company's claims surrounding reduction of the need for transcoding.

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Beyond those items, the key area of focus for the operating team was working towards commercialisation of the software, which the Company announced was now likely occur in calendar Q1, 2017, ahead of initial projections of mid-2017. Towards this end, on Friday, 25th of November, 2016, Linius CEO, Chris Richardson demonstrated the combined Linius–Digisoft personalised advertising product, which provides the functionality described as “utopia” and “difficult to achieve” in a New York Times article regarding the proposed \$80 billion US merger of AT&T and Time-Warner. The demonstration can still be viewed at the following URL:

<http://www.linius.com/webcast/>

Going forward, the Company is now entering the Commercialisation Phase, as announced to the ASX on 31 January, 2017.

Moving away from a historic focus on the technological impact of the technology, now that the Company is entering commercialisation, there will be a market-focused approach. Initially, the four key market segments that the Company will be tackling include Personalised Advertising, Anti-Piracy/Media Security, Search, and Security and Defence.

About Linius Technologies Limited

Linius Technologies Limited (ASX: LNU) is a developer of disruptive video technology.

Linius’ patented Video Virtualization Engine™ converts cumbersome, legacy video into interactive, virtual video.

Based in Melbourne, Australia, it seeks to commercialise its patented Video Virtualization Engine™ — cut costs and boost revenues across the multi-billion dollar video industry.

Linius has the potential to transform many market segments and is initially focused on 1. Delivering personalised advertising solutions for broadcasters, 2. video security and reduced piracy, 3. enhancing search engine monetisation, and 4. security-service applications.

For more information, please contact:

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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")

31 December 2016

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) research and development	(206)	(381)
(b) product manufacturing and operating costs	-	-
(c) advertising and marketing	(96)	(196)
(d) leased assets	-	-
(e) staff and consultant costs	(169)	(300)
(f) administration, travel and corporate costs	(134)	(202)
1.3 Dividends received (see note 3)		
1.4 Interest received	12	27
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	(62)	(205)
1.9 Net cash from / (used in) operating activities	(655)	(1,257)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment		
(b) businesses (see item 10)		
(c) investments		

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 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	249	749
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	249	749

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	3,173	3,275
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(655)	(1257)
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)	249	749

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of quarter	2,767	2,767

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	258	201
5.2	Call deposits	984	1,472
5.3	Bank overdrafts	-	-
5.4	Other – term deposits	1,525	1,500
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	2,767	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

83
-

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

-
-

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	285
9.2 Product manufacturing and operating costs	-
9.3 Advertising and marketing	110
9.4 Leased assets	-
9.5 Staff and consultant costs	210
9.6 Administration, travel and corporate costs	185
9.7 Other – legal & patent costs	45
9.8 Total estimated cash outflows	835

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		

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:



(Company Secretary)

Date: 31 January 2017

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.