

Linus Technologies Limited

ABN 84 149 796 332

Appendix 4E

Preliminary Final Report

30 June 2017

Reporting period

Report for the period ended 30 June 2017.

Prior corresponding period information is for the period 10 September 2015 until 30 June 2016. See comments below on reverse acquisition accounting.

Results for announcement to the market

		Increase/(decrease) over previous corresponding period	
	\$	\$	%
Revenue from ordinary activities	41,492	29,465	245%
Revenue from ordinary activities excluding interest	-	-	n/a
Profit/(Loss) from ordinary activities after tax attributable to members	(4,230,052)	1,134,567	21.1%
Net profit/(loss) for the period attributable to members	(4,230,052)	1,134,567	21.1%

Dividends

No dividends were paid or declared during the financial period and it is not proposed to pay dividends.

No dividends have previously been declared or paid in prior financial periods and there are no dividend reinvestment plans in place.

Details of entities over which control has been gained during the period

During the period the Company incorporated and gained control of a new fully owned subsidiary, Linus Solutions Pty Ltd (ACN 617 640 221).

Details of entities over which control has been lost during the period

During the period the Company ceased control of its non-operating US subsidiary, Firestrike Resources Incorporated, which has been deregistered.

Financial statements and Explanation of results

The loss for the period ended 30 June 2017 after income tax expense amounted to \$4,230,054. This loss includes non-cash share based payments expense of \$384,570 and non-cash amortisation charges of \$540,000.

During the period the Company has built on the foundations laid in the 2016 financial period, when the Company was transformed into a technology company and relisted on the ASX as Linus Technologies Limited. The directors, executives, staff and consultants engaged by the Company have continued to

develop and enhance the Company's patented technology. Importantly, the Company commenced the commercialisation of the Company's patented technology and the business is now moving strongly into its commercialisation phase.

The Company has not earned any non-interest income operating revenues for the period. Expenses for the period consist of administrative expenses, software development expenses, director expenses, consultant expenses, financial and compliance expenses, marketing and promotional expenses, patent expenses, legal expenses, travel and accommodation expenses, share based payments expense and intellectual property amortisation expense.

During the prior period the Company completed an agreement with Linius (Aust) Pty Ltd (ACN 608 170 190) pursuant to which the Company acquired 100% of the issued shares of Linius (Aust) Pty Ltd from the shareholders of Linius (Aust) Pty Ltd. The acquisition of Linius (Aust) Pty Ltd by the Company on 18 April 2016 is considered to be a reverse acquisition under Australian Accounting Standards, notwithstanding the Company being the legal parent of the consolidated group. Consequently, the prior period and current year financial information presented in this Appendix 4E is the financial information of Linius (Aust) Pty Ltd. Linius (Aust) Pty Ltd was incorporated on 10 September 2015, hence the prior reporting period is from this date up to 30 June 2016.

The financial statements for the period, further information and brief explanation of the financial results for the period and other information required under Appendix 4E is contained in this document.

Net tangible asset backing

	Current period	Previous corresponding period
Net tangible assets per ordinary security	0.07 cents	0.55 cents

Events after the reporting period

On 18 July 2017, the Company announced that it had raised \$1,500,000 through the issue of 30,000,000 fully paid ordinary shares, at 5 cents per share, in a private placement to sophisticated investors.

Audit

The results reported are in the process of an independent audit.

Signed:



Stephen Kerr
Company secretary

31 August 2017
Melbourne



LINIUS TECHNOLOGIES LIMITED

ACN 149 796 332

APPENDIX 4E

FINANCIAL STATEMENTS

2017

LINIUS TECHNOLOGIES LIMITED

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2017

	Note	2017 \$	Group 2016* \$
Revenue	2	41,492	12,027
Administrative expenses		(331,850)	(141,159)
Employee benefit expenses		(34,462)	-
Amortisation expenses		(540,000)	(315,000)
Consultant expenses		(692,055)	(241,959)
Depreciation		(239)	-
Share-based payments expense		(384,570)	(2,498,135)
Financial and compliance expenses		(142,897)	(32,442)
Software development expenses		(895,440)	(272,068)
Marketing and promotional expenses		(761,368)	-
Patent costs		(73,793)	(38,166)
Legal expenses		(140,561)	(184,015)
Travel and accommodation expenses		(274,309)	(46,277)
Loss before transaction costs and income tax	3	(4,230,052)	(3,757,194)
Transaction costs relating to the reverse acquisition by the accounting acquirer Linius (Aust) Pty Ltd of Linius Technologies Limited		-	(1,607,425)
Loss before income tax		(4,230,052)	(5,364,619)
Income tax expense	4	-	-
Loss for the year		(4,230,052)	(5,364,619)
Other comprehensive loss			
<i>Items that may be reclassified to profit or loss:</i>			
Exchange differences on translation of foreign operations		-	-
Total comprehensive loss for the year		(4,230,052)	(5,364,619)
Basic loss per share (cents per share)	7	(0.7)	(3.7)
Diluted loss per share (cents per share)		n/a	n/a

* 10 September 2015 until 30 June 2016.

The accompanying notes form part of the financial report

LINIUS TECHNOLOGIES LIMITED

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2017

	Note	Group 2017 \$	2016 \$
CURRENT ASSETS			
Cash and cash equivalents	8	959,270	3,275,258
Other receivables	9	77,475	75,506
TOTAL CURRENT ASSETS		1,036,745	3,350,764
NON-CURRENT ASSETS			
Intellectual property	10	4,545,000	5,085,000
Property, plant and equipment		14,124	-
TOTAL NON-CURRENT ASSETS		4,559,124	5,085,000
TOTAL ASSETS		5,595,869	8,435,764
CURRENT LIABILITIES			
Trade and other payables	11	550,320	282,778
Employee Provisions		2,105	-
TOTAL CURRENT LIABILITIES		552,425	282,778
TOTAL LIABILITIES		552,425	282,778
NET ASSETS		5,043,444	8,152,986
EQUITY			
Issued capital	12	12,575,410	11,809,470
Share based payments reserve		2,062,705	1,708,135
Accumulated losses		(9,594,671)	(5,364,619)
TOTAL EQUITY		5,043,444	8,152,986

The accompanying notes form part of the financial report

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2017

Group	Issued Capital	Share Based Payments Reserve	Accumulated Losses	Total
	\$	\$	\$	\$
Balance at incorporation:	-	-	-	-
Total comprehensive loss				
Loss for the period*	-	-	(5,364,619)	(5,364,619)
Other comprehensive loss	-	-	-	-
Total comprehensive loss	-	-	(5,364,619)	(5,364,619)
Transactions with owners of the Company				
Shares issued on incorporation	200	-	-	200
Shares issued during the year (net of capital raising costs)	5,000,000	-	-	5,000,000
Reverse acquisition of Linius Technologies	5,684,270	-	-	5,684,270
Conversion Offer	875,000	-	-	875,000
CPS Offer	250,000	-	-	250,000
Share-based payments*	-	1,708,135	-	1,708,135
Total transactions with owners of the Company	11,808,470	1,708,135	-	13,517,605
Balance at 30 June 2016	11,809,470	1,708,135	(5,364,619)	8,152,986
Balance 1 July 2016	11,809,470	1,708,135	(5,364,619)	8,152,986
Total comprehensive loss				
Loss for the year		-	(4,230,052)	(4,230,052)
Other comprehensive loss		-	-	-
Total comprehensive loss		-	(4,230,052)	(4,230,052)
Transactions with owners of the Company				
Shares and options issued during the year (net of capital raising costs)	765,940	-	-	765,940
Share-based payments	-	354,570	-	354,570
Total transactions with owners of the Company	765,940	354,570	-	1,120,510
Balance at 30 June 2017	12,575,410	2,062,705	(9,594,671)	5,043,444

* 10 September 2015 until 30 June 2016.

The accompanying notes form part of the financial report

LINIUS TECHNOLOGIES LIMITED

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CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2017

	Note	Group 2017 \$	2016* \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers		(3,084,744)	(699,093)
Interest received		47,179	6,159
Net cash used in operating activities	13	(3,037,565)	(692,934)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of intellectual property		-	(400,000)
Cash acquired through reverse acquisition		-	4,017,992
Purchase of property, plant & equipment		(14,363)	-
Net cash provided by /(used in) investing activities		(14,363)	3,617,992
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of convertible notes		-	350,000
Proceeds from issue of shares		760,940	200
Capital raising costs paid		(25,000)	-
Net cash inflows from financing activities		735,940	350,200
Net increase/(decrease) in cash held		(2,315,988)	3,275,258
Cash at beginning of financial year		3,275,258	-
Cash at end of financial year	8	959,270	3,275,258

* 10 September 2015 until 30 June 2016.

The accompanying notes form part of the financial report

LINIUS TECHNOLOGIES LIMITED

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

NOTE 1: BASIS OF PREPARATION

These preliminary financial statements and notes comprise the information required as Appendix 4E, under ASX listing rule 4.3A for Linius Technologies Limited and its controlled entities ("the Group"), a listed Australian company incorporated in Australia. This report is based on financial statements that are in the process of being audited.

Basis of Preparation

The preliminary financial report does not include all of the notes of the type normally included in an annual financial report. Accordingly, it should be read in conjunction with the Annual Report for the period ended 30 June 2016 and the financial report for the six months ended 31 December 2016 and any public announcements made by the company in accordance with the continual disclosure requirements of the Corporations Act 2001. This preliminary report has been prepared in accordance with the measurement and recognition requirements of the Australian Accounting Standards, Accounting Interpretations and the Corporations Act 2001.

The financial statements comprise the consolidated financial statements for the Group. For the purposes of preparing the consolidated financial statements, the Company is a for-profit entity.

Australian Accounting Standards set out accounting policies that the Australian Accounting Standards Board has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions to which they apply. Compliance with AIFRS ensures that the financial report and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of this financial report are presented below. They have been consistently applied unless otherwise stated.

The financial report was authorised for issue on 31 August 2017.

The financial report has been prepared on an accruals basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

Reverse Acquisition Accounting

The acquisition of Linius (Aust) Pty Ltd by the Company, in the prior period to 30 June 2016, is considered to be a reverse acquisition under Australian Accounting Standards, notwithstanding the Company being the legal parent of the Group. Consequently, the financial information presented in this Report is the financial information of Linius (Aust) Pty Ltd. Linius (Aust) Pty Ltd was incorporated on 10 September 2015, hence the prior reporting period is from this date up to 30 June 2016.

The legal structure of the Group subsequent to the acquisition of Linius (Aust) Pty Ltd is that the Company will remain as the legal parent entity. However, the principles of reverse acquisition accounting are applicable where the owners of the acquired entity (in this case, Linius (Aust) Pty Ltd) obtain control of the acquiring entity (in this case, the Company) as a result of the businesses' combination.

Under reverse acquisition accounting, the consolidated financial statements are issued under the name of the legal parent (the Company) but are a continuation of the financial statements of the legal subsidiary (Linius (Aust) Pty Ltd, with the assets and liabilities of the legal subsidiary being recognised and measured at their pre-combination carrying amounts rather than their fair values.

Going Concern

The financial statements have been prepared under the historical cost convention, applying the going concern basis of accounting. The directors are confident in the continuing support from the existing shareholders and the ability to attract new investors to fund the Group's future finance requirements. Further details of the going concern basis of accounting will be provided in the Group's annual report for the year ended 30 June 2017.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

NOTE 2: REVENUE

	Group	
	2017	2016
	\$	\$
Other revenue:		
Interest received	41,492	12,027
Total revenue	41,492	12,027

NOTE 3: LOSS FOR THE YEAR

	Group	
	2017	2016
	\$	\$
Other expenses:		
Occupancy costs	31,741	28,807

NOTE 4: INCOME TAX EXPENSE

	Group	
	2017	2016
	\$	\$
(a) Income tax expense		
Current tax	-	-
Deferred tax	-	-
(b) Reconciliation of income tax expense to prima facie tax payable		
The prima facie tax payable on profit/loss from ordinary activities before income tax is reconciled to the income tax expense as follows:		
Prima facie tax on operating loss at 27.5% (28.5% prior year)	(1,163,264)	(1,528,916)
Add / (Less)		
Tax effect of:		
Reverse acquisition expenses	-	458,116
Share based payments	97,507	711,969
Other non-allowable items	15,242	2,270
Unused tax losses not recognised as deferred assets	1,050,515	356,561
Income tax attributable to operating loss	-	-

Prior year comparatives were stated using a tax rate of 28%. This has been restated to 28.5% to reflect the appropriate tax rate.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

NOTE 4: INCOME TAX EXPENSE (CONTINUED)

	Group	
	2017	2016
	\$	\$
(c) Unrecognised deferred tax assets		
Unused Australian tax losses for which no deferred tax asset has been recognised	1,223,673	179,453

The comparative unrecognised deferred tax asset has been restated from \$350,305 to \$179,453 to reflect assessed balances using the applicable tax rates.

Potential deferred tax assets attributable to tax losses carried forward have not been brought to account at 30 June 2017 because the Directors do not believe it is appropriate to regard realisation of the deferred tax assets as probable at this current point in time. These benefits will only be obtained if:

- The Group derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the loss to be realised;
- The Group continues to comply with conditions for deductibility imposed by law; and
- No changes in tax legislation adversely affect the Group in realising the benefit from the deductions for the losses.

NOTE 5 : KEY MANAGEMENT PERSONNEL

The total of remuneration paid to KMP of the Consolidated Group during the period are as follows:

	Group	
	2017	2016
	\$	\$
Short-term employee benefits	521,600	304,258
Share-based payments	354,570	1,614,410
	876,170	1,918,668

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

NOTE 6: AUDITOR'S REMUNERATION

	Group	
	2017	2016
	\$	\$
Remuneration of the auditor for services provide to the Group and the Parent during the year:		
— auditing or reviewing the financial report		
KPMG	69,000	-
HLB Mann Judd	-	30,500
— other services		
HLB Mann Judd	-	25,000
	69,000	55,500

NOTE 7: EARNINGS/LOSS PER SHARE

	Group	
	2017	2016
	\$	\$
a. Reconciliation of earnings to profit or loss		
Loss used to calculate basic EPS and diluted EPS	(4,230,052)	(5,364,619)
	No.	No.
b. Weighted average number of ordinary shares outstanding during the period used in calculating basic and diluted EPS	632,821,305	144,515,330

NOTE 8: CASH AND CASH EQUIVALENTS

	Group	
	2017	2016
	\$	\$
Cash at bank and in hand	959,270	3,275,258

The effective interest rate on short-term bank deposits was varying between 2.6% to 3.28%.

Reconciliation of cash

Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows:

Cash and cash equivalents	959,270	3,275,258
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

NOTE 9: OTHER RECEIVABLES

	Group	
	2017	2016
	\$	\$
GST receivable	39,033	53,007
Prepaid expenses and other receivables	38,442	22,499
	77,475	75,506

NOTE 10: INTELLECTUAL PROPERTY

During the prior period, the Group acquired the intellectual property associated with the Linius technology from an unrelated party. The intellectual property includes patents, copyright, confidential information and trademarks. In accordance with accounting standards and the Group accounting policies this asset is treated as having a finite life and is being amortised over 10 years.

	Group	
	2017	2016
	\$	\$
Intellectual property at cost	5,400,000	5,400,000
Accumulated amortisation	(855,000)	(315,000)
	4,545,000	5,085,000

The directors have assessed the value and useful life of the intellectual property at balance date.

The cost of the intellectual property was established upon the purchase of the intellectual property through a third party transaction during the prior financial period. The value of the intellectual property was further validated through the reverse takeover process and capital raising undertaken by Linius Technologies Limited (Linius) in April/May 2016. During this process an independent report was commissioned, which gave the directors comfort that the intellectual property purchased was covered by valid patents, trademarks and copyright.

The directors note that the intellectual property is at an early stage in its commercial life, with the associated technology approaching commercialisation. The value and lifespan of the owned intellectual property continues to be enhanced by further patent registrations in new jurisdictions across the world and through continued development of the technology associated with the intellectual property.

The directors have currently assessed the useful life of the intellectual property as being 10 years. The directors consider that a 10 year useful life is reasonable and appropriate and have amortised the value of intellectual property at balance date on that basis.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

NOTE 10: INTELLECTUAL PROPERTY (CONTINUED)

Impairment testing

As a result of the operating loss incurred, impairment analysis of the intellectual property has been performed using the following alternative methods:

(i) Market capitalisation approach

Since listing on ASX, the shares of Linius have traded in a ready market, supporting the value of the intellectual property asset. The assets of the Group at 30 June 2017 consist principally of cash of \$0.9m and intellectual property, after amortisation, of \$4.5m. Net assets are \$5.0m.

Linus shares closed at a price of 5.2 cents per share on 30 June 2017. Total fully paid ordinary shares on issue at 30 June 2017 are 679.2m. This gives a market capitalisation of Linus of \$35.3m. Given the development nature of the Group's operations, the directors believe that the recoverable amount of the intellectual property on the balance sheet at 30 June 2017 is supported by the market value of Linus.

(ii) Discounted cashflow approach

The recoverable amount of the CGU (being the Group as a whole at this stage of the Group's lifecycle) was estimated based on the value in use of the Group, determined by discounting the future cash flows to be generated from the continuing use of the Group's intellectual property. The following were key assumptions in the value in use analysis:

- Cash flows were forecast for a five year period. The terminal value of the Group was based on the fifth year cash flow and a long-term growth rate of 3%, which is consistent with market assumptions of the long term growth target for Australia of between 2% and 3%.
- Revenue was based on a staged pipeline of licence income being earned, which is anticipated to grow at a monthly linear rate up until 2019 financial year and at set step up percentages from 2020 – 2022. Expenses are set based on the 2018 budget, increasing by anticipated growth required to the support the increase in revenue forecast.
- An after tax discount rate of 16% was applied in determining the recoverable amount of the Group. The discount rate was estimated based on an industry average weighted-average cost of capital and applying a premium to the industry average due to the Group being in its growth phase and the risks inherent in the cash flow forecast.

The recoverable amount of the CGU was determined to be higher than its carrying amount, indicating that no impairment was necessary. In addition, reasonably possible changes in key assumptions were considered, such as changes in revenue and expenses; sufficient headroom exists.

NOTE 11: TRADE AND OTHER PAYABLES

	Group	
	2017	2016
	\$	\$
Trade payables*	280,455	144,463
Sundry payables and accrued expenses	269,865	138,315
	550,320	282,778

*Terms of trade are in line with normal commercial terms (usually 30 to 60 days)

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

NOTE 12: ISSUED CAPITAL AND RESERVES

	Group	
	\$ (Legal subsidiary)	Number (Legal parent)
Issued Capital		
Opening balance 1 July 2016	11,809,470	562,238,580
Issue of shares through private placement (net of costs)	475,000	10,000,000
Issue of shares as share based payment to corporate advisor	30,000	428,794
Conversion of performance shares	-	100,000,000
Issue of shares on conversion of listed options	260,940	6,523,506
At reporting date	12,575,410	679,190,880

The Company has issued share capital amounting to 679,190,880 ordinary shares of no par value.

2016

Opening balance	-	-
Issue of shares on incorporation of Linius (Aust) Pty Ltd	200	20,000
Issue of shares to acquire Linius intellectual property	5,000,000	50,000
Shares eliminated in legal subsidiary on acquisition	-	(70,000)
Shares acquired on acquisition of legal parent	-	189,738,580
Consideration shares	-	300,000,000
Deemed consideration of reverse acquisition	5,684,270	-
Conversion Offer	875,000	17,500,000
CPS Offer	250,000	5,000,000
Conversion of performance shares	-	50,000,000
At 30 June 2016	11,809,470	562,238,580

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

NOTE 12: ISSUED CAPITAL AND RESERVES (CONTINUED)

Ordinary shares	Legal parent entity	
	2017 No.	2016 No.
Opening balance	562,238,580	90,499,985
Fully paid shares issued during the period		
– November 2015 (conversion of listed options)		3,134,246
– December 2015 (Rights issue)		25,536,608
– December 2015 (conversion of listed options)		113,200
– February 2016 (conversion of listed options)		25,000
– February 2016 (share-based payment of consulting fees)		202,269
– April 2016 (Issue of Linius (Aust) vendor shares)		250,000,000
– April 2016 (conversion of performance shares)		50,000,000
– April 2016 (share issue pursuant to public offer)		70,000,000
– April 2016 (conversion of Linius (Aust) convertible note)		17,500,000
– April 2016 (share-based payment of Linius (Aust) acquisition fees)		5,000,000
– May 2016 (conversion of performance shares)		50,000,000
– May 2016 (share based payment of consulting fees)		227,272
– September 2016 (issue of shares via private placement)	10,000,000	
– September 2016 (share based payment of consulting fees)	197,511	
– November 2016 (share based payment of consulting fees)	231,283	
– November 2016 (conversion of performance shares)	50,000,000	
– December 2016 (conversion of performance shares)	50,000,000	
– December 2016 (conversion of listed options)	6,523,506	
At reporting date	679,190,880	562,238,580
At shareholders' 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.		

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

NOTE 12: ISSUED CAPITAL AND RESERVES (CONTINUED)

Performance shares on issue	Parent Entity	
	2017 No.	2016 No.
Opening balance	100,000,000	-
Performance shares issued during the year	-	200,000,000
Number converted to ordinary shares during the year/period	(100,000,000)	(100,000,000)
At reporting date	-	100,000,000

NATURE AND PURPOSE OF RESERVES

Share-Based Payments Reserve

This reserve is used to record the equity value of share based payment expenses incurred as consideration for employee and consultant services.

Capital risk management

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it may continue to provide returns for shareholders and benefits for other stakeholders.

Due to the nature of the Group's activities, being an early stage technology company, the Group does not have ready access to credit facilities, with the primary source of funding being equity raisings. Therefore, the focus of the Group's capital risk management is the current working capital position against the requirements of the Group to meet research and development of software, early stage business commercialisation initiatives and corporate overheads. The Group's strategy is to ensure appropriate liquidity is maintained to meet anticipated operating requirements, with a view to initiating appropriate capital raisings as required. The working capital position of the Group at 30 June 2017 is as follows:

	Group	
	2017 \$	2016 \$
Cash and cash equivalents	959,270	3,275,258
Trade and other receivables	77,475	75,506
Trade and other payables and other liabilities	(552,425)	(282,778)
Working capital position	484,320	3,067,986

Subsequent to year end the Company raised \$1,500,000 through the issue of new capital through a private placement.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

NOTE 13: CASH FLOW INFORMATION

	Group	
	2017	2016
	\$	\$
Loss after income tax	(4,230,052)	(5,364,619)
Cash flows excluded from loss attributable to operating activities:		
Non cash items		
- Depreciation	239	-
- Amortisation	540,000	315,000
- Share-based payments expense	384,570	2,498,135
- Transaction costs relating to reverse acquisition	-	1,607,425
Changes in assets and liabilities:		
- Increase/(decrease) in provisions	2,105	-
- Increase/(decrease) in trade payables and accruals	267,542	35,223
- (Increase)/decrease in trade receivables and prepayments	(1,969)	215,902
Cash flows used in operating activities	(3,037,565)	(692,934)

NOTE 14: OPERATING SEGMENTS

Segment Information

AASB 8 Operating Segments requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance.

The Group's operating segments have been determined with reference to the monthly management accounts used by the Chief Operating Decision Maker to make decisions regarding the Company's operations and allocation of working capital. Due to the size and nature of the Group, the Board as a whole has been determined as the Chief Operating Decision Maker.

Based on the quantitative thresholds included in AASB 8, there is only one reportable segment, being the Development of computer software in the Australasian region.

The revenues and results of this segment are those of the Group as a whole and are set out in the consolidated statement of profit or loss and other comprehensive income. The segment assets and liabilities of this segment are those of the Group and are set out in the consolidated statement of financial position.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 201

NOTE 15: PARENT ENTITY DISCLOSURES

The following detailed information is related to the legal parent entity Linius Technologies Limited as at 30 June 2017

Financial position	2017	2016
	\$	\$
Assets		
Current assets	806,996	3,254,775
Non-current assets	20,972,465	18,650,000
Total assets	21,779,461	21,904,775
Liabilities		
Current liabilities	294,244	16,805
Total liabilities	294,244	16,805
Equity		
Issued Capital	28,216,364	27,450,424
Option premium reserve	36,461	36,461
Share based payments reserve	2,062,706	1,708,135
Accumulated losses	(8,830,314)	(7,307,050)
Total equity	21,485,217	21,887,970
Financial performance	2017	2016
	\$	\$
Loss for the year	1,523,264	3,006,405
Total comprehensive loss	1,523,264	3,006,405