

# Linus Technologies Limited

ABN 84 149 796 332

## Appendix 4E

### Preliminary Final Report

30 June 2016

#### Reporting period

Report for the period ended 30 June 2016.

There is no prior corresponding period information relevant to the Appendix 4E. See comments below on reverse acquisition accounting.

#### Results for announcement to the market

		Increase/(decrease) over previous corresponding period	
	\$	\$	%
Revenue from ordinary activities	-	n/a	n/a
Profit/(Loss) from ordinary activities after tax attributable to members	(5,364,619)	n/a	n/a
Net profit/(loss) for the period attributable to members	(5,364,619)	n/a	n/a

#### 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 completed an agreement with Linus (Aust) Pty Ltd (ACN 608 170 190) pursuant to which the Company acquired 100% of the issued shares of Linus (Aust) Pty Ltd from the shareholders of Linus (Aust) Pty Ltd, following the satisfaction or waiver of various conditions precedent. The Company changed its name to Linus Technologies Limited as part of this process

The acquisition of Linus (Aust) Pty Ltd by the Company is considered to be a reverse acquisition under Australian Accounting Standards, notwithstanding the Company being the legal parent of the consolidated group. Consequently the financial information presented in this Appendix 4E and in the attached Annual Report is the financial information of Linus (Aust) Pty Ltd. Linus (Aust) Pty Ltd was incorporated on 10 September 2015, hence the reporting period is from this date up to 30 June 2016 and there is no prior corresponding period comparative information. Where considered relevant, some historical financial information of Firestrike Resources Limited (renamed Linus Technologies Limited) for the year ended 30 June 2015 has also been disclosed.

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

Nil.

### Financial statements and Explanation of results

The financial results presented are in accordance with the reverse acquisition accounting as described above and as described in the attached Annual Report.

The loss for the period ended 30 June 2016 after income tax expense amounted to \$5,364,619. This loss includes non-cash share based payments expense of \$2,498,135, non-cash amortisation charges of \$315,000 and reverse acquisition transaction costs of \$1,607,425, as a result of applying reverse acquisition principles.

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 the Annual Report, which has been subject to independent audit and which is lodged with this Appendix 4E.

### Net tangible asset backing

	Current period	Previous corresponding period
Net tangible assets per ordinary security	0.55 cents	n/a

Signed:



Stephen Kerr  
Director

31 August 2016  
Melbourne



**LINIUS TECHNOLOGIES LIMITED**

**ACN 149 796 332**

**ANNUAL REPORT**

**2016**

**(formerly Firestrike Resources Limited)**

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# LINIUS TECHNOLOGIES LIMITED

## ANNUAL REPORT 2016

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# LINIUS TECHNOLOGIES LIMITED

## ANNUAL REPORT 2016

### CORPORATE DIRECTORY

This annual report covers Linius Technologies Limited and its controlled entities (the “Consolidated Group” or “Group”) during the period ended 30 June 2016. The functional and presentation currency of the Group is Australian dollars.

OFFICERS	Stephen McGovern Christopher Richardson Stephen Kerr	(Non-Executive Chairman) (Director and CEO) (Director / CFO /Company Secretary)
REGISTERED OFFICE	Level 40, 140 William Street MELBOURNE VIC 3000	
SOLICITORS	Milcor Legal Lawyers Level 1, 6 Thelma Street WEST PERTH WA 6872	
AUDITORS	HLB Mann Judd Level 4, 130 Stirling Street PERTH WA 6000	
SHARE REGISTRY	Advanced Share Registry Ltd 110 Stirling Highway NEDLANDS WA 6009 Telephone: (08) 9389 8033 Facsimile: (08) 9389 7871	
PRINCIPAL PLACE OF BUSINESS	Level 40, 140 William Street MELBOURNE VIC 3000 Telephone: (03) 9607 8234 Facsimile: (03) 9607 8298	
WEBSITE	<a href="http://www.linius.com">www.linius.com</a>	
ASX CODE	LNU and LNUOA	

# LINIUS TECHNOLOGIES LIMITED

## ANNUAL REPORT 2016

### CHAIRMAN'S LETTER TO SHAREHOLDERS

**Dear Shareholders,**

*Please find, enclosed, the Annual Report for Linius Technologies Limited after what has been a transformative period for the Company and its business operations.*

During the period the Company completed an agreement with Linius (Aust) Pty Ltd (ACN 608 170 190) (**Linius (Aust)**) pursuant to which the Company acquired 100% of the issued shares of Linius (Aust) from the shareholders of Linius (Aust) following the satisfaction or waiver of various conditions precedent. The Company changed its name to Linius Technologies Limited as part of this process.

#### **Change of Operations**

As a result of the Linius (Aust) transaction, the entity has changed its operations to that of a technology company. All mining exploration activities have ceased.

Linius (Aust) is an Australian company that has designed and patented the world's first video virtualisation engine, the Linius Video Virtualization Engine™. The technology transforms large inflexible video files into small highly flexible data structures. The patented process applies two techniques to video – data indexing and virtualisation, which means that video can be indexed, spliced and edited in real time.

As a condition of the Linius (Aust) transaction and pursuant to a Prospectus issued on 3 March 2016, the Company raised \$3,500,000 through the issue of new Shares at an issue price of \$0.05 per Share.

Pursuant to the Linius (Aust) agreement, the Company issued Shares and Performance Shares to the Linius Aust vendors as consideration for the acquisition of the Linius (Aust) Shares. The Prospectus also contained an offer of these consideration shares to the Vendors.

On 29 March 2016 shareholders approved the acquisition of Linius (Aust), the Public Offer, the Consideration Offer, the Conversion Offer, the CPS Offer (per the Prospectus) and a change in the nature and scale of the Company's activities from a gold and base metal exploration company to a technology company.

#### **Reverse Acquisition**

The acquisition of Linius (Aust) by the Company 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). Linius (Aust) was incorporated on 10 September 2015, hence the reporting period is from this date up to 30 June 2016 and there is no prior corresponding period comparative information.

# LINIUS TECHNOLOGIES LIMITED

## ANNUAL REPORT 2016

Where considered relevant, some historical financial information of Firestrike Resources Limited (renamed Linius Technologies Limited) for the year ended 30 June 2015 has also been disclosed.

The legal structure of the Group subsequent to the acquisition of Linius (Aust) will be 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)) 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)), with the assets and liabilities of the legal subsidiary being recognised and measured at their pre-combination carrying amounts rather than their fair values.

### Thank you

On behalf of your Directors I would like to sincerely thank all shareholders that have supported us through this exciting transformation of the Company and its operations. I hope you will continue to support us as we pursue the development of the Linius technology and the commercialisation of the software.

I present to you the report on the Company and its controlled entities for the financial period ended 30 June 2016.



Stephen McGovern

CHAIRMAN

# **LINIUS TECHNOLOGIES LIMITED**

## **ANNUAL REPORT 2016**

### **DIRECTORS' REPORT**

Your directors present this report on the Company and its subsidiaries for the period ended 30 June 2016.

#### **Directors**

The Directors in office during the year were:

Stephen McGovern (Non-Executive Chairman) – appointed 18 April 2016

Christopher Richardson (Executive Director & CEO) – appointed 18 April 2016

Stephen Kerr (Executive Director & CFO) – appointed 18 April 2016

Roger Steinepreis (Non-Executive Chairman) – resigned 18 April 2016

David Holden (Non-Executive Director) – resigned 18 April 2016

Paul Lloyd (Non-Executive Director) – resigned 18 April 2016

All Directors have been in office since the start of the financial year to the date of this report, unless stated otherwise.

#### **Company Secretary**

Stephen Kerr – appointed 18 April 2016

Paul Lloyd – resigned 18 April 2016

#### **Principal Activities**

The principal activities of the entity are those of a technology business, including research and development of technology products, software development and the commercialisation and licencing of computer software.

Linus is an Australian company that has rights to a developed, patented method and system for providing video content on a data network connected device having a display and device controller.

Linus has designed and patented the world's first video virtualisation engine, the Linus Video Virtualization Engine™. The technology transforms large inflexible video files into small highly flexible data structures. The patented process applies two techniques to video – data indexing and virtualisation, which means that video can be indexed, spliced and edited in real time.

The Company has ceased all mining exploration activities.



# LINIUS TECHNOLOGIES LIMITED

## ANNUAL REPORT 2016

### DIRECTORS' REPORT CONTINUED

#### Review of operations

Following the acquisition of the Linius technology and with the additional funding provided by the recent capital raising, the Company has focussed on executing the short-term operating plan, as outlined in the Prospectus. There were four key areas itemized: showcase deployments, technology development, patents, and marketing (specifically, product management).

The Company prospectus outlined four milestones, the achievement of which would underpin the value of the Linius technology in the marketplace and the Company as a whole.

#### Showcase Deployments

Showcase Deployments are examples of the Linius Video Virtualization Engine™ working in a specific segment of the video value chain, designed to provide technical input to the company, and to verify and quantify the value of the software in a particular market segment. On 21 December 2015, Digisoft.tv Limited (an Irish company) (Digisoft) became Linius' first showcase partner, with the intent of providing a Showcase Deployment for personalised ads in the cable TV market.

Milestone 1 was achieved, when Linius (Aust) and Digisoft entered into an Evaluation and Limited Deployment License Agreement under which Linius (Aust) has granted to Digisoft the right to conduct an in-house evaluation of the Linius technology (Linius Software).

The Company continues to pursue showcase deployments in the transcoding and content-delivery network (CDN) segments of the video value chain, which are expected to show substantial cost savings for the industry. In addition, several new showcase target categories have been established, which represent value creation opportunities, above and beyond the cost savings expected in the CDN and transcoding segments.

#### Technology Development

Development of the Video Virtualization Engine™ (VVE)— the key piece of software implementing the technology. 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. The first major step in the software development process was completed on 12 May 2016, with the alpha-release of the VVE software. This was an important proof point for the Company as, for the first time, the core claims of the main patent were demonstrable. A public demonstration of the alpha version of the software was recorded, and is available on the Linius web site.

The demo consisted 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 payout in a format different to the original file, demonstrating the reduced need for transcoding; and
- Inserting content into the middle of the video payout on the fly, demonstrating personalisation.

This marked the achievement of Milestone 2 as outlined in the Prospectus.

Since the alpha release, development has proceeded apace towards a future beta release of the software.

# LINIUS TECHNOLOGIES LIMITED

## ANNUAL REPORT 2016

### DIRECTORS' REPORT CONTINUED

#### Patents

The Linius core patent (US patent number 8893203 B2) has been granted in all major jurisdictions across the world, including Australia, the U.S., Canada, South Korea, China, Hong Kong, Singapore, and India. On 13 June 2016, the last major jurisdiction which the Company was pursuing – the EU – issued a decision to grant the patent.

In addition to the core patent, the Company is actively prosecuting two follow-on patents in the U.S.: 13/833,810, which has current status of “Pending”; and 13/833,431, which has current status of “Allowed”.

Finally, the Company is investigating 11 additional possibilities, which may be pursued as patents in the future.

#### Marketing (Product Management)

The core product management activity was to provide guidance to the engineering team on the goals, use cases, scalability and stability requirements, and operating environment for the future software. In March 2016, the decision was made that the VVE would be constructed as an “embedded” piece of software (as opposed to commercial off-the-shelf software, like a word processing program, or a software-as-a-service platform). This is consistent with the strategy outlined in the operating plan of using showcase partners as sales channels, allows much quicker development of the software (and shorter time to market), and puts the Company in a better position to quickly attack new market opportunities.

In a May 2016 engineering and product management summit, additional clarity was given to the engineering team around the architecture and the application programming interfaces (APIs) of the VVE. The decision was made to go with a modern, micro-services architecture, running on industry standard Linux operating systems. Additionally, clear APIs were defined in conjunction with Digisoft to enable ultimate commercialisation of the software by embedding it in Cable TV workflow software.

#### Operating Results

The loss for the period ended 30 June 2016 after income tax expense amounted to \$5,364,619. This loss includes non-cash share based payments expense of \$2,498,135, non-cash amortisation charges of \$315,000 and reverse acquisition transaction costs of \$1,607,425, as a result of applying reverse acquisition principles.

#### Dividends Paid or Recommended

No dividends were paid or declared for payment.

#### Financial Position

The net assets of the Group at 30 June 2016 are \$8,152,986.

The Directors believe the Company is well funded and in a stable financial position, allowing it to continue the research and software development of its technology and to pursue the commercialisation and licencing of its software.

# LINIUS TECHNOLOGIES LIMITED

## ANNUAL REPORT 2016

### DIRECTORS' REPORT CONTINUED

#### Significant Changes in State of Affairs

The entity has changed its operations to that of a technology company. All mining exploration activities have ceased. During the period the Company completed an agreement with Linius (Aust) Pty Ltd (ACN 608 170 190) (Linius (Aust)) pursuant to which the Company acquired 100% of the issued shares of Linius (Aust) from the shareholders of Linius (Aust) following the satisfaction or waiver of various conditions precedent. The Company changed its name to Linius Technologies Limited as part of this process. This transaction is classified as a reverse acquisition and the entity's financial position and results are presented accordingly.

#### Reverse acquisition accounting

The acquisition of Linius (Aust) by the Company 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). Linius (Aust) was incorporated on 10 September 2015, hence the reporting period is from this date up to 30 June 2016 and there is no prior corresponding period comparative information.

Where considered relevant, some historical financial information of Firestrike Resources Limited (renamed Linius Technologies Limited) for the year ended 30 June 2015 has also been disclosed.

The legal structure of the Group subsequent to the acquisition of Linius (Aust) will be 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)) 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)), with the assets and liabilities of the legal subsidiary being recognised and measured at their pre-combination carrying amounts rather than their fair values.

#### After Balance Date Events

There has not been any matters or circumstances that has arisen after balance date that has significantly affected, or may significantly affect, the operations of the Group, the results of these operations, or the state of affairs of the Group in future financial periods.

#### Environmental Issues

There are no environmental regulations or requirements that the Company is subject to.

# LINIUS TECHNOLOGIES LIMITED

## ANNUAL REPORT 2016

### DIRECTORS' REPORT CONTINUED

#### Information on Directors

##### Stephen McGovern

— Non-Executive Chairman

##### Experience

— Mr McGovern has over 23 years' experience in the fields of telecommunications, media sales, pay TV and regulatory. Steve has been a senior executive of several established companies, both domestically and internationally, which have been primarily associated with new and emerging markets and have required a strong sales and solutions focus. These include pay TV, telecommunications de-regulation, internet service providers and media licensing, all of which maintain a strong sales and solutions focus, both domestically and internationally.

Mr McGovern is formerly a Sales Director of Sky Subscriber Services managing subscriber acquisition for Sky TV (now BSkyB). Between 1995 and 1998 Steve was an executive involved in the launch of the pay TV industry in Australia within the Galaxy/Austar/Foxtel network.

From 1998 Mr McGovern was General Manager of Hotkey Internet Services, an ISP which was sold to Primus Telecommunications in 2000. From 2000 Steve was a director of the Australian subsidiary of Affinity Internet Holdings, Europe's second largest ISP at the time and listed on the FTSE, having vended in an Australian based ISP business.

For the past 11 years Mr McGovern has been Chief Executive of the my1300 group of companies until the sale of the business earlier this year. This group comprised businesses which involved media licensing, telecommunications service providers and partner networks for Australian telecom companies such as Primus, AAPT, One Tel, Worldxchange, Telstra, Optus and Vodafone.

##### Interest in Shares and Options

— 20,000,000 Ordinary shares  
20,000,000 Performance shares(unlisted)  
6,000,000 Options (unlisted)

##### Directorships held in other listed entities in the last 3 years

— In the 3 years immediately before the end of the financial year, Stephen McGovern served as a director of the following listed companies:  
Dubber Corporation Limited (ASX:DUB)

##### Christopher Richardson

— Director and CEO

##### Experience

— Mr Richardson is a global executive in the internet space who with global technology sector experience. He has over 20 years experience building organisations and products that succeed in their markets and provide exceptional shareholder value.

Currently, Mr Richardson sits on the board of directors of:

- Mirovoy Sales, a sales software automation company based in Prague, CZ; and
- The Ibis Network Limited, a content marketing agency based in Hong Kong, CN.

Previously, Mr Richardson served as global General Manager of KIT digital's network-operator division, and CEO of KIT Germany, where he oversaw growth of video platform sales to network operators from \$12 million US annually to over \$100 million US, prior to KIT's acquisition by Pikel, Inc. Before KIT digital, Mr Richardson served in executive roles in marketing and product-management for several Silicon Valley start-ups, including:

- U4EA Wireless (the world's first SMB focused Wi-Fi manufacturer, and provider of

# LINIUS TECHNOLOGIES LIMITED

## ANNUAL REPORT 2016

embedded wireless software; acquired by GoS Networks); and

- NextHop Technologies (an embedded routing software company; acquired by Greenhills software), which he co-founded and raised Series A funding from tier-1 Silicon Valley VCs, led by New Enterprise Associates.

Prior to founding NextHop technologies, Mr Richardson was a software engineer at MERIT Networks, where he helped build the early internet, developing routing protocols, and consulting with developing countries around the world on deploying the Internet; lecturing multiple times at ISOC's Developing Countries workshops in Geneva, Switzerland, and being the first non-native speaker at Russia's All Russia Telematiks conference. Mr Richardson was Visiting Professor of Internet Routing at St. Petersburg State Technical University in St. Petersburg, Russia. He studied mathematics and philosophy at the University of Michigan, where he won the William S. Branstrom Prize for academic excellence and Evelyn O. Bychinky Award for excellence in mathematics.

Interest in Shares and — 10,000,000 Options  
options

Directorships held in — Nil  
other listed entities in  
the last 3 years

**Stephen Kerr** — Director, Company Secretary and CFO

Experience — Mr Kerr is a qualified chartered accountant and chartered company secretary. He is an experienced CFO and governance professional, having held senior finance positions in private and publicly listed company environments across Australia and New Zealand for over 15 years.

He has had exposure to a wide range of markets and industries including IT, business services, logistics, transport and life-sciences and brings strong financial, commercial and governance skills to the group.

Stephen holds a Bachelor of Commerce from the University of Melbourne and is a current member of the Institute of Chartered Accountants in Australia and a Fellow of the Governance institute of Australia.

Interest in Shares and — 1,500,000 Options  
Options

Directorships held in — Nil  
other listed entities in  
the last 3 years

# LINIUS TECHNOLOGIES LIMITED

## ANNUAL REPORT 2016

### DIRECTORS' REPORT CONTINUED

#### REMUNERATION REPORT - AUDITED

The information provided in the audited remuneration report includes remuneration disclosures that are required under Accounting Standard AASB 124 Related Party Disclosures. These disclosures have been audited.

#### Key management personnel

Names and positions held of Consolidated Group key management personnel (KMP) in office at any time during the year are:

Key Management Person	Position
Stephen McGovern	Non-Executive Chairman
Christopher Richardson	Director and CEO
Stephen Kerr	Director and CFO
Gavin Campion	Consultant
Roger Steinepreis	Non-Executive Chairman – resigned 18 April 2016
David Holden	Non-Executive Director – resigned 18 April 2016
Paul Lloyd	Non-Executive Director – resigned 18 April 2016

#### Principles used to determine the nature and amount of remuneration

The Board determines the appropriate nature and amount of remuneration. The board may receive advice from independent remuneration consultants to ensure remuneration levels are appropriate and in line with the market. No such advice was sought for the period ended 30 June 2016. The Board ensures that the executive reward satisfies the following criteria for good reward governance practice:

- competitiveness and reasonableness;
- acceptability to shareholders;
- alignment of executive remuneration to performance;
- transparency; and
- capital management.

The framework provides for a mix of fixed and variable remuneration.

#### Non-executive Directors and executive Director

Fees and payments to non-executive Directors and the executive Directors reflect the demands, which are made on, and the responsibilities of, the Directors. Non-executive Directors' fees and payments are reviewed annually by the Board.

#### Directors' fees

Non-executive directors' fees are determined within an aggregate directors' fee pool limit, which is periodically recommended for approval by shareholders. The maximum pool limit currently stands at \$300,000 per annum.

#### Key Management Personnel Remuneration Policy

The Board's policy for determining the nature and amount of remuneration of key management for the Group is as follows:

The remuneration structure for key management personnel is based on a number of factors, including length of service, particular experience of the individual concerned, and overall performance of the Group. There is currently no remuneration related to Group performance. The contracts for service between the Group and key management personnel are on a continuing basis, the terms of which are detailed below and are not expected to change in the immediate future.

# LINIUS TECHNOLOGIES LIMITED

## ANNUAL REPORT 2016

### DIRECTORS' REPORT CONTINUED

#### **Service agreements**

Remuneration and other terms of employment for key management personnel are formalised in service agreements. Details of these agreements are as follows:

Name: Stephen McGovern  
Title: Non-Executive Chairman  
Agreement commenced: 18 April 2016  
Term of agreement: No fixed term  
Details: An annual director fee of \$90,000 plus superannuation. The fee paid to Mr McGovern is subject to annual review by the Board. Under the terms of his agreement, the Company has issued Mr McGovern's nominee with 6,000,000 Options. The Company will reimburse Mr McGovern for all reasonable expenses incurred in performing his duties. The agreement includes a non-competition clause.

Name: Christopher Richardson  
Title: Director and CEO  
Agreement commenced: 1 December 2015 (Appointed a director on 18 April 2016)  
Term of agreement: No fixed term  
Details: An annual consultancy fee of \$150,000, payable at the rate of \$12,500 per month (exclusive of any GST or withholding taxes). The Consultancy Fee will be reviewed annually by the Board. Under the terms of the agreement, the Company has issued Mr Richardson's nominee with 10,000,000 Options. The agreement can be terminated by the company on one month's notice or by Mr Richardson on three month's written notice. The Company will reimburse Mr Richardson for all reasonable expenses incurred in performing his duties. The agreement includes a non-competition clause.

Name: Stephen Kerr  
Title: Director and CFO  
Agreement commenced: 21 January 2016 (Appointed a director on 18 April 2016)  
Term of agreement: No fixed term  
Details: An annual consultancy fee of \$84,000, payable at the rate of \$7,000 per month (exclusive of any GST or withholding taxes). The Consultancy Fee will be reviewed annually by the Board. Under the terms of the agreement, the Company has issued Mr Kerr's nominee with 1,500,000 Options. The agreement can be terminated by either party on three month's written notice. The Company will reimburse Mr Kerr for all reasonable expenses incurred in performing his duties. The agreement includes a non-competition clause.

Name: Gavin Campion  
Title: Consultant  
Agreement commenced: 18 April 2016  
Term of agreement: No fixed term  
Details: An annual consultancy fee of \$65,700, payable at the rate of \$5,475 per month (exclusive of any GST or withholding taxes). The Consultancy Fee will be reviewed annually by the Board. Under the terms of the agreement, the Company has issued Mr Campion's nominee with 41,000,000 Options. The agreement can be terminated by either party on one month's written notice. The Company will reimburse Mr Campion for all reasonable expenses incurred in performing his duties. The agreement includes a non-competition clause.

# LINIUS TECHNOLOGIES LIMITED

## ANNUAL REPORT 2016

### DIRECTORS' REPORT CONTINUED

#### Key Management Personnel Remuneration 2016

Key Management Personnel	Directors' fees & consultancy fees	Share-based payments	Total	Performance Related	Share-based
	\$	\$	\$	%	%
Stephen McGovern	19,938 <sup>4</sup>	187,450	207,388	-	90.4
Christopher Richardson	75,000 <sup>5</sup>	124,966	199,966	-	62.5
Stephen Kerr	32,655 <sup>6</sup>	21,087	53,742	-	39.2
Gavin Campion	15,365 <sup>7</sup>	1,280,907	1,296,272	-	98.8
Roger Steinepreis	19,000 <sup>1</sup>	-	19,000	-	-
David Holden	19,000 <sup>2</sup>	-	19,000	-	-
Paul Lloyd	123,300 <sup>3</sup>	-	123,300	-	-
	304,258	1,614,410	1,918,668	-	84.1

#### 2015

Key Management Personnel	Directors' & consultancy fees	Total	Performance Related	Performance Related
	\$	\$	%	%
Roger Steinepreis	26,540 <sup>1</sup>	26,540	-	-
David Holden	26,500 <sup>2</sup>	26,500	-	-
Paul Lloyd	96,540 <sup>3</sup>	96,540	-	-
	149,580	149,580	-	-

1. Consultancy fees were paid to Steinepreis Paganin, a related party of Roger Steinepreis.
2. Consultancy fees were paid to Shackleton Capital Pty Ltd, a related party of David Holden.
3. Consultancy fees were paid to Coral Brook Pty Ltd, a related party of Paul Lloyd.
4. Consultancy fees were paid to SMG Nominees Pty Ltd, a related party of Stephen McGovern
5. Consultancy fees were paid to Mirovoy Sales, s.r.o. , a related party of Christopher Richardson
6. Consultancy fees were paid to SC Kerr & Co, a related party of Stephen Kerr
7. Consultancy fees were paid the Hydria Plenus Pty Ltd, a related party of Gavin Campion

#### Performance income as a proportion of total remuneration

Executive directors and executives were not paid performance based bonuses.



# LINIUS TECHNOLOGIES LIMITED

## ANNUAL REPORT 2016

### DIRECTORS' REPORT CONTINUED

#### Options issued as part of remuneration for the period ended 30 June 2016

The following options were issued to the Directors or key management personnel as part of their remuneration during the period:

Stephen McGovern 6,000,000 options issued

Christopher Richardson 10,000,000 options issued

Stephen Kerr 1,500,000 options issued

Gavin Campion 41,000,000 options issued

#### Number of Options held by Key Management Personnel

	Balance 1.7.2015	Granted during the period to 30.6.2016	Total Vested and Exercisable 30.6.2016	Total Unexercisable 30.6.2016	Total lapsed or exercised 30.6.2016
Stephen McGovern	-	6,000,000	6,000,000	-	-
Christopher Richardson	-	10,000,000	4,000,000	6,000,000	-
Stephen Kerr	-	1,500,000	675,000	825,000	-
Gavin Campion	-	41,000,000	41,000,000	-	-
<b>Total</b>	-	<b>58,500,000</b>	<b>51,675,000</b>	<b>6,825,000</b>	-

For details on the valuation of options granted during the period refer Note 19.

#### Number of Shares held by Key Management Personnel

	Balance 1.7.2015	Received as Compensation	Options Exercised	Acquired during the year	Balance 30.6.2016
Stephen McGovern	-	-	-	20,000,000	20,000,000
Gavin campion	-	-	-	45,000,000	45,000,000
<b>Total</b>	-	-	-	<b>65,000,000</b>	<b>65,000,000</b>

#### Number of Performance Shares held by Key Management Personnel

	Balance 1.7.2015	Received as Compensation	Acquired during the year	Balance 30.6.2016
Stephen McGovern	-	-	20,000,000	20,000,000
Gavin campion	-	-	45,000,000	45,000,000
<b>Total</b>	-	-	<b>65,000,000</b>	<b>65,000,000</b>

# LINIUS TECHNOLOGIES LIMITED

## ANNUAL REPORT 2016

### DIRECTORS' REPORT CONTINUED

Related Party Transactions	Consolidated Group	
	2016 \$	2015 \$
Transactions with related parties:		
Legal fees paid to Steinepreis Paganin, a legal firm in which Roger Steinepreis has an interest	159,633	7,703
Amounts owing to related parties (included in trade and other payables)		
Entity related to Stephen McGovern	8,193	-
Entity related to Christopher Richardson	37,131	-
Entity related to Stephen Kerr	7,700	-

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

### END OF REMUNERATION REPORT

### Meetings of Directors

During the financial year, five meetings of Directors were held. Attendance by each director was as follows:

	Directors' Meetings	
	Number eligible to attend	Number attended
Stephen McGovern	1	1
Christopher Richardson	1	1
Stephen Kerr	1	1
Roger Steinepreis	5	5
David Holden	5	4
Paul Lloyd	5	5

# LINIUS TECHNOLOGIES LIMITED

## ANNUAL REPORT 2016

### DIRECTORS' REPORT CONTINUED

#### Indemnification and insurance of Directors and Officers

The Company has agreed to indemnify all the directors of the Company for any liabilities to another person (other than the Company or related body corporate) that may arise from their position as directors of the Company, and its controlled entities, except where the liability arises out of conduct involving a lack of good faith.

The Company has paid premiums to insure each of the Directors against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of director of the Company, other than conduct involving a wilful breach of duty in relation to the Consolidated Group.

#### Options

At the date of this report, the unissued ordinary shares of Linius Technologies Limited under option are as follows;

Date of Expiry		Exercise Price	Number Under Option
31/12/2016	listed	4 cents	14,527,554
31/03/2019	unlisted	5 cents	61,500,000

During the year ended 30 June 2016, no ordinary shares of Linius Technologies Limited were issued on the exercise of options granted under any Employee Option Plan.

No person entitled to exercise the option had or has any right by virtue of the option to participate in any share issue of any other body corporate.

#### Proceedings on Behalf of the Company

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings. The Company was not a party to any such proceedings during the period.

#### Future Developments

Other than as referred to in this report, further information as to likely developments in the operations of the Consolidated Group and expected results of those operations would, in the opinion of the Directors, be speculative and prejudicial to the interests of the Consolidated Group and its shareholders.

# LINIUS TECHNOLOGIES LIMITED

## ANNUAL REPORT 2016

### DIRECTORS' REPORT CONTINUED

#### Corporate Governance statement

The Company's Corporate Governance Statement has been lodged with ASX and is available from Company's website at [www.linius.com/corporate-governance/](http://www.linius.com/corporate-governance/).

#### Auditor's Independence Declaration

The Auditor's independence declaration for the year ended 30 June 2016 has been received and can be found on page 18 of the annual report.

#### Non-Audit Services

The Board of directors is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The directors are satisfied that the services disclosed below did not compromise the external auditor's independence because the nature of the services provided does not compromise the general principles relating to auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board.

Signed in accordance with a resolution of the Board of Directors.



Stephen McGovern  
Director

31 August 2016

**AUDITOR'S INDEPENDENCE DECLARATION**

As lead auditor for the audit of the consolidated financial report of Linus Technologies Limited for the year ended 30 June 2016, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- a) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- b) any applicable code of professional conduct in relation to the audit.

**Perth, Western Australia  
31 August 2016**



**D Buckley  
Partner**

# LINIUS TECHNOLOGIES LIMITED

## ANNUAL REPORT 2016

### CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND COMPREHENSIVE INCOME FOR PERIOD ENDED 30 JUNE 2016

	Note	Consolidated Group	
		2016	2015
		\$	\$
Revenue	2	12,027	12,002
Administrative expenses		(141,159)	(188,846)
Amortisation expenses		(315,000)	-
Consultant costs		(241,959)	-
Share-based payments expense	19	(2,498,135)	-
Financial and compliance expenses		(32,442)	(131,157)
Software development expenses		(272,068)	-
Patent costs		(38,166)	-
Legal expenses		(184,015)	(5,255)
Travel and accommodation expenses		(46,277)	(821)
Impairment of exploration expenditure and project acquisition costs		-	(369,588)
Loss before transaction costs and income tax	3	(3,757,194)	(683,665)
Transaction costs relating to the reverse acquisition by the accounting acquirer Linius (Aust) Pty Ltd of Linius Technologies Limited.	22	(1,607,425)	-
Loss before income tax		(5,364,619)	(683,588)
Income tax expense	4	-	-
Loss for the year		(5,364,619)	(683,665)
Other comprehensive loss			
<i>Items that may be reclassified to profit or loss:</i>			
Exchange differences on translation of foreign operations		-	39,040
Total comprehensive loss for the year		(5,364,619)	(644,625)
Basic loss per share (cents per share)	7	(3.7)	(0.9)
Diluted loss per share (cents per share)		n/a	n/a

The accompanying notes form part of the financial report

# LINIUS TECHNOLOGIES LIMITED

## ANNUAL REPORT 2016

### CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2016

	Note	Consolidated Group	
		2016	2015
		\$	\$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	8	3,275,258	719,359
Other receivables	9	75,506	10,566
<b>TOTAL CURRENT ASSETS</b>		<b>3,350,764</b>	<b>729,925</b>
<b>NON-CURRENT ASSETS</b>			
Intellectual property	10	5,085,000	-
Property, plant and equipment		-	130
<b>TOTAL NON-CURRENT ASSETS</b>		<b>5,085,000</b>	<b>130</b>
<b>TOTAL ASSETS</b>		<b>8,435,764</b>	<b>730,055</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	11	282,778	20,165
<b>TOTAL CURRENT LIABILITIES</b>		<b>282,778</b>	<b>20,165</b>
<b>TOTAL LIABILITIES</b>		<b>282,778</b>	<b>20,165</b>
<b>NET ASSETS</b>		<b>8,152,986</b>	<b>709,890</b>
<b>EQUITY</b>			
Issued capital	12	11,809,470	4,970,029
Option premium reserve		-	36,461
Share based payments reserve	19	1,708,135	-
Foreign currency translation reserve		-	(39,966)
Accumulated losses		(5,364,619)	(4,256,634)
<b>TOTAL EQUITY</b>		<b>8,152,986</b>	<b>709,890</b>

The accompanying notes form part of the financial report

# LINIUS TECHNOLOGIES LIMITED

## ANNUAL REPORT 2016

### CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 JUNE 2016

Consolidated Group	Issued Capital	Share based payments reserve	Option Premium Reserve	Accumulated Losses	Foreign Currency translation reserve	Total
	\$	\$	\$	\$	\$	\$
Balance 1 July 2014	4,160,284	-	22,961	(3,572,969)	(79,006)	531,270
Loss for the year		-	-	(683,665)	-	(683,665)
Other comprehensive loss		-	-	-	39,040	39,040
Total comprehensive loss		-	-	(683,665)	39,040	(644,625)
Shares and options issued during the year (net of capital raising costs)	809,745	-	13,500	-	-	823,245
Balance at 30 June 2015	4,970,029	-	36,461	(4,256,634)	(39,966)	709,890
Balance at incorporation	-	-	-	-	-	-
Loss for the period	-	-	-	(5,364,619)	-	(5,364,619)
Other comprehensive loss	-	-	-	-	-	-
Total comprehensive loss	-	-	-	(5,364,619)	-	(5,364,619)
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
Balance at 30 June 2016	11,809,470	1,708,135	-	(5,364,619)	-	8,152,986

The accompanying notes form part of the financial report



# LINIUS TECHNOLOGIES LIMITED

## ANNUAL REPORT 2016

### CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 JUNE 2016

	Note	Consolidated Group 2016	2015 \$
		\$	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Payments to suppliers		(699,093)	(366,264)
Interest received		6,159	12,002
Net cash used in operating activities	13	(692,934)	(354,262)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of intellectual property		(400,000)	-
Cash acquired through reverse acquisition	22	4,017,992	
Exploration expenditure		-	(76,708)
Net cash provided by /(used) in investing activities		3,617,992	(76,708)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from issue of convertible notes		350,000	-
Proceeds from issue of shares		200	856,000
Capital raising costs paid		-	(32,755)
Net cash inflows from financing activities		350,200	823,245
Net increase/(decrease) in cash held		3,275,258	392,275
Cash at beginning of financial year		-	327,084
Cash at end of financial year	8	3,275,258	719,359

The accompanying notes form part of the financial report

# LINIUS TECHNOLOGIES LIMITED

## ANNUAL REPORT 2016

### NOTES TO THE FINANCIAL REPORT FOR THE PERIOD ENDED 30 JUNE 2016

#### NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

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These general purpose financial statements comprise the financial report and notes of Linius Technologies Limited, a listed Australian company incorporated and domiciled in Western Australia.

##### Basis of Preparation

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting (AIFRS), Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board 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 2016.

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 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 reporting period is from this date up to 30 June 2016 and there is no prior corresponding period comparative information.

Where considered relevant, some historical financial information of Firestrike Resources Limited (renamed Linius Technologies Limited) for the year ended 30 June 2015 has also been disclosed.

The legal structure of the Group subsequent to the acquisition of Linius (Aust) Pty Ltd will be 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.

# LINIUS TECHNOLOGIES LIMITED

## ANNUAL REPORT 2016

### NOTES TO THE FINANCIAL REPORT FOR THE PERIOD ENDED 30 JUNE 2016

#### NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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##### a. Income Tax

The income tax expense/(benefit) for the year comprises current income tax expense/(benefit) and deferred tax expense/(benefit).

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities/(assets) are therefore measured at the amounts expected to be paid to/(recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the period as well unused tax losses.

Current and deferred income tax expense/(benefit) is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial report. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

##### b. Financial Instruments

###### *Recognition and Initial Measurement*

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the Group becomes a party to the contractual provisions of the instrument. Trade date accounting is adopted for financial assets that are delivered within timeframes established by marketplace convention.

# LINIUS TECHNOLOGIES LIMITED

## ANNUAL REPORT 2016

### NOTES TO THE FINANCIAL REPORT FOR THE PERIOD ENDED 30 JUNE 2016

#### NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments are initially measured at fair value plus transactions costs where the instrument is not classified as at fair value through profit or loss. Transaction costs related to instruments classified as at fair value through profit or loss are expensed to profit or loss immediately. Financial instruments are classified and measured as set out below.

##### *Derecognition*

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

##### *Classification and Subsequent Measurement*

###### i. Financial assets at fair value through profit or loss

Financial assets are classified at fair value through profit or loss when they are held for trading for the purpose of short term profit taking, where they are derivatives not held for hedging purposes, or designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Realised and unrealised gains and losses arising from changes in fair value are included in profit or loss in the period in which they arise.

###### ii. Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost using the effective interest rate method.

###### iii. Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Group's intention to hold these investments to maturity. They are subsequently measured at amortised cost using the effective interest rate method.

###### iv. Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either designated as such or that are not classified in any of the other categories. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

###### v. Financial Liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost using the effective interest rate method.

# LINIUS TECHNOLOGIES LIMITED

## ANNUAL REPORT 2016

### NOTES TO THE FINANCIAL REPORT FOR THE PERIOD ENDED 30 JUNE 2016

#### NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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##### *Impairment of financial assets*

The Group assesses at each balance date whether a financial asset or Group of financial assets is impaired.

##### i. Financial assets at fair value through profit or loss

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced either directly or through use of an allowance account. The amount of the loss is recognised in profit or loss.

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a Group of financial assets with similar credit risk characteristics and that Group of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised in profit or loss, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

##### ii. Financial assets carried at cost

If there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value (because its fair value cannot be reliably measured), or on a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the current market rate of return for a similar financial asset. Such impairment loss shall not be reversed in subsequent periods.

##### iii. Available-for-sale financial assets

If there is objective evidence that an available-for-sale investment is impaired, an amount comprising the difference between its cost (net of any principal repayment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to the statement of comprehensive income. Reversals of impairment losses for equity instruments classified as available-for-sale are not recognised in profit. Reversals of impairment losses for debt instruments are reversed through profit or loss if the increase in an instrument's fair value can be objectively related to an event occurring after the impairment loss was recognised in profit or loss.

# LINIUS TECHNOLOGIES LIMITED

## ANNUAL REPORT 2016

### NOTES TO THE FINANCIAL REPORT FOR THE PERIOD ENDED 30 JUNE 2016

#### NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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c. Impairment of Tangible and Intangible Assets

At each reporting date, the Directors review the carrying values of the Group's tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of comprehensive income.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

Where it is not possible to estimate the recoverable amount of an individual asset, the Directors estimate the recoverable amount of the cash-generating unit to which the asset belongs.

d. Provisions

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

e. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of 12 months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities in the statement of financial position.

f. Revenue and Other Income

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. Any consideration deferred is treated as the provision of finance and is discounted at a rate of interest that is generally accepted in the market for similar arrangements. The difference between the amount initially recognised and the amount ultimately received is interest revenue.

Revenue from the sale of goods is recognised at the point of delivery as this corresponds to the transfer of significant risks and rewards of ownership of the goods and the cessation of all involvement in those goods.

Interest revenue is recognised using the effective interest rate method, which, for floating rate financial assets, is the rate inherent in the instrument. Dividend revenue is recognised when the right to receive a dividend has been established.

All revenue is stated net of the amount of goods and services tax (GST).

g. Trade and Other Payables

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the Group during the reporting period, which remains unpaid. The balance is recognised as a current liability with the amount being normally paid within 30 days of recognition of the liability.

h. Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

# LINIUS TECHNOLOGIES LIMITED

## ANNUAL REPORT 2016

### NOTES TO THE FINANCIAL REPORT FOR THE PERIOD ENDED 30 JUNE 2016

#### NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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##### i. Comparative Figures

The acquisition of Linius (Aust) Pty Ltd by the Company 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 reporting period is from this date up to 30 June 2016 and there is no prior corresponding period comparative information. Where considered relevant, some historical financial information of Firestrike Resources Limited (renamed Linius Technologies Limited) for the year ended 30 June 2015 has also been disclosed.

Where required by Accounting standards, comparative figures have been adjusted to conform to changes in the presentation for the current financial year.

##### j. Critical Accounting Estimates and Judgments

The Directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

##### *Impairment*

The Directors assess impairment at each reporting date by evaluating conditions specific to the Consolidated Group that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

##### *Income tax*

Balances disclosed in the financial report and the notes thereto related to taxation are based on the best estimates of Directors. These estimates take into account both the financial performance and position of the Group as they pertain to current income taxation legislation, and the Directors' understanding thereof. No adjustment has been made for pending or future taxation legislation. The current income tax position represents that Directors' best estimate, pending an assessment by the Australian Taxation Office.

##### *Deferred taxation*

Potential deferred income tax benefits have not been brought to account at reporting date because the Directors do not believe that it is appropriate to regard realisations of deferred income tax benefits as probable.

##### *Share based payment transactions*

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using a Black-Scholes option pricing model. The Company measures the cost of cash-settled share based payments at fair value at the grant date using the Black & Scholes option pricing model taking into account the terms and conditions upon which the instruments were granted.

##### *Environmental issues*

Balances disclosed in the financial report and notes thereto are not adjusted for any pending or enacted environmental legislation. The Group is not subject to any significant environmental regulation.

# LINIUS TECHNOLOGIES LIMITED

## ANNUAL REPORT 2016

### NOTES TO THE FINANCIAL REPORT FOR THE PERIOD ENDED 30 JUNE 2016

#### NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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##### k. Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The Chief Operating Decision Maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors of Linius Technologies Limited.

##### l. Trade and other receivables

Trade receivables are measured on initial recognition at fair value and are subsequently measured at amortised cost using the effective interest rate method, less any allowance for impairment. Trade receivables are generally due for settlement within periods ranging from 15 days to 30 days.

Impairment of trade receivables is continually reviewed and those that are considered to be uncollectible are written off by reducing the carrying amount directly. An allowance account is used when there is objective evidence that the Group will not be able to collect all amounts due according to the original contractual terms.

Factors considered by the Group in making this determination include known significant financial difficulties of the debtor, review of financial information and significant delinquency in making contractual payments to the Group. The impairment allowance is set equal to the difference between the carrying amount of the receivable and the present value of estimated future cash flows, discounted at the original effective interest rate. Where receivables are short-term discounting is not applied in determining the allowance.

The amount of the impairment loss is recognised in the statement of comprehensive income within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the statement of comprehensive income.

##### m. Intangible assets

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

##### n. Employee leave benefits

*Wages, salaries, annual leave and sick leave*

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the balance date are recognised in other payables in respect of employees' services up to the balance date. They are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.



# LINIUS TECHNOLOGIES LIMITED

## ANNUAL REPORT 2016

### NOTES TO THE FINANCIAL REPORT FOR THE PERIOD ENDED 30 JUNE 2016

#### NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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##### *Long service leave*

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the balance date. Consideration is given to expected future wage and salary levels, experience of employee departures, and period of service. Expected future payments are discounted using market yields at the balance date on national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

##### *o. Issued capital*

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a new business are not included in the cost of acquisition as part of the purchase consideration.

##### *p. Earnings per share*

Basic earnings per share is calculated as net profit/loss attributable to members of the Company, adjusted to exclude any costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share is calculated as net profit/loss attributable to members of the Company, adjusted for:

- costs of servicing equity (other than dividends) and preference share dividends;
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses;
- and other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares;
- divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

##### *q. Adoption of new and revised standards*

###### *Standards and Interpretations applicable to 30 June 2016*

In the period ended 30 June 2016, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Group and effective for the current annual reporting period.

As a result of this review, the Directors have determined that there is no material impact of the new and revised Standards and Interpretations on the Group and, therefore, no material change is necessary to Group accounting policies.

###### *Standards and Interpretations in issue not yet adopted*

As a result of this review, the Directors have determined that there is no material impact of the new and revised Standards and Interpretations on the Group and, therefore, no material change is necessary to Group accounting policies.

# LINIUS TECHNOLOGIES LIMITED

## ANNUAL REPORT 2016

### NOTES TO THE FINANCIAL REPORT FOR THE PERIOD ENDED 30 JUNE 2016

#### NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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##### r. Foreign currency translation

Both the functional and presentation currency of Linius Technologies Limited is Australian dollars. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance date.

All exchange differences in the consolidated financial report are taken to profit or loss with the exception of differences on foreign currency borrowings that provide a hedge against a net investment in a foreign entity. These are taken directly to equity until the disposal of the net investment, at which time they are recognised in profit or loss.

Tax charges and credits attributable to exchange differences on those borrowings are also recognised in equity.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction.

Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

As at the balance date the assets and liabilities of this subsidiary is translated into the presentation currency of Linius Technologies Limited at the rate of exchange ruling at the balance date and income and expense items are translated at the average exchange rate for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used.

The exchange differences arising on the translation are taken directly to a separate component of equity, being recognised in the foreign currency translation reserve.

On disposal of a foreign entity, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in profit or loss.

In addition, in relation to the partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of associates or jointly controlled entities that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

##### s. Share-based payments

The Company has issued options to directors as part of their remuneration arrangements and has issued options and shares to third parties in consideration for acquisitions, settlement of loans, acquisition fees and for consultancy services received. The cost of these equity-settled transactions has been measured by reference to the fair value of the equity instruments granted, namely the market value of the Company's shares on the dates when agreements were reached to issue those shares.

# LINIUS TECHNOLOGIES LIMITED

## ANNUAL REPORT 2016

### NOTES TO THE FINANCIAL REPORT FOR THE PERIOD ENDED 30 JUNE 2016

#### NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### t. Parent entity financial information

The financial information for the parent entity, Linius Technologies Limited, disclosed in note 24 has been prepared on the same basis as the consolidated financial statements, except as set out below.

##### (i) Investments in subsidiaries, associates and joint venture entities

Investments in subsidiaries, associates and joint venture entities are accounted for at cost in the parent entity's financial statements. Dividends received from associates are recognised in the parent entity's profit or loss, rather than being deducted from the carrying amount of these investments.

##### (ii) Share-based payments

The grant by the company of options over its equity instruments to the employees of subsidiary undertakings in the Group is treated as a capital contribution to that subsidiary undertaking. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investment in subsidiary undertakings, with a corresponding credit to equity.

#### NOTE 2: REVENUE

	Consolidated Group	
	2016	2015
	\$	\$
Other revenue:		
Interest received	12,027	12,002
Total revenue	12,027	12,002

#### NOTE 3: LOSS FOR THE YEAR

	Consolidated Group	
	2016	2015
	\$	\$
Significant expenses:		
Occupancy costs	28,807	41,940

# LINIUS TECHNOLOGIES LIMITED

## ANNUAL REPORT 2016

### NOTES TO THE FINANCIAL REPORT FOR THE PERIOD ENDED 30 JUNE 2016

#### NOTE 4: INCOME TAX EXPENSE

	Consolidated Group	
	2016	2015
	\$	\$
(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 28%	(1,502,093)	(205,100)
Add / (Less)		
Tax effect of:		
Reverse acquisition expenses	450,079	-
Share based payments	699,478	-
Other non-allowable items	2,231	5,100
Other deductible items	-	(6,000)
Unused tax losses not recognised as deferred assets	350,305	206,000
Income tax attributable to operating loss	-	-
(c) Unrecognised deferred tax assets	-	-
Unused Australian tax losses for which no deferred tax asset has been recognised	350,305	1,465,717

Potential deferred tax assets attributable to tax losses carried forward have not been brought to account at 30 June 2016 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 Consolidated 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 Consolidated Group continues to comply with conditions for deductibility imposed by law; and
- No changes in tax legislation adversely affect the Consolidated Group in realising the benefit from the deductions for the losses.

# LINIUS TECHNOLOGIES LIMITED

## ANNUAL REPORT 2016

### NOTES TO THE FINANCIAL REPORT FOR THE PERIOD ENDED 30 JUNE 2016

#### NOTE 5 : KEY MANAGEMENT PERSONNEL

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

	Consolidated Group	
	2016	2015
	\$	\$
Short-term employee benefits	304,258	149,580
Share-based payments	1,614,410	-
	1,918,668	149,580

#### NOTE 6: AUDITOR'S REMUNERATION

	Consolidated Group	
	2016	2015
	\$	\$
Remuneration of the auditor for services provide to the Group and the Parent during the year:		
– auditing or reviewing the financial report	30,500	21,500
– other services	25,000	-
	55,500	21,500

#### NOTE 7: EARNINGS/LOSS PER SHARE

	Consolidated Group	
	2016	2015
	\$	\$
a. Reconciliation of earnings to profit or loss		
Loss used to calculate basic EPS	(5,364,619)	(683,665)
	No.	No.
b. Weighted average number of ordinary shares outstanding during the period used in calculating basic EPS	144,515,330	78,623,273

# LINIUS TECHNOLOGIES LIMITED

## ANNUAL REPORT 2016

### NOTES TO THE FINANCIAL REPORT FOR THE PERIOD ENDED 30 JUNE 2016

#### NOTE 8: CASH AND CASH EQUIVALENTS

	Consolidated Group	
	2016	2015
	\$	\$
Cash at bank and in hand	3,275,258	719,359

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	3,275,258	719,359
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#### NOTE 9: OTHER RECEIVABLES

	Consolidated Group	
	2016	2015
	\$	\$
CURRENT		
GST receivable	53,007	7,385
Prepaid expenses and other receivables	22,499	3,181
	75,506	10,566

#### NOTE 10: INTELLECTUAL PROPERTY

During the period the Group acquired the intellectual property associated with the Linius technology from an unrelated party, Phoenix Myrrh. 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.

	Consolidated Group	
	2016	2015
	\$	\$
Intellectual property at cost	5,400,000	-
Accumulated amortisation	(315,000)	-
	5,085,000	-

# LINIUS TECHNOLOGIES LIMITED

## ANNUAL REPORT 2016

### NOTES TO THE FINANCIAL REPORT FOR THE PERIOD ENDED 30 JUNE 2016

#### NOTE 10: INTELLECTUAL PROPERTY (CONTINUED)

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 current 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.

Since listing on ASX, the shares of Linius have traded in a ready market, validating the value of the intellectual property asset. The assets of the Group at 30 June 2016 consist principally of cash of \$3.3m and Intellectual property at cost of \$5.4m. Net assets are \$8.2m. The value of Linius is therefore comprised of its cash and intellectual property. Investors purchasing Linius shares on market on ASX are purchasing an interest in the intellectual property of Linius plus the finite cash figure.

Linus shares closed at a price of 7.4 cents per share on 30 June 2016. Total fully paid ordinary shares on issue at 30 June 2016 are 562.2m. This gives a market capitalisation of Linius of \$41.6m. After deducting NTA from this figure the implied value of the intellectual property is \$38.4m. The directors believe that the recoverability of the value of the intellectual property on the balance sheet at 30 June 2016 is validated by the on market trading in Linus shares.

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.

#### NOTE 11: TRADE AND OTHER PAYABLES

	Consolidated Group	
	2016	2015
	\$	\$
Trade payables*	144,463	3,165
Sundry payables and accrued expenses	138,315	17,000
	282,778	20,165

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

# LINIUS TECHNOLOGIES LIMITED

## ANNUAL REPORT 2016

### NOTES TO THE FINANCIAL REPORT FOR THE PERIOD ENDED 30 JUNE 2016

#### NOTE 12: ISSUED CAPITAL AND RESERVES

	Note	Consolidated Group 2016 \$	Number
Issued Capital			
Opening balance		-	-
Issue of shares on incorporation of Linus (Aust) Pty Ltd		200	20,000
Issue of shares to acquire Linus 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	22	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 reporting date		11,809,470	562,238,580
The Company has issued share capital amounting to 562,238,580 ordinary shares of no par value.			

	Parent Entity	
	2016 No.	2015 No.
Ordinary shares		
Opening balance	90,499,985	47,999,985
Fully paid shares issued during the period		
– 10 October 2014 (Placement)		42,500,000
– 18 November 2015 (conversion of listed options)	3,134,246	
– 7 December 2015 (Rights issue)	25,536,608	
– 18 December 2015 (conversion of listed options)	113,200	
– 5 February 2016 (conversion of listed options)	25,000	
– 5 February 2016 (share-based payment of consulting fees)	202,269	
– 18 April 2016 (Issue of Linus (Aust) vendor shares)	250,000,000	
– 18 April 2016 (conversion of performance shares)	50,000,000	
– 18 April 2016 (share issue pursuant to public offer)	70,000,000	
– 18 April 2016 (conversion of Linus (Aust) convertible note)	17,500,000	
– 18 April 2016 (share-based payment of Linus (Aust) acquisition fees)	5,000,000	
– 23 May 2016 (conversion of performance shares)	50,000,000	
– 23 May 2016 (share based payment of consulting fees)	227,272	
At reporting date	562,238,580	90,499,985

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.



# LINIUS TECHNOLOGIES LIMITED

## ANNUAL REPORT 2016

### NOTES TO THE FINANCIAL REPORT FOR THE PERIOD ENDED 30 JUNE 2016

#### NOTE 12: ISSUED CAPITAL AND RESERVES (CONTINUED)

Performance shares on issue	Parent Entity	
	2016	2015
	No.	No.
Opening balance	-	-
Performance shares issued during the year	200,000,000	-
Number converted to ordinary shares during the period	(100,000,000)	-
At reporting date	100,000,000	-

The performance shares are unlisted. The terms of these performance shares are detailed in NOTE: 22.

#### NATURE AND PURPOSE OF RESERVES

##### Share-Based Payments Reserve

This reserve is used to record exchange differences arising from translation of the financial statements of foreign subsidiaries.

##### Option Premium Reserve

This reserve records the proceeds from option rights issues net of capital raising costs.

##### Foreign Currency Translation Reserve

This reserve is used to record exchange differences arising from translation of the financial statements of foreign subsidiaries.

#### Capital risk management

The Consolidated 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 Consolidated Group's activities, being an early stage technology company, the Consolidated Group does not have ready access to credit facilities, with the primary source of funding being equity raisings. Therefore, the focus of the Consolidated Group's capital risk management is the current working capital position against the requirements of the Consolidated Group to meet research and development of software, early stage business commercialisation initiatives and corporate overheads. The Consolidated 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 Consolidated Group at 30 June 2016 is as follows:

	Consolidated Group	
	2016	2015
	\$	\$
Cash and cash equivalents	3,275,258	719,359
Trade and other receivables	75,506	10,566
Trade and other payables and other liabilities	(282,778)	(20,165)
Working capital position	3,067,986	709,760

# LINIUS TECHNOLOGIES LIMITED

## ANNUAL REPORT 2016

### NOTES TO THE FINANCIAL REPORT FOR THE PERIOD ENDED 30 JUNE 2016

#### NOTE 13: CASH FLOW INFORMATION

Loss after income tax	(5,364,619)	(683,665)
Cash flows excluded from loss attributable to operating activities		
Non cash items		
- Loss on sale of equipment	-	874
- Amortisation / depreciation	315,000	884
- Exploration expenditure impairment	-	369,588
- Share-based payments expense	2,498,135	-
- Transaction costs relating to reverse acquisition	1,607,425	-
Changes in assets and liabilities		
- Increase/(decrease) in debtor and income accrual	-	3,013
- Increase/(decrease) in trade payables and accruals	35,223	(49,079)
- (Increase)/decrease in trade receivables and prepayments	215,902	4,123
Cash flows used in operating activities	(692,934)	(354,262)

#### NOTE 14: RELATED PARTY TRANSACTIONS

	Consolidated Group	
	2016	2015
	\$	\$
Transactions with related parties:		
Legal fees paid to Steinepreis Paganin, a legal firm in which Roger Steinepreis has an interest	159,633	7,703
Amounts owing to related parties (included in trade and other payables):		
Entity related to Stephen McGovern	8,193	-
Entity related to Christopher Richardson	37,131	-
Entity related to Stephen Kerr	7,700	-

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

# LINIUS TECHNOLOGIES LIMITED

## ANNUAL REPORT 2016

### NOTES TO THE FINANCIAL REPORT FOR THE PERIOD ENDED 30 JUNE 2016

#### NOTE 15: INTERESTS IN CONTROLLED ENTITIES

The parent company had the following controlled entities:

Name of the subsidiary	Place of incorporation	Class of shares	% Held	
			2016	2015
Firestrike Resources Incorporated (a)	USA	Ordinary	100%	100%
Linus (Aust) Pty Ltd (b)	Australia	Ordinary	100%	-

(a) Incorporated in 2012 with a nominal share capital of US\$10.

(b) Refer to Note 1. Reverse Acquisition Accounting details

Balances and transactions between the parent and its subsidiaries, which are related parties of the parent, have been eliminated on consolidation and not disclosed in this note.

#### NOTE 16: 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 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.

#### NOTE 17: COMMITMENTS

There are no lease commitments as at balance date. The entity operates from premises which are leased on a month to month tenancy.

#### NOTE 18: CONTINGENCIES

There are no contingent assets or liabilities as at balance date.

# LINIUS TECHNOLOGIES LIMITED

## ANNUAL REPORT 2016

### NOTES TO THE FINANCIAL REPORT FOR THE PERIOD ENDED 30 JUNE 2016

#### NOTE 19: SHARE-BASED PAYMENTS

The following share based payments occurred during the financial period.  
There were no share based payments in 2015.

Options	\$
<i>Vested options</i>	
Stephen McGovern	187,450
Christopher Richardson	124,966
Stephen Kerr	21,087
Gavin Campion	1,280,907
External consultants	93,725
	1,708,135
<i>Shares</i>	
<i>Settlement of consulting fees via share issues shares</i>	
Convertible note fees	525,000
Consulting fees	265,000
	2,498,135

#### *Unlisted options*

On 29 April 2016, at a general meeting of shareholders of the Company, and conditional on completion of the reverse acquisition transaction, it was resolved to issue 10,000,000 options to Mr Christopher Richardson or his nominees, 6,000,000 options to Mr Stephen McGovern or his nominees, 1,500,000 options to Mr Stephen Kerr or his nominees and 41,000,000 options to Mr Gavin Campion or his nominees.

During the period 3,000,000 options were issued to external advisors for corporate consulting services.

The options issued to Mr Richardson and Mr Kerr are subject to the following vesting conditions. Milestone references refer to those milestones detailed in Note: 22.

Name	No. New Options	Vesting date
Stephen Kerr	300,000	Vesting in equal instalments of 75,000 each at the end of each calendar quarter after Completion
	300,000	Vesting on the date of satisfaction of Milestone 1
	300,000	Vesting on the date of satisfaction of Milestone 2
	300,000	Vesting on the date of satisfaction of Milestone 3
	300,000	Vesting on the date of satisfaction of Milestone 4
Chris Richardson	4,000,000	Vesting in equal instalments of 1,000,000 each at the end of each calendar quarter after the Completion
	1,500,000	Vesting on the date of satisfaction of Milestone 1
	1,500,000	Vesting on the date of satisfaction of Milestone 2
	1,500,000	Vesting on the date of satisfaction of Milestone 3
	1,500,000	Vesting on the date of satisfaction of Milestone 4

Milestone 1 and 2 had been achieved as at balance date.

# LINIUS TECHNOLOGIES LIMITED

## ANNUAL REPORT 2016

### NOTES TO THE FINANCIAL REPORT FOR THE PERIOD ENDED 30 JUNE 2016

#### NOTE 19: SHARE-BASED PAYMENTS (CONTINUED)

The expense recognised in the statement of comprehensive income in relation to these option related share-based payments is \$1,708,135.

The fair value of the equity-settled share options granted in the current period is estimated as at the date of grant using the Black and Scholes model taking into account the terms and conditions upon which the options were granted.

30 June 2016	61,500,000 Unlisted options
Dividend yield (%)	Nil
Expected volatility (%)	100%
Risk-free interest rate (%)	2.00%
Expected life of option (years)	2.9 yrs
Exercise price (cents)	\$0.05
Grant date share price	\$0.05
Grant date fair value	\$0.03
Grant date	28 April 2016

Options on issue	Parent Entity	
	2016 No.	2015 No.
Opening balance	17,800,000	13,300,000
Options issued during year (Issued at \$0.002)	-	3,000,000
Options issued during year (Issued at \$0.005)	-	1,500,000
Options issued during the year	61,500,000	-
Options over ordinary shares exercised during the year	(3,272,446)	-
At reporting date	76,027,554	17,800,000

14,527,554 options are listed and are exercisable at 4 cents by 31 December 2016.

61,500,000 options are unlisted and are exercisable at 5 cents by 31 March 2019.

Weighted average exercise price at balance date was 5 cents (2015: 4 cents)

Weighted average remaining contractual life of the options on issue at balance date is 2.9 years (2015: 1.5 years)

# LINIUS TECHNOLOGIES LIMITED

## ANNUAL REPORT 2016

### NOTES TO THE FINANCIAL REPORT FOR THE PERIOD ENDED 30 JUNE 2016

#### NOTE 20: FINANCIAL RISK MANAGEMENT

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##### a. Financial Risk Management Policies

The Consolidated Group's financial instruments consist mainly of deposits with banks.

The main purpose of non-derivative financial instruments is to raise finance for Consolidated Group operations.

The Consolidated Group does not speculate in the trading of derivative instruments.

##### i. Treasury Risk Management

The Board meets on a regular basis to analyse financial risk exposure and to evaluate treasury management strategies in the context of the most recent economic conditions and forecasts.

The Board's overall risk management strategy seeks to assist the Consolidated Group in meeting its financial targets, whilst minimising potential adverse effects on financial performance.

Risk management policies are approved and reviewed by the Board on a regular basis.

##### ii. Financial Risk Exposures and Management

###### Interest rate risk

The Consolidated Group exposure to financial risk is limited to interest rate risk arising from assets and liabilities bearing variable interest rates. The weighted average interest rate on cash holdings is 2.8% at 30 June 2016. All other assets and liabilities are non interest bearing.

The Consolidated Group holds cash deposits with Australian banking financial institutions, namely the ANZ Bank. The ANZ Bank has an AA rating with Standard & Poors.

###### Interest rate sensitivity

Had the interest rate moved by 10 basis points with all other variables held constant, the post tax loss and equity would have decreased / increased by \$37,272 (2015: \$7,196)

###### Liquidity risk

Liquidity risk arises from the possibility that the Consolidated Group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The Consolidated Group manages liquidity risk by continuously monitoring forecast and actual cash flows and ensuring sufficient cash and marketable securities are available to meet the current and future commitments of the Consolidated Group. Due to the nature of the Consolidated Group's activities, being mineral exploration, the Consolidated Group does not have ready access to credit facilities, with the primary source of funding being equity raisings. The Board of Directors constantly monitors the state of equity markets in conjunction with the Consolidated Group's current and future funding requirements, with a view to initiating appropriate capital raisings as required. The financial liabilities of the Consolidated Group are confined to trade and other payables as due within 12 months of the reporting date. The Board manages liquidity risk by monitoring forecast cash flows against actual liquidity level on a regular basis

There are no unused borrowing facilities from any financial institution.

###### Credit risk

There no material amounts of collateral held as security at balance date. Credit risk is reviewed regularly by the Board. It arises through deposits with financial institutions. The Board monitors credit risk by actively assessing the rating quality and liquidity of counter parties. Only banks and financial institutions with an 'A' rating are utilised.

# LINIUS TECHNOLOGIES LIMITED

## ANNUAL REPORT 2016

### NOTES TO THE FINANCIAL REPORT FOR THE PERIOD ENDED 30 JUNE 2016

#### NOTE 20: FINANCIAL RISK MANAGEMENT (CONTINUED)

The Consolidated Group only invests in listed available-for-sale financial assets that have a minimum 'A' credit rating. Unlisted available-for-sale financial assets are not rated by external credit agencies. These are reviewed regularly by the Consolidated Group to ensure that credit exposure is minimised.

The credit risk for counterparties included in trade and other receivables at balance date is nil.

The Consolidated Group holds cash deposits with Australian banking financial institutions, namely the ANZ Bank. The ANZ Bank has an AA rating with Standard & Poors.

#### Price risk

The Consolidated Group is not exposed to commodity price risk.

#### b. Financial Instruments

##### i. Derivative Financial Instruments

Derivative financial instruments are not used by the Consolidated Group.

##### ii. Financial instrument composition and maturity analysis:

The table below reflects the undiscounted contractual settlement terms for financial instruments of a fixed period of maturity. The financial instruments are all classified as current.

	Weighted Average Effective Interest Rate		Floating Interest Rate	
	2016	2015	2016	2015
	%	%	\$	\$
Financial Assets:				
Cash and cash equivalents	2.80	2.88	3,725,258	719,359
Total Financial Assets			3,725,258	719,359
Financial Liabilities:				
Trade payables	-	-	282,778	20,165
Total Financial Liabilities			282,778	20,165

##### iii. Net Fair Values

The net fair values of all financial assets and financial liabilities approximate their carrying value.

#### NOTE 21: EVENTS AFTER THE REPORTING PERIOD

There has not been any matter or circumstance that has arisen after balance date that has significantly affected, or may significantly affect, the operations of the Group, the results of these operations, or the state of affairs of the Group in future financial periods.

# LINIUS TECHNOLOGIES LIMITED

## ANNUAL REPORT 2016

### NOTES TO THE FINANCIAL REPORT FOR THE PERIOD ENDED 30 JUNE 2016

#### NOTE 22: REVERSE ACQUISITION ACCOUNTING

On 18 April 2016, Linius Technologies Limited issued 300,000,000 fully paid ordinary shares to Linius (Aust) Pty Ltd as consideration of 100% of all the rights and title to Linius (Aust) Pty Ltd. As a result the shareholders of Linius (Aust) Pty Ltd held at the date of acquisition 61.29% of the issued capital of Linius Technologies Limited.

Refer to note 1 for the further information on the reverse acquisition.

The reverse acquisition is treated as an acquisition of assets and liabilities of Linius Technologies Limited as at 18 April 2016.

Net assets acquired	\$
Cash and cash equivalents	4,017,992
Trade and other receivables	41,408
Loan receivable	250,000
Trade and other payables	(232,555)
Value of asset acquisition as at 18 April 2016	<u>4,076,845</u>
Loss on acquisition of Linius (Aust) Pty Ltd	
Deemed acquisition consideration	5,684,270
Less net assets acquired	<u>4,076,845</u>
Transaction costs of reverse acquisition on 18 April 2016	<u>1,607,425</u>

The consideration for the acquisition took the form of the issue of 250,000,000 ordinary shares to the vendors, plus a further amount of deferred consideration in the form of the issue of 200,000,000 performance shares to the Vendors. The performance shares have the following rights and are subject to the achievement of four milestones as listed below.

#### *Rights attaching to the Performance Shares*

- (i) Each performance share is a share in the capital of Linius Technologies Limited (Linius).
- (ii) Each performance share confers on the holder (Holder) the right to receive notices of general meetings and financial reports and accounts of Linius that are circulated to the holders of fully paid ordinary shares in the capital of Linius Technologies Limited (Shareholders). Holders have the right to attend general meetings of Shareholders.
- (iii) A performance share does not entitle the Holder to vote on any resolutions proposed by Linius except as otherwise required by law.
- (iv) A performance share does not entitle the Holder to any dividends.
- (v) A performance share does not entitle the Holder to a return of capital, whether in a winding up, upon a reduction of capital or otherwise.
- (vi) A performance share does not entitle the Holder to participate in the surplus profits or assets of the company winding up.
- (vii) A performance share is not transferable.
- (viii) If at any time the issued capital of the company is reconstructed (including a consolidation, subdivision, reduction, cancellation or return of issued share capital), all rights of a Holder will be changed to the extent necessary to comply with the applicable ASX Listing Rules at the time of reorganisation.
- (ix) The performance shares will not be quoted on ASX. However, at the time of conversion of the performance shares into fully paid ordinary shares (Shares), the company must within 10 Business Days apply for the official quotation of the Shares arising from the conversion on ASX.



# LINIUS TECHNOLOGIES LIMITED

## ANNUAL REPORT 2016

### NOTES TO THE FINANCIAL REPORT FOR THE PERIOD ENDED 30 JUNE 2016

#### NOTE 22: REVERSE ACQUISITION ACCOUNTING (CONTINUED)

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(x) A performance share does not entitled a Holder (in their capacity as a holder of a Performance Share) to participate in new issues of capital offered to holders of Shares such as bonus issues and entitlement issues.

(xi) The terms of the performance shares may be amended as necessary by the directors in order to comply with the ASX Listing Rules, or any directions of ASX regarding the terms provided that, subject to compliance with the ASX Listing Rules, following such amendment, the economic and other rights of the Holder are not diminished or terminated.

(xii) A performance share gives the Holder no rights other than those expressly provided by these terms and those provided at law where such rights at law cannot be excluded by these terms.

The performance shares are divided into 4 classes (A,B,C and D) of 50,000,000 performance shares per class. A performance share in the relevant class will convert into one ordinary share upon achievement of:

(A) Class A – Linius (Aust) Pty Ltd enters into an agreement with Digisoft, Cork, Ireland for a limited deployment of its technology, being the installation and activation by a third party of the Linius technology (Limited Deployment), with the objective of demonstrating personalisation of video streams, by that date which is 12 months from the issue date (Milestone 1);

(B) Class B – Linius (Aust) Pty Ltd completes an alpha release of the Linius technology (which means, in line with the industry standard definition of that term, a first-stage completed version of a program or application, which may be unstable but is nevertheless useful to show what the program or application can do) that demonstrates publicly that the Linius technology achieves the Linius core patent claims, namely that the technology is able to (1) take a URL link to a piece of video content in an unknown location, and (2) play and display the video content on multiple devices with different video format requirements (and without the need for transcoding), by that date which is 18 months from the issue date (Milestone 2);

(C) Class C - Linius (Aust) Pty Ltd enters into an agreement with a third party (unrelated to the party under Milestone 1) for a Limited Deployment of its technology with the objective of demonstrating removal of the requirement for transcoding of video and reduction of storage. This deployment will be in partnership with a an organisation that is able to take a standard video and transcode it into all standards-based formats and store it at broadcast quality, likely to be a content delivery network by that date which is 24 months from the issue date (Milestone 3); and

(D) Class D – Completion of a Limited Deployment with a third party (which may or may not be one of the parties under Milestones 1 and 3) which demonstrates that the Linius technology removes the requirement for transcoding of an original MPEG-4 video file to play out on devices traditionally requiring differing formats and in doing so reduces storage requirements, and the issue of a report, either prepared by or verified by the third party, confirming this (Milestone 4),

At balance date Milestone 1 and Milestone 2 had been achieved and 100,000,000 performance shares had converted to ordinary shares.

# LINIUS TECHNOLOGIES LIMITED

## ANNUAL REPORT 2016

### NOTES TO THE FINANCIAL REPORT FOR THE PERIOD ENDED 30 JUNE 2016

#### Note 23: R&D TAX INCENTIVE – RESEARCH AND DEVELOPMENT

Since the formation of Linus (Aust) Pty Ltd, the main activity of the company has been the continued research and development of the Linus technology, specifically the research and software development associated with the Linus Video Virtualization Engine™ (VVE).

The directors are of the view that the consolidated group will be entitled to a R&D Tax Incentive in regard to the research and development expenditure incurred in the 2016 financial year. However, the receipt of this incentive is not sufficiently certain, considering that Linus (Aust) Pty Ltd was newly incorporated during the current financial year and has no history of registering for and claiming research and development incentive. Therefore there is no accrual in the financial statements for any income related to a research and development tax rebate for the 2016 year. Any such incentive will be accounted for in the year it is received. The directors conservatively estimate that the Group will be entitled to a R&D Tax Incentive of approximately \$140,000 on expenditure in the 2016 year.

#### NOTE 24: PARENT ENTITY DISCLOSURES

The following detailed information is related to the legal parent entity Linus Technologies Limited as at 30 June 2016

Financial position	2016 \$	2015 \$
Assets		
Current assets	3,254,775	725,939
Non-current assets	18,650,000	-
Total assets	21,904,775	725,929
Liabilities		
Current liabilities	16,805	20,094
Total liabilities	16,805	20,094
Equity		
Issued Capital	27,450,424	4,970,029
Option premium reserve	36,461	36,461
Share based payments reserve	1,708,135	-
Accumulated losses	(7,307,050)	(4,300,645)
Total equity	21,887,970	705,845
Financial performance	2016 \$	2015 \$
Loss for the year	3,006,405	(659,756)
Total comprehensive loss	3,006,405	(659,756)

For details on commitments, see Note 17.

# LINIUS TECHNOLOGIES LIMITED

## ANNUAL REPORT 2016

### DIRECTORS' DECLARATION

In the directors' opinion:

- The attached financial statements and notes comply with the Corporations Act 2001, the Australian Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;
- the attached financial statements and notes give a true and fair view of the Consolidated Group's financial position as at 30 June 2016 and of its performance for the financial period ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

The directors have been given the declarations required by section 295A of the Corporations Act 2001

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.



Stephen McGovern  
Director

31 August 2016

**INDEPENDENT AUDITOR'S REPORT**

To the members of Linus Technologies Limited

**Report on the Financial Report**

We have audited the accompanying financial report of Linus Technologies Limited ("the company"), which comprises the consolidated statement of financial position as at 30 June 2016, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration, of the Group comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

***Directors' Responsibility for the Financial Report***

The directors of the company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In Note 1, the directors also state, in accordance with Accounting Standard AASB 101: *Presentation of Financial Statements*, the consolidated financial statements comply with International Financial Reporting Standards.

***Auditor's Responsibility***

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Group's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's and its controlled entities' internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Independence***

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

### ***Auditor's Opinion***

In our opinion:

- (a) the financial report of Linus Technologies Limited is in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the Group's financial position as at 30 June 2016 and its performance for the year ended on that date; and
  - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

### **Report on the Remuneration Report**

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2016. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

### ***Opinion***

In our opinion, the Remuneration Report of Linus Technologies Limited for the year ended 30 June 2016 **complies with section 300A of the *Corporations Act 2001*.**

**HLB Mann Judd  
Chartered Accountants**

**Perth, Western Australia  
31 August 2016**

A handwritten signature in blue ink, appearing to read 'D I Buckley', with a stylized flourish at the end.

**D I Buckley  
Partner**

# LINIUS TECHNOLOGIES LIMITED

## ANNUAL REPORT 2016

### ADDITIONAL INFORMATION FOR LISTED COMPANIES

#### 1. Shareholding as at 24 August 2016

a. Distribution of Shareholders	Number	Number
Category (size of holding)	Holders	Ordinary
1 – 1,000	10	1,382
1,001 – 5,000	6	18,248
5,001 – 10,000	54	488,603
10,001 – 100,000	428	20,426,258
Above 100,001	307	541,304,089
	<u>805</u>	<u>562,238,580</u>

b. The number of shareholdings held in less than marketable parcels is 28.

c. The names of the substantial shareholders listed in the holding Consolidated Group's register as at 24 August 2016 are:

Shareholder	Number	%
	Ordinary	
1 Phoenix Myrrh Technology Pty Ltd	250,000,000	44.47
2 Earthrise Holdings Pty Ltd <Campion Investment A/C>	45,000,000	8.00

#### d. Voting Rights

The voting rights attached to each class of equity security are as follows:

##### Ordinary shares

- Each ordinary share is entitled to one vote when a poll is called, otherwise each member present at a meeting or by proxy has one vote on a show of hands.

# LINIUS TECHNOLOGIES LIMITED

## ANNUAL REPORT 2016

### ADDITIONAL INFORMATION FOR LISTED COMPANIES (CONTINUED)

#### e. 20 Largest Shareholders – Ordinary Shares

	Name	Number of Ordinary Fully Paid Shares Held	% Held of Issued Ordinary Capital
1	Phoenix Myrrh Technology Pty Ltd	250,000,000	44.47
2	Earthrise Holdings Pty Ltd <Campion Investment a/c>	45,000,000	8.00
3	Steve McGovern Nominees Pty Ltd	20,000,000	3.56
4	Naley Pty Ltd	20,000,000	3.56
5	Parlin Investments Pty Ltd <Parlin Discretionary A/C>	15,000,000	2.67
6	One Managed Investment Funds Limited <TI Growth A/C>	7,179,500	1.28
7	Sunshore Holdings Pty Ltd	6,063,637	1.08
8	Sunshore Holdings Pty Ltd	5,650,000	1.01
9	One Managed Investment Funds Ltd <TI Absolute Return A/C>	5,640,000	1.00
10	Coral Brook Pty Ltd <Lloyd Super Fund>	5,568,182	0.99
11	Jetmax Trading Pty Ltd	5,210,000	0.93
12	Celtic Capital Pty Ltd <The Celtic Capital A/C>	4,685,000	0.83
13	Duncan Lawrie Offshore Services Limited & JDO Assoc Ltd	4,033,637	0.72
14	Viminale Pty Ltd <D A Paganin Family No 2 A/C>	3,874,873	0.69
15	David Peter Valentino	3,500,000	0.62
16	Mr Roger Steinepreis & Mrs Jacqueline Steinepreis	3,181,819	0.57
17	Cintra Pty Ltd <Cintra A/C>	3,000,000	0.53
18	Timriki Pty Ltd <Timriki A/C>	3,000,000	0.53
19	Ferncourt Enterprises Pty Ltd <P & Y Greenwood S/F A/C>	2,875,000	0.51
20	MAPD Nominees Pty Ltd	2,250,000	0.40
		415,711,648	73.94

#### f. Distribution of Option holders (ASX code LNUOA)

Category (size of holding)	Number of Holders	Number of Options
1 – 1,000	0	0
1,001 – 5,000	11	52,250
5,001 – 10,000	8	63,334
10,001 – 100,000	49	1,967,874
Above 100,001	23	12,444,096
	91	14,527,554

# LINIUS TECHNOLOGIES LIMITED

## ANNUAL REPORT 2016

- g. 20 Largest Option holders — LNUOA Options at 4 cents expiry  
31 December 2016

	Name	Number of Options Held	% Held of Options
1	Ms Nicole Gallin & Mr Kyle Haynes	1,500,000	10.33
2	Duncan Lawrie Offshore Ltd & JDO Assoc Ltd	1,500,000	10.33
3	Mr Nicholas Dermott McDonald	1,349,000	9.29
4	Ranchland Holdings Pty Ltd	1,250,000	8.60
5	First Investment Partners Pty Ltd	786,008	5.41
6	Coral Brook Pty Ltd <Lloyd Super Fund>	625,000	4.30
7	Mrs Fionnuala Catherine Edmondson	600,000	4.13
8	Mr Anthony Alexander Anderson	600,000	4.13
9	NTJ Investments Pty Ltd <NTJ Investment A/C>	500,000	3.44
10	MR J L Brownlow & Ms E L Grant	500,000	3.44
11	Minico Pty Ltd	450,000	3.10
12	Humble Pty Ltd < Humble Family A/C>	315,900	2.17
13	Brownlow PR Pty Ltd	300,000	2.07
14	Paranoid Enterprises Pty Ltd	300,000	2.07
15	Mr Anthony Alexander Anderson	300,000	2.07
16	Super MSJ Pty Ltd <MSJ Super Fund A/C>	290,000	2.00
17	Mr Chanly Nguyen	268,992	1.85
18	Mr Peter Hamilton Hayes & Ms Megan Jane Armitage <The Hayes Family S/Fund>	216,330	1.50
19	Mr Robert Speirs	195,000	1.34
20	Social Investments Pty Ltd	100,000	1.28
		12,032,230	82.82



# LINIUS TECHNOLOGIES LIMITED

## ANNUAL REPORT 2016

### ADDITIONAL INFORMATION FOR LISTED COMPANIES (CONTINUED)

2. The name of the Company Secretary is Mr Stephen Kerr.
3. The address of the principal registered office in Australia is:  
  
Level 40, 140 William Street  
MELBOURNE VIC 3000  
Telephone 03 9607 8234
4. Registers of securities are held at the following addresses:  
  
Advance Share Registry  
110 Stirling Hwy  
NEDLANDS  
WA 6009  
Australia
5. Securities Exchange Listing  
  
Quotation has been granted for all the ordinary shares of the Company on all Member Exchanges of the Australian Securities Exchange Limited.
6. In accordance with ASX Listing Rule 4.10.19, the Consolidated Group advises that, since re-listing on 9 May 2016, it has used its cash in a way consistent with its business objectives.