



Knosys Limited ABN 96 604 777 862  
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(ASX: KNO)

**ASX Announcement**  
**28 April 2017**

## **QUARTERLY REPORT & APPENDIX 4C**

### **31 MARCH 2017**

#### **CURRENT HIGHLIGHTS**

- **ANZ Bank expanded usage of Knosys with additional 3,300 licenses**
- **Knosys completes development of its Microsoft SharePoint integration**
- **Completed revamp of company sales and marketing collateral for 2017**
- **Cash balance of \$0.9 million at 31 March 2016, to fund commercial operations**
- **Net estimated cash flows for June 2017 quarter of approximately positive \$375,000**

**Knosys Ltd (ASX: KNO) ("Knosys" and "Company")** is pleased to report on key operational matters and cash flows for the quarter ending 31 March 2017.

#### **OPERATIONS**

##### **Australian Operations**

- **ANZ Bank Expansion**

The Company announced during the Quarter that ANZ ordered an additional 3,300 licenses to become effective as of the 1<sup>st</sup> of May 2017. This will bring the total number of users across all customers to approximately 15,000, representing a 25% increase compared to FY2016 figures.

- **Knosys for SharePoint**

During the quarter, the Company completed its development of its integration for Microsoft Sharepoint. The company estimates that 1 in 5 knowledge workers use SharePoint in one form or the other and there are over 100 million SharePoint users globally. Added support for SharePoint is intended to broaden the market appeal for Knosys and enable the company to leverage System Integrators who specialize in Microsoft based solutions.

- **2017 Marketing and Sales Material**

The National Sales Team has completed the redesign of our electronic and printed collateral along with new partner onboarding material targeted specifically at the sales process. The team is now focused on strategic direct sales and preparing to jointly market Knosys with key partners in the coming quarter.

#### **CORPORATE**

##### **Appendix 4C Quarterly Report and statement of cash flows**

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

The Company's Appendix 4C Quarterly Report and this report cover the Company's cash flow information for the quarter ended 31 March 2017.



Cash balance at 31 March 2017 was \$0.88 million after incurring net cash outflows for the March 2017 quarter of \$0.66m. The operational outflows for the quarter continue to reflect the pursuit of Knosys' sales and marketing strategy.

The Company's revenue model is predominantly based on billing customers annually in advance. This is reflected in the quarterly cash flow fluctuations. Revenue invoiced in advance is recognised in the financial accounts each month as it is earned evenly over a 12 month period. Higher customer receipts in the June quarter each year, due to annual licence renewals, and lower receipts in the September, December and March quarters reflect this revenue model.

In addition to focusing on the growth of its existing business the Company will be undertaking prudent cost management steps and will be exploring acquisition opportunities.

#### **Estimated operational cash flows for the June 2017 Quarter.**

We refer to section 9. of the attached March 2017 Appendix 4C - The company expects customer receipts of marginally over \$1.0 million in the June 2017 quarter, principally relating to the annual licence renewal payment from an existing major customer. This revenue will be brought to account in the financial statements of the company on a monthly basis over the following 12 months, in the FY18 year. These customer receipts will be offset by estimated operational cash outflows of \$625,000. **Therefore, the Company expects net positive cashflows in the June 2017 quarter of approximately \$375,000.**

#### **ABOUT KNOSYS**

The Knosys software suite is an enterprise-grade, knowledge management solution that enables organisations, large or small, to better capture, manage and access information across often disparate business units, divisions and information technology (IT) platforms.

Knosys augments an organisation's technology or IT platforms, without the need to disrupt existing processes. The Knosys Platform optimises the business outcomes by providing various integration and touchpoints into an organisation's IT capabilities and knowledge repositories.

The Knosys suite drives business outcomes and allows organisations to capture, manage and utilise information in various forms of decision making and issue resolution. Analytics allows companies to measure and tune the relevance of their knowledge management solution and optimise the information delivered to specific queries, business processes and ultimate outcomes.

The Knosys knowledge management software provides an open and expandable framework, which can extend into a fully integrated digital work centre, becoming the window into an organisation's applications environment.

For more information please visit: [www.knosys.it](http://www.knosys.it)

#### **For further information please contact:**

**Rod North**, Managing Director,

**Bourse Communications Pty Ltd**

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## Appendix 4C

### Quarterly report for entities subject to Listing Rule 4.7B

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

**Name of entity**

Knosys Limited

**ABN**

96 604 777 862

**Quarter ended ("current quarter")**

31 March 2017

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (9 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	-	76
1.2 Payments for		
(a) research and development	-	(21)
(b) product manufacturing and operating costs	(39)	(136)
(c) advertising and marketing	(17)	(133)
(d) leased assets	-	-
(e) staff and consultant costs	(490)	(1,516)
(f) administration and corporate costs	(125)	(553)
1.3 Dividends received (see note 3)		
1.4 Interest received	10	43
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives (net)	-	196
1.8 Other (provide details if material)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(661)</b>	<b>(2,044)</b>

<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	(26)
(b) businesses (see item 10)		
(c) investments		

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
	(d) intellectual property		
	(e) other non-current assets		
2.2	Proceeds from disposal of:		
	(a) property, plant and equipment		
	(b) businesses (see item 10)		
	(c) investments		
	(d) intellectual property		
	(e) other non-current assets		
2.3	Cash flows from loans to other entities		
2.4	Dividends received (see note 3)		
2.5	Other (provide details if material)		
2.6	<b>Net cash from / (used in) investing activities</b>	-	(26)

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

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of quarter/year to date	1,538	2,947
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(661)	(2,044)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	(26)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	<b>Cash and cash equivalents at end of quarter</b>	<b>877</b>	<b>877</b>

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	25	66
5.2	Call deposits	739	560
5.3	Bank overdrafts	-	-
5.4	Other – Term deposits	113	912
5.5	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>877</b>	<b>1,538</b>

**6. Payments to directors of the entity and their associates**

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

**Current quarter  
\$A'000**

38  
-

Payments per item 6.1 include:

Non-Executive directors' remuneration and payments of \$3k for technical services provided by an associated company.

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

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

**Current quarter  
\$A'000**

-  
-

8. <b>Financing facilities available</b> <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	0	0
8.2 Credit standby arrangements	0	0
8.3 Other (please specify)	0	0
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

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9. <b>Estimated cash outflows for next quarter</b>	\$A'000
9.1 Research and development	-
9.2 Product manufacturing and operating costs	(40)
9.3 Advertising and marketing	(15)
9.4 Leased assets	-
9.5 Staff and consultant costs	(460)
9.6 Administration and corporate costs	(110)
9.7 Other (provide details if material)	-
<b>9.8 Total estimated cash outflows - See Note 1 below</b>	<b>(625)</b>

**Note 1 – Knosys expects net estimated cash INFLOWS for the June 2017 quarter of \$375,000.**

Offsetting the above estimated outflows are estimated inflows of \$1million, being receipts from an existing major customer for additional orders and for the annual licence renewal to be invoiced in advance for FY18. FY18 contracted revenue will be invoiced in May/June 2017 and is due to be collected in June 2017. This revenue will be brought to account in the financial statements of the company on a monthly basis over the following 12 months in the FY18 year.

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

### **Compliance statement**

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

Sign here:



(Company secretary)

Date: 28 April 2017

Print name: Stephen Kerr

### **Notes**

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