



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

ASX Announcement
31 October 2017

QUARTERLY REPORT & APPENDIX 4C

30 SEPTEMBER 2017

CURRENT HIGHLIGHTS

- **Total license count up 7% for the quarter - now over 17,800**
- **Knosys expanding its development team in preparation for additional sales success**
- **Cash balance of \$2.5 million at 30 September 2017**

Knosys Ltd (ASX: KNO) ("**Knosys**" and "**Company**") is pleased to report the continued growth in licenced users of the Knosys knowledge management solution over the quarter. The total user licence count is now more than 17,800, representing a 7% increase compared to June 2017 quarter.

Knosys CEO John Thompson commented "We are pleased with the steady growth of licence numbers and look forward to that continuing as we gain traction with our sales and marketing efforts. We expect to see real financial benefits flow through from this over the next two quarters."

Knosys is currently expanding its development team with additional contractors to enable more rapid deployment of its technology and continued product development. "This additional short-term investment is essential to winning further new business and to maintaining the steady pace of organic growth from existing customers", said Mr Thompson. He added "We are quite confident that our sales efforts will deliver opportunities and we are bolstering our delivery capability over the next 6 months to ensure new deployments of Knosys solution occur within customers' required timeframes".

Knosys is currently making good progress in its core markets namely Telecommunications and Banking/Financial Services and is working diligently to transition these opportunities into sales.

Additionally, during the quarter the Company engaged a corporate consultant to assist with the exploration and review of potential acquisition opportunities which could complement the Knosys business offering and expand its market presence.

Appendix 4C Quarterly statement of cash flows

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

Cash balance at 30 September 2017 was \$2.5 million after incurring net operating cash outflows for the September 2017 quarter of \$0.31m. The operational outflows for the quarter continue to reflect the pursuit of Knosys' sales and marketing strategy and also reflected the receipt of a further \$0.37m in sales revenue mainly relating to annual license renewals from the company's major customer.

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



ABOUT KNOSYS

The Knosys Platform is a web based knowledge management solution that becomes the #1 used application in the life of a worker. It drives productivity and optimizes processes by incorporating process guides and workflows, collaboration & feedback and information governance of key information assets. It enables companies to better capture, manage and access information across often disparate business units, divisions and information technology (IT) platforms. Knosys augments a company's IT platforms, by virtualizing both internal and external information repositories without the need to disrupt existing processes or force migration of data.

For more information please visit: www.knosys.it

For further information please contact:

John Thompson, CEO

Knosys Limited

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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")

30 September 2017

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	371	371
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	-	-
(c) advertising and marketing	(46)	(46)
(d) leased assets	-	-
(e) staff and consultant costs	(463)	(463)
(f) administration and corporate costs	(120)	(120)
1.3 Dividends received (see note 3)		
1.4 Interest received	4	4
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives (net)	-	-
1.8 Other – GST paid July 2017 re annual revenue received in advance in June 2017	(62)	(62)
1.9 Net cash from / (used in) operating activities	(316)	(316)

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

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
	(d) intellectual property		
	(e) other non-current assets		
2.2	Proceeds from disposal of:		
	(a) property, plant and equipment		
	(b) businesses (see item 10)		
	(c) investments		
	(d) intellectual property		
	(e) other non-current assets		
2.3	Cash flows from loans to other entities		
2.4	Dividends received (see note 3)		
2.5	Other (provide details if material)		
2.6	Net cash from / (used in) investing activities	(2)	(2)

3.	Cash flows from financing activities		
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	Net cash from / (used in) financing activities	-	-

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of quarter/year to date	2841	2841
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(316)	(316)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(2)	(2)
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 (3 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of quarter	2,523	2,523

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	79	747
5.2	Call deposits	831	981
5.3	Bank overdrafts	-	-
5.4	Other – Term deposits	1,613	1,113
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	2,523	2,841

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**

37

Payments per item 6.1 include:

Non-Executive directors' remuneration and payments of \$2k 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. Financing facilities available

Add notes as necessary for an understanding of the position

Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
0	0
0	0
0	0

8.1 Loan facilities

8.2 Credit standby arrangements

8.3 Other (please specify)

8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.

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9. Estimated cash outflows for next quarter

\$A'000

9.1	Research and development	(150)
9.2	Product manufacturing and operating costs	-
9.3	Advertising and marketing	(50)
9.4	Leased assets	-
9.5	Staff and consultant costs	(480)
9.6	Administration and corporate costs	(240)
9.7	Other – listing fees re unescrowed shares	(25)
9.8	Total estimated cash outflows - See Note 1 below	(945)

10. Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)

Acquisitions

Disposals

10.1	Name of entity		
10.2	Place of incorporation or registration		
10.3	Consideration for acquisition or disposal		
10.4	Total net assets		
10.5	Nature of business		

Compliance statement

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



Sign here:

(Company secretary)

Date: 31 October 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.