



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

**ASX Announcement
27 October 2016**

QUARTERLY REPORT & APPENDIX 4C 30 SEPTEMBER 2016

CURRENT HIGHLIGHTS

- **Expanded management and sales team**
- **Commercial development of CITIC Telecom opportunity**
- **Cash balance of \$2.3 million at 30 September 2016, to fund growth and business development activities**

Knosys Ltd (ASX: KNO) ("**Knosys**" and "**Company**") is pleased to report on key operational matters and cash flows for the quarter ending 30 September 2016.

OPERATIONS

Australian operations

- **Executive Management and Sales Team Expansion**

On Monday, 18 July 2016, the Company appointed Mr John Thompson as its new CEO to replace outgoing CEO, Mr Ashely Gall. Mr Thompson is an experienced IT CEO, with a track record of growing SME technology companies like Knosys.

Shortly after coming onboard, Mr Thompson conducted a business review of Knosys, focusing on the areas of people, processes and product.

The outcome of this review was a short term tactical plan to address the areas of sales resourcing, product management and refinement of Knosys' go-to-market strategy. The Company is now focused on three target verticals namely Telecommunications, Government/Legal and Banking/Finance, with greater emphasis on mid and top tier Australian and APAC opportunities.

The executive team was further strengthened by the appointment of Nic Passmore as its new CTO effective from 27 September 2016, following the resignation of former CTO and director, Mr Alistair Wardlaw. Mr Passmore had joined Knosys approximately 3 months prior in a senior product management role and is a highly experienced IT executive with strong general management and sales experience.

The Company has also engaged additional experienced sales executives in Australia to pursue the identified target industries under the updated strategy and is actively recruiting pre-sales engineers in Australia and Singapore to support the anticipated sales growth.

Asian operations

- **Commercial development of CITIC Telecom opportunity**

During the September quarter Knosys has been pursuing the initial commercial rollout of the Knosys Platform for the Singapore operations of CITIC Telecom International (SEA) Pte Ltd ("CITIC Telecom"). CITIC Telecom is part of CITIC Limited, China's largest conglomerate.

The initial implementation of the rollout is the CITIC Telecom's integrated "Customer Engagement Program" initiative which involves delivering a single view of knowledge relative to each customer. The roll out is expected to be completed in early November.

Knosys continues to work with its reseller partner in Singapore on a number of large opportunities in the Telecommunication sector with the objective of further expanding the local and international penetration of the Knosys platform.

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 30 September 2016.

Cash balance at 30 September 2016 was \$2.3 million after incurring net cash outflows for the September quarter of \$0.63m. The operational outflows for the quarter continue to reflect the pursuit of Knosys' growth and expansion plans.

The Company's revenue model to date has predominantly been 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 receipts in the June 2016 quarter and lower receipts in the September 2016 quarter reflect this revenue model.

ABOUT KNOSYS

The Knosys Platform 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 Platform 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 platform 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

For further information please contact:

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Appendix 4C

Quarterly report for entities subject to Listing Rule 4.7B

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

Name of entity

Knosys Limited

ABN

96 604 777 862

Quarter ended ("current quarter")

30 September 2016

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	13	13
1.2 Payments for		
(a) research and development	(8)	(8)
(b) product manufacturing and operating costs	(54)	(54)
(c) advertising and marketing	(47)	(47)
(d) leased assets	-	-
(e) staff and consultant costs	(512)	(512)
(f) administration and corporate costs	(230)	(230)
1.3 Dividends received (see note 3)		
1.4 Interest received	18	18
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives (net)	196	196
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(623)	(623)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(3)	(3)
(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	(3)	(3)

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	2,947	2,947
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(623)	(623)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(3)	(3)
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	2,321	2,321

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	12	12
5.2	Call deposits	697	697
5.3	Bank overdrafts	-	-
5.4	Other – Term deposits	1,612	1,612
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	2,321	2,321

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
196
-

Payments per item 6.1 include:

Managing Director's, Executive Directors' and Non-Executive directors' remuneration and payments of \$15k for technical staff and office occupancy 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 <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. Estimated cash outflows for next quarter	\$A'000
9.1 Research and development	(20)
9.2 Product manufacturing and operating costs	(45)
9.3 Advertising and marketing	(70)
9.4 Leased assets	-
9.5 Staff and consultant costs	(530)
9.6 Administration and corporate costs	(185)
9.7 Other (provide details if material)	-
9.8 Total estimated cash outflows	(850)

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: 27 October 2016

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.