

6 August 2013

Andrew Weaver  
Adviser, Listings (Sydney)  
20 Bridge Street  
Sydney NSW 2000

By email only: [andrew.weaver@asx.com.au](mailto:andrew.weaver@asx.com.au)

Dear Andrew

**Entellect Limited (the Company)**

We refer to your letter to the Company dated 5 August 2013 regarding the Company's Appendix 4C for the quarter ended 30 June 2013.

We respond to each of your queries as follows (adopting your numbering):

- (Cash to fund future activities)** The Board is aware that the Company's current cash reserves are limited relative to the Company's current operating expenses. As reflected in the Appendix 4C, during the quarter the Company's expenses included a number of extraordinary items such as additional market development activities and contract software development for the KNeoWORLD Games Portal in preparation for the launch of the KNeoWORLD sales initiative to the USA Parent Teacher Associations (PTA) nationally. The PTA sales initiative will begin on 15 August 2013 and is expected to generate revenue at a steadily increasing rate. The costs associated with the additional marketing and development activities are not expected to recur in future quarters.
- (Negative operating cash flows)** In the absence of extraordinary items, the Board expects the Company to report an improved but still negative operating cash flow for the current quarter. Accordingly the Directors have secured further funding of \$235,000 from sophisticated investors as advised to the market in the Company's Appendices 3B released since the Appendix 4C.
- (Ability to meet business objectives)** The Company continues to execute its business plan in relation to KNeoWORLD Games Portal and has secured the funding it requires to launch its KNeoWORLD sales initiative to the PTA nationally on 15 August 2013; this is expected to generate revenue at a steadily increasing rate.



4. **(Compliance with Listing Rules)** The Board confirms that the Company is in compliance with the Listing Rules, particularly Listing Rule 3.1. The Board further confirms that any determinations made by the Board in relation to further capital raising will be immediately notified to the ASX.
5. **(Compliance with Listing Rule 12.2)** The Board confirms that the Company is in compliance with Listing Rule 12.2, and refers once more to the response given in relation to the questions above.

We trust this information addresses your concerns.

Yours sincerely



Sophie Karzis  
**Company Secretary**





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5 August 2013

Ms Sophie Karzis  
Company Secretary  
Entellect Limited  
Level 1, 61 Spring Street  
MELBOURNE VIC 3000

By Email:

Dear Sophie

**ENTELLECT LIMITED (THE "COMPANY")**

I refer to the Company's Quarterly Report in the form of Appendix 4C for the period ended 30 June 2013, released to ASX Limited ("ASX") on 31 July 2013 (the "Appendix 4C").

ASX notes that the Company has reported the following.

1. Receipts from customers of \$11,000.
2. Net negative operating cash flows for the quarter of \$478,000.
3. Cash at end of quarter of \$117,000.

In light of the information contained in the Appendix 4C please respond to each of the following questions.

1. It is possible to conclude on the basis of the information provided that if the Company were to continue to expend cash at the rate for the quarter indicated by the Appendix 4C, taking into account future administration costs, the Company may not have sufficient cash to fund its activities. Is this the case, or are there other factors that should be taken into account in assessing the Company's position?
2. Does the Company expect that in the future it will have negative operating cash flows similar to that reported in the Appendix 4C for the quarter and, if so, what steps has it taken to ensure that it has sufficient funds in order to continue its operations at that rate?
3. What steps has the Company taken, or what steps does it propose to take, to enable it to continue to meet its business objectives?
4. Can the Company confirm that it is in compliance with the listing rules, and in particular, listing rule 3.1?
5. Please comment on the Company's compliance with listing rule 12.2, with reference to the matters discussed in the note to the rule.

### **Listing rule 3.1**

Listing rule 3.1 requires an entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. The exceptions to this requirement are set out in the rule.

In responding to this letter you should consult listing rule 3.1 and the guidance note titled "Continuous disclosure: listing rules 3.1 – 3.1B".

If the information requested by this letter is information required to be given to ASX under listing rule 3.1 your obligation is to disclose the information immediately.

Your responsibility under listing rule 3.1 is not confined to, or necessarily satisfied by, answering the questions set out in this letter.

This letter and your response may be released to the market. If you have any concerns about your response being released, please contact me immediately. Your response should be sent to me by email to **andrew.weaver@asx.com.au** or on **facsimile number (02) 9241 7620**. It should not be sent to the Market Announcements Office.

Unless the information is required immediately under listing rule 3.1, a response is requested as soon as possible and, in any event, not later than close of business **5 p.m. A.E.S.T. on Thursday, 8 August 2013**.

If you are unable to respond by the time requested you should consider a request for a trading halt in the Company's securities.

If you have any queries, please do not hesitate to contact.

Yours sincerely,

*[Sent electronically without signature]*

Andy Weaver  
**Advisor, Listings Compliance (Sydney)**