Knosys Limited

ABN 96 604 777 862

Annual Report

30 June 2016

Knosys Limited
Chairman's letter to shareholders
30 June 2016

Dear Shareholders,

I have pleasure in presenting to you the first Annual Report of Knosys Limited as a public company listed on the Australian Securities Exchange (ASX),

During the year to 30 June 2016, under the Offer pursuant to the Prospectus dated 22 July 2016, the Company completed an initial public capital raising of $4,000,000 through the issue of 20,000,000 Shares at a price of $0.20 per Share. The Offer was an important next step in the evolution of our Company and the Board believes it is an integral part of our long term growth strategy and provided the opportunity for investors to share in the future success of the Company.

The 2016 financial year was one of significance for the Company. Having successfully managed the listing process, the Company commenced implementing its initial strategy laying the ground for future growth. The 2017 year will see the next stage of the Company's development following a comprehensive review conducted by the Company's new CEO.

Trading conditions for the 2016 year proved more challenging than originally expected but the Company has responded by focussing on its major opportunities, on consolidating and moving to expand its existing major client relationships, on implementing the initiatives set out in the Prospectus and on adding important new roles, positioning for future growth. Our expansion into Asia, initially through Singapore, has generated opportunities that are expected to reduce the enterprise sales cycle. We expect growth in the region throughout the next financial year and beyond. The Company's finances are in sound condition and are sufficient to fund existing operations for the foreseeable future. In deliberating on the new CEO's report, the Board will consider shortly whether, and, if so, what, additional resources are required for the next stage of development.

During the year under review, Mr. Gavin Campion resigned from the Board. Gavin played a pivotal part in the listing and early development of the Company and the Board thanks Gavin for his contribution in the lead-up to listing and as a Director. Gavin continues to assist the Company with business development and other matters under a retainer arrangement and we expect that he will continue to make important contributions to the Company's success.

During the 2016 year, our CEO, Mr. Ashley Gall, had indicated that he was considering resigning from his position and from the Board. Ashley generously agreed to continue as CEO whilst the Board conducted a search, identified and appointed a successor CEO. During July, 2016, Ashley formally resigned and Mr. John Thompson was appointed CEO. The Board thanks Ashley for his contribution to Knosys and to successfully piloting the Company through the listing process.

John Thompson is a very highly experienced and skilled CEO having been a successful CEO in a wide range of technology businesses from start-ups to large international companies. John has held various CEO positions over more than twenty-five years and has a strong track record in growing revenue and profits. Since joining the Company John has been strongly focussed on short and medium term revenue generating opportunities and, at the same time, in consultation with the Board, he has conducted a very comprehensive review of all aspects of the Company's business. The Board is confident that John will deliver further success for Knosys, its shareholders and other stakeholders.

On behalf of your Directors I would like to thank all shareholders that have taken an interest in the Company through the capital raising process and that have continued to support us as we pursue the continued development and commercialisation of the Knosys Platform.

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

Hon. Alan Stockdale AO
CHAIRMAN

Knosys Limited
Directors' report
30 June 2016

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Knosys Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 30 June 2016.

Directors
The following persons were directors of Knosys Limited during the period from 1 July 2015 to the date of this report, unless otherwise stated:

Hon. Alan Stockdale (Non-executive Chairman)
Ashley Gall (Managing Director) resigned 15 July 2016
Alistair Wardlaw (Executive Director)
Gavin Campion (Executive Director) resigned as a director 2 February 2016
Richard Levy (Non-executive Director)
Peter Pawlowitsch (Non-executive Director)

Principal activities
During the financial year the principal continuing activities of the consolidated entity consisted of:
- Computer software development and licencing.

Dividends
No dividends were paid or declared during the financial year.

Review of operations
The loss for the consolidated entity after providing for income tax amounted to $1,411,015 (30 June 2015 loss: $592,989).

The consolidated entity had net assets of $2,493,735 at 30 June 2016 and cash on hand of $2,946,975. The consolidated entity is adequately funded and has the resources to develop its product and its business.

The consolidated entity is the owner of the Knosys Platform which provides an enterprise-grade, knowledge management solution for organisations.

The Knosys Platform enables organisations, large or small, to better capture, manage and access information across often disparate business units, divisions and information technology (IT) platforms, improving and simplifying the knowledge.

The Knosys Platform sits above an organisation's existing technology or IT platform, without disrupting existing processes. The Knosys Platform optimises the outcomes of existing IT platforms in an organisation through the integration of their capabilities and content, without moving the data from the legacy system. This is done by indexing the data/information location or tagging the file and creating a virtual link to the information without the requirement to replicate the information into a central repository.

The Consolidated entity's business model is based on a recurring subscription fee payable by customers on a per user basis.

During the financial year the consolidated entity has continued the software development of the Knosys Platform and has continued the business development, marketing and sales of the product across the APAC region.

Significant changes in the state of affairs

On 22 July 2015 the company lodged a prospectus with ASIC to raise $4,000,000 (before expenses) through an offer to the public of 20,000,000 fully paid ordinary shares at an issue price of $0.20 per share.

The offer under the prospectus was closed on 1 September 2015 and the company listed on the Australian securities exchange on 9 September 2015 (ASX:KNO).

There were no other significant changes in the state of affairs of the consolidated entity during the financial year.

Matters subsequent to the end of the financial year

On 18 July 2016 Mr John Thompson was appointed as the new Chief Executive Officer of the consolidated entity following the resignation of Mr Ashley Gall as Managing Director and Chief Executive Officer on 15 July 2016. No other matter or circumstance has arisen since 30 June 2016 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Likely developments and expected results of operations

Information on likely developments in the operations of the consolidated entity and the expected results of operations have not been included in this report because the directors believe it would be likely to result in unreasonable prejudice to the consolidated entity.

Environmental regulation

The consolidated entity is not subject to any significant environmental regulation under Australian Commonwealth or State law.

Information on directors

Name:	Hon. Alan Stockdale AO
Title:	Non-Executive Chairman
Experience and expertise:	Hon. Alan Stockdale AO served as Treasurer in the Victorian Government from 1992 to 1999 and his responsibilities included the Government reform agenda and general financial management. Alan was responsible for the privatisation of $A30 billion of Government business enterprises. He was also Minister for IT and Multimedia from 1996 to 1999, promoting Victoria as a leader in the application of multimedia and new information technologies. In the private sector, Alan was employed by Macquarie Bank for a total of six years, co-leading the Macquarie team that successfully bid to acquire Sydney Airport. Taking on a number of other corporate advisory roles, he was involved in a wide range of infrastructure transactions, especially in the power, gas and transport sectors in Australia and overseas. Alan has developed a career as a company Chairman and director of a number of ASX-listed companies and of various unlisted companies and not-for-profit organisations. He has been Chairman of Axon Instruments Inc (incorporated in the USA and listed on the ASX), Symex Holdings Limited, Senetas Corporation Limited and a director of Marriner Financial Limited. He was Federal President of the Liberal Party from 2008 to 2014. Alan holds a Bachelor of Laws and a Bachelor of Arts, both completed at the University of Melbourne, is a Barrister of the Supreme Courts of Victoria and NSW and the High Court of Australia and is a Fellow of the Australian Institute of Company Directors. Mr Stockdale has been a director since 30 April 2015.
Directorships held in other listed entities in the last 3 years	Nil.
Interests in shares	Nil ordinary shares
Interests in options	500,000 options

Name:	Richard Levy
Title:	Non-Executive Director
Experience and expertise:	Richard Levy has had 27 years automotive manufacturer (Nissan/Ford) and supplier (Air International) experience in sales and marketing management positions including four years as Director of Sales and Dealer Operations at Nissan. He has also had investments and participation in several commercial ventures including food, travel and now internet businesses. Richard has been a partner and Managing Director of MMG Interactive for the last 15 years including involvement with servicing many blue chip and high value SME customers, and has also published papers on the internet and the auto industry - both business-to business and business-to-consumer. He was and continues to be a founding owner of apStream, an internet streaming services company. Richard holds an Economics degree from the ANU. Mr Levy has been a director since 30 April 2015.
Directorships held in other listed entities in the last 3 years	Nil
Interests in shares	9,921,130 ordinary shares
Interests in options	1,000,000 options

Name:	Peter Pawlowitsch
Title:	Non-Executive Director
Experience and expertise:	Peter Pawlowitsch is an accountant by profession with extensive experience as a director and officer of ASX-listed entities. He brings to the team experience in operational management, business administration and project evaluation in the IT, hospitality and mining sectors during the last 15 years. Peter is Chairman of Dubber Corporation Limited (appointed a director on 26 September 2011), and a non-executive director of Ventnor Resources Ltd (appointed 12 February 2010) and Novatti Group Limited (appointed 19 June 2015) and he was a non-executive director of Department 13 Ltd (30 January 2010 to 18 December 2015), all ASX-listed companies. Peter holds a Bachelor of Commerce from the University of Western Australia, is a current member of the Certified Practising Accountants of Australia and also holds a Masters of Business Administration from Curtin University. Mr Pawlowitsch has been a director since 16 March 2015.
Directorships held in other listed entities in the last 3 years	Dubber Corporation Limited (ASX:DUB) Ventnor Resources Limited (ASX:VRX) Novatti Group Limited (ASX:NOV) Department 13 International Limited (ASX:D13)
Interests in shares	900,000 ordinary shares
Interests in options	500,000 options

Name:	Ashley Gall (resigned as Managing Director and CEO on 15 July 2016)
Title:	Managing Director and CEO
Experience and expertise:	Ashley Gall has over 25 years' experience working in the information technology sector. This has formed the basis of Ashley's strong industry expertise in enterprise market segments including government, health, utilities, education, finance and banking. Serving as an Enterprise Account Manager with multinational information technology corporation Hewlett-Packard from 1991 until 2009, Ashley then moved on, becoming a Senior Account Manager for Southern Cross Computer Systems from 2009 until 2012. From 2013 to January 2015, Ashley was the Victorian Sales Manager for NTT Communications ICT Solutions. Coming from an engineering background, Ashley has developed his knowledge and skills from working in sales and sales management, with a strong focus on business solutions. Ashley studied at Collingwood & Box Hill TAFE obtaining a Certificate and Associate Degree in Civil Drafting and Civil Engineering. Mr Gall held the position of director from 30 April 2015 to 15 July 2016.
Directorships held in other listed entities in the last 3 years	Nil
Interests in shares	Nil ordinary shares
Interests in options	2,416,667 options

Name:	Alistair Wardlaw
Title:	Executive Director and Chief Technical Officer
Experience and expertise:	Alistair has 20 years' experience in multimedia, information technology and software development and delivery. As a co-founder of the Group and Chief Technology Officer, Alistair has played a key role in productising and commercialising the Knosys Platform, taking the original conceptual model of the Knosys Platform through each phase of the software development life cycle to the final product. For the last 15 years Alistair has been a part owner and operations director of MMG interactive, which has provided services for many blue chip and high value small-to-medium enterprise customers, developing customer-centric websites, application and SaaS platforms. Alistair is also a co-founder of apStream, a streaming and content distribution network to commercial and government sectors. Alistair has academic training from La Trobe University and Monash University and applications experience in electronic graphic design. Mr Wardlaw has been a director since 30 April 2015.
Directorships held in other listed entities in the last 3 years	Nil
Interests in shares	19,471,130 ordinary shares
Interests in options	1,000,000 options

Name:	Gavin Campion
Title:	Executive Director (resigned as a director 2 February 2016, continues as an executive)
Experience and expertise:	Gavin Campion was the founder and a director of marketing services company, Reality Group. Reality Group won agency of the year in 2003. Gavin sold Reality Group in 2005. In 2004, Gavin acquired Shoppers Advantage, serving as CEO (2004-2008) and Chairman (2008-2011), Gavin took responsibility for re-engineering the business into a large SaaS based business-to-business retail e-commerce business. Shoppers Advantage was sold in 2011. In 2004, Gavin acquired Presidential Card. Serving as Director, Gavin assisted in making Presidential Card a large Australian online discount program. In 2010 Gavin merged Presidential Card with Strategic Rewards and acquired a number of minor players in the market. Gavin sold his shares to management in 2013. Gavin was the founder and CEO of the digital marketing services agency, Sputnik Agency. In 2007 Sputnik Agency won B&T Agency of the Year. Gavin sold Sputnik in 2008. From April 2008 until March 2012, Gavin served as President of KIT digital, global provider of video asset management solutions for multi-screen IP-based delivery. Gavin has been involved with productising and commercialisation of the Knosys Platform since 2012. In 2014, Gavin joined Dubber Corporation Ltd (ASX:DUB) as commercial director, being appointed a director on 15 December 2014. He assisted in repositioning the business and listing it on the ASX in Feb 2015. Gavin also sits on a number of small cap technology companies advisory boards. Gavin holds an honours degree in marketing from the UK. Mr Campion held the position as director from 30 April 2015 to 2 February 2016
Directorships held in other listed entities in the last 3 years	Nil
Interests in shares	19,100,000 ordinary shares
Interests in options	1,000,000 options

Chief Executive Officer - Appointed 18 July 2016
John Thompson (BEng Hons, MBA) was appointed as CEO on 18 July 2016. Mr. Thompson brings a wealth of leadership experience having worked for more than 20 years at the helm of renowned technology companies. Most recently, Mr. Thompson spent 11 years as CEO of Sigtec and 5 years as CEO of Wavenet International in addition to 5 years with CS Communications and Systems in New York and London. Mr. Thompson received a first class honours degree in Engineering from the Queensland University of Technology in addition to a Master of Business Administration from the City University Business School in London. Mr. Thompson has a strong record in driving sales and revenue in addition to his ample experience as a capable CEO providing pivotal leadership expertise across UK, US, Australia and New Zealand markets for multi-national, listed, IPO and start-up technology companies.

Company Secretary and Chief Financial Officer
Stephen Kerr (BCom, ACA, FGIA) has held the role of Company Secretary since July 2015. Stephen 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. Stephen holds a Bachelor of Commerce from the University of Melbourne and is a current member of Chartered Accountants Australia and New Zealand and a Fellow of the Governance institute of Australia.

Meetings of directors
The number of meetings of the company's Board of Directors ('the Board') and of each Board committee held from 1 July 2015 to the year ended 30 June 2016, and the number of meetings attended by each director were:

	Full board	
	Attended	Held
Hon. Alan Stockdale	9	9
Ashley Gall	9	9
Alistair Wardlaw	9	9
Gavin Campion	9	9
Richard Levy	9	9
Peter Pawlowitsch	9	9

Held: represents the number of meetings held during the time the director held office or was a member of the relevant committee.

Remuneration report (audited)
The remuneration report details the key management personnel remuneration arrangements for the consolidated entity, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all directors.

The remuneration report is set out under the following main headings:
- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements
- Share-based compensation
- Additional information
- Additional disclosures relating to key management personnel

Principles used to determine the nature and amount of remuneration

The objective of the consolidated entity's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders. The Board of Directors ('the Board') ensures that executive reward satisfies the following key criteria for good reward governance practices:
- competitiveness and reasonableness
- acceptability to shareholders
- performance linkage / alignment of executive compensation
- transparency

The performance of the consolidated entity depends on the quality of its directors and executives. The remuneration philosophy is to attract, motivate and retain high performance and high quality personnel. The executive remuneration framework is structured to be market competitive and complementary to the strategy of the consolidated entity.

Non-executive directors' remuneration
Fees and payments to non-executive directors reflect the demands and responsibilities of their role. Non-executive directors' fees and payments are reviewed annually by the Board. The Board may, from time to time, receive advice from independent remuneration consultants to ensure non-executive directors' fees and payments are appropriate and in line with the market. No such advice was sought for the financial year ended 30 June 2016. The chairman's fees are determined independently to the fees of other non-executive directors based on comparative roles in the external market. The chairman is not present at any discussions relating to the determination of his own remuneration.

ASX listing rules require the aggregate non-executive directors’ remuneration be determined periodically by a general meeting. The current maximum aggregate remuneration payable to non-executive directors of the consolidated entity in any financial year is $500,000.

Executive remuneration
The consolidated entity aims to reward executives with a level and mix of remuneration based on their position and responsibility, which has both fixed and variable components.

The executive remuneration and reward framework has four components:
- base pay, superannuation and non-monetary benefits
- short-term performance incentives
- share-based payments
- other remuneration such as long service leave

The combination of these comprises the executive's total remuneration.

Fixed remuneration, consisting of base salary, superannuation and non-monetary benefits, are reviewed annually by the Board, based on individual performance and the overall performance of the consolidated entity and comparable market remunerations.

Executives may receive their fixed remuneration in the form of cash or other fringe benefits (for example motor vehicle benefits) where it does not create any additional costs to the consolidated entity and provides additional value to the executive.

The short-term incentives ('STI') program is designed to align the targets of the business with the targets of those executives responsible for meeting those targets. STI payments are granted to executives based on specific targets and/or key performance indicators ('KPI's') being achieved. These targets are discussed in further detail in the description of service agreements which forms part of this Remuneration Report.

The long-term incentives ('LTI') include long service leave and share-based payments. Options are awarded to executives, vesting over a period of three years based on elapsed time and/or achievement of long-term incentive measures.

Consolidated entity performance and link to remuneration
Remuneration for certain individuals is directly linked to the performance of the consolidated entity. A portion of cash bonus and incentive payments are dependent on defined revenue and earnings targets being met. The remaining portion of the cash bonus and incentive payments are at the discretion of the Board. As this is the entity’s first report as a public ASX listed company there is no additional information to disclose.

Details of remuneration

Amounts of remuneration
Details of the remuneration of key management personnel of the consolidated entity are set out in the following tables.

The key management personnel of the consolidated entity during the year to 30 June 2016 consisted of the following directors of Knosys Limited:
- Alan Stockdale - Non-Executive Chairman
- Peter Pawlowitsch - Non-Executive Director
- Richard Levy - Non-Executive Director
- Gavin Campion - Executive Director (resigned as a director on 2 February 2016)
- Ashley Gall - Managing Director and Chief Executive Officer (resigned on 15 July 2016)
- Alistair Wardlaw - Executive Director

And the following persons:
- Stephen Kerr - Company Secretary and Chief Financial Officer

2016 (1)	Short-term benefits: Cash salary and fees $	Short-term benefits: Cash bonus $	Short-term benefits: Non-monetary $	Post-employment benefits: Super-annuation $	Long-term benefits: Long service leave $	Share-based payments: Equity-settled $	Total $
Non-Executive Directors:							
Alan Stockdale (Chairman)	58,927	-	-	6,073	-	10,574	75,574
Peter Pawlowitsch	29,630	-	-	2,814	-	10,574	43,018
Richard Levy	6,750	-	-	36,666	-	21,148	64,564
Executive Directors:							
Ashley Gall (Managing Director and CEO)	197,869	-	12,817	18,798	-	71,904	301,388
Alistair Wardlaw	231,111	-	-	-	-	21,148	252,259
Other Key Management Personnel:							
Stephen Kerr	120,190	-	1,858	32,363	-	8,608	163,019
Gavin Campion	231,111	-	-	-	-	21,148	252,259
	875,588	-	14,675	96,714	-	165,104	1,152,081

(1) The entity became an ASX listed public entity on 9 September 2015. Remuneration is presented for the full 2016 financial year and includes remuneration structures for the period prior to the entity becoming an ASX listed entity.

2015
The entity was not a listed entity at 30 June 2015. Therefore, there is no prior year comparative remuneration disclosure.

The proportion of remuneration linked to performance and the fixed proportion are as follows:

Name	Fixed remuneration 2016	At risk - STI 2016	At risk - LTI 2016
Non-Executive Directors:			
Alan Stockdale (Chairman)	86%	-%	14%
Peter Pawlowitsch	75%	-%	25%
Richard Levy	67%	-%	33%
Executive Directors:			
Ashley Gall (Managing Director and CEO)	75%	-%	24%
Alistair Wardlaw	92%	-%	8%
Other Key Management Personnel:			
Stephen Kerr	95%	-%	5%
Gavin Campion	92%	-%	8%

No cash bonuses were paid or payable for the year to 30 June 2016.

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:	Ashley Gall
Title:	Managing Director and Chief Executive Officer
Agreement commenced:	16 March 2015
Term of agreement:	No fixed term
Details:	Annual base salary for the year ending 30 June 2016 of $182,650 plus superannuation, to be reviewed annually by the Board, 3 month termination notice by either party, performance bonus of $100,000 (including statutory superannuation) accruing when the Group achieves annual earnings before interest and tax targets as set by the Board, an additional performance bonus of up to $100,000 (including statutory superannuation) payable in fixed increments on the basis of the achievement of KPI's and revenue performance milestones as set by the Board, non-disclosure, non-solicitation and non-compete clauses.

Name:	Stephen Kerr
Title:	Chief Financial Officer and Company Secretary
Agreement commenced:	9 June 2015
Term of agreement:	No fixed term
Details:	Annual base salary for the year ending 30 June 2016 of $162,000 including superannuation, employment is for three days per week during normal working hours on days agreed with the CEO and reasonable additional hours during these days in order to perform responsibilities and duties. Remuneration to be reviewed annually by the Board, 3 month termination notice by either party, STI performance bonus of up to $50,000 (including statutory superannuation) based on financial and non-financial KPI's, plus up to 10% of that amount of EBIT earned by the Group in excess of annual budgeted EBIT, non-disclosure, non-solicitation and non-compete clauses.

Name:	Alistair Wardlaw
Title:	Chief Technical Officer and Executive Director
Agreement commenced:	1 January 2015
Term of agreement:	No fixed term
Details:	Consultancy agreement with WFT Services Pty Ltd as trustee for the A L Wardlaw Family Trust, for the provision of consultancy services, annual consultancy fee of $250,000, 12 month termination notice by either party, non-disclosure, non-solicitation and non-compete clauses.

Name:	Gavin Campion
Title:	Consultant
Agreement commenced:	1 January 2015
Term of agreement:	No fixed term
Details:	Consultancy agreement with Hydria Plenus Pty Ltd, a company associated with Mr Campion, for the provision of consultancy services, annual consultancy fee of $250,000, 12 month termination notice by either party, non-disclosure, non-solicitation and non-compete clauses. Mr Campion resigned as a director of the Company on 2 February 2016. This resignation as an office bearer did not affect his consultancy arrangements with the Company.

Key management personnel have no entitlement to termination payments in the event of removal for misconduct.

Share-based compensation

Issue of shares
No shares were issued to directors and other key management personnel as part of compensation during the year ended 30 June 2016.

Options
The terms and conditions of each grant of options over ordinary shares affecting remuneration of directors and other key management personnel in this financial year or future reporting years are as follows:

Grant date	Number of options	Expiry date	Exercise price	Fair value per option at grant date
May 2015	7,400,000	1 July 2019	$0.25	$0.0314
June 2015	425,000	1 July 2019	$0.25	$0.0314

Options granted carry no dividend or voting rights.

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

Vesting and Entitlement
For the Directors, the Options will vest over time, in equal amounts (except for slight adjustments to avoid fractions) every three months, commencing 1 July 2015 with the final vesting date being 1 April 2018. For Stephen Kerr, 20,000 Options will vest on the first two vesting dates, and 38,500 Options will vest on subsequent vesting dates. If the relevant holder is no longer employed or engaged, as the case may be, by the Group on a vesting date, the Options will not vest to that holder. Options that have previously vested in the holder shall be retained by the holder. The Options will entitle the holder to subscribe for one Share upon the exercise of each Option that has vested in the holder.

Shares issued on the exercise of options
No ordinary shares of Knosys Limited were issued during the year ended 30 June 2016 and up to the date of this report on the exercise of options granted.

The number of options over ordinary shares granted to and vested by directors and other key management personnel as part of compensation during the year ended 30 June 2016 are set out below:

Name	Number of options vested and exercisable during the year 2016	% of options vested and exercisable during the year 2016	Number of options forfeited during the year 2016	% of options Forfeited during the year 2016
Alan Stockdale	166,667	33%	-	-
Peter Pawlowitsch	166,667	33%	-	-
Richard Levy	333,333	33%	-	-
Ashley Gall	1,133,334	33%	-	-
Gavin Campion	333,333	33%	-	-
Alistair Wardlaw	333,333	33%	-	-
Stephen Kerr	117,000	28%	-	-

Additional disclosures relating to key management personnel

Shareholding
The number of shares in the company held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

	Balance at the start of the year	Received as part of remuneration	Additions*	Disposals/ other	Balance at the end of the year
Ordinary shares					
Alan Stockdale	-	-	-	-	-
Peter Pawlowitsch	900,000	-	-	-	900,000
Richard Levy	9,921,130	-	-	-	9,921,130
Ashley Gall	-	-	-	-	-
Gavin Campion	19,100,000	-	-	-	19,100,000
Alistair Wardlaw	19,471,130	-	-	-	19,471,130
Stephen Kerr	-	-	100,000	-	100,000
	49,392,260	-	100,000	-	49,492,260

* Additions represent shares acquired through the initial public offering contained in the Prospectus dated 22 July 2015.

Option holding
The number of options over ordinary shares in the company held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

	Balance at the start of the year (unvested)	Granted / exercised / expired / forfeited	Balance at the end of the year - vested	Balance at the end of the year - unvested	Balance at the end of the year
Options over ordinary shares					
Alan Stockdale	500,000	-	166,667	333,333	500,000
Peter Pawlowitsch	500,000	-	166,667	333,333	500,000
Richard Levy	1,000,000	-	333,333	666,667	1,000,000
Ashley Gall	3,400,000	-	1,133,334	2,266,666	3,400,000
Gavin Campion	1,000,000	-	333,333	666,667	1,000,000
Alistair Wardlaw	1,000,000	-	333,333	666,667	1,000,000
Stephen Kerr	425,000	-	117,000	308,000	425,000
	7,825,000	-	2,583,667	5,241,333	7,825,000

Other transactions with key management personnel and their related parties
During the financial year, payments for office rent, outgoings, technical infrastructure and software development services supplied by MMG Interactive Partnership (director-related entity of Richard Levy and Alistair Wardlaw) of $109,394 were made. All transactions were made on normal commercial terms and conditions and at market rates.

This concludes the remuneration report, which has been audited.

Indemnity and insurance of officers
The company has indemnified the directors and executives of the company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the company paid a premium in respect of a contract to insure the directors and executives of the company against a liability to the extent permitted by the *Corporations Act 2001*. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Indemnity and insurance of auditor
The company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

During the financial year, the company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

Corporate Governance Statement
The company's corporate governance statement can be found on the company website at
http://www.knosys.it/investor/documents/Corporate Governance Statement.pdf

Proceedings on behalf of the company
No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the company, or to 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 part of those proceedings.

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. During the year no non-audit services were provided.

Auditor's independence declaration
A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on the following page.

Auditor
William Buck Audit (VIC) Pty Ltd continues in office in accordance with section 327 of the *Corporations Act 2001*.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the *Corporations Act 2001*.

On behalf of the directors

Hon. Alan Stockdale AO
Director

29 August 2016
Melbourne

William Buck

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF KNOSYS LIMITED

I declare that, to the best of my knowledge and belief during the year ended 30 June 2016 there have been:

— no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and

— no contraventions of any applicable code of professional conduct in relation to the audit.

William Buck

William Buck Audit (Vic) Pty Ltd
ABN 59 116 151 136

N. S. Benbow
Director
Dated this 29th day of August, 2016

CHARTERED ACCOUNTANTS & ADVISORS

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Contents

General information

The financial statements cover Knosys Limited as a consolidated entity consisting of Knosys Limited and the entities it controlled at the end of, or during, the year. The financial statements are presented in Australian dollars, which is Knosys Limited's functional and presentation currency.

Knosys Limited is listed on the Australian Securities Exchange (ASX:KNO) and is incorporated and domiciled in Australia.

Registered office

Suite 9.08 Level 9
2 Queen Street
Melbourne VIC 3000

Principal place of business

Suite 9.08 Level 9
2 Queen Street
Melbourne VIC 3000

A description of the nature of the consolidated entity's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue on 29 August 2016, in accordance with a resolution of directors. The directors have the power to amend and reissue the financial statements.

Knosys Limited
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2016

	Note	Consolidated 2016 $	Consolidated 2015 $
Revenue	3	736,195	784,521
Research and development tax refund		280,471	189,769
Other income		62,954	182
Expenses			
Licence fee and support expenses		(180,334)	(215,000)
Payments to suppliers for research and development activities		(138,370)	(415,000)
Employee benefits expense	4	(1,501,184)	(427,075)
Depreciation and amortisation expense		(3,782)	(309)
Legal and accounting expenses		(86,957)	(91,823)
Travel and accommodation		(136,444)	(55,044)
Other expenses	4	(443,564)	(98,522)
Loss before transaction costs and income tax		(1,411,015)	(328,301)
Transaction costs relating to the reverse acquisition by the accounting acquirer Knosys Solutions Pty Ltd of Knosys Limited and Knosys Products Pty Ltd		-	(264,613)
Loss before income tax		(1,411,015)	(592,914)
Income tax (expense) credit	5	-	(75)
Loss after income tax expense for the year attributable to owners of the parent		(1,411,015)	(592,989)
Other comprehensive income			
Other comprehensive income for the year, net of tax		-	-
Total comprehensive loss for the year attributable to owners of the parent		(1,411,015)	(592,989)
Loss per share for loss attributable to the owners of the parent		**Cents**	**Cents**
Basic and diluted loss per share	22	(1.89)	(1.83)

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Knosys Limited
Statement of financial position
As at 30 June 2016

	Note	Consolidated 2016 $	2015 $
Assets			
Current assets			
Cash and cash equivalents	6	2,946,975	181,773
Trade and other receivables	7	-	814,795
Accrued research and development tax refund receivable		467,701	186,750
Prepayments & sundry debtors		65,306	5,000
Total current assets		3,479,982	1,188,318
Non-current assets			
Plant and equipment		19,754	6,421
Deferred tax asset		-	-
Total non-current assets		19,754	6,421
Total assets		3,499,736	1,194,739
Liabilities			
Current liabilities			
Trade and other payables	8	222,935	227,410
Provisions for employee benefits		74,838	56,841
Revenue billed in advance		708,228	751,812
Total current liabilities		1,006,001	1,036,063
Total liabilities		1,006,001	1,036,063
Net assets		2,493,735	158,676
Equity			
Issued capital	9	4,403,765	853,452
Options reserve		195,761	-
Accumulated losses		(2,105,791)	(694,776)
Total equity		2,493,735	158,676

The above statement of financial position should be read in conjunction with the accompanying notes

Knosys Limited
Statement of changes in equity
For the year ended 30 June 2016

Consolidated	Issued capital $	Reserves $	Accumulated losses $	Total equity $
Balance at 1 July 2014	24	-	(101,787)	(101,763)
Loss after income tax expense for the year	-	-	(592,989)	(592,989)
Total comprehensive loss for the year	-	-	(592,989)	(592,989)
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs (note 9)	853,428	-	-	853,428
Balance at 30 June 2015	853,452	-	(694,776)	158,676

Consolidated	Issued capital $	Reserves $	Accumulated losses $	Total equity $
Balance at 1 July 2015	853,452	-	(694,776)	158,676
Loss after income tax expense for the year	-	-	(1,411,015)	(1,411,015)
Total comprehensive loss for the year	-	-	(1,411,015)	(1,411,015)
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs (note 9)	3,550,313	-	-	3,550,313
Vesting of share based payments	-	195,761	-	195,761
Balance at 30 June 2016	4,403,765	195,761	(2,105,791)	2,493,735

The above statement of changes in equity should be read in conjunction with the accompanying notes

Knosys Limited
Statement of cash flows
For the year ended 30 June 2016

	Note	Consolidated 2016 $	2015 $
Cash flows from operating activities			
Receipts from customers		1,576,667	818,647
Payments to suppliers and employees		(2,395,821)	(1,423,076)
		(819,154)	(604,429)
Research and development tax refund		-	86,157
Interest received		51,158	-
Net cash used in operating activities	19	(767,996)	(518,272)
Cash flows from investing activities			
Payments for plant and equipment		(17,115)	(6,730)
Net cash used in investing activities		(17,115)	(6,730)
Cash flows from financing activities			
Proceeds from issue of shares		4,000,000	749,976
Share issue transaction costs		(449,687)	(45,000)
Net cash from financing activities		3,550,313	704,976
Net increase in cash and cash equivalents		2,765,202	179,974
Cash and cash equivalents at the beginning of the financial year		181,773	1,799
Cash and cash equivalents at the end of the financial year	6	2,946,975	181,773

The above statement of cash flows should be read in conjunction with the accompanying notes

Note 1. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New, revised or amending Accounting Standards and Interpretations adopted
The consolidated entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the consolidated entity.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Basis of preparation
These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the *Corporations Act 2001*, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention
The financial statements have been prepared under the historical cost convention, applying the going concern basis of accounting.

Critical accounting estimates
The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

Legal Parent entity information
In accordance with the *Corporations Act 2001*, these financial statements present the results of the consolidated entity only. Supplementary information about the legal parent entity is disclosed in note 16.

Principles of consolidation

A controlled entity is any entity controlled by an accounting acquirer. Control exists where an entity has the capacity and power to govern the decision-making in relation to the financial and operating policies of an investee and also participate in the variable returns of that investee.

All inter-group balances and transactions between entities in the Consolidated Entity, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of controlled entities have been changed where necessary to ensure consistencies with those policies adopted by the parent entity.

Foreign currency translation
The financial statements are presented in Australian dollars, which is Knosys Limited's functional and presentation currency.

Foreign currency transactions
Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Revenue recognition
Revenue is recognised when it is probable that the economic benefit will flow to the consolidated entity and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

Note 1. Significant accounting policies (continued)

Licence fees and rendering of services
Licence fee revenue and rendering of services revenue from implementation and consulting fees is recognised by reference to the stage of completion of the contracts.

Stage of completion is measured by reference to the licence fee period and to labour hours incurred to date as a percentage of total estimated labour hours for each contract. Where the contract outcome cannot be reliably estimated, revenue is only recognised to the extent of the recoverable costs incurred to date.

Research and development tax refund income
Research and development tax refund income is measured on an accruals basis when the refund can be reliably determined.

Interest
Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Income tax
The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:
- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Cash and cash equivalents
Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Trade and other receivables
Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Trade receivables are generally due for settlement within 30 days.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off by reducing the carrying amount directly. A provision for impairment of trade receivables is raised when there is objective evidence that the consolidated entity will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 60 days overdue) are considered indicators that the trade receivable may be impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

Note 1. Significant accounting policies (continued)

Other receivables are recognised at amortised cost, less any provision for impairment.

Provisions
Provisions are recognised when the consolidated entity has a present (legal or constructive) obligation as a result of a past event, it is probable the consolidated entity will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

Employee benefits

Short-term employee benefits
Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be wholly settled within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits
The liability for annual leave and long service leave not expected to be wholly settled within 12 months of the reporting date are measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Defined contribution superannuation expense
Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

Share-based payments
Equity-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using the Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the consolidated entity receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

Market conditions are taken into consideration in determining fair value. Therefore any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

Note 1. Significant accounting policies (continued)

If the non-vesting condition is within the control of the consolidated entity or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the consolidated entity or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

Fair value measurement
When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified, into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

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.

Leases
The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

A distinction is made between finance leases, which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to the ownership of leased assets, and operating leases, under which the lessor effectively retains substantially all such risks and benefits.

Finance leases are capitalised. A lease asset and liability are established at the fair value of the leased assets, or if lower, the present value of minimum lease payments. Lease payments are allocated between the principal component of the lease liability and the finance costs, so as to achieve a constant rate of interest on the remaining balance of the liability.

Leased assets acquired under a finance lease are depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the consolidated entity will obtain ownership at the end of the lease term.

Operating lease payments, net of any incentives received from the lessor, are charged to profit or loss on a straight-line basis over the term of the lease.

Note 1. Significant accounting policies (continued)

Goods and Services Tax ('GST') and other similar taxes
Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

New Accounting Standards and Interpretations not yet mandatory or early adopted
Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2016. The consolidated entity's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the consolidated entity, are set out below.

AASB 9 Financial Instruments
This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard replaces all previous versions of AASB 9 and completes the project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. AASB 9 introduces new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost, if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows, which arise on specified dates and solely principal and interest. All other financial instrument assets are to be classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading) in other comprehensive income ('OCI'). For financial liabilities, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements will use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment will be measured under a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. The standard introduces additional new disclosures. The consolidated entity will adopt this standard from 1 July 2018, but the adoption will not materially affect the financial statements.

AASB 15 Revenue from Contracts with Customers
This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard provides a single standard for revenue recognition. The core principle of the standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard will require: contracts (either written, verbal or implied) to be identified, together with the separate performance obligations within the contract; determine the transaction price, adjusted for the time value of money excluding credit risk; allocation of the transaction price to the separate performance obligations on a basis of relative stand-alone selling price of each distinct good or service, or estimation approach if no distinct observable prices exist; and recognition of revenue when each performance obligation is satisfied. Credit risk will be presented separately as an expense rather than adjusted to revenue. For goods, the performance obligation would be satisfied when the customer obtains control of the goods. For services, the performance obligation is satisfied when the service has been provided, typically for promises to transfer services to customers. For performance obligations satisfied over time, an entity would select an appropriate measure of progress to determine how much revenue should be recognised as the performance obligation is satisfied. Contracts with customers will be presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Sufficient quantitative and qualitative disclosure is required to enable users to understand the contracts with customers; the significant judgments made in applying the guidance to those contracts; and any assets recognised from the costs to obtain or fulfil a contract with a customer. The consolidated entity will adopt this standard from 1 July 2018, but the adoption will not materially affect the financial statements.

Note 2. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The following key judgements are relevant to these financial statements:

As stated in Note 1 *Accounting for purchases of non-trading entities through reverse acquisitions*, these financial statements are of the consolidated entity ultimately controlled by Knosys Limited, but the financial information represented in the consolidated financial statements, although issued under the name of Knosys Limited, is deemed under reverse acquisition accounting rules to be a continuation of the legal subsidiary Knosys Solutions Pty Ltd. Management examined the reverse acquisition which took place on 23 March 2015 and assessed that both Knosys Limited and Knosys Products Pty Ltd did not have the necessary inputs, processes and outputs to satisfy the accounting definition of a business. As a consequence, the assets and liabilities acquired at this date are at their written down cost values and not their fair values.

Estimation of accrued research and development tax refund
As at 30 June 2016 the consolidated entity had accrued $467,701 in accrued research and development tax refund credits. Of this, $249,226 was accrued in-respect of the 2015 tax return. The directors of the consolidated entity engaged an industry expert to prepare and lodge this return. This full amount was receipted into the bank in July 2016. Based upon the methodology adopted by the industry expert, the consolidated entity has an accrued research and development tax refund receivable of $218,475 for the 2016 financial year. Key matters considered by the directors in calculating this accrual included the following:

- The historical success of lodging and receipting such claims, both in its present legal form and under the former pre-IPO legal structure of Knosys Solutions Pty Ltd (refer above);
- The quantum of eligible research and development spend made during the period; and
- A consideration of any potential change in the assessment of eligibility criteria as gazetted by the Federal government.

Recovery of deferred tax assets
Deferred tax assets are recognised for deductible temporary differences only if the consolidated entity considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Note 3. Revenue

	Consolidated 2016 $	Consolidated 2015 $
Sales revenue		
Licence and support fees	731,195	424,521
Rendering of services	5,000	360,000
Revenue	736,195	784,521

Note 4. Expenses

	Consolidated 2016 $	Consolidated 2015 $
Profit before income tax includes the following specific expenses:		
Rental expense relating to operating leases		
Minimum lease payments	72,229	18,760
Superannuation expense		
Accumulation fund Superannuation expense	123,805	21,150
Vesting of share based payments	195,761	-

Note 5. Income tax expense

	Consolidated 2016 $	Consolidated 2015 $
Income tax expense		
Current Tax benefit	(304,384)	(12,517)
Deferred tax - origination and reversal of temporary differences	(5,399)	(17,052)
Deferred tax assets not recognised	309,783	29,569
Adjustment recognised for prior periods	-	75
Aggregate income tax expense	-	75
Deferred tax included in income tax expense comprises:		
Increase in deferred tax assets	-	75
Deferred tax - origination and reversal of temporary differences	-	-
Numerical reconciliation of income tax expense and tax at the statutory rate		
Profit before income tax expense	(1,411,015)	(592,914)
Tax at the statutory tax rate of 30%	(423,305)	(177,874)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Entertainment expenses	2,481	1,503
Research and development costs	145,650	124,500
Share based payments expense	49,532	-
Transaction costs relating to the reverse acquisition by the accounting acquirer Knosys Solutions Pty Ltd of Knosys Limited and Knosys Products Pty Ltd	-	78,282
Non-assessable R&D refund	(84,141)	(56,025)
Sundry items	-	45
	(309,783)	(29,569)
Deferred tax assets not recognised	309,783	29,569
Adjustment recognised for prior periods	-	75
Income tax expense	-	75

Note 6. Current assets - cash and cash equivalents

	Consolidated 2016 $	Consolidated 2015 $
Cash at bank	2,946,975	181,773
	2,946,975	181,773

Note 7. Current assets - trade and other receivables

	Consolidated 2016 $	Consolidated 2015 $
Trade receivables	-	814,795
	-	814,795

Note 8. Current liabilities - trade and other payables

	Consolidated 2016 $	Consolidated 2015 $
Trade payables	105,262	136,711
Related party payables	45,834	79,493
Other payables	71,839	11,206
	222,935	227,410

Note 9. Equity - issued capital

	Legal Parent 2016 Shares	Legal Parent 2015 Shares	Consolidated 2016 $	Consolidated 2015 $
Ordinary shares - fully paid	78,099,386	55,849,386	4,403,765	853,452

Movements in ordinary share capital

Details	Date	No. of shares Legal Parent 2016	No. of shares Legal Parent 2015
Legal parent			
Balance start of year		55,849,386	-
Shares at incorporation of legal parent	16 March 2015		-
Issue of shares to founders	16 March 2015	-	2,000,000
Issue of shares to effect reverse acquisition of Knosys Products Pty Ltd and Knosys Solutions Pty Ltd	23 March 2015	-	47,750,000
Issue of share capital to shareholders	27 March 2015	-	5,357,126
Issue of share capital in settlement of loan owing to the MMG Integrative partnership	13 May 2015	-	742,260
Issue of shares to effect the final component of the consideration for the reverse acquisition of Knosys Products Pty Ltd and Knosys Solutions Pty Ltd	17 July 2015	2,250,000	-
Issue of share capital to shareholders	1 Sept 2015	20,000,000	-
Balance at end of year		78,099,386	55,849,386

Note 9. Equity - issued capital (continued)

Details	**Date**	$	**$**
Consolidated entity			
As at start of the financial year		853,452	24
Reverse acquisition of Knosys Products Pty Ltd and Knosys Solutions Pty Ltd	23 March 2015	-	749,976
Issue of share capital to shareholders	27 March 2015		
Issue of share capital in settlement of loan owing to the MMG Integrative partnership	13 May 2015	-	148,452
Costs of issuing shares		-	(45,000)
Final component of the reverse acquisition of Knosys Products Pty Ltd and Knosys Solutions Pty Ltd	17 July 2015	-	
Issue of share capital to shareholders	1 Sept 2015	4,000,000	-
Costs of issuing shares		(449,687)	-
Balance as at end of the financial year		4,403,765	853,452

Accounting for purchases of non-trading entities through reverse acquisitions
On 23 March 2015 Knosys Limited acquired all of the share capital of Knosys Products Pty Ltd and Knosys Solutions Pty Ltd. This acquisition was effected through the issue of 50,000,000 ordinary fully paid shares including tranches of 47,750,000 ordinary fully paid shares issued on 23 March 2015 and 2,250,000 ordinary fully paid shares issued on 17 July 2015 to the vendors or their nominees. This transaction is considered a reverse acquisition in accordance with Australian Accounting Standards and Knosys Solutions Pty Ltd was deemed to be the acquirer for accounting purposes. Knosys Solutions Pty Ltd is the larger of the combining entities, is the only entity that traded as at the date of the transaction and holds the revenue generating contracts and has recognised assets and liabilities on its statement of financial position. Therefore, Knosys Limited and Knosys Products Pty Ltd have been identified as the accounting acquirees. As a consequence of the reverse acquisition, the financial information represented in the consolidated financial statements is issued under the name of Knosys Limited but is deemed under accounting rules to be a continuation of the legal subsidiary Knosys Solutions Pty Ltd and the number of shares on issue reflect those of Knosys Limited.

Ordinary shares
Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Movements in options on issue

Details	**Date**	**No. of options Legal Parent 2016**	**No. of options Legal Parent 2015**
Legal parent			
Balance start of year		7,825,000	-
Options issued to directors	9 May 2015	-	7,400,000
Options issued to key management personnel	29 June 2015	-	425,000
Options issued to product resellers	5 April 2016	500,000	-
Options issued to external industry advisors	5 April 2016	300,000	-
Balance at end of year		8,625,000	7,825,000

7,825,000 options (of which 2,583,667 are vested at 30 June 2016) are exercisable at $$0.25 and expire on 1 July 2019.
500,000 options (of which 200,000 have vested at 30 June 2016) are exercisable at $0.29 and expire on 1 July 2019.
300,000 options (all of which are unvested at 30 June 2016) are exercisable at $0.29 and expire on 1 July 2020.
All options are unlisted and are subject to a range of vesting conditions.

Note 9. Equity - issued capital (continued)

Capital risk management
The consolidated entity's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the consolidated entity may issue new shares or return capital to shareholders.

Note 10. Financial instruments

Financial risk management objectives
The consolidated entity's activities expose it to two financial risks: credit risk and liquidity risk. The consolidated entity's overall risk management program, which is managed at Board level, focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the consolidated entity. The consolidated entity uses different methods to measure different types of risk to which it is exposed. These methods include ageing analysis for credit risk and cash flow forecasting for liquidity risk.

Credit risk
Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the consolidated entity. The consolidated entity has a code of credit, including obtaining agency credit information, confirming references and setting appropriate credit limits. The consolidated entity obtains guarantees where appropriate to mitigate credit risk. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The consolidated entity does not hold any collateral.

Liquidity risk
Vigilant liquidity risk management requires the consolidated entity to maintain sufficient liquid assets (mainly cash and cash equivalents) to be able to pay debts as and when they become due and payable. All amounts payable are within agreed terms. All third party payment terms are less than 60 days (2015: less than 60 days).

The consolidated entity manages liquidity risk by maintaining adequate cash reserves by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Fair value of financial instruments
Unless otherwise stated, the carrying amounts of financial instruments reasonably approximate their fair value.

Note 11. Key management personnel disclosures

Compensation
The aggregate compensation made to directors and key management personnel of the consolidated entity is set out below:

	Consolidated 2016 $	Consolidated 2015 $
Short-term employee benefits	890,263	224,132
Share based payments	165,104	-
Post-employment benefits	96,714	13,768
	1,152,081	237,900

Note 12. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by William Buck Audit (VIC) Pty Ltd ("William Buck"), the auditor of the company, its network firms and unrelated firms:

	Consolidated	
	2016	2015
	$	$
Assurance services – William Buck		
Audit or review of the financial statements	18,500	15,500
Transaction and due diligence services	-	19,277
	18,500	34,777

Note 13. Contingent liabilities

At balance date there is a bank guarantee in place of $60,663 in place.

The consolidated entity has no other contingent liabilities at balance date.

Note 14. Commitments

	Consolidated	
	2016	2015
	$	$
Lease commitments - operating		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	110,414	7,578
One to five years	174,610	-
More than five years	-	-
	285,024	7,578

Operating lease commitments includes contracted amounts for the head office under a non-cancellable operating lease, the term of which expires on 31 January 2019.

Note 15. Related party transactions

Legal Parent entity
Knosys Limited is the legal parent entity.

Subsidiaries
Interests in subsidiaries are set out in note 17.

Key management personnel
Disclosures relating to key management personnel are set out in note 11 and the remuneration report in the directors' report.

Note 15. Related party transactions (continued)

Transactions with related parties
The following transactions occurred with related parties:

In the statement of profit and loss and other comprehensive income for the Consolidated Entity the following related party transactions took place:

	Consolidated	
	2016	2015
	$	$
Payment for goods and services:		
Payment for services from MMG Interactive (a partnership associated with Alistair Wardlaw and Richard Levy)	109,394	498,231

Terms and conditions
All transactions were made on normal commercial terms and conditions and at market rates.

Note 16. Legal parent entity information

Set out below is the supplementary information about the legal parent entity.

Statement of profit or loss and other comprehensive income

	Legal Parent	
	2016	2015
	$	$
Profit after income tax	(265,946)	(156,217)
Total comprehensive income	(265,946)	(156,217)

Statement of financial position

	Legal Parent	
	2016	2015
	$	$
Total current assets	2,879,065	136,150
Total assets	11,365,442	7,841,602
Total current liabilities	52,957	459,367
Total liabilities	52,957	459,367
Equity		
Issued capital	11,538,887	7,538,452
Share based payments reserve	195,761	-
Accumulated losses	(422,163)	(156,217)
Total equity	11,312,485	7,382,235

Note 16. Parent entity information (continued)

Contingent liabilities
The legal parent entity had no contingent liabilities as at 30 June 2016 and 30 June 2015.

Capital commitments - Property, plant and equipment
The legal parent entity had no capital commitments for property, plant and equipment as at 30 June 2016 and 30 June 2015.

Significant accounting policies
The accounting policies of the legal parent entity are consistent with those of the consolidated entity, as disclosed in note 1, except for the following:
- Investments in subsidiaries are accounted for at cost, less any impairment, in the legal parent entity.
- Dividends received from subsidiaries are recognised as other income by the legal parent entity and receipt of such (or absence thereof) may be an indicator of an impairment of the investment.

Note 17. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of Knosys Limited and the following wholly-owned subsidiaries in accordance with the accounting policy described in note 1:

		Ownership interest	
	Principal place of business /	2016	2015
Name	**Country of incorporation**	**%**	**%**
Knosys Solutions Pty Ltd Principal activities – Main operating company of the Knosys group, providing operational infrastructure, employees, sales resources, Knosys Platform research, development and support.	Australia	100%	100%
Knosys Products Pty Ltd Principal activity – Holder of the Knosys Platform intellectual property.	Australia	100%	100%

Note 18. Events after the reporting period

On 18 July 2016, Mr John Thompson was appointed as the new Chief Executive Officer of the consolidated entity following the resignation of Mr Ashley Gall as Managing Director and Chief Executive Officer on 15 July 2016. No other matter or circumstance has arisen since 30 June 2016 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.
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Note 19. Reconciliation of profit after income tax to net cash from operating activities

	Consolidated 2016 $	Consolidated 2015 $
Loss after income tax expense for the year	(1,411,015)	(592,989)
Adjustments for:		
Depreciation and amortisation	3,782	309
Share based payments expense	195,761	-
Change in operating assets and liabilities:		
Decrease/(Increase) in trade and other receivables	814,795	(796,320)
Decrease/(Increase) in deferred tax assets	-	75
(Decrease)/increase in revenue billed in advance	(43,584)	751,812
Increase in prepayments and other debtors	(60,306)	(5,000)
Decrease/(increase) in accrued research and development tax refund receivable	(280,951)	(103,612)
Increase/(decrease) in trade and other payables	(4,475)	170,612
Increase in provision for employee benefits	17,997	56,841
Net cash from operating activities	(767,996)	(518,272)

Note 20 Share-based payments

Employee share option plan

An employee share option plan (ESOP) has been established by the consolidated entity, whereby the consolidated entity may, at the discretion of the Board, grant options over ordinary shares in the company to personnel of the consolidated entity. The options are issued for nil consideration and are granted in accordance with performance guidelines established by the Board.

As at 30 June 2016 no options had been granted under the ESOP.

Options issued to Directors and senior management

As at 30 June 2016 the following unvested options over ordinary shares in Knosys Limited had been issued to Directors and senior management (Options). These Options were issued separately to the ESOP.

Set out below are summaries of Options issued to Directors and senior management:

2016

Issue date	Expiry date	Exercise price	Balance at the start of the year	Issued	Exercised Expired/ forfeited	Balance at the end of The year	Number vested
09/05/2015	01/07/2019	$0.25	7,400,000	-	-	7,400,000	2,466,667
29/06/2015	01/07/2019	$0.25	425,000	-	-	425,000	117,000
			7,825,000	-	-	7,825,000	2,583,667
Weighted average exercise price			$0.25	-	-	$0.25	$0.25

Vesting and Entitlement

For the options issued on 9 May 2015, the Options vest over time, in equal amounts (except for slight adjustments to avoid fractions) every three months, commencing 1 July 2015 with the final vesting date being 1 April 2018. For the Options issued on 29 June 2015, 20,000 Options vest on the first two vesting dates, and 38,500 Options vest on subsequent vesting dates. If the relevant holder is no longer employed or engaged, as the case may be, by the Group on a vesting date, the Options will not vest to that holder. Options that have previously vested in the holder shall be retained by the holder. The Options will entitle the holder to subscribe for one Share upon the exercise of each Option that has vested in the holder.

The weighted average remaining contractual life of options outstanding at the end of the financial year was 3 years.

2015

Issue date	Expiry date	Exercise price	Balance at the start of the year	Issued	Exercised Expired/ forfeited	Balance at the end of The year	Number vested
09/05/2015	01/07/2019	$0.25	-	7,400,000	-	7,400,000	-
29/06/2015	01/07/2019	$0.25	-	425,000	-	425,000	-
			-	7,825,000	-	7,825,000	-
Weighted average exercise price			-	$0.25	-	$0.25	-

No options had vested or were exercisable at the end of the 30 June 2015 financial year.

For the options issued during the 2015 financial year, the valuation model inputs to be used to determine the fair value at each vesting date, were as follows:

Issue date	Expiry date	Share price at issue date	Exercise price	Marketability Discount	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at issue date
09/05/2015	01/07/2019	$0.14	$0.25	30.00%	60.00%	0.00%	2.27%	$0.03141
29/06/2015	01/07/2019	$0.14	$0.25	30.00%	60.00%	0.00%	2.27%	$0.03141

Note 21 Segment information

During the year the consolidated entity operated as a developer and licensor of computer software in the Australasian region.
Concentration of customers – A major Australian customer in the finance sector represented 98.5% of sales revenue for the year (2015:98.5% of sales revenue from unrelated parties)

Note 22 Loss per share

	Consolidated	
	2016 $'000	**2015 $'000**
Loss after income tax attributable to the owners the parent	(1,411,015)	(592,989)
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	74,552,255	32,423,440
	Cents	**Cents**
Basic loss per share	(1.89)	(1.83)

Knosys Limited
Directors' declaration
30 June 2016

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 entity's financial position as at 30 June 2016 and of its performance for the financial year 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; and

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*.

On behalf of the directors

Hon. Alan Stockdale AO
Director

29 August 2016
Melbourne

William Buck

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KNOSYS LIMITED AND CONTROLLED ENTITIES

Report on the Financial Report

We have audited the accompanying financial report of Knosys Limited (the Company), which comprises the consolidated statement of financial position as at 30 June 2016, the consolidated statement of profit or loss and other 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 Company and the consolidated entity 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, that the 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 entity'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 entity's 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.

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.

CHARTERED ACCOUNTANTS & ADVISORS

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Melbourne VIC 3000

PO Box 185
Toorak VIC 3142

Telephone: +61 3 9824 8555

williambuck.com

William Buck

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KNOSYS LIMITED AND CONTROLLED ENTITIES (CONT)

Auditor's Opinion

In our opinion:

a) the accompanying financial report of Knosys Limited is in accordance with the Corporations Act 2001, including:
   i. giving a true and fair view of the Company and consolidated entity's financial position as at 30 June 2016 and of its performance for the year ended on that date; and
   ii. complying with Australian Accounting Standards (including the Australian Accounting Interpretations) 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 contained 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.

Auditor's Opinion

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

William Buck

William Buck Audit (Vic) Pty Ltd
ABN: 59 116 151 136

N. S. Benbow
Director

Dated this 29th day of August, 2016

1. **Shareholding as at 23 August 2016**

a. Distribution of Shareholders

Category (size of holding)	Number Holders	Number Ordinary Shares
1 – 1,000	3	1,220
1,001 – 5,000	33	113,378
5,001 – 10,000	61	554,577
10,001 – 100,000	270	11,006,130
Above 100,001	60	66,424,081
	427	78,099,386

b. The number of shareholdings held in less than marketable parcels is 5.

c. The names of the substantial shareholders listed in the holding Consolidated Group's register as at 23 August 2016 are:

	Shareholder	Number Ordinary shares	%
1	Panchito Services Pty Ltd <Reyes Family A/C>	19,471,130	24.93
2	Earthrise Holdings Pty Ltd <Campion Investment A/C>	19,100,000	24.46
3	Vabake Pty Ltd <Levy Family A/C> and Vabake Pty Ltd	9,921,130	12.70

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.

e. 20 Largest Shareholders — Ordinary Shares

	Name	**Number of Ordinary Fully Paid Shares Held**	**% Held of Issued Ordinary Capital**
1	Panchito Services Pty Ltd <Reyes Family A/C>	19,471,130	24.93
2	Earthrise Holdings Pty Ltd <Campion Investment A/C>	19,100,000	24.46
3	Vabake Pty Ltd <Levy Family A/C>	9,550,000	12.23
4	HSBC Custody Nominees (Australia) Limited	3,480,616	4.46
5	Gale Enterprises (Aust) Pty Ltd <Cavalier Family A/C>	2,250,000	2.88
6	Alocasia Pty Limited <Camellia Super Fund A/C>	1,047,799	1.34
7	Peta Pty Ltd <Rosebud Super Pension A/C>	492,506	0.63
8	Haven Super Pty Ltd <Haven Super Fund A/C>	450,000	0.58
9	Vault (WA) Pty Ltd <Vault A/C>	450,000	0.58
10	P & D Williamson Super Pty Ltd <Williamson Super Fund A/C>	425,000	0.54
11	Netwealth Investments Limited <Wrap Services A/C>	420,513	0.54
12	Sansar Pty Ltd <Sincor Super Fund A/C>	413,365	0.53
13	Vabake Pty Ltd	371,130	0.48
14	Mr Brendan Patrick Waller	357,142	0.46
15	Hydronomees Pty Ltd <Hyrdro-Chem Super Fund A/C>	354,500	0.45
16	Yallipse Pty Ltd	320,000	0.41
17	Jobrat Pty Ltd	300,000	0.38
18	Unrandom Pty Ltd <Unrandom A/C>	264,798	0.34
19	Vonetta Pty Ltd	251,844	0.32
20	Blackwood Bruce Trading Pty Ltd <Bruce Family A/C>	250,000	0.32
		60,020,343	76.85

2. The name of the Company Secretary is Mr Stephen Kerr.

3. The address of the principal registered office in Australia is:

Suite 9.08, Level 9, 2 Queen Street
MELBOURNE VIC 3000
Telephone 03 9046 9700

4. Registers of securities are held at the following addresses:

Automic Registry Services
Suite 1A, Level 1, 7 Ventnor Avenue
WEST PERTH WA 6005

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 listing on 9 September 2016, it has used its cash in a way consistent with its business objectives.