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ASX/Media Release
(ASX:KNM)

KNeoMedia Secures First Sign Up for Special Education Version of KNeoWORLD for New York Public School market

- **KNeoMedia broadens revenue streams with launch of special needs version of KNeoWORLD in New York Public School System**
- **KNeoWORLD special needs version to be made available to the first 200 students at a New York public school**
- **KNeoMedia to receive USD\$50.00 per seat license (USD\$10,000 in total) – fully funded through philanthropic funding model – a new revenue stream for KNM**
- **Company now focused on delivering product to circa 200,000 special needs students in greater New York public school system area, assessing broader roll out across the US**
- **New York public school system represents a large market opportunity for KNM with content now successfully validated by first public school sign on**

Online education publisher **KNeoMedia Limited** ("**KNeoMedia**" or the "**Company**") (**ASX: KNM**) is pleased to announce that it has broadened its revenue streams with the launch of a special education version of its KNeoWORLD Games Based Learning Portal to an initial 200 students at a New York public school.

The public school in the Bronx district is one of the largest special education providers in the greater New York area, and has initially signed up for 200 annual seat licenses for which the Company will receive USD\$50 per seat (USD\$10,000 in total).

This initiative has been made possible and is fully funded through philanthropic funding, where corporate, government and private philanthropic foundations provide funding for less affluent schools to adopt educational learning programs such as the KNeoWORLD Games Based Learning Portal. Considerable funding is provided in this way to the public school system in New York and more broadly across the United States.

While KNM has been booking early stage revenue in Australia, China and now the UK through its billing partners Mobile Embrace Limited and SmartTrans Holdings Limited, revenue through philanthropic funding represents another revenue driver for the Company as more public schools in the New York area secure funding for educational purposes. With 200 licences (or seats) sold, KNM is now focused on providing content for more than 200,000 special needs students now that the product has been validated and endorsed.

This sign up is a direct result of KNeoMedia's ongoing involvement in Connect the Kids NYC, a not-for-profit community service program that aims to deliver tablets loaded with fun educational games (such as KNeoWORLD) to help special needs children become more literate in technology, expand their awareness and knowledge of the world, and enhance their academic skills.

This milestone follows extensive development and testing of the special needs version of KNeoWORLD in a number of public schools in the greater New York area, which has been specifically designed to address the needs of the 200,000 children at special needs schools here. The KNeoWorld offering has been strongly endorsed by school principals, special needs educators and parents.

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KNeoMedia's Chief Executive Officer, James Kellett commented: "This is a key milestone for KNeoMedia and one of which we are very proud. I commend Frank Lieberman and the team in New York for their hard work and dedication over some three years, which has resulted in this initial sign up."

"This partnership with what is a highly regarded special education facility in New York is a very solid endorsement of the special needs version of KNeoWORLD, and will allow us to showcase the product to many others. It also delivers pleasing commercial outcomes for KNM.

"Through our continued involvement in the Connect the Kids NYC program and our ongoing sales drive to leverage the foundation funding model, we intend to deliver this version of KNeoWORLD to as many of the 200,000 students at special needs schools in the greater New York area as possible. Following this, we will look to rolling the product out into other regions in the US and further afield.

"Commercially, this partnership represents an important revenue opportunity for KNM as philanthropic funding of education in public schools, particularly for special needs students, is particularly large. While the initial revenue from this sign up is small, it is indeed significant and representative of future revenue potential given the market size.

"Governments, large corporates and foundations are committed to funding quality education platforms and products that improve the education of young students. We are now working closely with these partners to deliver better learning outcomes.

"We are committed to broadening our revenue base and this partnership is evidence of this. We will continue to update shareholders on our App rollouts and growth in sales of content across all markets. The small but growing revenue base is very solid validation of our edutainment content."

– ENDS –

About KNeoMedia Limited:

KNeoMedia Limited is an online games publishing company that delivers world-class edutainment games to global educational and consumer markets (education + entertainment = edutainment).

KNeoMedia publishes and markets from its US-based subsidiary, KNeoWORLD Inc., and sells on a micro-subscription and Apps basis through the KNeoWORLD.com games portal, Apps Stores and via distribution agreements and education departments.

Games Based Learning is an integral part of childhood education. Growth in educational markets, combined with advances in mobile devices and connectivity, will continue to accelerate innovation, adoption, and affordability of our products around the world.

KNeoWORLD is a fun education games portal where young students play their way through a futuristic and epic world. They do this by playing compelling games that are subtly infused with validated educational content including numeracy, literacy, science and arts. KNeoWORLD Apps comply with child online protection and the parent approved simple subscription model provides KNeoWORLD with a global opportunity to quickly deploy in a product vacuum and become a market leader.

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