21 October 2015

ASX/Media Release
(ASX:KNM)

KNeoMedia ‘revenue ready’ with solid operational progress across all markets

- Rollout of HeroWORLD edutainment content through Mobile Embrace’s MobiPay platform is on track and progressing well
- Partnership with SmartTrans in China well advanced and multi-Province rollout imminent following extended testing and verification process with China Mobile
- MBE currently finessing the sign up process to ensure solid product take up with Australian consumers
- Geo-fencing of Australian content to be implemented – underpins local future revenue growth
- US product and marketing initiatives progress
- Board renewal underway
- KNeoMedia focused on establishing a sustainable and long term revenue base

Online edutainment publisher KNeoMedia Limited ("KNeoMedia" or the "Company") (ASX: KNM) is pleased to update shareholders on the rollout of its range of edutainment (education and entertainment) products in Australia, Asia and the United States.

KNeoMedia has invested considerably to establish solid and credible distribution partnerships in these markets, and the Company is confident these partnerships will underpin the Company’s revenue base over the longer-term.

Matched with these partnerships has been a further refinement of the edutainment content in some products to ensure it resonates with consumers in the respective markets in which the content is being marketed.

Partnership with SmartTrans Holdings Limited (ASX: SMA): KNM has been working with SMA’s Beijing-based team on certain product refinement initiatives for the Mandarin version of the KNeoJUNIOR product. This process is now complete and a multi-province rollout through a subscription billing agreement SMA has with China Mobile will occur in the very near term.

The rollout was slightly delayed due to some complexities around translation and further assessments from China Mobile but these issues have now been resolved. SmartTrans’ commitment to ensuring the product is aligned with consumer demands and trends has been a solid endorsement of KNeoJUNIOR. The Company looks forward to updating shareholders on download numbers and early revenue streams.

Launch of HeroWORLD mobile edutainment product with Mobile Embrace Limited (ASX: MBE) in Australia: KNM has been working closely with Mobile Embrace on the launch of HeroWORLD and the input from MBE’s team on the product offering and marketing strategy has been first class. MBE have significantly strengthened the
HeroWORLD offering and is currently finessing the sign up process to ensure greater product take up with Australian consumers through this content distribution and co-creation agreement.

MBE is sufficiently encouraged by the HeroWORLD product and is committed to its rollout domestically in the near-term and other international markets once it has achieved sufficient consumer support locally.

To support MBE’s encouraging response to the product locally, KNeoMedia is geo-fencing its international products out of Australia to ensure HeroWORLD can command pricing and market position in Australia. This is expected to underpin and lock in meaningful domestic revenue streams over the longer-term.

**US Update:** In North America, where KNeoMedia has conducted in-school trials in New York City over the past 24 months to validate both the efficacy of its game-based learning platform and the engaging nature of the platform’s structure and content, the Company is re-enforcing its marketing activities to coincide with the commencement of the North American scholastic year.

The KNeoWORLD platform has undergone further accelerated development under the guidance of Carlo Spicola, Senior Producer, appointed earlier this year together with the Company’s web and application developer, Blastoff. The previously conducted successful trials facilitated access to 500,000 students at public, private, and catholic schools in the greater New York area via the PTA fund raising revenue model and also through the foundation-funded model. The latter involves corporate, government, and private foundations providing funds for students at less affluent schools to also adopt educational programs including the KNeoWORLD Game Based Learning Portal. The Company has also previously announced successful trialling of KNeoWORLD with special education needs students, including students with autism, at schools in the New York area and further work is being undertaken to deliver KNeoWORLD to many of the 200,000 special needs students.

The Company also plans to broaden its US-focused marketing strategy to encompass additional jurisdictions outside of New York.

**Board renewal to assist in future growth:** Due to his increasing public office commitments the Company’s Chairman Andrew Plympton has taken the decision not to stand for re-election at the upcoming AGM in November and accordingly has resigned as a director. Andrew has been a valued member of the KNeoMedia Board and the Company is grateful for his guidance and support over the past 5 formative years.

As KNeoMedia reaches the next phase of growth, the Board also believes it is timely to commence a search for talented individuals with the requisite skills to build scale and sustainability into KNeoMedia’s product offering. An Appendix 3Z in respective of Andrew Plympton will follow shortly.

**CEO Commentary: KNeoMedia’s Chief Executive Officer, James Kellett commented:** “KNeoMedia’s Board and Management Team are well aware of the need to deliver revenue from our suite of edutainment products and this is sole objective at this time.

“Nevertheless, we are committed to building a sustainable revenue base where our products and content provide consumers with the necessary edutainment value and experience that drives repeat purchase and therefore recurring revenue streams over the longer term.

“We have secured the right content, billing and distribution partners, and this gives us enormous reach into some very large markets. We are confident that KNeoMedia is now ‘revenue ready’. We look forward to updating shareholders in this regard in the near term.

“Board renewal is also a key component of KNeoMedia’s future success and we are committed to strengthening the talent pool at Board level so we have the best skills and leadership. The Board is also grateful to Andrew Plympton for his guidance and wisdom during the formative years of the Company.

“We expect to very shortly update shareholders on our revenue status and product uptake in one of our key markets, as well as other operational progress that KNeoMedia is making.”

- 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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