

ComOps Releases Appendix 4C Cash Flow Report for the Period Ended 30 June 2014

Sydney, 31 July 2014 - ComOps Limited ("ComOps") is pleased to advise shareholders that the Company has released its Appendix 4C Quarterly Cash Flow Report for Q2 of the 2014 Financial Year today, as required by LR 4.7B.

The Q2 Cash Flow Report shows a net increase in cash to a closing cash balance of \$1.17m, following a successful capital raising of \$1.65m (net cash of \$1.53m), an improvement in cash receipts to \$1.3m and a small improvement in total operating and investing cash flows to (\$0.7m); which, whilst still negative does include some significant costs, both from the restructuring undertaken during the quarter (as foreshadowed in the Company's previous quarterly) and from prior periods.

Expectations for an improved business performance in Q2 were only partly achieved and not yet to a satisfactory level, however the Microster business produced a positive profit contribution to the group for the first two quarters, before head office costs; with:-

- Revenue again dominated by professional services revenue, which continues to be above budget, whilst new license sales were again held back by longer decision making cycles in the government and corporate client base.
- The positive effects of the Q2 efficiency program that will provide annual savings of \$1+m (without sacrificing operational capability) not being reflected in the results, whilst the costs are fully reflected. The benefits will be in Q3 and onwards.
- Management and the board spending significant time completing the rectification of prior period issues, including the Sale of the Korellus ERP Business (now settled) and completion of projects (E.G. SNP Security now live).

The expectation for the balance of the year is that business performance will continue to improve as management and the board are freed up to fully focus on the Microster business, the benefits of the lower cost base to come through in the results and the new stability of the company to provide existing and new customers with greater confidence.

Following approval at the Annual General Meeting the Company raised \$1.65 million, \$1.25 million from professional and sophisticated investors and \$0.4 million from director related entities. This new capital strengthens the balance sheet, provides working capital and will assist the company to pursue acquisitions.

During the quarter two "non-binding term sheets" for the acquisition of businesses were announced and it is expected that further announcements about both of these potential

acquisitions will be made shortly. As previously stated, it is envisaged that should these acquisitions be consummated the consideration will be made up of cash and shares, with some paid/issued on settlement and some on achievement of future performance milestones. It is likely that the quantum of shares required to be issued by the company for these acquisitions will be in excess of the current 15% placement capacity and thus shareholder approval would be required. The directors expect that all shareholders will be given the opportunity to participate in any capital raisings that are in excess of the placement capacity.

Looking to the full year the Directors are confident that progress is being made in the Microster business and that it will deliver an operating profit in the 2014 financial year. This is likely to be augmented by acquisitions thereby delivering a more robust and profitable ComOps.

The Appendix 4C quarterly report follows.

About ComOps

ComOps provides effective Workforce Management Solutions including Rostering & Scheduling, Award Interpretation, Labour Cost Management, Fatigue Risk Management, Leave Management, Time & Attendance, Employee Self-Service Portals, Risk Management & Safety Compliance and Workforce Analytics.

ComOps delivers substantial financial and operation advantage by aligning people, productivity and performance, making workforces more productive, reducing fixed & variable overheads, and increasing profitability.

ComOps Workforce Management has clients in global Ports, Security, Transportation, Health, Mining, Government and Hospitality.

ComOps is a Microsoft Gold Partner and has ISO 9001 Accreditation.

Enquiries/Additional Information:

ComOps Limited
Niall Cairns, Chairman
Christopher Brooke, Company Secretary
Telephone: +61 9923 8000
Email: investors@comops.com.au

Appendix 4C

Quarterly report for entities admitted on the basis of commitments

Introduced 31/3/2000. Amended 30/9/2001, 24/10/2005.

Name of entity

COMOPS LIMITED

ABN

79 000 648 082

Quarter ended ("current quarter")

30 June 2014

Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (6 months) \$A'000
Cash flows related to operating activities		
1.1 Receipts from customers	1,316	2,400
1.2 Payments for		
(a) staff costs	(903)	(1,799)
(b) advertising and marketing	-	-
(c) research and development	(329)	(691)
(d) leased assets	-	-
(e) other working capital	(596)	(1,271)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	3	3
1.5 Interest and other costs of finance paid	(12)	(15)
1.6 Income taxes paid	-	-
1.7 Other (ATO – R&D refund)	-	367
Other (Creditor/Staff Costs – prior quarters)	(176)	(406)
Net operating cash flows	(697)	(1,412)

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admitted on the basis of commitments

	Current quarter \$A'000	Year to date (6 months) \$A'000
1.8 Net operating cash flows (brought forward)	(697)	(1,412)
Cash flows related to investing activities		
1.9 Payment for acquisition of:		
(a) businesses (item 5)	-	-
(b) equity investments	-	-
(c) intellectual property	-	-
(d) physical non-current assets	(2)	(11)
(e) other non-current assets	-	-
1.10 Proceeds from disposal of:		
(a) businesses (item 5)	-	-
(b) equity investments	-	-
(c) intellectual property	-	-
(d) physical non-current assets	-	-
(e) other non-current assets	-	-
1.11 Loans to other entities	-	-
1.12 Loans repaid by other entities	-	-
1.13 Other (provide details if material)	-	-
Net investing cash flows	-	-
1.14 Total operating and investing cash flows	(699)	(1,423)
Cash flows related to financing activities		
1.15 Proceeds from issues of shares, options, etc	1,532	1,532
1.16 Proceeds from sale of forfeited shares	-	-
1.17 Proceeds from borrowings	-	-
1.18 Repayment of borrowings	-	-
1.19 Dividends paid	-	-
1.20 Other (Cost of share placement from prior quarter)	-	(54)
Net financing cash flows	1,532	1,478
Net increase in cash held	833	55
1.21 Cash at beginning of quarter/year to date	336	1,114
1.22 Exchange rate adjustments to item 1.21	-	-
1.23 Cash at end of quarter	1,169	1,169

Payments to directors of the entity and associates of the directors
Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.24	Aggregate amount of payments to the parties included in item 1.26	29
1.25	Aggregate amount of loans to the parties included in item 1.11	N/A

1.26 Explanation necessary for an understanding of the transactions

	\$A'000
Directors remuneration	29
Directors Interest payment	0

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

None

2.2 Details of outlays made by other entities to establish or increase their share in businesses in which the reporting entity has an interest

None

Financing facilities available

Add notes as necessary for an understanding of the position. (See AASB 1026 paragraph 12.2).

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	1,000	25
3.2 Credit standby arrangements	-	-

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Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
4.1 Cash on hand and at bank	1,117	235
4.2 Deposits at call		
4.3 Bank overdraft		
4.4 Other – Security Deposit	52	101
Total: cash at end of quarter (item 1.23)	1,169	336

Acquisitions and disposals of business entities

	Acquisitions (Item 1.9(a))	Disposals (Item 1.10(a))
5.1 Name of entity		
5.2 Place of incorporation or registration		
5.3 Consideration for acquisition or disposal *		
5.4 Total Assets Total Liabilities Total Net Assets		
5.5 Nature of business		

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act (except to the extent that information is not required because of note 2) or other standards acceptable to ASX.
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here:



Company Secretary

Date: 31st July 2014

Print name: Christopher Brooke

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
2. The definitions in, and provisions of, *AASB 1026: Statement of Cash Flows* apply to this report except for the paragraphs of the Standard set out below.
 - 6.2 - reconciliation of cash flows arising from operating activities to operating profit or loss
 - 9.2 - itemised disclosure relating to acquisitions
 - 9.4 - itemised disclosure relating to disposals
 - 12.1(a)- policy for classification of cash items
 - 12.3 - disclosure of restrictions on use of cash
 - 13.1 - comparative information
3. **Accounting Standards.** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.