

ComOps Releases Appendix 4C Cash Flow Report for the Period Ended 30 September 2014 – Business Operations Deliver Underlying Cash Positive Result

Sydney, 31 October 2014 - ComOps Limited ("ComOps") is pleased to advise shareholders that the Company has released its Appendix 4C Quarterly Cash Flow Report for Q3 of the 2014 Financial Year today, as required by LR 4.7B.

In Q3, ComOps' business operations delivered an underlying positive cash flow of \$20,000 after adding back the costs outlined in Section 1.7; specifically the costs of finalising the sale of the Korellus ERP business (\$0.55m), the cash payments to clear prior period creditors (\$0.19m) and the M&A legal and advisory costs (\$0.125m) of the current M&A activities.

This continues the dramatic improvement of the company in the 2014 financial year and builds on the initiatives undertaken in the previous quarter.

The three major capital initiatives during Q3 were the:-

- Finalisation of the 2013 sale of the Korellus ERP business (\$0.55m);
- Initial \$0.74m payments for the acquisition of E-tivity (announcement of Sept 5), with \$0.5m being the secured loan made to the vendors of the E-tivity Intellectual Property as part of the consideration and \$0.24m being the payout of the E-tivity debtor financing facility; and
- Raising of \$1.47m in a share placement at \$0.03 per share, which raised a net \$1.32m after costs and the issue of shares in lieu of prior period creditors.

At the end of the quarter the cash balance was \$0.9m.

The acquisition of E-tivity is expected to complete in late November following the finalisation of the rights issue to raise \$3.28m at \$0.03 per share and the shareholders meeting on November 17, at which shareholders are voting to approve the issue of shares to the owners of the E-tivity intellectual property. We expect that following the completion of the acquisition of E-tivity and the rights issue that ComOps will finish the year with a significantly increased cash balance and an expanded business that delivers consistently positive cash flow results.

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

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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 September 2014

Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (9 months) \$A'000
Cash flows related to operating activities		
1.1 Receipts from customers	1,598	3,998
1.2 Payments for		
(a) staff costs	(703)	(2,369)
(b) advertising and marketing	-	-
(c) research and development	(289)	(980)
(d) leased assets	-	-
(e) other working capital	(580)	(1,714)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	-	3
1.5 Interest and other costs of finance paid	(6)	(21)
1.6 Income taxes paid	-	-
1.7 Other (M&A - Legal & Advisory Costs)	(125)	(125)
Other (ERP Discontinued Operations' Costs)	(547)	(817)
Other (ATO – R&D refund)	-	367
Other (Creditor/Staff Costs – prior quarters)	(194)	(600)
Net operating cash flows	(846)	(2,258)

Appendix 4C
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admitted on the basis of commitments

	Current quarter \$A'000	Year to date (9 months) \$A'000
1.8 Net operating cash flows (brought forward)	(846)	(2,258)
Cash flows related to investing activities		
1.9 Payment for acquisition of:		
(a) businesses (item 5)	(740)	(740)
(b) equity investments	-	-
(c) intellectual property	-	-
(d) physical non-current assets	-	(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	(740)	(751)
1.14 Total operating and investing cash flows	(1,586)	(3,009)
Cash flows related to financing activities		
1.15 Proceeds from issues of shares, options, etc	1,315	2,847
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	1,315	2,793
Net increase (decrease) in cash held	(271)	(216)
1.21 Cash at beginning of quarter/year to date	1,169	1,114
1.22 Exchange rate adjustments to item 1.21	-	-
1.23 Cash at end of quarter	898	898

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	32
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	32
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	940	60
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	846	1,117
4.2 Deposits at call		
4.3 Bank overdraft		
4.4 Other – Security Deposit	52	52
Total: cash at end of quarter (item 1.23)	898	1,169

Acquisitions and disposals of business entities

	Acquisitions (Item 1.9(a))	Disposals (Item 1.10(a))
5.1 Name of entity *	eTivity Solutions Pty Limited	
5.2 Place of incorporation or registration	Sydney, NSW	
5.3 Consideration for acquisition or disposal *	\$740k	
5.4 Total Assets *	To be finalised in Sept-Dec 14 quarter	
Total Liabilities *		
Total Net Assets *		
5.5 Nature of business	IT Development	

* eTivity Solutions, a 100% owned subsidiary of ComOps, agreed to purchase the operating business from Etivity Corporation (APAC) Pty Ltd incorporating selected assets and selected assumed liabilities, and acquire the Etivity Intellectual Property from the owners, in accordance with an announcement to the ASX on 5th September 2014.

The consideration for the acquisition consists of \$2.5m of cash (includes the \$500k loan paid during the quarter to the IP Vendors) and \$2.0m of shares (at 3 cents per share). The consideration in 5.3 above includes the \$500k loan to the IP vendors and the pay-out of the debtor facility of approx. \$240k.

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: 

Date: 31st October 2014

Company Secretary

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.