

Friday 27th February 2015

ComOps Releases Appendix 4E and Unaudited Preliminary Final Report for the financial year ended 31st December 2014

Sydney, 27 February 2015 - The Directors of ComOps Limited (ASX: COM) announce that the attached 4E is based on the unaudited financial report for the year ended 31st December 2014. The financial report is in the process of being audited. The financial report is not subject to audit dispute or qualification.

The Directors expect that the audited financial report for the year ended 31st December 2014 will be released to the ASX by 31 March 2015.



NIALL CAIRNS
Non-Executive Chairman

About ComOps

ComOps, under the brand names Microster, e-Tivity and Salvus, 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, Retail and Hospitality.

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

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ComOps Limited Preliminary Report 31 December 2014

ABN: 79 000 648 082

ComOps Limited

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Unaudited Preliminary Final Report

year ended 31 December 2014

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Appendix 4E – Unaudited Preliminary Final Report

Period ending 31 December 2014

Current reporting period: financial year ended 31 December 2014
Previous corresponding period: financial year ended 31 December 2013

Unaudited results for announcement to the Market

	31/12/14 \$'000	31/12/13 \$'000	Movement \$'000	% Change
Revenues from ordinary activities	6,227	5,959	268	4.5%
Net loss before tax from continuing operations	(2,951)	(8,612)	5,661	65.7%
Net loss after tax from continuing operations	(2,469)	(9,746)	7,277	74.7%
Net loss after tax attributable to members	(2,590)	(7,944)	5,354	67.4%

Principal activities

The principal activities of the consolidated entity during the financial year were the provision of workforce management software and services for Australian and international customers.

Review of Operations

It was a year of transformation for ComOps with the finalisation of the 2013 sale of the Korellus ERP business (July 2014), significant restructuring, the raising of new capital and the acquisition of e-Tivity business (IP and operating business) in second half of the year. The results for the year reflect this with a number of expenses incurred that are one-off in nature, in both the first half and the second half. These expenses include significant legal, occupancy, consultants (including M&A fees), redundancy, share based payments (non-cash), final payments relating to the sale of the Korellus ERP business and other costs.

The revenue increased 4.5% to \$6.2 million, with the inclusion of the first few months of the e-Tivity acquisition and reflected the low levels of new license revenues, as the recently announced new licenses will be installed in the 2015 year. The bottom line loss, which is a 66% improvement on 2013, was significantly affected by the expenses referred to above, without which the business showed significant further improvement and the second half would have been significantly better than the first half. In addition, in line with the group's accounting policy the amortization of the e-Tivity IP over seven years has commenced.

The appointment of Gerry Williams as Chief Executive Officer and the acquisition of e-Tivity in the latter part of 2014 moved the group into the 3rd stage of the ComOps transformation, as described in the half year report. Importantly the acquisition of e-Tivity has expanded the group's customer base significantly and expanded the market reach into the retail and hospitality markets. It has also significantly changed the revenue mix, with the majority of e-Tivity revenue being on a monthly recurring basis. To manage the expanded market reach, product range and customer base the sales team has been expanded and a new general manager of sales recruited.

Dividends

It is not proposed to pay dividends for the financial year ended 31 December 2014. There are no dividend reinvestment plans in operation.

Appendix 4E – Unaudited Preliminary Final Report

Period ending 31 December 2014

Current reporting period: financial year ended 31 December 2014
Previous corresponding period: financial year ended 31 December 2013

Unaudited results for announcement to the Market

Net tangible asset backing

	<u>Current period</u>	<u>Previous period</u>
Net tangible asset backing per share	(0.07) cents	(0.40) cents

Net asset backing

	<u>Current period</u>	<u>Previous period</u>
Net asset backing per share	1.27 cents	0.74 cents

Controlled entities

ComOps continues to maintain 100% control of ComOps Solutions Pty Ltd, ComOps NZ Limited, Human Capital Solutions Group Pty Ltd (in voluntary liquidation), Microster Solutions Pty Ltd, Salvus Solutions Pty Ltd, e-Tivity Solutions Pty Limited and e-Tivity International Pte Limited (effective 5 September 2014). ComOps has wound up Concentric Business Solutions Limited (NZ registered) (effective 5 January 2015) and ComOps India Pvt Ltd (effective 30 June 2014) during the financial year.

Joint ventures and associates

ComOps does not have any joint venture partners.

Foreign entities

The company has 100% control of two foreign entities: ComOps NZ Limited (incorporated in NZ); e-Tivity International Pte Limited (incorporated in Singapore).

Audit Status

The preliminary final report is based on accounts that are in the process of being audited.

Signed in accordance with a resolution of the Directors.



NIALL CAIRNS
Non-Executive Chairman
27 February 2015

UNAUDITED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the financial year ended 31 December 2014

Consolidated

	Note	2014 \$	2013 \$
Revenue	3	6,227,549	5,959,286
Bad debts expense		8,260	-
Communication expenses		(58,713)	(91,410)
Consultants' fees		(1,570,873)	(972,095)
Corporate activity costs		(326,254)	(336,971)
Directors' fees		(206,000)	(166,900)
Depreciation and amortisation expense		(423,887)	(259,056)
Employee benefits expense		(4,374,260)	(4,582,970)
Finance costs		(58,079)	(243,107)
FX expenses		(5,953)	(93,978)
Impairment expense		-	(7,202,646)
IT hosting		(573,413)	(386,613)
Legal costs		(346,262)	(293,685)
Loss on disposal of various assets		(602)	(759,871)
Marketing expenses		(60,918)	(60,943)
Occupancy expenses		(572,911)	(204,737)
Other expenses		(184,344)	(593,845)
Share based payments		(243,792)	(67,086)
Taxation and penalty remissions		-	1,961,002
Travel expenses		(180,359)	(216,194)
Loss before income tax from continuing operations		(2,950,811)	(8,611,819)
Income tax benefit / (expense)		481,986	(1,134,132)
Loss for the period from continuing operations		(2,468,825)	(9,745,951)
(Loss) / profit for the period from discontinued operations		(121,160)	1,801,785
Loss for the year		(2,589,985)	(7,944,166)
Other comprehensive income		-	-
Total comprehensive loss		(2,589,985)	(7,944,166)
Earnings per share			
- Basic (cents per share)			
Earnings from continuing operations	4	(0.63)	(5.82)
Earnings from discontinuing operations		(0.03)	1.08
- Diluted (cents per share)			
Earnings from continuing operations	4	(0.63)	(5.82)
Earnings from discontinuing operations		(0.03)	1.08

UNAUDITED STATEMENT OF FINANCIAL POSITION

as at 31 December 2014

		Consolidated	
		2014	2013
		\$	\$
	Note		
CURRENT ASSETS			
Cash and cash equivalents		263,821	1,008,042
Trade and other receivables		1,908,792	387,902
Work in progress		58,155	110,341
Income tax receivable		481,986	365,861
Other		86,455	75,598
TOTAL CURRENT ASSETS		2,799,209	1,947,744
NON-CURRENT ASSETS			
Other receivables		-	146,889
Property, plant and equipment		170,402	42,718
Intangible assets	6	8,019,400	3,657,023
Other		52,117	63,046
TOTAL NON-CURRENT ASSETS		8,241,919	3,909,676
TOTAL ASSETS		11,041,128	5,857,420
CURRENT LIABILITIES			
Trade and other payables		1,481,028	1,631,010
Other payables to taxation authorities		-	72,827
Provisions		593,159	364,797
Provision for income tax		-	89,818
Unearned maintenance income		1,278,404	1,198,968
Other liabilities		25,000	85,000
TOTAL CURRENT LIABILITIES		3,377,591	3,442,420
NON-CURRENT LIABILITIES			
Provisions		31,946	6,974
Other liabilities		24,818	34,448
TOTAL NON-CURRENT LIABILITIES		56,764	41,422
TOTAL LIABILITIES		3,434,355	3,483,842
NET ASSETS		7,606,773	2,373,578
EQUITY			
Issued capital	7	34,503,732	26,881,441
Stock option reserve	7	343,796	100,007
Shares paid but yet to be allotted		-	42,900
Accumulated losses		(27,240,755)	(24,650,770)
TOTAL EQUITY		7,606,773	2,373,578

UNAUDITED STATEMENT OF CHANGES IN EQUITY

for the financial year ended 31 December 2014

Consolidated

	Issued capital	Shares Paid but not yet allocated Reserve	Share Option Reserve	Accumulated losses	Total
	Ordinary				
	\$	\$	\$	\$	\$
Balance as at 1 January 2013	23,890,095	-	-	(16,706,604)	7,183,491
Stock option reserve	-	-	100,007	-	100,007
Loss for the year	-	-	-	(7,944,166)	(7,944,166)
Shares paid but yet to be allotted	-	42,900	-	-	42,900
Cost of capital raising	(161,163)	-	-	-	(161,163)
Shares issued during the year	3,152,509	-	-	-	3,152,509
Balance as at 31 December 2013	26,881,441	42,900	100,007	(24,650,770)	2,373,578
Balance as at 1 January 2014	26,881,441	42,900	100,007	(24,650,770)	2,373,578
Stock option reserve	-	-	243,789	-	243,789
Loss for the year	-	-	-	(2,589,985)	(2,589,985)
Shares paid but yet to be allotted	-	(42,900)	-	-	(42,900)
Cost of capital raising	(425,651)	-	-	-	(425,651)
Shares issued during the year	8,047,942	-	-	-	8,047,942
Balance as at 31 December 2013	34,503,732	-	343,796	(27,240,755)	7,606,773

UNAUDITED STATEMENT OF CASH FLOW

for the financial year ended 31 December 2014

		Consolidated	
	Note	2014 \$	2013 \$
Cash flows from operating activities			
Receipts from customers		6,295,792	6,141,177
Payments to suppliers and employees		(8,198,073)	(4,287,387)
Income tax paid		-	(966,432)
Interest received		3,514	49
Interest and other costs of finance paid		(96,113)	(5,117)
Net cash (used in) / from continuing operations		(1,994,880)	882,290
Net cash used in discontinued operations		(867,203)	(5,732,103)
Net cash used in operating activities		(2,862,083)	(4,849,813)
Cash flows from investing activities			
Payments relating to the acquisitions of business		(3,188,791)	-
Payments for plant and equipment		(14,912)	-
Proceeds from disposal of assets		1,540	2,850,000
Net cash (used in) / from investing activities		(3,202,163)	2,850,000
Cash flows from financing activities			
Proceeds from borrowings		791,915	3,416,224
Repayment of borrowings		(943,679)	(3,538,999)
Proceeds from issue of share capital		5,471,789	3,097,340
Net cash from financing activities		5,320,025	2,974,565
Net (decrease) / increase in cash held		(744,221)	974,752
Cash at the beginning of the financial year		1,008,042	33,290
Cash at the end of the financial year		263,821	1,008,042

NOTES TO THE UNAUDITED PRELIMINARY FINANCIAL REPORT

for the financial year ended 31 December 2014

1. Information on audit

This statement is based on accounts which are in the process of being audited.

2. Segment Information

The consolidated entity is organised into one major operating business for management reporting purposes, being Workforce Management. The prior acquisitions of Human Capital Solutions Group Pty Ltd ("HCS"), Microster Solutions Pty Ltd ("Microster"), Salvus Solutions Pty Ltd ("Salvus") and e-Tivity Solutions Pty Limited ("e-Tivity") operate under the Workforce Management business.

The Workforce Management business focuses on providing 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. The software central to this business is **Microster** (Workforce Management Solutions), **e-Tivity** (Workforce Management Solutions), **Salvus** (Safety, Risk and Claims Solutions) and **Content Solutions** (Innovative Multimedia Learning and communications).

3. Revenue from continuing operations

	Consolidated	
	2014	2013
	\$	\$
(a) Revenue		
Revenue from continuing operations consisted of the following items:		
Sales revenue:		
Revenue from the sale of software	209,167	1,112,469
Revenue from the sale of hardware	77,835	-
Revenue from the rendering of services	5,925,088	4,844,215
	6,212,090	5,956,684
Interest revenue:		
Bank deposits	15,459	2,602
	6,227,549	5,959,286

NOTES TO THE UNAUDITED PRELIMINARY FINANCIAL REPORT

for the financial year ended 31 December 2014

4. Earnings per share

The following reflects the income and share data used in the basic and diluted earnings per share computations:

	2014	2013
	cents per share	cents per share
Basic earnings per share from continuing operations	(0.63)	(5.82)
Diluted earnings per share from continuing operations	(0.63)	(5.82)
Basic earnings per share from discontinued operations	(0.03)	1.08
Diluted earnings per share from discontinued operations	(0.03)	1.08
Basic EPS disclosure	2014	2013
	\$	\$
Earnings after tax used in basic EPS calculation from continuing operations	(2,468,825)	(9,745,951)
Earnings after tax used in basic EPS calculation from discontinuing operations	(121,160)	1,801,785
	Number	Number
Weighted average number of ordinary shares on issue used in the calculation of basic earnings per share	390,163,681	167,349,829
Diluted EPS disclosure	2014	2013
	\$	\$
Earnings after tax used in diluted EPS calculation from continuing operations	(2,468,825)	(9,745,951)
Earnings after tax used in diluted EPS calculation from discontinuing operations	(121,160)	1,801,785
	Number	Number
Weighted average number of ordinary shares on issue used in the calculation of basic earnings per share	390,163,681	167,349,829
Weighted average number of ordinary shares used in the calculation of diluted EPS	390,163,681	167,349,829

NOTES TO THE UNAUDITED PRELIMINARY FINANCIAL REPORT

for the financial year ended 31 December 2014

5. Reconciliation of net loss after tax to net cash flows from operations

		Consolidated	
		2014	2013
		\$	\$
a) Reconciliation of cash			
For the purposes of the statement of cash flows, cash includes cash on hand and at bank, net of outstanding bank overdrafts. Cash at the end of the financial year as shown in the cash flow statement is reconciled to the related items in the statement of financial position as follows:			
Cash		263,821	1,008,042
b) Reconciliation of loss for the year to net cash flows from operating activities			
Loss for the year		(2,589,985)	(7,944,166)
Depreciation of property, plant and equipment, amortisation and impairment of intangibles		423,887	7,470,093
Loss on disposal of asset		602	765,911
Loan forgiveness		-	(1,961,002)
Options expense		243,789	100,007
Loss on disposal of ERP business		45,913	108,182
(Increase)/decrease in assets:			
Current receivables		(903,103)	1,313,284
Work in progress		52,186	(23,781)
Other current assets		14,201	(120,113)
Non-current receivables		146,889	(17,296)
Other non-current assets		(20,957)	87,302
Deferred tax assets		-	1,855,242
Increase/(decrease) in liabilities:			
Current trade payables and accruals		(141,058)	(2,028,006)
Current provisions		(229,225)	(2,670,700)
Other current liabilities		79,436	(960,685)
Other non-current liabilities		(9,630)	(433,327)
Other non-current provisions		24,972	(390,758)
Net cash from operating activities		(2,862,083)	(4,849,813)

NOTES TO THE UNAUDITED PRELIMINARY FINANCIAL REPORT

for the financial year ended 31 December 2014

6. Intangible assets

		Consolidated	
	2014		2013
	\$		\$
<u>Goodwill</u>			
At the beginning of the financial year	3,328,849		10,531,495
Impairment loss	-		(7,202,646)
Goodwill recognised upon acquisition of e-Tivity Solutions *	244,957		-
At the end of the financial year	3,573,806		3,328,849
<u>Software asset</u>			
Continuing operations	328,174		496,620
Additions - e-Tivity Solutions *	4,500,000		-
Amortisation expense	(382,580)		(168,446)
At the end of the financial year	4,445,594		328,174
Total intangible assets	8,019,400		3,657,023

* e-Tivity Solutions Pty Ltd, a 100% owned subsidiary of ComOps Limited, 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. For the purposes of the 4E, the acquisition of eTivity has been provisionally accounted for in accordance with AASB 3 Business Combinations.

7. Issued capital and reserves

		Consolidated	
	No.	2014	2013
		\$	\$
Ordinary Shares			
Issued capital	605,230,377	34,503,732	320,762,291
Shares paid but not yet allocated reserve	-	-	1,300,000
Share option reserve	-	343,796	-
			100,007

- End -