

CommSecure Doubles Revenues, Cuts Losses and Commences to Generate Positive Cashflows

CommSecure Limited (ASX:CMS) today released its full-year financial results, announcing a 96 per cent increase in gross revenue to \$3.4 million and an 80 per cent reduction in after tax losses to \$836,000. The Company also generated net positive cashflow in the last two months of the 2004 financial year.

CommSecure provides technology and services to corporate, government and small business clients. These services include Internet-based payments and bill presentation; telephone-based interactive voice response (IVR); and direct debit management and processing. The Company also implements and manages large-scale trading environments for financial institutions, including Hong Kong's largest online broking system.

The results for the 12 months ending 30 June 2004 include substantial reductions in operating expenditures and strong growth in technology services revenue, which rose by 84 per cent to \$2.8 million year-on-year. These factors were also a major reason for net cash outflow from operating activities decreasing significantly year-on-year from \$2.49 million to \$0.25 million.

Recurring transactional income grew by 48 per cent year-on-year to \$2.0 million. This includes fees from CommSecure's PaySecure, MarketSecure, BillSecure, DDRSecure and IVRSecure services. The company also earned \$870,000 in revenues from Internet hosting and IT Consulting. These revenues rose to 30 per cent of total technology service income from 15 per cent last year owing to the impact of the initial revenues from an extensive consulting contract to the US operations of a top-ten international bank.

The contract is part of an ongoing and expanding relationship that the Company hopes will provide opportunities to earn substantial recurring transaction revenues.

During the year, CommSecure consolidated its lead in the payment gateway market by upgrading its links to Australia's major banks and adding direct debit management and IVR services to its e-commerce product range.

The DDRSecure direct debit service is now being widely implemented by local government and other customers. High-volume billing organisations that implemented DDRSecure during the financial year included Baulkham Hills Shire Council and Penrith City Council in Sydney, and Toyota Financial Services.

Sales of the Company's e-commerce solutions to councils in New South Wales and Queensland gained momentum, reflecting CommSecure's growing brand strength, history of successful implementations and selection as a preferred supplier in NSW. As at the date of this statement, more than 20 councils in NSW and Queensland were CommSecure customers, ranging from Australia's largest local body, Brisbane City Council with 1.6 million residents, to centres such as Cootamundra and Leeton with fewer than 15,000 people each.

The results reflect a positive change in strategy over the past two years, which today means that CommSecure is focused on providing a comprehensive and complementary suite of automatic transaction and consulting services for customers in high-value sectors such as financial services, telecommunications, utility services and government.

CommSecure is particularly active in electronic bill presentment and payment (EBPP) where it has established a robust, scalable, and open technology platform and clear market leadership.

CommSecure will seek to continue its current revenue growth by offering its recently developed products to existing customers, winning new business and by developing further its relationships with major financial institutions.

Looking ahead, CommSecure is well positioned to capture growth in its major markets and benefit from market changes such as revamped regulations, which are expected to favour greater use of direct debit over credit cards in electronic payments, said Mr Lozaga.

About CommSecure:

CommSecure Limited (ASX:CMS) is a technology and services company providing comprehensive e-business solutions to corporate, government and other clients in Australia, Asia and the US. Established in 1998, it is one of Australia's leading e-commerce specialists with solutions that include: PaySecure (Australia's most complete e-payments gateway service); IVRSecure (telephone-based payment capability integrated to PaySecure); BillSecure (electronic bill presentment and payment); MarketSecure (online share trading and financial markets systems); and HostSecure (specialist Internet hosting). It captures and manages Direct Debit Request forms via its DDRSecure service and provides sophisticated Web Development and Technical Consulting services. See www.commsecure.com.