# MOBECOM LIMITED
## AND ITS CONTROLLED ENTITIES

**ABN: 47 125 688 940**

**ANNUAL REPORT**
**FOR THE YEAR ENDED 30 JUNE 2019**

# CORPORATE DIRECTORY

## DIRECTORS

Rodney Walker
Non-Executive Chairman

Neil Joseph
Executive Director

David Fisher
Non-Executive Director

Todd Ruppert
Non-Executive Director

Giuseppe Porcelli
Non-Executive Director

**Company Secretary**

Anne Adaley

**Registered Office and Principal Place of Business**

Level 2
6 The Corso
Manly NSW 2095
T: +61 2 9922 6988
W: www.mobecom.co

**Auditor**

MNSA Pty Ltd
Level 1, 283 George St,
Sydney NSW 2000
T: +61 2 9299 0901

**Share Register**

Boardroom Pty Ltd
Level 12, 225 George Street
Sydney NSW 2000
T: 1300 737 760
F: +61 2 9279 0664

**Securities Exchange Listing**

Australian Securities Exchange
(Home Exchange: Sydney, NSW)
ASX Code: MBM

**Banks**

National Australia Bank Ltd
255 George Street
Sydney NSW 2000

ANZ Bank
116 Miller St,
North Sydney NSW 2060

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# DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2019

The Directors of Mobecom Limited ("Mobecom" and/or "the Company") present their Report together with the financial statements of the consolidated entity, being Mobecom Limited and its controlled entities (the "Mobecom Group" or "the Group"), for the year ended 30 June 2019.

## DIRECTORS

The following persons held office as Directors of Mobecom Limited during or since the end of the reporting period and up to the date of this report:

Rodney Walker

Non-Executive Chairman

Date of appointment: 11 October 2017

### Expertise and Experience

Rod Walker is an experienced Chief Executive Officer, Director and Chairman of proven capability, having led several companies through initial public offerings, major acquisitions, mergers and to record results, whilst also working with the Chief Executive Officers on their personal development.

### Special Responsibilities

Rod Walker is Chairman of the Remuneration and Nomination Committee and a member of the Audit and Risk Committee.

### Other current directorships in listed entities

- Carpet Court Australia Limited (an unlisted public company)

### Former directorships in listed entities in the last 3 years

Former board appointments include:

- Chairman and non-executive director roles on the boards of Godfreys Group Limited and The PAS Group Limited

### Interest in Shares and Options

1,000,000 fully paid ordinary shares held directly and 1,241,118 fully paid ordinary shares held indirectly in Mobecom.

**Neil Joseph**

Executive Director

Date of appointment: 11 October 2017

Date of resignation: 11 June 2019 as Managing Director and Chief Executive Officer

Date of appointment: 11 June 2019 as Executive Director

### Expertise and Experience

Neil Joseph (Bachelor of Commerce, Chartered Management Accountant) is the founder of CSB Engage Pte Ltd and drives the overall business development strategy, together with new product and technology development. He has extensive management, executive, financial and administrative experience spanning a wide range of industries including financial services, manufacturing, mail order, retail and loyalty. Neil completed a Bachelor of Commerce degree and is a qualified Cost and Management Accountant. Neil is highly respected in the industry and has published a number of articles on loyalty marketing, as well as collaborated on White Papers with the Association for Data-driven Marketing and Advertising.

### Other current directorships in listed entities

Nil

### Former directorships in listed entities in the last 3 years

Nil

### Interest in Shares and Options

415,562 fully paid ordinary shares held directly and 27,358,272 fully paid ordinary shares held indirectly in Mobecom.
1,931,545 unlisted options over ordinary shares held directly in Mobecom.

# DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2019

## DIRECTORS (CONTINUED)

**David Fisher**

Non-Executive Director

Date of appointment: 11 October 2017

### Expertise and Experience

David Fisher (Fellow of Chartered Accountants Australia and New Zealand) is an experienced qualified Chartered Accountant with over 35 years business experience. David has been in public practice since 1983, and his experience includes advising on all aspects of business to small and medium enterprises as well as providing secretarial and other regulatory advisory services to public, private and other corporate entities.

David was Corporate Secretary of the Austcorp International Limited group of companies as well as that of Austcorp Funds Management Limited which acted as trustee of the Austcorp Towers Trust, an entity listed on the Australian Securities Exchange in 2005 (and delisted in 2009). David is also a Registered Company Auditor and has acted as an advisor to audit and risk committees during his tenure in public practice.

### Special Responsibilities

David Fisher is Chairman of the Audit and Risk Committee and a member of the Remuneration and Nomination Committee.

### Other current directorships in listed entities

Nil

### Former directorships in listed entities in the last 3 years

Nil

### Interest in Shares and Options

624,621 fully paid ordinary shares held indirectly in Mobecom.
400,000 unlisted options over ordinary shares held directly in Mobecom.

**Todd Ruppert**

Non-Executive Director

Date of appointment: 11 October 2017

### Expertise and Experience

Todd Ruppert is the founder and CEO of Ruppert International, a firm with diversified interests globally in various fields including education, financial services, disruptive technologies, publishing, arts and entertainment, and strategy consulting. Todd is a venture partner at Greenspring Associates, a US based venture capital firm with over $7.0 billion under management. Todd has 40 years of experience in the financial services industry. He retired from T. Rowe Price, the global asset management firm with over $1.0 trillion under management, where he was CEO and president of T. Rowe Price Global Investment Services, Co-president of T. Rowe Price International, and a member of the operating steering committee of the T. Rowe Price Group.

### Special Responsibilities

Todd Ruppert is a member of the Remuneration and Nomination Committee and a member of the Audit and Risk Committee.

### Other current directorships in listed entities

Nil

### Former directorships in listed entities in the last 3 years

Nil

### Interest in Shares and Options

2,500,000 fully paid ordinary shares held directly in Mobecom.

# DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2019

## DIRECTORS (CONTINUED)

**Giuseppe Porcelli**

Non-Executive Director

Date of appointment: 3 April 2019

### Expertise and Experience

Giuseppe Porcelli is the driving force and visionary behind the Lakeba Group. In his position as CEO and founder, he is recognised for his role in driving awareness and industry adoption in the transformational emerging technology sphere including AI, Machine Learning, Blockchain and Quantum Computing. As the architect of Lakeba Group's unique business platform of conceive, create and commercialise, Lakeba's focus is driven by the rapid commercialisation of technology solutions delivering impact for businesses and communities.

Giuseppe is acknowledged internationally for his reputation as a leading entrepreneurial technology innovator.

Prior to moving to Australia with his family, Giuseppe had built a number of highly successful technology businesses in Italy, and in 2008 was awarded the highest Italian business honour by the Italian Prime Minister for his global business success. He holds a Master of Computer Applications (MCA) and Master of Business Administration (MBA) from Università degli Studi di Napoli Federico II in Italy.

In 2018, Giuseppe was nominated for the CEO of the Year Award by CEO Magazine in 2018 and is a Fellow of ADCA.

### Special Responsibilities

Giuseppe Porcelli is Chief Strategy Officer of the Mobecom Group.

### Other current directorships in listed entities

Nil

### Former directorships in listed entities in the last 3 years

Nil

Interest in Shares and Options

113,828 fully paid ordinary shares held indirectly in Mobecom.
1,672,464 unlisted options over ordinary shares held indirectly in Mobecom.
Giuseppe Porcelli also holds an indirect interest in 45,239,768 fully paid ordinary shares in Mobecom held by Lakeba Ventures Pty Ltd, a company in which Mr Porcelli has an interest. Mr Porcelli is a director and shareholder of Lakeba Group Pty Ltd.

## COMPANY SECRETARY

**Anne Adaley**

Date of appointment: 15 February 2013

Anne Adaley is a qualified accountant and has had more than a decade of experience as Company Secretary for several listed public companies. Anne is principal of Australian Mining Corporate and Administrative Services Pty Ltd ("AMCAS") which provides Chief Financial Officer and Company Secretarial functions and support including accounting, financial management and administrative services on a consulting basis to public listed and private companies as well as unlisted and pre-IPO companies.

Anne has extensive experience in the resources sector, having held senior management roles with a number of listed public Australian exploration and mining companies over the last 25 years. Anne has served as Chief Financial Officer and Company Secretary to Alice Queen Limited, Global Fortune Investment Limited, Tellus Resources Ltd and Monaro Mining NL, Company Secretary to Gulf Industrials Limited, Chief Financial Officer to Tectonic Gold Plc and Estrella Resources Ltd, Finance and Administration Manager to Climax Mining Limited and Company Secretary and Group Financial Controller to Gympie Gold Limited.

# DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2019

## PRINCIPAL ACTIVITIES

The principal activities of the Group during the reporting period were:

(i) providing customer engagement technology that delivers end-to-end technology solutions for businesses to engage with their customers. Its primary offering, airBux, is a digital currency platform that provides 'liquidity for loyalty' and is Mobecom's business to business mobile application offering, with a cloud-based currency at its core. With mobile payment, ordering, booking and local offer capability, the airBux digital currency will be the gateway to a new digital lifestyle rewards program.

(ii) supplying B2B technology solutions to clients, built on its airBux proprietary technology, to deliver a complete end-to-end set of customer engagement technology requirements, including both back-end (databases) and front-end technology (design, mobile applications and websites).

## DIVIDENDS PAID OR RECOMMENDED

The Directors do not recommend the payment of a dividend and no amount has been paid or declared by way of a dividend to the date of this report.

## REVIEW OF OPERATIONS AND FINANCIAL RESULTS

**Corporate activities**

**Paid By Coins:** On 17 December 2018, Mobecom Limited (**Mobecom** and/or the **Company)** completed the acquisition of 80% of the issued shares of Paid By Coins Pty Ltd ("Paid By Coins") from Lakeba Ventures, a subsidiary venture of Lakeba Group Pty. Ltd. ACN 603 471 807 ("Lakeba Group"). Mobecom made a payment of $6,000,000 to Lakeba Ventures satisfied by the issue of 35,294,118 fully paid ordinary shares in Mobecom at an agreed issue price of $0.17 per share. This includes the 'deferred payment' payable under the Share Sale Agreement, which was paid ahead of schedule (i.e. at completion), in order to bring finality to this acquisition.

The parties have also agreed that Mobecom will have an option to acquire, and Lakeba Ventures will have an option to sell, the balance of shares in Paid By Coins (i.e. the remaining 20%), for a price of between $1.00 and $14 million depending on the performance of Paid By Coins following completion of the acquisition. (For further information refer to ASX Release on 17 December 2018.)

Paid By Coins is an early stage, cryptocurrency exchange platform, ("the PBC Platform") with significant potential for growth and an offering which complements Mobecom's Business to Business engagement strategy, specifically with regards to airBux. Paid By Coins has demonstrated sustained, strategic growth since its launch, and this acquisition by Mobecom brings momentum in terms of the consolidation of the Company's position in the cryptocurrency and blockchain sphere.

The PBC Platform acts as a gateway and matches sellers with buyers of cryptocurrencies. Under this gateway model, the PBC platform converts the relevant cryptocurrency into fiat currency (i.e. AUD). The Company is confident of the robust strength and market promise of Paid By Coins. By using the latest payment gateway and embedding this into the Company's business and products, there is a strong opportunity to inject forward looking momentum into the business, and greater potential to provide shareholder value by replicating this in countries where Mobecom is actively providing services.

Paid By Coins South Africa (Pty) Ltd was established in South Africa in March 2019. It is anticipated that this business will start generating revenue in the year ended 30 June 2020 (FY2020).

**Air Crypto:** On 19 November 2018, Mobecom and Lakeba Group agreed to amend certain terms of the memorandum of understanding executed on 15 May 2018 for the development by Lakeba Ventures Pty Ltd of a blockchain and cryptocurrency exchange platform called AirCrypto, to act as a gateway to convert cryptocurrency value into Airbux value. The Airbux Platform is a Direct to Consumer (D2C) product and forms the basis of the Mobecom long-term business strategy. The development of the Aircrypto platform was successfully completed and Mobecom exercised its right to acquire 51% of the issued shares of Aircrypto Pty Ltd ("Aircrypto") from Lakeba Ventures Pty Ltd for a payment of $51. Mobecom also paid to Lakeba Group $1,000,000 in development costs pertaining to the cryptocurrency exchange platform which was satisfied by the issue of 9,945,650 fully paid ordinary shares in Mobecom at an agreed issue price of $0.1005 per share.

The parties have also agreed that Mobecom will have an option to acquire, and Lakeba Ventures will have an option to sell, the balance of shares in Aircrypto (i.e. the remaining 49%), for an agreed price based on fair market value at the time within 12 months of the launch of Aircrypto platform within the Airbux platform.

In June 2019, the Mobecom Board agreed to continue to focus its major business strategy on Business to Business (B2B) and Business to Business to Consumer (B2B2C) rather than continue to invest immediate funds into D2C. As a result of this decision to delay the launch of airBux and Aircrypto to a later date when deemed appropriate by the Board and the fact that the Board has considered the application of the

## REVIEW OF OPERATIONS AND FINANCIAL RESULTS (CONTINUED)

**Corporate activities (continued)**

applicable Australian Accounting Standards in the preparation of these financial statements, the Company has recognised the need to make an impairment against this software development cost.

**Altius Group**: On 1 July 2018, Mobecom executed a Memorandum of Understanding incorporating a Commercial Strategic Distribution Agreement with Altius Group, a subsidiary of AUB Group (ASX: AUB), a broking, underwriting and risk services group.

LifeIQ, a Mobecom subsidiary, will be collaborating with Altius Group to commercialise a market-first solution for life, accident and workers' compensation insurers, employers and associations, to enhance their ability to deliver evidence-based and measurable health and wellness services to their clients, claimants and employees (refer to ASX release 4 July 2018).

This agreement represents one of several strategic partnerships negotiated to support Mobecom's subscription based digital products as highlighted by the Company in its relisting statement, released to the ASX on 17 October 2017.

On 1 January 2019, an Exclusive Commercial Agreement was signed with Altius, whereby LifeIQ has granted to Altius exclusivity to the platform in the following market segments: rehabilitation services, employee assistance programs to employers and employee safety programs. This exclusive agreement is for a period of 3 years and is secured by the payment of a license fee.

In addition to this agreement, Mobecom has completed two further agreements in the health and wellness space providing the Mobecom technology in a white-labelled solution for a major Australian health insurance group as well as an international telemedicine service provider.

**Spur Group:** In September 2018, Mobecom completed the implementation of various Spur Group projects in South Africa and these projects have started generating revenue as anticipated. With these implementations, Mobecom has successfully migrated over 2 million existing membership profiles across three brands. This includes the SPUR Family card, South Africa's 7th most-used loyalty program, putting it in the company of banking and retail loyalty programs operating within the country. The implementations involve the roll-out of an integrated digital and card-based loyalty solution across a number of platforms, including web, mobile and multiple point of sales vendors for each of the Spur Group brands. This integration into multiple point of sale vendors provides the ability to grow an international footprint and it is anticipated to be rolled out in the Australian market for two of its brands in the forthcoming months. In addition, the successful development of a new in-app and online customer digital gifting program was deployed and implemented for each brand. Under the three-year agreement, Mobecom is the exclusive provider of mobile customer loyalty products and services for Spur's entire brand portfolio of over 590 franchise outlets across South Africa, Australia, Mauritius and 12 African countries.

**Liquor City**: On 19th March 2019, Mobecom announced that it has secured a new contract to provide Liquor City in South Africa with a number of Mobecom's customer engagement technology solutions across their 280 retail outlets, and to implement an ecommerce platform. Mobecom anticipates that this new agreement will contribute an additional 12% to the revenues in South Africa for the FY2020.

### Private Placements

In February 2019, the Company completed a private placement to sophisticated investors and issued 5,500,000 fully paid ordinary shares at an issue price of $0.10 per share to raise $550,000. Funds raised through the issue have been applied to complete the integration and roll out of the airBux technology in South Africa and Australia, accelerate the setup of Paid by Coins including marketing and developing networks in Europe, South Africa and Singapore and general working capital.

On 10 May 2019, the Company issued 20,591,960 Shares (Placement Shares) at an issue price of $0.075 per share to raise $1,544,396.98 before costs. The Company agreed, following shareholder approval at the General Meeting of Shareholders held on 27th September 2019 to also issue one free attaching option for each Placement Share being a total of 20,591,960 options (Placement Options), to investors that acquired Placement Shares. The funds raised from the Placement Shares have been applied to complete the integration with recently announced partnerships, and to provide continued support for the rollout of the airBux technology, Paid by Coins, research, development and working capital.

The Placement Options will be issued for nil consideration on a 1 Placement Option per 1 Share acquired basis (1:1 basis). Each Placement Option entitles the holder to acquire 1 Share in the Company by issuing a notice to the Company. Each Placement Option expires on 30 June 2021 and has a strike price of $0.10. Application will be made to the ASX to have the Placement Options quoted on ASX subject to receiving 50 Placement applicants. At the General Meeting of the Company held on 27 September 2019, shareholders approved the issue of the above-mentioned Placement Options.

## REVIEW OF OPERATIONS AND FINANCIAL RESULTS (CONTINUED)

### Financial Review

The financial statements for the year ended 30 June 2019 represent the results of:

- Mobecom Group for the period from 1 July 2018 to 30 June 2019;
- Paid By Coins Pty Ltd for the period from 17 December 2018 to 30 June 2019; and
- Aircrypto for the period from 11 May 2019 to 30 June 2019

On 11 October 2017, Mobecom Limited acquired CSB Engage. Although the transaction was not a business combination, the acquisition has been accounted for as an asset acquisition with reference to the guidance for reverse acquisitions in Australian Accounting Standards AASB 3 Business Combinations and AASB 2 Share-based Payment. Therefore, the 2018 comparative financial statements represent those of:

- CSB Engage (as the "accounting parent") and its controlled entities, and
- Mobecom Limited and its controlled entities for the period from 11 October 2017.

a) Profit and Loss performance

The results for the year ended 30 June 2019 and 2018 comparative period are set out below:

Summary of the Consolidated Statement of Profit or Loss and Other Comprehensive Income

| | Year ended 30 June 2019 $ | Adjusted Year ended 30 June 2018 $ | Year ended 30 June 2018 $ |
|---|---|---|---|
| Revenue from continuing operations and other revenue | 4,487,070 | 2,382,480 | 2,668,633 |
| Loss before taxation | (7,415,264) | (12,427,994) | (12,141,841) |
| Non-recurring expenditure | 1,000,000 | 6,343,942 | 6,343,942 |
| Share based payments | 1,735,679 | 267,745 | 267,745 |
| Loss before taxation and non-recurring expenditure | (4,679,585) | (5,816,307) | (5,530,154) |

Revenue from continuing operations and other revenue for the year ended 30 June 2019 was $4,487,070 (30 June 2018: $2,382,480) representing an 88.3% increase over the prior comparative period. Revenue for the financial year 30 June 2018 was retrospectively adjusted by $286,153 due to changes to the Accounting Standard AASB15 Revenue from Contracts with Customers.

The loss for the Group before providing for income tax and non-recurring expenditure and share based payments amounted to $4,679,585 (2018: Loss $5,816,307). Non-recurring expenditure for the year ended 30 June 2019 totalling $1,000,000 (2018: $6,343,942) represents the impairment of capitalised development costs and share based payments for the year ended 30 June 2019 totalling $1,735,679 (2018: 267,745) Non-recurring expenditure for the 2018 comparative period comprised listing fee recognised on reverse acquisition amounting to $6,008,560 and impairment and amortisation of intangibles of $335,382.

Comparatives in the Statement of Profit or Loss and Other Comprehensive Income and the Statement of Financial Position have been realigned to current period presentation. There has been no effect on the loss for the period.

Comparatives in the Statement of Cash Flows have been realigned to current period presentation.

b) Statement of financial position

Net assets reflect those of the consolidated entity and include cash and cash equivalent totalling $1,070,201 (2018: $1,838,219).

Trade and other receivables for the year ended 30 June 2019 amounted to $1,443,658 (2018: $1,149,649) and includes research and development rebates of $766,166 (2018: $822,735).

# DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2019

## CHANGES IN STATE OF AFFAIRS

Other than as stated elsewhere in this report, Directors are not aware of any other matters or circumstances at the date of this report that have significantly affected or may significantly affect the operations, the results of the operations or the state of affairs of the Group in subsequent financial years.

## FUTURE DEVELOPMENTS AND BUSINESS STRATEGIES

Mobecom's existing business model comprises three major revenue streams:

(i) a one-off license, setup and implementation fee (for highly bespoke solutions, a development and customisation fee is also charged);

(ii) annuity / recurring / SaaS fees – these include number of options, such as group monthly management fees, transaction fees, membership fees, and/ or a fee per outlet; and

(iii) ad hoc revenue streams, which includes voucher issue or redemption fees, rentals, program administration and services fees.

Mobecom's strategy is to grow its business and revenues by engaging in 'B2B2C' relationships with selected strategic partners in the direct to consumer market. This transition will seek to exploit the potential growth prospects available from the development of mobile applications, namely airBux, that allow Mobecom to communicate and transact with businesses which deal directly with consumers.

## EVENTS AFTER THE REPORTING PERIOD

Since the end of the reporting period,

(i) On 10 July 2019, the Company issued 9,141,374 Placement Shares with an issue price of $0.075 to certain sophisticated and professional investors pursuant to the Placement as announced to the market on 24 April 2019. The Company raised $685,603 from the Placement Share issue. These Placement Shares are the second tranche of Shares issued pursuant to the Company's capital raising announced to the market on 24 April 2019. The first tranche of Shares was issued on 13 May 2019 details of which can be found in the Company's announcement dated 13 May 2019. The funds raised from the Placement were applied by the Company to support the rollout of airBux technology, Paid By Coins, research, development and working capital. Furthermore, as noted in the Company's announcement to the ASX dated 24 April 2019, the Company has agreed, subject to Shareholder approval to issue 9,141,374 Options (Placement Option) to Placement participants as free attaching options issued on the basis of 1 Placement Option for each Placement Share. Application will be made to the ASX to have the Placement Options quoted on ASX subject to receiving 50 Placement applicants. At the General Meeting of the Company held on 27 September 2019, shareholders approved the issue of the above-mentioned Placement Options.

(ii) On 29 March 2019, the Company and Novus Capital executed a mandate letter pursuant to which Novus Capital would advise, assist and lead the Placement (Broker Mandate). As part consideration for the provision of the aforementioned services, on the successful completion of the Placement, Novus Capital would be issued 2,500,000 shares at an issue price of $0.075 (Broker Shares) and 3,500,000 Broker Options. As announced by the Company on 10 July 2019, the Placement was completed, and the Broker Shares were issued to Novus Capital. At the General Meeting of the Company held on 27 September 2019, shareholders approved the issue of the above-mentioned Broker Options. Refer to Notice of Meeting released to ASX on 27 August 2019 for further detail.

(iii) On 10 July 2019, 2,947,135 unlisted options over ordinary shares with an exercise price of $0.05 each were issued under the Company's Incentive Option Plan to the Interim Chief Executive Officer under the Company's Incentive Option Plan. These options vested on 3 September 2019 and are, exercisable on or before 10 July 2022.

## DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2019

### EVENTS AFTER THE REPORTING PERIOD (CONTINUED)

(iv) Since the end of the reporting period:

- The Company has borrowed $260,000 in total from certain directors to fund working capital and ongoing operating activities at 7% interest per annum, compounded monthly, payable on the maturity date being 31 December 2019. Details as set out below:

| Name | Amount |
|---|---|
| R Walker | $50,000 |
| N Joseph | $40,000 |
| D Fisher | $50,000 |
| T Ruppert | $120,000 |
| Total | $260,000 |

  Furthermore, prior to the 4th October 2019, the Company received binding commitments from certain Directors to provide short term loans amounting to $600,000 as convertible notes, maturing 12 months after the date of drawdown. The funds will be applied to the redemption of existing debt and to fund working capital.

- On 13th September 2019, the Company obtained a loan facility from Lakeba Group Pty Ltd (ACN: 603 471 807) (Lakeba Group) to fund part of its working capital. Details are as follows:

  Principal: $ 345,212.61

  Amount Drawn: $198,000

  Interest Rate: 10% per annum, compounded monthly, payable on maturity.

  Repayment Date: 90 days after the Facility is drawn down.

  Furthermore, prior to the 4th October 2019, Lakeba Group committed to provide a loan facility ("Facility") to Mobecom for at least twelve months for the principal amount of up to AUD$1,000,000 together with interest at 10% pa, compounded monthly. The Facility is to fund working capital needs and ongoing operating activities of Mobecom.

Other than as stated elsewhere in this report, Directors are not aware of any other matters or circumstances at the date of this report that have significantly affected or may significantly affect the operations, the results of the operations or the state of affairs of the Group in subsequent financial years

### ENVIRONMENTAL REGULATION

The Group is not subject to any significant environmental regulation under the Australian Commonwealth or State law or in any other jurisdiction where it operates.

# DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2019

## REMUNERATION REPORT – AUDITED

This report details the nature and amount of each element of the emoluments of the key management personnel of the Group.

At the Annual General Meeting of Mobecom held on 30 November 2018, members considered a resolution to accept the Remuneration Report for the year ended 30 June 2018. Mobecom received 53,872,470 or 88.99% votes in favour and 137,952 or 0.26% against out of 54,013,904 total valid votes received. The Company did not receive any specific feedback at the Annual General Meeting.

**Remuneration policy**

The remuneration policy of the Group has been designed to align key management personnel objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long-term incentives based on key performance areas affecting the Group's financial results. The Board believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best key management personnel to run and manage the Group, as well as create goal congruence between Directors, Executives and Shareholders.

The Board's policy for determining the nature and amount of remuneration for key management personnel of the Group is as follows:

- The remuneration policy, setting the terms and conditions for the key management personnel, was developed by the Board.
- All key management personnel receive a base salary (which is based on factors such as length of service and experience), superannuation and fringe benefits.
- The Board will review key management personnel packages annually by reference to the Group's performance, executive performance and comparable information from industry sectors.

Consistent with attracting and retaining talented executives, directors and senior executives are paid market rates associated with individuals in similar positions, within the same industry.

Options may be issued to Directors to provide a mechanism to participate in the future development of the Group and an incentive for their future involvement with and commitment to the Group.

Key management personnel receive a superannuation guarantee contribution (where applicable) as required if applicable and do not receive any other retirement benefits. Some individuals may choose to sacrifice part of their salary to increase payments towards superannuation.

All remuneration paid to key management personnel is valued at the cost to the Group and expensed. Shares given to key management personnel are valued as the difference between the market price of those shares and the amount paid by the key management personnel. Options are valued using the Black-Scholes methodology.

The Board policy is to remunerate Non-Executive Directors at market rates for time, commitment and responsibilities. The Board determines payments to the Non-Executive Directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. The maximum aggregate amount of fees that can be paid to Non-Executive Directors is subject to approval by shareholders at the Annual General Meeting. Fees for Non-Executive Directors are not linked to the performance of the Group. However, to align Directors' interests with shareholder interests, the Directors are encouraged to hold shares in the Group and are able to participate in the employee option plan.

# DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2019

## REMUNERATION REPORT – AUDITED (CONTINUED)

**Remuneration policy (continued)**

Names and positions held by Key Management Personnel in office at any time during the financial year are:

| DIRECTORS | |
|---|---|
| R Walker | Non-Executive Chairman (appointed 11 October 2017) |
| N Joseph | Managing Director and Chief Executive Officer (appointed 11 October 2017, resigned 11 June 2019) |
| | Executive Director (since 11 June 2019) |
| D Fisher | Non-Executive Director (appointed 11 October 2017) |
| T Ruppert | Non-Executive Director (appointed 11 October 2017) |
| G Porcelli | Non-Executive Director (appointed 3 April 2019) |
| **OTHER KEY MANAGEMENT PERSONNEL** | |
| C Joseph | Director Africa Region |
| W Pitcher | Director Asia Division |
| S Smith | Director Mobile Division |
| A Sonnenberg | Director of LifeIQ (resigned 12 May 2019) |

# DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2019

## REMUNERATION REPORT – AUDITED (CONTINUED)

### Remuneration agreements

| KEY MANAGEMENT PERSONNEL | POSITION | DATE APPOINTED | DATE RESIGNED | CONTRACT DETAILS (DURATION & TERMINATION NOTICE PERIOD) | PROPORTION OF ELEMENTS OF REMUNERATION RELATED TO PERFORMANCE | | | PROPORTION OF ELEMENTS OF REMUNERATION NOT RELATED TO PERFORMANCE | | TOTAL |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | Non-Salary cash-based incentives | Shares | Options /Rights | Shares | Fixed salary /Fees | |
| | | | | | % | % | % | % | % | % |
| DIRECTORS | | | | | | | | | | |
| R Walker | Non-Executive Chairman | 11 Oct 2017 | | No fixed term | - | - | - | - | 100 | 100 |
| N Joseph | a) Managing Director & CEO<br>b) Executive Director | a) 11 Oct 2017<br>b) 11 June 2019 | 11 Jun 2019 | 5 years contract with 2-year automatic renewal,4 weeks' notice period. | - | - | 3 | - | 97 | 100 |
| D Fisher | Non-Executive Director | 11 Oct 2017 | | No fixed term | - | - | 18 | - | 82 | 100 |
| T Ruppert | Non-Executive Director | 11 Oct 2017 | | No fixed term | - | - | - | - | 100 | 100 |
| G Porcelli | Non-Executive Director and Chief Strategy Officer | a) 3 Apr 2019<br>b) 1 Feb 2019 | | No fixed term | - | - | 4 | - | 96 | 100 |
| OTHER KEY MANAGEMENT PERSONNEL | | | | | | | | | | |
| C Joseph | Director Mobile Division | 11 Oct 2017 | | 5 years contract with 2-year automatic renewal, 12 weeks' notice period. | - | - | 8 | - | 92 | 100 |
| W Pitcher | Director Asia Division | 11 Oct 2017 | | No fixed term | - | - | 16 | - | 84 | 100 |
| S Smith | Director Mobile Division | 11 Oct 2017 | | 5 years contract with 2-year automatic renewal,12 weeks' notice period. | - | - | 63 | - | 37 | 100 |
| A Sonnenberg | Director of LifeIQ | 11 Oct 2017 | 12 May 2019 | | - | - | 7 | - | 93 | 100 |

## REMUNERATION REPORT – AUDITED (CONTINUED)

### a) Key Management Personnel Remuneration

Details of the nature and amount of each element of the emoluments of each of the key management personnel of the Group for the year ended 30 June 2019 are set out in the following table:

| | SHORT-TERM BENEFITS | SHARE BASED PAYMENTS | POST-EMPLOYMENT BENEFITS | TOTAL |
|---|---|---|---|---|
| NAME | SALARY & FEES[1] $ | OPTIONS[5] $ | SUPERANNUATION $ | $ |
| DIRECTORS | | | | |
| R Walker | 100,000 | - | 9,500 | 109,500 |
| N Joseph[6] | 287,500 | 8,334 | 27,312 | 323,146 |
| D Fisher | 60,000 | 14,177 | 5,700 | 79,877 |
| T Ruppert[2] | 65,700 | - | - | 65,700 |
| G Porcelli[3] | 98,333 | 4,459 | 9,342 | 112,134 |
| OTHER KEY MANAGEMENT PERSONNEL | | | | |
| C Joseph | 231,644 | 21,287 | - | 252,931 |
| P Pitcher | 127,014 | 24,023 | - | 151,037 |
| S Smith[4] | 220,000 | 418,312 | 20,900 | 659,212 |
| A Sonnenberg[5] | 315,721 | 24,344 | 23,312 | 363,377 |
| **Total** | **1,505,912** | **514,936** | **96,066** | **2,116,914** |

1. Salary and fees represent fees paid or payable to directors and executives at the end of the reporting period.
2. T Ruppert: Total remuneration of $65,700 includes directors' fees paid or payable for the year ended 30 June 2019. Directors fees are paid or payable to Ruppert International Inc, a company in which Mr Ruppert has an interest.
3. G Porcelli: Total salary and fees of $98,333 is comprised of:
    a. directors' fees paid or payable for the period 3 April 2019 to 30 June 2019 amounting to $83,333; and
    b. $15,000 for executive services as Chief Executive Officer paid or payable for the period 1 February 2019 to 30 June 2019.
4. S Smith: Total remuneration of $659,212 includes the fair value of 2,400,000 unlisted options over ordinary shares issued to Mr Smith under the Company's Incentive Option Plan for $Nil consideration. The options vested immediately and are exercisable on or before 22 August 2020. These Options have a fair value at date of grant of $0.1606 per option amounting to $385,320 in total which was expensed to the Consolidated Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2019.
5. A Sonnenberg: Total remuneration of $363,377 includes salary and superannuation paid or payable for the period 1 July 2018 to 12 May 2019.
6. N Joseph: Salary of $287,500 and superannuation of $27,212 is based on an annual salary of $300,000 per annum plus superannuation guarantee charge (SGC) for the period 1 July 2018 to 31 May 2019 and an annual salary of $150,000 per annum plus SGC for the month of June 2019 following an internal review in June 2019.

**Performance income as a proportion of total income**

No bonuses were paid to Key Management Personnel during the 2019 financial year. Options were issued as noted in the Remuneration Agreements section above.

# DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2019

## REMUNERATION REPORT – AUDITED (CONTINUED)

### a) Key Management Personnel Remuneration (continued)

Details of the nature and amount of each element of the emoluments of each of the key management personnel for the comparative period ended 30 June 2018 are set out in the following tables:

| | SHORT-TERM BENEFITS | SHARE BASED PAYMENTS | POST-EMPLOYMENT BENEFITS | TOTAL |
|---|---|---|---|---|
| NAME | SALARY & FEES[1] $ | OPTIONS $ | SUPERANNUATION $ | $ |
| DIRECTORS | | | | |
| R Walker[4] | 75,000 | - | 7,125 | 82,125 |
| N Joseph[2] | 274,079 | 77,057 | 21,375 | 372,511 |
| D Fisher[5] | 45,000 | - | 4,275 | 49,275 |
| T Ruppert[6] | 49,275 | - | - | 49,275 |
| FORMER DIRECTORS | | | | |
| W Andrew[7] | 10,208 | - | - | 10,208 |
| M Bhandari[8] | 10,208 | - | - | 10,208 |
| N Herbert[9] | 10,208 | - | - | 10,208 |
| OTHER KEY MANAGEMENT PERSONNEL | | | | |
| C Joseph[2] | 213,790 | 61,074 | - | 274,864 |
| P Pitcher[2] | 165,534 | 433 | - | 165,967 |
| S Smith[2] | 210,000 | 61,285 | 19,950 | 291,235 |
| A Sonnenberg[3] | 320,000 | 61,129 | 20,900 | 402,029 |
| **Total** | **1,383,302** | **260,978** | **73,625** | **1,717,905** |

1. Salary and fees represent fees paid or payable to directors and executives at the end of the reporting period.
2. Total remuneration for N Joseph, C Joseph, P Pitcher and S Smith reflects salary and superannuation paid or payable from Mobecom Limited (legal parent entity) and CSB Engage Pte (accounting parent entity) and their controlled entities for the period 1 July 2017 to 30 June 2018.
3. A Sonnenberg: Total remuneration reflects salary and superannuation paid or payable from CSB Engage Pte (accounting parent entity) and its controlled entities for the period 1 July 2017 to 30 June 2018 plus an accrued amount of $100,000 for salary and fees relating to year ended 30 June 2017.
4. R Walker: Total remuneration of $82,125 reflects directors' fees and superannuation paid or payable for the period 11 October 2017 to 30 June 2018.
5. D Fisher: Total remuneration of $49,275 includes directors' fees and superannuation paid or payable for the period 11 October 2017 to 30 June 2018.
6. T Ruppert: Total directors fees of $49,275 were paid to Ruppert International Inc, a company in which Mr Ruppert has an interest, for the period 11 October 2017 to 30 June 2018.
7. W Andrew: Total remuneration of $10,208 reflects fees accrued and payable for the period 1 July 2017 to 11 October 2017.
8. M Bhandari: Total remuneration of $10,208 reflects fees accrued and payable for the period 1 July 2017 to 11 October 2017.
9. N Herbert: Total remuneration of $10,208 reflects fees accrued and payable for the period 1 July 2017 to 11 October 2017.

**Performance income as a proportion of total income**

No bonuses were paid to Key Management Personnel during the 2018 financial year. Options were issued as noted in the Remuneration Agreements section above.

# DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2019

## REMUNERATION REPORT – AUDITED (CONTINUED)

### a) Key Management Personnel Remuneration (continued)

**Performance income as a proportion of total income**

No bonuses were paid to Key Management Personnel during the 2018 comparative period.

### b) Options issued as part of remuneration

The number of options over ordinary shares granted as compensation to Key Management Personnel during the reporting period and during the 2018 comparative period are set out below

| 2019 | BALANCE 1 JULY 2018 | GRANTED AS REMUNERATION | BALANCE 30 JUNE 2019 |
|---|---|---|---|
| DIRECTORS | | | |
| R Walker | - | - | - |
| N Joseph[1] | 1,695,000 | 236,545 | 1,931,545 |
| D Fisher[1] | - | 400,000 | 400,000 |
| T Ruppert | - | - | - |
| G Porcelli[2] | - | 1,600,000 | 1,600,000 |
| OTHER KEY MANAGEMENT PERSONNEL | | | |
| C Joseph | 1,528,415 | - | 1,528,415 |
| P Pitcher | 218,273 | - | 218,273 |
| S Smith[3] | 1,634,761 | 2,400,000 | 4,034,761 |
| A Sonnenberg | 1,556,182 | - | 1,556,182 |
| **Total** | **6,632,631** | **4,636,545** | **11,269,176** |

1. On 17 December 2018, 636,545 unlisted options over ordinary shares were granted to Key Management Personnel as part of compensation under the Company's Incentive Option Plan (refer to ASX Release on 16 October 2017 for a copy of the Company's Incentive Option Plan) as approved by Shareholders at the Annual General Meeting held on 30 November 2018. There are no performance conditions. All options issued under the Company's Incentive Option Plan require the holder of the options to satisfy employment conditions for the options to vest. Details are set out below.

| NAME | EXERCISE PRICE | EXPIRY DATE | VEST 01-07-19 | VEST 01-07-20 | VEST 01-07-21 | TOTAL | FAIR VALUE ON DATE OF GRANT |
|---|---|---|---|---|---|---|---|
| N Joseph | $0.26 | 17 Dec 2021 | 78,060 | 78,060 | 80,425 | 236,545 | $0.0685 |
| D Fisher | $0.26 | 17 Dec 2021 | 133,333 | 133,333 | 133,334 | 400,000 | $0.0685 |
| **Total** | | | **211,393** | **211,393** | **213,759** | **636,545** | |

2. G Porcelli: On 10 May 2019, the Company issued 1,600,000 unlisted options over ordinary shares to Mr Porcelli under the Company's Incentive Option Plan for $Nil consideration as approved by Shareholders at the General Meeting held on 3 April 2019. The options vested immediately and are exercisable on or before 8 August 2021. These Options have a fair value at date of grant of $0.0297 per option.
3. S Smith: On 22 August 2018, the Company issued 2,400,000 unlisted options over ordinary shares to Mr Smith under the Company's Incentive Option Plan for $Nil consideration. The options vested immediately and are exercisable on or before 22 August 2020. The options are however subject to escrow from the date of issue until 1 August 2019. These Options have a fair value at date of grant of $0.1606 per option. Mr Smith is Head of the Mobile Division of the Company.

# DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2019

## REMUNERATION REPORT – AUDITED (CONTINUED)

**b) Options issued as part of remuneration (continued)**

| 2018 | BALANCE 1 JULY 2017 | GRANTED AS REMUNERATION[2] | BALANCE 30 JUNE 2018[1] |
|---|---|---|---|
| **DIRECTORS** | | | |
| R Walker | - | - | - |
| N Joseph | - | 1,695,000 | 1,695,000 |
| D Fisher | - | - | - |
| T Ruppert | - | - | - |
| **FORMER DIRECTORS[1]** | | | |
| W Andrew | - | - | - |
| M Bhandari | - | - | - |
| N Herbert | - | - | - |
| **OTHER KEY MANAGEMENT PERSONNEL** | | | |
| C Joseph | - | 1,528,415 | 1,528,415 |
| P Pitcher | - | 218,273 | 218,273 |
| S Smith | - | 1,634,761 | 1,634,761 |
| A Sonnenberg | - | 1,556,182 | 1,556,182 |
| **Total** | **-** | **6,632,631** | **6,632,631** |

1. The balance of options reported as at 30 June 2018 represents options held by the current key management personnel of the Company as at balance date.
2. The terms and conditions of each grant of options over ordinary shares affecting remuneration of directors and other key management personnel in this reporting period or future reporting periods are as follows:
   - On 11 October 2017, 5,700,000 unlisted options were granted to key management personnel as set out in the table below under the Company's Incentive Option Plan. Each option is issued for $Nil consideration and no consideration will be payable upon the achievement of the performance criteria ("Performance Criteria"). The Options will be subject to specific performance criteria, which must be satisfied by the vesting dates, being 30 June 2019 and 30 June 2020.

     The Options to be issued to each holder will also be subject to a continuous employment/service vesting/forfeiture condition from the Grant Date to the applicable Vesting Date. However, if employment/service ceases because of death, total permanent disability, redundancy or other special circumstances as determined by the Board, any unvested Options will not lapse as a consequence and will continue to be subject to the Performance Criteria unless otherwise determined by the Board. If the Performance Criteria are not met at the relevant Vesting Date, the Options relating to that Vesting Date will not vest and will lapse.

| NAME | DATE OPTIONS GRANTED | NUMBER OF SHARES UNDER OPTION | EXERCISE PRICE OF OPTION | EXPIRY DATE OF OPTIONS | FAIR VALUE OF OPTIONS AT GRANT DATE |
|---|---|---|---|---|---|
| N Joseph | 11 October 2017 | 1,695,000 | Nil | 11 October 2020 | $0.19 |
| C Joseph | 11 October 2017 | 1,335,000 | Nil | 11 October 2020 | $0.19 |
| S Smith | 11 October 2017 | 1,335,000 | Nil | 11 October 2020 | $0.19 |
| A Sonnenberg | 11 October 2017 | 1,335,000 | Nil | 11 October 2020 | $0.19 |
| | | **5,700,000** | | | |

**Performance Criteria:**

The number of Options which vest will be determined by:

a) the price of the Company's Shares as at the relevant Vesting Date, calculated on the volume weighted average sale price of Shares for the 20 business days immediately preceding the relevant Vesting Date; and

b) the Company's revenue calculated on the Company's audited and reported financial results for the 12 months immediately preceding the Vesting Date.

# DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2019

## REMUNERATION REPORT – AUDITED (CONTINUED)

### b) Options issued as part of remuneration (continued)

The number of Options that will vest will therefore be determined by the Company's performance against the Performance Criteria for the relevant period, as follows:

| VESTING DATE | MAXIMUM NUMBER OF OPTIONS VESTING | TARGET (50% VEST) | MAXIMUM (100% VEST) |
|---|---|---|---|
| SHARE PRICE | | | |
| 30 JUNE 2019 | 25% of issued Options | $0.30 | $0.40 |
| 30 JUNE 2020 | 25% of issued Options | $0.40 | $0.60 |
| REVENUE | | | |
| 30 JUNE 2019 | 25% of issued Options | $5,500,000 | $7,070,000 |
| 30 JUNE 2020 | 25% of issued Options | $7,000,000 | $11,560,000 |

For each Performance Criteria, and at each Vesting Date, the Board will determine how the Performance Criteria are to be measured. A target measure and maximum measure will be established for each Performance Criteria, and Options may vest in accordance with the following scale:

| PERFORMANCE | RESULT |
|---|---|
| LESS THAN TARGET | No Options will vest. |
| ACHIEVEMENT OF TARGET | 50% of Options for that Performance Criteria and Vesting Period will vest. |
| ACHIEVEMENT OF MAXIMUM | 100% of Options for that Performance Criteria and Vesting Period will vest |
| BETWEEN TARGET AND MAXIMUM PERFORMANCE | 50% of the Options for that Performance Criteria and relevant Vesting Date, plus an additional number of Options (calculated on a straight-line basis) between the Target and Maximum measures. |

- On 27 June 2018, the number of options over ordinary shares granted to Key Management Personnel as part of compensation under the Company's Incentive Option Plan (refer to ASX Release on 16 October 2017 for a copy of the Company's Incentive Option Plan) and terms set out below. There are no performance conditions. All options issued under the Company's Incentive Option Plan require the holder of the options to satisfy employment conditions for the options to vest.

| NAME | EXERCISE PRICE | EXPIRY DATE | VEST 01-11-18 | VEST 01-07-19 | VEST 01-07-20 | TOTAL | FAIR VALUE ON DATE OF GRANT |
|---|---|---|---|---|---|---|---|
| A Sonnenberg | $0.26 | 31 Dec 2020 | 72,990 | 72,990 | 75,202 | 221,182 | $0.135 |
| C Joseph | $0.26 | 31 Dec 2020 | 63,827 | 63,827 | 65,761 | 193,415 | $0.135 |
| P Pitcher | $0.26 | 31 Dec 2020 | 72,030 | 72,030 | 74,213 | 218,273 | $0.135 |
| S Smith | $0.26 | 31 Dec 2020 | 98,921 | 98,921 | 101,919 | 299,761 | $0.135 |

### c) Shares Issued on Exercise of Compensation Options

There were no options exercised during the year or the comparative period that were granted as compensation in prior periods.

### d) Other Information

The number of securities in the Company held by each of the Key Management Personnel, including their related parties during the reporting period and 2018 comparative period, are set out below:

## REMUNERATION REPORT – AUDITED (CONTINUED)

**d) Other Information (continued)**

**Shares held by Key Management Personnel**

| 2019 | BALANCE 01 JULY 2018 | BALANCE ON DATE APPOINTED | NET OTHER CHANGE | BALANCE ON RESIGNATION | BALANCE 30 JUNE 2019 |
|---|---|---|---|---|---|
| DIRECTORS | | | | | |
| R Walker | 2,241,118 | - | - | - | 2,241,118 |
| N Joseph[4] | 27,773,834 | - | - | - | 27,773,834 |
| D Fisher[1] | - | - | 624,621 | - | 624,621 |
| T Ruppert | 2,500,000 | - | - | - | 2,500,000 |
| G Porcelli[2] | - | 113,828 | 45,239,768 | - | 45,353,596 |
| OTHER KEY MANAGEMENT PERSONNEL | | | | | |
| C Joseph | 9,669,763 | - | - | - | 9,669,763 |
| P Pitcher | 6,081,986 | - | - | - | 6,081,986 |
| S Smith | 3,502,992 | - | - | - | 3,502,992 |
| A Sonnenberg[3] | 12,472,992 | - | - | (12,472,992) | - |
| **Total** | **64,242,685** | **113,828** | **45,864,389** | **(12,472,992)** | **97,747,910** |

1. D Fisher: On 22 August 2018, 312,500 ordinary shares were issued and on 17 December 2018, 312,121 Ordinary Shares were issued in accordance with the terms and conditions as approved by Shareholders at the General Meeting held on 31 July 2018 and the Annual General Meeting of the Company held on 30 November 2018 respectively. These shares were issued to Fisher Accounting Pty Limited, a company in which David Fisher has an interest.
2. G Porcelli: On 17 December 2018, 35,294,118 ordinary shares were issued to Lakeba Ventures Pty Ltd and on 10 May 2019, 9,945,650 ordinary shares were issued to Lakeba Ventures Pty Ltd totalling 45,239,768 ordinary shares. Mr Porcelli has an interest being a director and Shareholder of Lakeba Group Pty Ltd.
3. A Sonnenberg resigned on 12 May 2019, and therefore ceased to be a key management personnel from that date.
4. On 17 December 2018, pursuant to Shareholder approval received at the Annual General Meeting held on 30 November 2018, the Company issued 2,743,806 Shares to Helen Joseph who was nominated by Neil Joseph to receive those Shares. Helen Joseph is not a related party of Neil Joseph under the Corporations Act and therefore the 2,743,806 Shares issued to her are not included in the table above.

| 2018 | BALANCE 01 JULY 2017 | CONSIDERATION SHARES ACQUIRED ON ACQUISITION OF CSB ENGAGE | NET OTHER CHANGE | BALANCE ON RESIGNATION | BALANCE 30 JUNE 2018 |
|---|---|---|---|---|---|
| DIRECTORS | | | | | |
| R Walker[1] | - | 1,000,000 | 1,241,118 | - | 2,241,118 |
| N Joseph | - | 27,773,834 | - | - | 27,773,834 |
| D Fisher | - | - | - | - | - |
| T Ruppert[1] | - | - | 2,500,000 | - | 2,500,000 |
| FORMER DIRECTORS[2] | | | | | |
| W Andrew[3] | 1,323,747 | - | 608,795 | (1,932,542) | - |
| M Bhandari[4] | 84,821 | - | 248,230 | (333,051) | - |
| N Herbert[5] | 336,736 | - | 1,118,585 | (1,455,321) | - |
| OTHER KEY MANAGEMENT PERSONNEL | | | | | |
| C Joseph | - | 9,669,763 | - | - | 9,669,763 |
| P Pitcher | - | 6,081,986 | - | - | 6,081,986 |
| S Smith | - | 3,502,992 | - | - | 3,502,992 |
| A Sonnenberg | - | 12,472,992 | - | - | 12,472,992 |
| **Total** | **1,745,304** | **60,501,567** | **5,716,728** | **(3,720,914)** | **64,242,685** |

1. Shares acquired in the Share Placement completed on 11 October 2017.
2. W Andrew, M Bhandari and N Herbert resigned as directors on 11 October 2017, and therefore ceased to be key management personnel from that date.
3. W. Andrew: On 11 October 2017,
   a) 325,000 ordinary shares were acquired on the conversion of 650 Convertible Notes on the terms and conditions as approved by shareholders at the General Meeting held on 1 May 2017.
   b) 283,795 fully paid ordinary shares were acquired on the settlement of unpaid and accrued director's fees to 30 April 2017 by the Company as approved by shareholders at the General Meeting held on 1 May 2017.

# DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2019

## REMUNERATION REPORT – AUDITED (CONTINUED)

### d) Other Information (continued)

**Shares held by Key Management Personnel (continued)**

4. M. Bhandari: On 11 October 2017, 248,230 fully paid ordinary shares were acquired on the settlement of unpaid and accrued director's fees to 30 April 2017 by the Company as approved by shareholders at the General Meeting held on 1 May 2017.
5. N. Herbert: On 11 October 2017,
   a) 325,000 ordinary shares were acquired on the conversion of 650 Convertible Notes on the terms and conditions as approved by shareholders at the General Meeting held on 1 May 2017.
   b) 793,585 fully paid ordinary shares were acquired on the settlement of unpaid and accrued director's fees to 30 April 2017 by the Company as approved by shareholders at the General Meeting held on 1 May 2017.

**Options held by Key Management Personnel**

| 2019 | BALANCE 01 JULY 2018 | BALANCE ON DATE APPOINTED | OPTIONS ACQUIRED | OPTIONS EXERCISED | OPTIONS EXPIRED | BALANCE ON RESIGNATION | BALANCE 30 JUNE 2019 |
|---|---|---|---|---|---|---|---|
| DIRECTORS | | | | | | | |
| R Walker | - | - | - | - | - | - | - |
| N Joseph | 1,695,000 | - | 236,545 | - | - | - | 1,931,545 |
| D Fisher | - | - | 400,000 | - | - | - | 400,000 |
| T Ruppert | - | - | - | - | - | - | - |
| G Porcelli | - | 72,464 | 1,600,000 | - | - | - | 1,672,464 |
| EXECUTIVES | | | | | | | |
| C Joseph | 1,528,415 | - | - | - | - | - | 1,528,415 |
| P Pitcher | 218,273 | - | - | - | - | - | 218,273 |
| S Smith | 1,634,761 | - | 2,400,000 | - | - | - | 4,034,761 |
| A Sonnenberg | 1,556,182 | - | - | - | - | (1,556,182) | - |
| **Total** | **6,632,631** | **72,464** | **4,636,545** | **-** | **-** | **(1,556,182)** | **9,785,458** |

| 2018 | BALANCE 01 JULY 2017 | OPTIONS ACQUIRED | OPTIONS EXERCISED | OPTIONS EXPIRED | BALANCE ON RESIGNATION | BALANCE 30 JUNE 2018 |
|---|---|---|---|---|---|---|
| DIRECTORS | | | | | | |
| R Walker | - | - | - | - | - | - |
| N Joseph | - | 1,695,000 | - | - | - | 1,695,000 |
| D Fisher | - | - | - | - | - | - |
| T Ruppert | - | - | - | - | - | - |
| FORMER DIRECTORS[1] | | | | | | |
| W Andrew | 32,500 | - | - | - | (32,500) | - |
| M Bhandari | - | - | - | - | - | - |
| N Herbert | 32,500 | - | - | - | (32,500) | - |
| EXECUTIVES | | | | | | |
| C Joseph | - | 1,528,415 | - | - | - | 1,528,415 |
| P Pitcher | - | 218,273 | - | - | - | 218,273 |
| S Smith | - | 1,634,761 | - | - | - | 1,634,761 |
| A Sonnenberg | - | 1,556,182 | - | - | - | 1,556,182 |
| **Total** | **65,000** | **6,632,631** | **-** | **-** | **(65,000)** | **6,632,631** |

1. W Andrew, M Bhandari and N Herbert resigned as directors on 11 October 2017, and therefore ceased to be key management personnel from that date.

# DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2019

## REMUNERATION REPORT – AUDITED (CONTINUED)

### d) Other Information (continued)

**Options held by Key Management Personnel (continued)**

- W Andrew, on 19 May 2017, pursuant to Shareholders' approval received at the General Meeting of the Company held on 1 May 2017, the Company issued 650 convertible notes for a subscription price totalling $65,000, (i.e. $100 principal face value per convertible note) and 32,500 attaching options at $Nil consideration to Mr Warwick John Andrew & Ms Marilyn Gaye Short <W A Super Fund A/C>. On 11 October 2017, these convertible notes converted into 325,000 Shares being the date that the acquisition of CSB Engage was completed. Each option may be converted into one Share in the Company prior to the expiry date of the options. The exercise price per option is $0.26. The options expire on 19 May 2020 if not exercised.
- N Herbert, on 19 May 2017, pursuant to Shareholders' approval received at the General Meeting of the Company held on 1 May 2017, the Company has issued 650 convertible notes for a subscription price totalling $65,000, (i.e. $100 principal face value per convertible note) and 32,500 attaching options at $Nil consideration to Cambrian Limited, a company in which Mr Neil Herbert has an interest. On 11 October 2017, these convertible notes converted into 325,000 Shares being the date that the acquisition of CSB Engage was completed. Each option may be converted into one Share in the Company prior to the expiry date of the options. The exercise price per option is $0.26. The options expire on 19 May 2020 if not exercised.

## END OF AUDITED REMUNERATION REPORT

# DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2019

## MEETINGS OF DIRECTORS

The number of meetings of directors held during the year and the number of meetings attended by each director were as follows:

| | BOARD MEETINGS | | AUDIT COMMITTEE MEETINGS | | REMUNERATION COMMITTEE MEETINGS | |
|---|---|---|---|---|---|---|
| DIRECTOR | NUMBER ELIGIBLE TO ATTEND | NUMBER ATTENDED | NUMBER ELIGIBLE TO ATTEND | NUMBER ATTENDED | NUMBER ELIGIBLE TO ATTEND | NUMBER ATTENDED |
| R Walker | 10 | 10 | 2 | 2 | 1 | 1 |
| N Joseph | 13 | 13 | - | - | - | - |
| D Fisher | 13 | 13 | 2 | 2 | 1 | 1 |
| T Ruppert | 10 | 8 | 2 | - | 1 | - |
| G Porcelli[1] | 3 | 3 | - | - | - | - |

1. G. Porcelli was appointed a Director on 3 April 2019.

## INDEMNITIES GIVEN AND INSURANCE PREMIUMS PAID TO AUDITORS AND OFFICERS

During the reporting period from 1 July 2018 to 31 January 2019, the Company paid an insurance premium to insure the Directors and Officers of the Group. The Officers of the Company covered by the insurance policy include all Directors and the Company Secretary. The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of the Company, and any other payments arising from liabilities incurred by the officers in connection with such proceedings, other than where such liabilities arise out of conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else to cause detriment to the Company. Details of the amount of the premium paid in respect of the insurance policies are not disclosed as such disclosure is prohibited under the terms of the contract. The company is in the process of renewing the insurance premium.

Furthermore, certain controlled entities of the Company, Onit Media Pty Ltd and LifeIQ Pty Ltd, maintained separate policies during the reporting period and paid insurance premiums to insure the Directors and Officers of these companies. The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of the subsidiaries, and any other payments arising from liabilities incurred by the officers in connection with such proceedings, other than where such liabilities arise out of conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else to cause detriment to the subsidiaries. Details of the amount of the premium paid in respect of the insurance policies are not disclosed as such disclosure is prohibited under the terms of the contract.

Mobecom (legal parent entity) has entered into an agreement with the Directors and Officers of the Company to indemnify them against any claim and related expenses which arise as a result of work completed in their respective capacities.

CSB Engage (accounting parent entity) has entered into an agreement with the Directors of CSB Engage and the Directors of its controlled entities to indemnify them against any claim and related expenses which arise as a result of work completed in their respective capacities.

Mobecom and CSB Engage have not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify any current or former officer or auditor of the Company or CSB Engage and its controlled entities against a liability incurred as such by an officer or auditor.

No indemnities have been given or agreed to be given or insurance premiums paid or agreed to be paid, during or since the end of financial year, to the auditors of the Group or any related entities against a liability incurred by auditors.

# DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2019

## SHARE OPTIONS

Details of unissued shares or interests of Mobecom under option at the date of this report are.

| DATE OPTIONS GRANTED | NUMBER OF SHARES UNDER OPTION | CLASS OF SHARES | EXERCISE PRICE OF OPTION | EXPIRY DATE OF OPTIONS |
|---|---|---|---|---|
| 21 February 2017 | 50,000 | Ordinary | $0.26 | 21 February 2020 |
| 19 May 2017 | 65,000 | Ordinary | $0.26 | 19 May 2020 |
| 11 October 2017 | 5,700,000 | Ordinary | Nil | 11 October 2020 |
| 11 October 2017 | 4,980,499 | Ordinary | $0.26 | 11 October 2020 |
| 27 June 2018 | 4,346,768 | Ordinary | $0.26 | 31 December 2020 |
| 22 August 2018 | 5,554,131 | Ordinary | $0.29 | 30 June 2020 |
| 22 August 2018 | 576,618 | Ordinary | $0.26 | 31 December 2020 |
| 22 August 2018 | 2,400,000 | Ordinary | $Nil | 22 August 2020 |
| 17 December 2018 | 636,545 | Ordinary | $0.26 | 17 December 2021 |
| 10 May 2019 | 1,600,000 | Ordinary | $Nil | 08 August 2021 |
| 10 July 2019 | 2,947,135 | Ordinary | $0.05 | 10 July 2022 |
| **Total** | **28,856,696** | | | |

## NON-AUDIT SERVICES

The Board of Directors has considered the non-audit services provided by the Group's auditor during the year, which related to income tax compliance and advice and review of a prospectus, and is satisfied that the provision of those non-audit services during the year is compatible with, and did not compromise, the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services were subject to the corporate governance procedures adopted by the Company and have been reviewed by the Board to ensure that they do not impact upon the impartiality and objectivity of the auditor; and
- the non-audit services do not undermine the general principles relating to auditor independence as set out in APES 110: Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision making capacity for the Company, acting as an advocate for the Company or jointly sharing risks and rewards.

Details of the amounts paid to the auditors of the Group for audit and non-audit services provided during the reporting period are set out in Note 27 to the Financial Statements.

A copy of the auditor's independence declaration as required under s307C of the *Corporations Act 2001* is included on page 24 of the financial report and forms part of the Directors' report.

Signed in accordance with a resolution of the Board of Directors.

________________________________

Neil Joseph

Executive Director

Date: 4 October 2019

**MOBECOM LIMITED**
**AND CONTROLLED ENTITIES**

**ABN: 47 125 688 940**

AUDITOR'S INDEPENDENCE DECLARATION UNDER S 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF MOBECOM LIMITED AND CONTROLLED ENTITIES

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2019 there have been no contraventions of:

i. the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

ii. any applicable code of professional conduct in relation to the audit.

MNSA Pty Ltd

**MNSA Pty Ltd**

**Mark Schiliro**
Sydney, NSW
Dated in Sydney this 4th day of October 2019



MNSA Pty Ltd
ABN 59 133 605 400

Level 1, 283 George St
Sydney NSW 2000
GPO Box 2943 Sydney 2001

Tel (02) 9299 0901
Fax (02) 9299 8104
Email admin@mnsa.com.au

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2019

| | NOTE | 2019<br>$ | 2018<br>$ |
|---|---|---|---|
| Revenue from continuing operations | | 3,699,519 | 1,310,534* |
| Costs of Sales | | (2,133,022) | (214,610) |
| **Gross Profit** | | **1,566,497** | **1,095,924** |
| Other revenue | 4 | 787,551 | 1,071,946 |
| Depreciation and amortisation | | (17,919) | (201,917) |
| Impairment of intangibles | | - | (150,000) |
| Impairment of development cost | 10 | (1,000,000) | - |
| Administrative and other corporate costs | 5 | (2,367,342) | (3,075,449) |
| Finance costs | 5 | (575,666) | (620,817) |
| Employee benefits expense | 5 | (4,072,706) | (4,271,376) |
| Employee benefits expense – share based payments | 5 | (1,735,679) | (267,745) |
| Listing fee recognised on reverse acquisition | | - | (6,008,560) |
| Loss before income tax | | (7,415,264) | (12,427,994) |
| Income tax benefit | | - | - |
| **Net loss for the year** | | **(7,415,264)** | **(12,427,994)** |
| Loss attributed to non-controlling interest | | (14,792) | - |
| **Loss attributed to owners of Mobecom Limited** | | **(7,400,472)** | - |
| Other comprehensive income/(loss), net of tax | | (35,706) | (38,609) |
| **Total comprehensive loss** | | **(7,436,178)** | **(12,466,603)** |
| | | | |
| **(LOSS) PER SHARE:** | | | |
| Basic loss per share (cents per share) | 18 | (3.60) | (9.69) |
| Diluted loss per share (cents per share) | 18 | (3.60) | (9.69) |

* Refer to Note 3, Adoption of AASB 15 'Revenue from Contracts with Customers', resulted in adjustment to previous financial year's comparative.

The accompanying notes form part of these financial statements.

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2019

| | NOTE | 2019<br>$ | 2018<br>$ |
|---|---|---|---|
| **ASSETS** | | | |
| **CURRENT ASSETS** | | | |
| Cash and cash equivalents | 7 | 1,070,201 | 1,838,219 |
| Trade and other receivables | 8 | 1,443,658 | 1,149,649 |
| Other assets | 9 | 69,785 | 51,093 |
| **TOTAL CURRENT ASSETS** | | **2,583,644** | **3,038,961** |
| **NON-CURRENT ASSETS** | | | |
| Intangible assets | 10 | 6,197,061 | - |
| Plant and equipment | 11 | 70,018 | 33,102 |
| Other assets | 9 | 49,386 | 53,646 |
| **TOTAL NON-CURRENT ASSETS** | | **6,316,465** | **86,748** |
| **TOTAL ASSETS** | | **8,900,109** | **3,125,709** |
| **LIABILITIES** | | | |
| **CURRENT LIABILITIES** | | | |
| Trade and other payables | 12 | 4,427,766 | 2,551,548 |
| Deferred revenue* | 13 | 315,127 | 172,746 |
| Provisions | 14 | 328,574 | 515,269 |
| Borrowings | 15 | 1,461,767 | 100,000 |
| **TOTAL CURRENT LIABILITES** | | **6,533,234** | **3,339,563** |
| **NON-CURRENT LIABILITIES** | | | |
| Trade and other payables | 12 | 499,767 | 1,039,949 |
| Deferred revenue* | 13 | 197,403 | 184,341 |
| Provisions | 14 | 130,256 | 123,963 |
| Borrowings | 15 | 541,263 | 998,733 |
| **TOTAL NON-CURRENT LIABILITES** | | **1,368,689** | **2,346,986** |
| **TOTAL LIABILITIES** | | **7,901,923** | **5,686,549** |
| **NET ASSETS/ (DEFICIENCY)** | | **998,186** | **(2,560,840)** |
| **EQUITY** | | | |
| Share capital | 16 | 26,162,391 | 17,288,743 |
| Reserves | 17 | 2,780,592 | 630,733 |
| Accumulated losses | | (27,880,788) | (20,480,316) |
| **PARENT ENTITY EQUITY NET ASSETS/ (DEFICIENCY)** | | **1,062,195** | **(2,560,840)** |
| Non-controlling interest | | (64,009) | - |
| **EQUITY NET ASSETS/ (DEFICIENCY)** | | **998,186** | **(2,560,840)** |

* Refer to Note 3, Adoption of AASB 15 'Revenue from Contracts with Customers', resulted in adjustment to previous financial year's comparative.

The accompanying notes form part of these financial statements.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2019

| | Issued Capital $ | Foreign currency reserve $ | Other equity $ | Accumulated Losses* $ | Option Reserve $ | Non-Controlling Interest $ | Total $ |
|---|---|---|---|---|---|---|---|
| **Balance as at 1 July 2018** | **17,288,743** | **(227,699)** | **-** | **(20,480,316)** | **858,432** | **-** | **(2,560,840)** |
| Loss after income tax for the year | - | - | - | (7,400,472) | - | (14,792) | (7,415,264) |
| Other comprehensive income for the year after tax | - | (35,706) | - | - | - | - | (35,706) |
| **Total comprehensive income for the year** | **17,288,743** | **(263,405)** | **-** | **(27,880,788)** | **858,432** | **(14,792)** | **(10,011,810)** |
| Issue of shares | 9,323,533 | - | - | - | - | - | 9,323,533 |
| Share issue costs | (449,885) | - | - | - | - | - | (449,885) |
| Share based payments | - | - | - | - | 2,185,565 | - | 2,185,565 |
| Other equity - Paid By Coins | - | - | - | - | - | (49,212) | (49,212) |
| Other equity - AirCrypto | - | - | - | - | - | (5) | (5) |
| **Balance as at 30 June 2019** | **26,162,391** | **(263,405)** | **-** | **(27,880,788)** | **3,043,997** | **(64,009)** | **998,186** |

* Refer to Note 3, Adoption of AASB 15 'Revenue from Contracts with Customers', resulted in adjustment to previous financial year's comparative.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FO R THE YEAR ENDED 30 JUNE 2018

| | Issued Capital $ | Foreign currency reserve $ | Other equity $ | Accumulated Losses $ | Option Reserve $ | Non-Controlling Interest $ | Total $ |
|---|---|---|---|---|---|---|---|
| **Balance as at 1 July 2017** | **3,078,880** | **(189,090)** | **1,400,000** | **(8,052,322)** | **-** | **-** | **(3,762,532)** |
| Loss after income tax for the year | - | - | - | (12,141,841) | - | - | (12,141,841) |
| Other comprehensive income for the year after tax | - | (38,609) | - | - | - | - | (38,609) |
| **Total comprehensive income for the year** | **3,078,880** | **(227,699)** | **1,400,000** | **(20,194,163)** | **-** | **-** | **(15,942,982)** |
| Issue of shares | 13,829,134 | - | - | - | - | - | 13,829,134 |
| Share issue costs | (1,019,271) | - | - | - | - | - | (1,019,271) |
| Share based payments | - | - | - | - | 858,432 | - | 858,432 |
| Conversion of other equity into shares | 1,400,000 | - | (1,400,000) | - | - | - | - |
| **Balance as at 30 June 2018** | **17,288,743** | **(227,699)** | **-** | **(20,194,163)** | **858,432** | **-** | **(2,274,687)** |
| Adjustment to accumulated loss | - | - | - | (286,153) | - | - | **(286,153)** |
| **Balance as at 30 June 2018 - Restated** | **17,288,743** | **(227,699)** | **-** | **(20,480,316)** | **858,432** | **-** | **(2,560,840)** |

The accompanying notes form part of these financial statements.

# CONSOLIDATED STATEMENT OF CASHFLOWS

FOR THE YEAR ENDED 30 JUNE 2019

| | Note | 2019 $ | 2018 $ |
|---|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | |
| Cash receipts from customers | | 4,078,934 | 1,740,418 |
| Payments for suppliers and employees | | (7,994,451) | (7,360,005) |
| Proceeds from research and development rebates | | 136,939 | 800,348 |
| Interest received | | 1,757 | 2,407 |
| Cost of borrowing | | (126,500) | - |
| Finance costs paid | | (354,367) | (569,724) |
| **Net cash used in operating activities** | **23** | **(4,257,688)** | **(5,386,556)** |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | |
| Payments for plant and equipment | | (55,791) | (22,745) |
| Net payment of security deposits | | (25,344) | (3,437) |
| Cash acquired on acquisition of Mobecom Limited | | - | 5,147,342 |
| Costs associated with Investments | | (1,493) | - |
| Cash acquired on acquisition of Paid By Coins Pty Ltd | | 33,087 | - |
| **Net cash (used in)/ from investing activities** | | **(49,541)** | **5,121,160** |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | |
| Proceeds from issue of shares and capital raising | | 2,318,647 | 3,116,176 |
| Proceeds from borrowings | | 3,109,096 | 150,000 |
| Repayment of borrowings | | (1,625,000) | (1,124,739) |
| Cost of capital raising | | (263,532) | (71,176) |
| **Net cash from financing activities** | | **3,539,211** | **2,070,261** |
| Net (decrease)/increase in cash and cash equivalents | | (768,018) | 1,804,865 |
| Cash and cash equivalents at the beginning of the financial year | | 1,838,219 | 33,354 |
| **Cash and cash equivalents at the end of the financial year** | 7 | **1,070,201** | **1,838,219** |

The accompanying notes form part of these financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

## NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

This financial report includes the consolidated general-purpose financial statements and notes of Mobecom Limited ('Mobecom') and controlled entities ('Consolidated Entity' or 'Group').

The principal activities of the Group are to provide customer engagement technology that delivers end-to-end technology solutions for businesses to engage with their customers.

Mobecom Limited is a public and for-profit company, listed on the Australian Securities Exchange, limited by shares, incorporated and domiciled in Australia.

The financial report of the Group complies with Australian Accounting Standards and International Financial Reporting Standards ("IFRS").

The annual report has been authorised by the Board for issue on 4 October 2019.

### Basis of Preparation

The accounting policies set out below have been consistently applied to all years presented.

**Statement of Compliance**

The financial report is a general-purpose financial report that has been prepared in accordance with Australian Accounting Standards "AASBs" (including Australian Interpretations) issued by the Australian Accounting Standard Board ("AASB") and the *Corporations Act 2001*, as appropriate for-profit oriented entities.

**Basis of Measurement**

The financial report has been prepared on an accruals basis and is based on historical costs.

The accounting policies set out below have been consistently applied to all years presented.

**Results and comparative information**

The financial statements for the year ended 30 June 2019 represent the results of:

- Mobecom Group for the period from 1 July 2018 to 30 June 2019;
- Paid By Coins Pty Ltd for the period from 17 December 2018 to 30 June 2019; and
- Aircrypto for the period from 11 May 2019 to 30 June 2019

On 11 October 2017, Mobecom Limited acquired CSB Engage. Although the transaction was not a business combination, the acquisition has been accounted for as an asset acquisition with reference to the guidance for reverse acquisitions in Australian Accounting Standards AASB 3 Business Combinations and AASB 2 Share-based Payment. Therefore, the 2018 comparative financial statements represent those of:

- CSB Engage (as the "accounting parent") and its controlled entities, and
- Mobecom Limited and its controlled entities for the period from 11 October 2017.

**Going Concern basis**

For the year ended 30 June 2019, the Consolidated Entity incurred an operating loss of $7,415,264 (2018: $12,427,994), had net cash outflows from operating activities of $4,257,688 (2018: $5,386,556), and at 30 June 2019 had a deficiency of current assets in relation to current liabilities of $3,949,590 (2018: $300,602) and net assets of $998,186 (2018: deficiency $2,560,840). These conditions indicate a material uncertainty that may cast significant doubt upon the Group's ability to continue as a going concern.
The ability of the Consolidated Entity to continue as a going concern and to pay its debts as and when they become due and payable is dependent upon a number of factors, including the ability of the Group to generate sufficient revenue, and complete the development of its products. Since the end of the reporting period:

i) The Directors of the Company have made available loan funds to the Company in the order of $260,000. Furthermore, prior to the 4th October 2019, the Company received binding commitments from certain Directors to provide short term loans amounting to $600,000 as convertible notes, maturing 12 months after the date of drawdown. The funds will be applied to the redemption of existing debt and to fund working capital.

ii) On 13th September 2019, the Company obtained a loan faciltiy of $345,213 from Lakeba Group Pty Ltd (ACN: 603 471 807) (Lakeba Group) to fund part of its working capital. At the date of this report, $198,000 has been drawn down. The terms to maturity being 90 days after Facility is drawn down. Interest is compounded monthly at 10% p.a payable on maturity.

Furthermore, prior to the 4th October 2019, Lakeba Group committed to provide a loan facility ("Facility") to Mobecom for at least twelve months for the principal amount of up to AUD$1,000,000 together with interest at 10% pa, compounded monthly. The Facility is to fund working capital needs and ongoing operating activities of Mobecom.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

## NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Going Concern basis (continued)**

Therefore, in the Directors opinion, there are reasonable grounds to believe that the Consolidated Entity will be able to continue as a going concern, and that it is appropriate to prepare these accounts on a going concern basis. As a result, the accounts have been prepared on the basis that the Consolidated Entity can meet its commitments as and when they fall due and can therefore continue business activities and can realise its assets and extinguish its liabilities in the ordinary course of business. The financial report does not include any adjustments relating to the amounts or classification of recorded assets or liabilities that might be necessary if the Consolidated Entity does not continue as a going concern.

**Estimates**

When preparing the financial statements, management undertakes a number of judgements, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results.

The judgements, estimates and assumptions applied in the Annual Report, including the key sources of estimation uncertainty, were the same as those applied in the Group's last Interim Financial Report and last Annual Report.

### 1.1 Adoption of new and revised accounting standards

The accounting policies adopted are consistent with those of the previous financial year. The Group has adopted all the new and revised accounting standards which are relevant to the Group and are effective for annual financial periods beginning on or after 1 July 2018.

**New or amended Accounting Standards and Interpretations adopted**

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations has not had a significant impact on the financial performance or position of the consolidated entity during the half-year ended 31 December 2018 and are not expected to have any significant impact for the financial year ending 30 June 2019, other than as noted below. Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

**AASB 15 Revenue from Contracts with Customers**

The consolidated entity has adopted AASB 15 from 1 July 2018. The standard provides a single comprehensive model for revenue recognition. The core principle of the standard is that an entity shall recognise revenue to depict the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard introduced a new contract-based revenue recognition model with a measurement approach that is based on an allocation of the transaction price.

The impact of the adoption of AASB 15 is set out in Note 3.

This is described further in the accounting policies below. Contracts with customers are presented in the statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the performance and the customer's payment. Customer acquisition costs and costs to fulfil a contract can, subject to certain criteria, be capitalised as an asset and amortised over the contract period.

### The consolidated entity recognises revenue as follows:

*Revenue from contracts with customers*

Revenue is recognised at an amount that reflects the consideration to which the consolidated entity is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the consolidated entity: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

## NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 1.1 Adoption of new and revised accounting standards (continued)

is subsequently resolved. Amounts received that are subject to the constraining principle are initially recognised as deferred revenue in the form of a separate refund liability.

*Rendering of services*

Revenue from a contract to provide services is recognised over time as the services are rendered based on either a fixed price or an hourly rate.

*Licensing and support revenue*

Recognition of licensing and support revenue commences upon performance obligations of contracted service being met. Performance obligations entail the setting up of the customer on the entity's infrastructure and the rendering of prescribed professional services to the customer to enable the provision of the contracted service. As licensing is subscription based, license revenue and the related support service revenue is recognised over the term of the contract, commencing on the date of service activation.

*Consulting services revenue*

Fully managed services are recognised on a monthly basis as soon as a service is provided, in accordance with customer contracts. Consulting services are recognised on a milestone basis as per agreed terms and conditions in customer contracts and at least to the extent of recoverable costs incurred to date.

The Group often enters into transactions involving eg set-up fees, subscription, licensing, ongoing support and/or consulting services

In all cases, the total transaction price for a contract is allocated amongst the various performance obligations based on their relative stand-alone selling prices. The transaction price for a contract excludes any amounts collected on behalf of third parties.

Revenue is recognised either at a point in time or over time, when (or as) the Group satisfies performance obligations at that point of time when the contracted service has been completed for its customers. Revenue from consultancy services is recognised upon the provision of services, which generally coincides with acceptance by customers.

The Group recognises contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as other liabilities in the statement of financial position. Similarly, if the Group satisfies a performance obligation before it receives the consideration, the Group recognises either a contract asset or a receivable in its statement of financial position, depending on whether something other than the passage of time is required before the consideration is due.

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

*Cryptocurrency transacting as ordinary course of business*

Revenue from the sale of cryptocurrency through the Paid by Coins platform is recognised when the entity acquires the risks and rewards of ownership of the cryptocurrency from its customers. The transfer of the cryptocurrency is completed through the issue of electronic instructions to the cryptocurrency exchange to facilitate the transfer. Costs of sales on transactions through the Paid by Coins platform represents the fair value of cryptocurrency purchased in the market on the date of the sale. Any fair value movements arising between the purchase of the cryptocurrency and the date of sale are included in the net fair value gains and losses on cryptocurrency inventories in the statement of profit and loss and other comprehensive income.

*Rental income*

Rental income is recognised in profit or loss on a straight-line basis over the lease terms. The aggregate costs of incentives provided to the lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

*Research and development rebates*

Research and development rebates are recognised on an accrual basis.

*Interest*

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

## NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 1.1 Adoption of new and revised accounting standards (continued)

*Trade and other receivables*

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The consolidated entity has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

*Contract assets*

Contract assets are recognised when the consolidated entity has transferred goods or services to the customer but where the consolidated entity is yet to establish an unconditional right to consideration. Contract assets are treated as financial assets for impairment purposes.

*Customer acquisition costs*

Customer acquisition costs are capitalised as an asset where such costs are incremental to obtaining a contract with a customer and are expected to be recovered. Customer acquisition costs are amortised on a straight-line basis over the term of the contract.

Costs to obtain a contract that would have been incurred regardless of whether the contract was obtained or which are not otherwise recoverable from a customer are expensed to profit or loss as incurred. Incremental costs of obtaining a contract where the contract term is less than one year are immediately expensed to profit or loss.

*Customer fulfilment costs*

Customer fulfilment costs are capitalised as an asset when all the following are met: (i) the costs relate directly to the contract or specifically identifiable proposed contract; (ii) the costs generate or enhance resources of the consolidated entity that will be used to satisfy future performance obligations; and (iii) the costs are expected to be recovered. Customer fulfilment costs are amortised on a straight-line basis over the term of the contract.

***AASB 9 Financial Instruments***

The Group has adopted AASB 9 from 1 July 2018 which replaces AASB 139 Financial Instruments: Recognition and Measurement. The standard introduced new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows which arise on specified dates and that are solely principal and interest. All other financial assets are classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading or contingent consideration recognised in a business combination) in other comprehensive income ('OCI'). Despite these requirements, a financial asset may be irrevocably designated as measured at fair value through profit or loss to reduce the effect of, or eliminate, an accounting mismatch. For financial liabilities designated at fair value through profit or loss, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch). New impairment requirements use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment is measured using a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. For receivables, a simplified approach to measuring expected credit losses using a lifetime expected loss allowance is used.

The Group's financial instruments include cash and cash equivalents, trade and other receivables, trade and other payables and borrowings. On initial application of AASB 9, the Group determined that its financial assets and liabilities continue to be measured at amortised cost and the Group has applied the simplified approach to measuring expected credit losses of its trade and other receivables. The adoption of AASB 9 has not had a significant effect on the Group's accounting policies relating to financial instruments or a material impact on the financial performance or position of the Group. In accordance with the transitional provisions in AASB 9, comparatives have not been restated and no differences were required to be recognised to the opening balance of accumulated losses at 1 July 2018 as a result of the adoption of AASB 9. Consequently, no further disclosures have been included in this interim financial report.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

## NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 1.1 Adoption of new and revised accounting standards (continued)

**Investments and other financial assets**

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless, an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, it's carrying value is written off.

**Investments and other financial assets (continued)**
*Financial assets at fair value through other comprehensive income*

Financial assets at fair value through other comprehensive income include equity investments which the consolidated entity intends to hold for the foreseeable future and has irrevocably elected to classify them as such upon initial recognition.

*Impairment of financial assets*
The consolidated entity recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the consolidated entity's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

**Contract liabilities**

Contract liabilities represent the consolidated entity's obligation to transfer goods or services to a customer and are recognised when a customer pays consideration, or when the consolidated entity recognises a receivable to reflect its unconditional right to consideration (whichever is earlier), before the consolidated entity has transferred the goods or services to the customer.

*Australian Accounting Standard AASB 16: Leases*

AASB 16 will apply to the Group for the first time for the year ending 30 June 2020. This Standard will change how the Group accounts for its current operating leases, which relate primarily to its premises. All operating leases (other than leases with lease terms for 1 year or less and leases of low value items, i.e. for around $10,000 or less) will be brought onto the Statement of Financial Position by the recognition of a "Right-of-Use" asset, together with a liability for the present value of the lease payments for the life of the lease.

The future recognition of lease expenses will change, with more expenses recognised in the early periods of a lease, and less in later periods, as there will be a change from the straight-line expense currently recognised to front-ended finance charges. There will also be a change in lease expense classification from recognising operating expenses to recognising financing costs and amortisation.

The Group has calculated the financial impact of these changes and does not consider there to be a significant impact on the financial performance or position of the consolidated entity. Refer to Note 32 Operating Lease Commitments.

### 1.2 Foreign currency

The financial statements are presented in Australian Dollars ("AUD"), which is also the Group's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

a) Transactions and balances

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

## NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 1.2 Foreign currency (continued)

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss.

b) Consolidated financial statements

For consolidation purpose, the assets and liabilities of foreign operations are translated into AUD at the rate of exchange ruling at the end of the reporting period and their profits or losses are translated at the exchange rates prevailing at the date of the transactions. The exchange differences arising on translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

### 1.3 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company, (with CSB Engage Pte Ltd as the accounting parent) and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as for the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

### 1.4 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment is measured at cost less accumulated depreciation and any accumulated impairment losses. The cost of property, plant and equipment includes its purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is calculated using the straight-line method to allocate depreciable amounts over their estimated useful lives. The estimated useful lives are as follows:

*Useful lives*

Office equipment 3-7 years

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The useful lives and depreciation method are reviewed at the end of each reporting period, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in profit or loss in the year the asset is derecognised.

### 1.5 Intangible assets

Intangible assets relate to capitalised software development costs, restraint of trade and customer list, all of which are measured initially at cost. Following initial acquisition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in profit or loss in the year in which the expenditure is incurred.

These intangible assets are considered to have finite useful lives and are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year end.

### 1.6 Subsidiaries

A subsidiary is an investee that is controlled by the accounting parent. The accounting parent controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

## NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 1.7 Cash and cash equivalents

Cash and cash equivalents comprise cash at banks, cash on hand and fixed deposits which are subject to an insignificant risk of changes in value.

### 1.8 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

### 1.9 Borrowings

Borrowings are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the balance sheet date, in which case they are presented as non-current liabilities.

Borrowings are initially recorded at fair value, net of transaction costs, and subsequently carried at amortised cost using the effective interest method. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method. Borrowings which are due to be settled within twelve months after the balance sheet date are included in current borrowings in the consolidated statement of financial position even though the original term was for a period longer than twelve months and an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the balance sheet date and before the financial statements are authorised for issue.

### 1.10 Borrowing costs

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

### 1.11 Employee benefits

**Short-term employee benefits**

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date, are measured at the amounts expected to be paid when the liabilities are settled.

**Other long-term employee benefits**

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date is measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

**Defined contribution superannuation expense**

Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

**Share-based payments**

Equity-settled and cash-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

## NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 1.11 Employee benefits (continued)

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing models that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the Consolidated Entity receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

The cost of cash-settled transactions is initially, and at each reporting date until vested, determined by applying either the Binomial or Black-Scholes option pricing models, taking into consideration the terms and conditions on which the award was granted. The cumulative charge to profit or loss until settlement of the liability is calculated as follows:

- during the vesting period, the liability at each reporting date is the fair value of the award at that date multiplied by the expired portion of the vesting period.
- from the end of the vesting period until settlement of the award, the liability is the full fair value of the liability at the reporting date.

All changes in the liability are recognised in profit or loss. The ultimate cost of cash-settled transactions is the cash paid to settle the liability.

Market conditions are taken into consideration in determining fair value. Therefore, any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

### 1.12 Taxes

a) Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authority. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the end of the reporting period, in the countries where the Group operates and generates taxable income.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

b) Goods and Services Tax "GST"

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

### 1.13 Share capital

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

### 1.14 Leases

Leases where the lessor effectively retains substantially all the risks and rewards of ownership of the leased item are classified as operating leases. Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

## NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 1.15 Earnings Per Share (“EPS”)

**Basic earnings per share**

Basic earnings per share is determined by dividing the net profit after income tax attributable to members of the Group, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year.

**Diluted earnings per share**

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

### 1.16 Impairment of Assets

At each reporting date, the Group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset’s fair value less costs to sell and value in use, is compared to the asset’s carrying value. Any excess of the asset’s carrying value over its recoverable amount is expensed to profit or loss.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

## NOTE 2: SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

### 2.1 Key sources of estimation uncertainty

The preparation of the Group’s consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of income, expenses, assets and liabilities and the disclosure of contingent liabilities at the end of each reporting period. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period are discussed below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

*Impairment of loans and other receivables*

Management reviews its loans and other receivables for objective evidence of impairment regularly. Significant financial difficulties of the debtor, the probability that the debtor will enter bankruptcy, and default or significant delay in payments are considered objective evidence that a receivable is impaired. In determining this, management makes judgements as to whether there is observable data indicating that there has been a significant change in the payment ability of the debtor, or whether there have been significant changes with adverse effect in the technological, market, economic or legal environment in which the debtor operates.

Where there is objective evidence of impairment, management makes judgements as to whether an impairment loss should be recorded as an expense. In determining this, management uses estimates based on historical loss experience for assets with similar credit risk characteristics. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between the estimated loss and actual loss experience.

*Useful lives of intangible assets*

The cost of intangible assets is depreciated on a straight-line basis over their useful life. Management estimates the useful life of the intangible assets as stated in the significant accounting policies. These are common life expectations applied in the industry. Changes in the expected level of usage and technological development could impact the economic useful life of these assets, and therefore future amortisation charges could be revised. The carrying amount of the Group’s intangible assets at the reporting date is disclosed in the notes to the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

## NOTE 2: SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

### 2.1 Key sources of estimation uncertainty (continued)

*Option valuations*

Certain assumptions and estimates are made in value options. Refer to Note 28 for further information.

*Recoverable amount of Goodwill*

The recoverable amount of Goodwill is assessed at least annually for the cash generating unit ("CGU") to which it applies. The recoverable amount is determined based on value in use calculations which require the use of assumptions. The calculations use cash flow projections based on financial budgets approved by management.

### 2.2. Judgements made in applying accounting policies

Management is of the opinion that any instance of judgments (other than those arising from the estimates described above) are not expected to have significant effect on the amounts recognised in the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

## NOTE 3: RESTATEMENT OF COMPARATIVES - ADOPTION OF AASB 9 'FINANCIAL INSTRUMENTS' AND AASB 15 'REVENUE FROM CONTRACTS WITH CUSTOMERS'

Adoption of AASB 15 'Revenue from Contracts with Customers'

The consolidated entity has adopted AASB 15 from 1 July 2018, using the full retrospective approach of adoption, resulting in the following restatement of comparatives in the statement of financial position and corresponding adjustments made in the statement of changes in equity as at 30 June 2018:

Deferred revenue of $286,153 was recognised at 1 January 2018. Corresponding adjustments were also made to the closing accumulated losses. No changes were required to the Statement of Profit and Loss and Other Comprehensive Income for the half-year ended 31 December 2017, as the contracts impacted were effective from 1 January 2018.

Restatement of Consolidated Statement of Financial Position as at 30 June 2018:

| | REPORTED 30 JUNE 2018 $ | ADJUSTMENT $ | RESTATED 30 JUNE 2018 $ |
|---|---|---|---|
| **ASSETS** | | | |
| **CURRENT ASSETS** | | | |
| Cash and cash equivalents | 1,838,219 | - | 1,838,219 |
| Trade and other receivables | 1,149,649 | - | 1,149,649 |
| Other assets | 51,093 | - | 51,093 |
| **TOTAL CURRENT ASSETS** | **3,038,961** | **-** | **3,038,961** |
| **NON-CURRENT ASSETS** | | | |
| Property, plant and equipment | 33,102 | - | 33,102 |
| Other assets | 53,646 | - | 53,646 |
| **TOTAL NON-CURRENT ASSETS** | **86,748** | **-** | **86,748** |
| **TOTAL ASSETS** | **3,125,709** | **-** | **3,125,709** |
| **LIABILITIES** | | | |
| **CURRENT LIABILITIES** | | | |
| Trade and other payables | 2,622,482 | (70,934) | 2,551,548 |
| Deferred revenue | - | 172,746 | 172,746 |
| Borrowings | 100,000 | - | 100,000 |
| Provisions | 515,269 | - | 515,269 |
| **TOTAL CURRENT LIABILITIES** | **3,237,751** | **101,812** | **3,339,563** |
| **NON-CURRENT LIABILITIES** | | | |
| Other payables | 1,039,949 | - | 1,039,949 |
| Deferred revenue | - | 184,341 | 184,341 |
| Borrowings | 998,733 | - | 998,733 |
| Provisions | 123,963 | - | 123,963 |
| **TOTAL NON-CURRENT LIABILITIES** | **2,162,645** | **184,341** | **2,346,986** |
| **TOTAL LIABILITIES** | **5,400,396** | **286,153** | **5,686,549** |
| **NET (DEFICIENCY IN) ASSETS** | **(2,274,687)** | **(286,153)** | **(2,560,840)** |
| **EQUITY** | | | |
| Issued capital | 17,288,743 | - | 17,288,743 |
| Option reserves | 858,432 | - | 858,432 |
| Reserves | (227,699) | - | (227,699) |
| Accumulated losses | (20,194,163) | (286,153) | (20,480,316) |
| **TOTAL EQUITY (DEFICIENCY)** | **(2,274,687)** | **(286,153)** | **(2,560,840)** |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

## NOTE 3: RESTATEMENT OF COMPARATIVES - ADOPTION OF AASB 9 FINANCIAL INSTRUMENTS AND AASB 15 'REVENUE FROM CONTRACTS WITH CUSTOMERS (CONTINUED)

RESTATEMENT TO CONSOLIDATED STATEMENT CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

| | 30JUNE 2018<br>$ | ADJUSTMENTS<br>$ | RESTATED<br>30 JUNE 2018<br>$ |
|---|---|---|---|
| Revenue from continuing operations | 1,596,687 | (286,153) | 1,310,534 |
| Costs of Sales | (214,610) | - | (214,610) |
| **Gross Profit** | **1,382,077** | **(286,153)** | **1,095,924** |
| Other revenue | 1,071,946 | - | 1,071,946 |
| Depreciation and amortisation | (201,917) | - | (201,917) |
| Impairment of intangibles | (150,000) | - | (150,000) |
| Impairment of development cost | - | - | - |
| Administrative and other corporate costs | (3,075,449) | - | (3,075,449) |
| Finance costs | (620,817) | - | (620,817) |
| Employee benefits expense | (4,271,376) | - | (4,271,376) |
| Employee benefits expense – share based payments | (267,745) | - | (267,745) |
| Listing fee recognised on reverse acquisition | (6,008,560) | - | (6,008,560) |
| Loss before income tax | (12,141,841) | (286,153) | (12,427,994) |
| Income tax benefit | - | | - |
| Net loss for the year | **(12,141,841)** | **(286,153)** | **(12,427,994)** |
| **Loss attributed to non-controlling interest** | **-** | **-** | **-** |
| **Loss attributed to owners of Mobecom Limited** | **-** | - | - |
| Other comprehensive loss net of tax | (38,609) | - | (38,609) |
| **Total comprehensive loss** | **(12,180,450)** | **(286,153)** | **(12,466,603)** |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

## NOTE 3: RESTATEMENT OF COMPARATIVES - ADOPTION OF AASB 9 FINANCIAL INSTRUMENTS AND AASB 15 'REVENUE FROM CONTRACTS WITH CUSTOMERS (CONTINUED)

RESTATEMENT TO CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

| | ISSUED CAPITAL $ | FOREIGN CURRENCY RESERVE $ | OTHER EQUITY $ | ACCUMULATED LOSSES $ | OPTION RESERVE $ | TOTAL $ |
|---|---|---|---|---|---|---|
| **Balance as at 1 July 2017** | **3,078,880** | **(189,090)** | **1,400,000** | **(8,052,322)** | **-** | **(3,762,532)** |
| (Loss) after income tax for the year | - | - | - | (12,141,841) | - | (12,141,841) |
| Other comprehensive (loss) for the year after tax | - | (38,609) | - | - | - | (38,609) |
| **Total comprehensive (loss) for the year** | **3,078,880** | **(227,699)** | **1,400,000** | **(20,194,163)** | **-** | **(15,942,982)** |
| **Transaction with owners in their capacity as owners** | | | | | | |
| Issue of shares | 13,829,134 | - | - | - | - | 13,829,134 |
| Share issue costs | (1,019,271) | - | - | - | - | (1,019,271) |
| Share based payments | - | - | - | - | 858,432 | 858,432 |
| Conversion of other equity into shares | 1,400,000 | - | (1,400,000) | - | - | - |
| **Balance as at 30 June 2018** | **17,288,743** | **(227,699)** | **-** | **(20,194,163)** | **858,432** | **(2,274,687)** |
| Adjustment to accumulated loss | - | - | - | (286,153) | - | (286,153) |
| **Balance as at 30 June 2018** | **17,288,743** | **(227,699)** | **-** | **(20,480,316)** | **858,432** | **(2,560,840)** |

Revenue represents invoiced sales of services rendered less discounts allowed.

## NOTE 4: OTHER REVENUE

| | CONSOLIDATED 2019 $ | CONSOLIDATED 2018 $ |
|---|---|---|
| Interest income | 1,565 | 2,407 |
| Research and development rebates | 764,139 | 1,043,008 |
| Rental income | 14,820 | 19,844 |
| Sundry income | 7,027 | 6,687 |
| | **787,551** | **1,071,946** |

## NOTE 5: LOSS BEFORE INCOME TAX EXPENSE

| | CONSOLIDATED 2019 $ | CONSOLIDATED 2018 $ |
|---|---|---|
| Research and development costs | 57,817 | 27,181 |
| Advertising and marketing costs | 156,536 | 39,594 |
| Administrative and corporate costs | 2,152,989 | 3,008,674 |
| **Total Administrative and other corporate costs** | **2,367,342** | **3,075,449** |

| | CONSOLIDATED 2019 $ | CONSOLIDATED 2018 $ |
|---|---|---|
| The result for the year includes the following specific items: | | |
| Interest expense and other related finance costs | 428,166 | 259,686 |
| Transaction costs related to loans and borrowings | 147,500 | 361,131 |
| **Total Finance costs** | **575,666** | **620,817** |
| Total Employee benefits expense – inclusive of management fees, wages & salaries, superannuation, training costs, worker's compensation, payroll tax, , provision and accrual of annual leave and long service leave accrual and other costs | 4,072,706 | 4,271,376 |
| Share based payment | 1,735,679 | 267,745 |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

## NOTE 6: ACQUISITION

a) Paid By Coins Pty Ltd

On 17 December 2018, Mobecom completed the acquisition of 80% of the issued shares of Paid By Coins from Lakeba Ventures, a subsidiary venture of Lakeba Group Pty. Ltd. ACN 603 471 807 (Lakeba Group). Mobecom made a payment of $6,000,000 to Lakeba Ventures satisfied by the issue of 35,294,118 fully paid ordinary shares in Mobecom at an agreed issue price of $0.17 per share.

The parties have also agreed that Mobecom will have an option to acquire, and Lakeba Ventures will have an option to sell, the balance of shares in Paid By Coins (i.e. the remaining 20%), for a price of between $1.00 and $14million depending on the performance of Paid By Coins following completion of the acquisition. For further information refer to ASX Release on 17 December 2018.

**Net Assets of Paid By Coins Pty Limited as at 18 December 2018**

| | $ |
|---|---|
| **Assets** | |
| Cash and cash equivalents | 33,087 |
| Trade and other receivables | 8,500 |
| Other assets | 18,165 |
| **Liabilities** | |
| Payables | (306,078) |
| **Net assets** | **(246,326)** |
| **Less: Assets and liabilities attributable to non-controlling interest** | |
| Non-controlling interest at 20% | (49,265) |
| **Net liabilities attributable to non-controlling interest** | **(197,061)** |
| **Assessed Fair value of assets acquired:** | |
| 35,294,118 shares @$0.17 per share | 6,000,000 |
| **Goodwill from purchase of Paid By Coins Pty Ltd** | **6,197,061** |

b) Air Crypto Pty Ltd

On 19 December 2018, Mobecom and Lakeba Group agreed to amend certain terms of the memorandum of understanding executed on 15 May 2018 for the development by Lakeba Ventures Pty Ltd of a blockchain and cryptocurrency exchange platform called AirCrypto Platform. The development of the Aircrypto platform was successfully completed and Mobecom exercised its right to acquire of 51% of the issued shares of Aircrypto Pty Ltd ("Aircrypto") from Lakeba Ventures. Mobecom made a payment of $51.00 to Lakeba Ventures. Mobecom also paid to Lakeba Group $1,000,000 for development costs (refer to Note10: Impairment of capitalised development cost) which was satisfied by the issue of 9,945,650 fully paid ordinary shares in Mobecom at an agreed issue price of $0.1005 per share.

**Net Assets of AirCrypto Pty Limited as at 11 May 2019**

| | $ |
|---|---|
| **Assets** | |
| Cash and cash equivalents | - |
| Trade and other receivables | - |
| Other assets | 100 |
| **Liabilities** | |
| Payables | - |
| **Net assets** | **100** |
| **Less: Assets and liabilities attributable to non-controlling interest** | |
| Non-controlling interest at 49% | (5) |
| **Net liabilities attributable to non-controlling interest** | **(5)** |
| **Cost of investment in AirCrypto Pty Ltd** | **51** |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

## NOTE 7: CASH AND CASH EQUIVALENTS

| | CONSOLIDATED | |
|---|---|---|
| | 2019 $ | 2018 $ |
| Cash on hand | 3,261 | 2,221 |
| Cash at bank | 1,066,940 | 1,835,998 |
| **Cash and bank balances** | **1,070,201** | **1,838,219** |

## NOTE 8: TRADE AND OTHER RECEIVABLES

| | CONSOLIDATED | |
|---|---|---|
| **Current** | 2019 $ | 2018 $ |
| Trade receivables | 475,523 | 281,824 |
| Less: provision for doubtful debts | - | (13,665) |
| | 475,523 | 268,159 |
| Amounts due from related parties | 34,971 | 15,986 |
| Other receivables | 166,998 | 42,769 |
| Research and development rebates | 766,166 | 822,735 |
| | **1,443,658** | **1,149,649** |

| | CONSOLIDATED | |
|---|---|---|
| | 2019 $ | 2018 $ |
| **(a) Trade receivables** | | |
| Third parties | **475,523** | **281,824** |
| ***Trade receivables not past due and not impaired*** | **271,466** | **250,742** |

Trade receivables are non-interest bearing and are generally on 30 to 90 days terms. They are recognised and carried at their original invoice amounts which represent their values on initial recognition.

***Receivables that are past due but not impaired***

The ageing of trade receivables that are past due but not impaired at the reporting date is as follows:

| | CONSOLIDATED | |
|---|---|---|
| | 2019 $ | 2018 $ |
| Less than 30 days overdue | 117,541 | 12,914 |
| 31 - 60 days overdue | 30,342 | 1,870 |
| Over 60 days overdue | 56,174 | 2,633 |
| | **204,057** | **17,417** |

Related parties refer to companies over which a director of the Company has control or significant influence in relation to the financial and operational aspects of the companies. Amounts due from related parties are non-interest bearing and are generally on 30 to 90 days terms. They are recognised and carried at their original invoice amounts which represent their values on initial recognition.

| | CONSOLIDATED | |
|---|---|---|
| | 2019 $ | 2018 $ |
| **(b) Amounts due from related parties** | | |
| Amount due from directors | - | - |
| Amount due from other related parties | 34,971 | 15,986 |
| | **34,971** | **15,986** |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

## NOTE 8: TRADE AND OTHER RECEIVABLES (conitnued)

| | CONSOLIDATED 2019 $ | 2018 $ |
|---|---|---|
| **(c) Provision for Doubtful Debts** | | |
| Opening Balance | 13,665 | 23,504 |
| Write off during the year | (13,665) | (24,055) |
| Provisions during the year | - | 13,000 |
| Foreign exchange movement | - | 1,216 |
| **Closing Balance** | **-** | **13,665** |

## NOTE 9: OTHER ASSETS

| | CONSOLIDATED 2019 $ | 2018 $ |
|---|---|---|
| **Current** | | |
| Prepayment and deposits | 46,730 | 20,339 |
| Factoring retentions and escrow accounts | 23,055 | 30,754 |
| | **69,785** | **51,093** |
| **Non-Current** | | |
| Other assets | 12,824 | - |
| Deposits | 36,562 | 53,646 |
| | **49,386** | **53,646** |

## NOTE 10: INTANGIBLE ASSETS

| | CONSOLIDATED 2019 $ | 2018 $ |
|---|---|---|
| Goodwill on acquisition – Paid By Coins Pty Ltd | 6,197,061 | - |
| Less: accumulated impairment | - | - |
| **Total Goodwill** | **6,197,061** | **-** |
| Capitalised development cost | 1,000,000 | - |
| Less: accumulated impairment | (1,000,000) | - |
| **Total capitalised development cost** | - | - |
| Restraint of trade | 569,885 | 569,885 |
| Less: accumulated amortisation | (569,885) | (569,885) |
| **Total restraint of trade** | - | - |
| Customer list | 300,000 | 300,000 |
| Less: Accumulated amortisation | (150,000) | (150,000) |
| Less: Impairment | (150,000) | (150,000) |
| **Total customer list** | **-** | **-** |
| **Total** | **6,197,061** | **-** |
| **Reconciliation of net carrying values** | | |
| Opening balance | - | 335,382 |
| Additions | 7,197,061 | - |
| Amortisation for year | - | (185,382) |
| Impairment | (1,000,000) | (150,000) |
| **Net carrying value** | **6,197,061** | **-** |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

## NOTE 10: INTANGIBLE ASSETS (continued)

**Impairment testing**

**Paid By Coins Pty Ltd**

Paid By Coins Pty Ltd continues to be run separately from the parent company and forms the cash generating unit for the purposes of testing the goodwill for impairment.

The recoverable amount of the cash generating unit was based on the value-in-use calculations covering a detailed five-year forecast, followed by an extrapolation of expected cash flows for the unit's remaining useful live, using the growth rates assumed by management.

The present value of the expected cash flows of the unit is assumed by applying a suitable discount rate. Management has taken into account the industry growth rates and the relative likely competitive pressures on the sector, and the market growth rates for FY18 and FY19. The discount rate is based on the WACC for the Company.

The Company engaged the services of Hall Chadwick Corporate (NSW) Limited to undertake an independent valuation on Paid By Coins Pty Ltd, which supports the carrying value of the goodwill recognised by the acquisition.

**Aircrypto Pty Ltd**

AirCrypto Pty Ltd is a separate platform from existing operations designed to provide an exchange platform in the airbux platform. The airbux platform is a Direct to Consumer (D2C) product. Following a review and continued focus on B2B operations, the Board has decided that it would take the prudent step of assessing the recoverable value of the asset and where applicable have made an impairment of the AirCrypto capitalised development costs. Also, the Directors in coming to this decision are recognizant of the application of the Australian Accounting Standards and have complied with same in arriving at their decision. The Director's will continue to assess the viability of the Aircrypto model and will where appropriate review the recoverability of the cost of the asset and focus resources on progressing this platform on a regular basis.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

## NOTE 11: PROPERTY, PLANT AND EQUIPMENT

| | CONSOLIDATED 2019 $ | 2018 $ |
|---|---|---|
| **Property, plant and equipment:** | | |
| Office equipment at cost | 129,811 | 224,344 |
| Office equipment accumulated depreciation | (59,793) | (191,242) |
| **Total property, plant and equipment** | **70,018** | **33,102** |

**Reconciliation**

Reconciliation of the written down values at the beginning and end of the current and previous financial year are set out below:

| **Consolidated Group:** | OFFICE EQUIPMENT $ |
|---|---|
| **Balance at 1 July 2017** | 26,856 |
| Additions: office equipment | 22,745 |
| Depreciation expense | (16,535) |
| Currency translation reserve | 36 |
| **Balance as at 30 June 2018** | **33,102** |

| | OFFICE EQUIPMENT $ |
|---|---|
| **Balance at 1 July 2018** | 33,102 |
| Additions: office equipment | 55,791 |
| Depreciation expense | (17,919) |
| Currency translation reserve | (956) |
| **Balance as at 30 June 2019** | **70,018** |

## NOTE 12: TRADE AND OTHER PAYABLES

| | CONSOLIDATED 2019 $ | 2018 $ |
|---|---|---|
| **Current** | | |
| Trade creditors | 1,506,663 | 1,235,139 |
| Third parties – excluding trade creditors*** | 2,560,008 | 1,104,011 |
| Sundry payables and accrued expenses | 288,646 | 120,472* |
| Credit cards | 72,449 | 91,926** |
| | **4,427,766** | **2,551,548** |

* Refer to Note 2 – Deferred revenue was previous included in Sundry payables and accrued expense and have been reclassed to Deferred Revenue.

** During the reporting period, credit cards were reclassed to trade and other payables. This was previously disclosed in Note 15: Borrowings.

*** Included in Third parties – excluding trade creditors, is an amount of $324,250 being shares subscriptions received prior to the end of the reporting period and held in trust until the shares were allotted in July 2019.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

## NOTE 12: TRADE AND OTHER PAYABLES (CONTINUED)

| | CONSOLIDATED | |
|---|---|---|
| | 2019 | 2018 |
| **Non- current** | $ | $ |
| Directors fees | 474,400 | 1,039,949 |
| Other payable – car lease | 25,367 | - |
| | **499,767** | **1,039,949** |

**Non-current**
**Directors' fees**

| | BALANCE AT 1 JULY 2018 $ | FOREIGN EXCHANGE $ | FEES FOR THE YEAR ENDED 30 JUNE 2019 $ | PAID TO DIRECTOR IN CASH $ | BALANCE 30 JUNE 2019 $ |
|---|---|---|---|---|---|
| C Joseph | 160,681 | 9,674 | 161,716 | (190,781) | 141,290 |
| N Joseph | 293,468 | 17,671 | 21,971 | - | 333,110 |
| **Total** | **454,149** | **27,345** | **183,687** | **(190,781)** | **474,400** |

**Non-current**
**Directors' fees**

| | BALANCE AT 1 JULY 2017 $ | FOREIGN EXCHANGE $ | FEES FOR THE YEAR ENDED 30 JUNE 2018 $ | PAID TO DIRECTOR IN CASH $ | BALANCE 30 JUNE 2018 $ |
|---|---|---|---|---|---|
| W Pitcher | 277,466 | - | 165,534 | (102,200) | 340,800* |
| C Joseph | 127,585 | - | 213,790 | (180,694) | 160,681 |
| N Joseph | 264,343 | - | 274,079 | (244,954) | 293,468 |
| A Sonnenberg | 120,000 | - | 320,000 | (195,000) | 245,000* |
| **Total** | **789,394** | **-** | **973,403** | **(722,848)** | **1,039,949** |

* During the reporting period, amounts owing to A Sonnenberg and W Pitcher at the end of the 2018 comparative period were reclassed to trade and other payables in current liabilities.

## NOTE 13: DEFERRED REVENUE

| | CONSOLIDATED | |
|---|---|---|
| | 2019 | 2018 |
| | $ | $ |
| Current | 315,127 | 172,746 |
| Non-Current | 197,403 | 184,341 |
| **Total** | **512,530** | **357,087** |

| | CONSOLIDATED | |
|---|---|---|
| | 2019 | 2018 |
| Reconciliation of the written down values at the beginning and end of the current and previous financial half-year are set out below: | $ | $ |
| Opening Balance | 357,807 | - |
| Movement for the period | 154,723 | 70,934 |
| Movement due to AASB15 adjustment | - | 286,153 |
| **Closing Balance** | **512,530** | **357,087** |

### Unsatisfied performance obligations

The aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied at the end of the reporting period was $512,530 as at 30 June 2019 (2018: $357,087) and is expected to be recognised as revenue in future periods as follows:

| | CONSOLIDATED | |
|---|---|---|
| | 2019 | 2018 |
| | $ | $ |
| Within 6 months | 171,327 | 78,738 |
| 6 to 12 months | 143,800 | 94,008 |
| 12 to 18 months | 114,069 | 66,399 |
| 18 to 24 months | 41,667 | 58,959 |
| 24-36 months | 41,667 | 58,983 |
| **Total** | **512,530** | **357,087** |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

## NOTE 14: PROVISIONS

| | CONSOLIDATED 2019 $ | CONSOLIDATED 2018 $ |
|---|---|---|
| **Current** | | |
| Employee benefits – annual leave | **328,574** | **515,269** |
| **Non-Current** | | |
| Employee benefits – long service leave | **130,256** | **123,963** |
| | | |
| **Movement in Provisions** | | |
| **Provision for annual leave** | | |
| Opening Balance | 515,269 | 258,487 |
| Accrual during the year | 306,858 | 413,014 |
| Leave taken during the year | (493,553) | (156,232) |
| **Closing Balance** | **328,574** | **515,269** |
| | | |
| **Provision for long service leave** | | |
| Opening Balance | 123,963 | 70,137 |
| Accrual during the year | 6,293 | 53,826 |
| **Closing Balance** | **130,256** | **123,963** |

## NOTE 15: BORROWINGS

| **Current** | CONSOLIDATED 2019 $ | CONSOLIDATED 2018 $ |
|---|---|---|
| Term Loans | | |
| Loans(i) | 750,000 | - |
| Amounts due to related parties(iii) | 711,767 | 100,000 |
| | **1,461,767** | **100,000** |

i) During the reporting period, the Company secured various short-term loans, with a balance of $750,000 outstanding as at 30 June 2019. Interest of $123,686 had been incurred during the reporting period in connection with these loans.

ii) During the reporting period, the Company secured a loan from Lakeba Ventures Pty Ltd with a balance of $711,767 outstanding as at 30 June 2019. This loan was interest free, with no fix term of repayment. The loan was made directly from Lakeba Ventures to Paid By Coins Pty Ltd and is used to fund the float which is used to fund the Paid By Coins requirements for completing transactions using the gateway method.

iii) On 13 June 2018, $100,000 was borrowed by the Company from David Fisher, Non-Executive Director. This loan was interest free and was repaid on 6 August 2018.

iv) During the reporting period, credit cards were reclassed to trade and other payables.

| **Non-Current** | CONSOLIDATED 2019 $ | CONSOLIDATED 2018 $ |
|---|---|---|
| Amount due to related parties | **541,263** | **998,733** |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

## NOTE 15: BORROWINGS (continued)

**a) Amount due to related parties**

The amounts due to related parties are unsecured.

| | CONSOLIDATED | |
|---|---|---|
| | 2019 $ | 2018 $ |
| **Current** | | |
| Amount owing to directors | **-** | **100,000** |
| **Non-Current** | | |
| Amount owing to directors[(i)] | 213,669 | 701,530 |
| Amount owing to shareholders[(ii)] | 327,594 | 297,203 |
| | **541,263** | **998,733** |

Interest is payable on amounts due to directors at a rate of 7.2% pa. Directors and shareholders have agreed to defer their rights to repayment of $541,263 of the abovementioned amounts until after 30 June 2020.

i) During the reporting period, amounts owing to Aubrey Sonnenberg of $407,678 had been reclassified from non-current to current liabilities.

ii) Total borrowings of $541,263 is comprised of principal of $321,220 and unpaid interest of $220,043.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

## NOTE 16: ISSUED CAPITAL

**Fully Paid Ordinary Shares**

| | 30 JUNE 2019<br>$ | 30 JUNE 2018<br>$ |
|---|---|---|
| 253,118,804 fully paid ordinary shares (30 June 2018: 178,097,817 fully paid ordinary shares) | 26,989,654 | 18,308,014 |
| Shares Issue costs | (827,263) | (1,019,271) |
| | 26,162,391 | 17,288,743 |

Reconciliation of share issued during the year is set out below:

| | 30- JUN -19<br>NUMBER OF SHARES | ISSUE PRICE PER SHARE | 30-JUN-19<br>$ | 30-JUN-18<br>NUMBER OF SHARES | ISSUE PRICE PER SHARE | 30-JUN-18<br>$ |
|---|---|---|---|---|---|---|
| **Balance at the beginning of the period/year for Mobecom Limited** | **178,097,817** | | **17,288,743** | **23,639,727** | | **24,712,028** |
| Balance eliminated on acquisition of CSB Engage Pte Ltd | | | | - | | (24,712,028) |
| CSB Engage Pte Limited Issue of capital at 1 July 2017 net of share issue costs | | | | 162,241,430 | | 3,078,880 |
| Conversion of convertible notes (other equity) into shares | | | | 9,065,737 | | 1,400,000 |
| 11 October 2017: Shares issued under the Mobecom Limited prospectus | | | | 25,556,000 | | 5,111,200 |
| 11 October 2017: Shares issued to CSB Engage vendors on reverse acquisition | | | | 112,451,788 | | 22,490,357 |
| 11 October 2017: Balance eliminated on reverse acquisition | | | | (171,307,167) | | (22,490,357) |
| 11 October 2017: Deemed fair value of share-based payments to Mobecom Limited shareholders on reverse acquisition | | | | - | | 4,727,938 |
| 11 October 2017: Shares issued to promotors | | | | 297,619 | $ 0.20 | 59,524 |
| 11 October 2017: Shares issued to former directors and staff | | | | 2,921,485 | $ 0.20 | 584,296 |
| 11 October 2017: Conversion of convertible notes into shares | | | | 1,150,000 | $ 0.20 | 230,000 |
| 15 January 2018: Share Placement | | | | 3,750,000 | $ 0.32 | 1,200,000 |
| 27 June 2018: Share Placement | | | | 8,331,198 | $ 0.23 | 1,916,176 |
| Share issue costs | | | | | | (1,019,271) |
| 21 Aug 2018: Shares issued to a Director (or his nominee) as approved at the AGM held on 30 Nov 2018. | 312,500 | $ 0.32 | 100,000 | | | |
| 17 Dec 2018: Shares issued to Directors (or their nominee) as approved at the AGM held on 31 July 2018 | 3,055,927 | $ 0.15 | 458,389 | | | |
| 17 Dec 2018: Shares issued to Former Directors (or their nominee) | 320,832 | $ 0.15 | 48,125 | | | |
| 17 Dec 2018: Consideration Shares issued for the acquisition of Paid By Coins Pty Ltd | 35,294,118 | $ 0.17 | 6,000,000 | | | |
| 15 Feb 2019: Share Placement | 5,500,000 | $ 0.10 | 550,000 | | | |
| 10 May 2019: Share Placement | 20,591,960 | $ 0.075 | 1,544,397 | | | |
| 10 May 2019: Shares issued to Lakeba Ventures Pty Ltd to settle development costs | 9,945,650 | $0.1005 | 1,000,000 | | | |
| Share issue costs | | | (827,263) | | | |
| **Balance at the end of the year** | **253,118,804** | | **26,162,391** | **178,097,817** | | **17,288,743** |

Each ordinary share carries the right to be one vote at shareholders' meetings and is entitled to participate in any dividends or other distributions of the Company.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

## NOTE 17: RESERVES

| | CONSOLIDATED 2019 $ | 2018 $ |
|---|---|---|
| **Option reserve** | | |
| Opening balance | 858,432 | - |
| Additions | 2,185,565 | 858,432 |
| Closing balance | **3,043,997** | **858,432** |
| | | |
| **Foreign Currency translation reserve** | | |
| Opening balance | (227,699) | (189,090) |
| Foreign currency translation | (35,706) | (38,609) |
| Closing balance | **(263,405)** | **(227,699)** |
| **Total reserves** | **2,780,592** | **630,733** |

The option reserve represents the fair value of options granted to employees and suppliers for services provided to the Group. The fair value of options is expensed over the vesting period or during the period in which the services are received.

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries.

## NOTE 18: EARNINGS PER SHARE

| | CONSOLIDATED 30 JUNE 2019 $ | 30 JUNE 2018 $ |
|---|---|---|
| Loss after income tax attributable to the owners of Mobecom Limited | (7,400,472) | (12,427,994) |
| | **NUMBER** | **NUMBER** |
| Weighted average number of ordinary shares used in calculating basic earnings per share | 205,326,726 | 128,310,380 |
| Weighted average number of ordinary shares used in calculating diluted earnings per share | 205,326,726 | 128,310,380 |
| Basic loss per share (cents per share) | (3.60) | (9.69) |
| Diluted loss per share (cents per share) | (3.60) | (9.69) |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

## NOTE 19: TAX LOSSES

| | CONSOLIDATED 2019 $ | 2018 $ |
|---|---|---|
| Revenue | 10,060,960 | 7,474,680 |
| Capital | 527,067 | 527,067 |

As at balance date, there is no effective income tax consolidation regime for the group. Mobecom Limited and each of its controlled entities have an obligation to lodge individual company income tax returns in the respective countries in which the group operates, being Australia, Singapore and South Africa.

As at 30 June 2019, the Group had unused income tax losses, for which no deferred tax asset has been recognised, as follows;

| | CONSOLIDATED 2019 $ | 2018 $ |
|---|---|---|
| Australia - Revenue – 27.5% (2018 – 27.5%) | 1,232,761 | 727,567 |
| Australia - Capital – 27.5% (2018 – 27.5%) | 144,943 | 144,943 |
| Singapore- Revenue - 17% (2018-17%) | 829,249 | 754,810 |
| South Africa – Revenue - 28% (2018-28%) | 196,071 | 108,898 |

The benefit of the tax losses will only be obtained if:

1 The consolidated entity derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the losses to be realised,

2 The consolidated entity continues to comply with the conditions for deductibility imposed by tax legislation, and

3 No changes in tax legislation adversely affect the consolidated entity in realising the benefit of deductions for the losses.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

## NOTE 20: OPERATING SEGMENTS

The Group operates in one industry segment being technology development. Information is therefore shown for geographical segments.

| 2019 | AUSTRALIA | SOUTH AFRICA | SINGAPORE | UNALLOCATED | TOTAL |
|---|---|---|---|---|---|
| | $ | $ | $ | $ | $ |
| **Revenue and other income** | | | | | |
| External sales | 2,246,365 | 1,357,089 | 96,065 | - | 3,699,519 |
| Research and development rebates | 764,139 | - | - | - | 764,139 |
| Rental income | - | - | 14,820 | - | 14,820 |
| Sundry income | 555 | 6,472 | - | - | 7,027 |
| Interest | 6 | 1,559 | - | - | 1,565 |
| **Total segment revenue and other income** | **3,011,065** | **1,365,120** | **110,885** | | **4,487,070** |
| Segment net (loss) before tax and other items | (2,064,964) | (266,537) | (422,237) | (3,642,967) | (6,396,705) |
| Impairment of development cost | (1,000,000) | - | - | - | (1,000,000) |
| Depreciation and amortisation | (8,020) | (8,342) | (2,197) | - | (18,559) |
| Listing fees recognised on reverse acquisition | - | - | - | - | - |
| **Net (loss) before income tax** | (3,072,984) | (274,879) | (424,434) | (3,642,967) | (7,415,264) |
| **Loss attributable to non-controlling interest** | **(14,792)** | **-** | **-** | **-** | **(14,792)** |
| **Net (loss) / profit before income tax** | **(3,058,192)** | **(274,879)** | **(424,434)** | **(3,642,967)** | **(7,400,472)** |
| Income tax benefit | **-** | **-** | **-** | **-** | **-** |
| **Net (loss) after income tax** | **(3,058,192)** | **(274,879)** | **(424,434)** | **(3.642,967)** | **(7,400,472)** |
| **Segment assets at 30 June 2019** | **7,929,170** | **800,748** | **170,191** | **-** | **8,900,109** |

| 2018 | AUSTRALIA | SOUTH AFRICA | SINGAPORE | UNALLOCATED | TOTAL |
|---|---|---|---|---|---|
| | $ | $ | $ | $ | $ |
| **Revenue and other income** | | | | | |
| External sales | 736,510 | 401,651 | 172,373 | - | 1,310,534 |
| Research and development rebates | 1,043,008 | - | - | - | 1,043,008 |
| Rental income | - | - | 19,844 | - | 19,844 |
| Sundry income | 2,288 | 4,101 | 298 | - | 6,687 |
| Interest | 1,731 | 676 | - | - | 2,407 |
| **Total segment revenue and other income** | **1,783,537** | **406,428** | **192,515** | **-** | **2,382,480** |
| Segment net (loss) / profit before tax and other items | (5,271,536) | (14,989) | (1,168,008) | 389,555 | (6,064,978) |
| Impairment of Intangibles | (150,000) | - | - | - | (150,000) |
| Depreciation and amortisation | (61,210) | (3,248) | (139,998) | - | (204,456) |
| Listing fees recognised on reverse acquisition | - | - | - | (6,008,560) | (6,008,560) |
| **Net (loss) / profit before income tax** | **(5,482,746)** | **(18,237)** | **(1,308,006)** | **(5,619,005)** | **(12,427,994)** |
| Income tax benefit | - | - | - | - | - |
| **Net (loss) / profit after income tax** | **(5,482,746)** | **(18,237)** | **(1,308,006)** | **(5,619,005)** | **(12,427,994)** |
| **Segment assets at 30 June 2018** | **2,838,445** | **232,480** | **54,784** | **-** | **3,125,709** |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

## NOTE 21: CONTROLLED ENTITIES

Details of controlled entities are as follows:

| PARENT ENTITY | COUNTRY OF INCORPORATION |
|---|---|
| Mobecom Limited | Australia |

| CONTROLLED ENTITIES | PRINCIPAL ACTIVITIES | COUNTRY OF INCORPORATION | PERCENTAGE OF EQUITY HELD BY THE COMPANY 2019 % | 2018 % |
|---|---|---|---|---|
| LifeIQ Pte. Ltd. (formerly LifeAlly International Pte.Ltd)* | Web-based health and lifestyle wellness platform | Singapore | 100 | 100 |
| CSB Engage SA (Pty) Ltd | Provide loyalty and customer engagement services | South Africa | 100 | 100 |
| CSB Engage (Aus) Pty Limited | Provide loyalty and customer engagement platform | Australia | 100 | 100 |
| CSB Engage Asia Pte. Ltd | Loyalty consultancy and development of e-commerce applications | Singapore | 100 | 100 |
| Mobecom Australia Pty Ltd (formerly Endless Rewards Pty Ltd) | Provide loyalty and customer engagement platform | Australia | 97.4 | 97.4 |
| Onit Media Asia Pte Ltd | Provide loyalty and customer engagement platform | Singapore | 100 | 100 |
| Waratah No.1 Pty Ltd | Dormant | Australia | 100 | 100 |
| Waratah Resources Gabon S.A. | The Company is in the process of winding up Waratah Resources Gabon SA. | Australia | 100 | 100 |
| Paid By Coins Pty Ltd | Paid By Coins is an early stage, cryptocurrency exchange platform | Australia | 80 | - |
| AirCrypto Pty Ltd | Development of a blockchain and cryptocurrency exchange platform called AirCrypto Platform | Australia | 51 | - |
| **Owned by CSB Engage (Aus) Pty Limited, a controlled entity of the Company** | | | | |
| Mobecom Australia Pty Ltd | Provide loyalty and customer engagement platform | Australia | 2.6 | 2.6 |
| Onit Media Pty Ltd | Provide loyalty and customer engagement platform | Australia | 100 | 100 |
| Life IQ Pty Ltd | Web-based health and lifestyle wellness platform | Australia | 100 | 100 |

## NOTE 22: KEY MANAGEMENT PERSONNEL COMPENSATION

The key management personnel compensation comprised:

| | CONSOLIDATED 2019 $ | 2018 $ |
|---|---|---|
| Short term employment benefits | 1,505,912 | 1,383,302 |
| Post-employment benefits | 96,066 | 73,625 |
| Share based payments | 514,936 | 260,978 |
| | **2,116,914** | **1,717,905** |

Information regarding individual directors' and executives' compensation and some equity instruments disclosures as required by Corporations Regulation 2M.3.03 is provided in the remuneration report section of the directors' report.

Apart from the details disclosed in the remuneration report section of the directors' report, no director has entered into a material contract with the group since the end of the previous financial year and there were no material contracts involving directors' interests existing at the year end.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

## NOTE 23: CASH FLOW INFORMATION

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Cash and cash equivalents at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:

| | CONSOLIDATED | |
|---|---|---|
| | **2019** | **2018** |
| | **$** | **$** |
| **a) Reconciliation of total loss for the year to net cash provided by operating activities**: | | |
| Loss for the period | (7,415,264) | (12,427,994) |
| **Add/(deduct): Non-cash items:** | | |
| Interest Expense | 27,734 | - |
| Borrowings costs | 21,000 | 50,341 |
| Impairment | 1,000,000 | 150,000 |
| Intangibles – Amortisation | - | 185,382 |
| Deferred Revenue | (80,119) | 286,153 |
| Depreciation | 17,919 | 16,535 |
| Share based payments | 1,735,679 | 267,745 |
| Listing fee recognised on reverse acquisition | - | 6,008,560 |
| Pre-acquisition of CSB Engage - capital raising costs | - | 156,500 |
| **Change in assets and liabilities net of the effect of acquisitions and disposals associated with business combinations:** | | |
| Trade and other receivables | (460,644) | (161,609) |
| Other assets | 58,870 | 1,264 |
| Trade and other payables | 256,453 | (230,042) |
| Provisions | (64,758) | 310,609 |
| Payroll liabilities | 645,442 | - |
| **Net cash used in operating activities** | **(4,257,688)** | **(5,386,556)** |

**b) Non-cash financing and investing activities**

There were no non-cash financing and investing activities during the year.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

## NOTE 24: FINANCIAL RISK MANAGEMENT

**Financial Risk Management Policies**

The Group's financial instruments consist mainly of deposits with banks and accounts payable.

(i) Treasury Risk Management

The Board meets on a regular basis to analyse financial risk exposure and to evaluate treasury management strategies in the context of the most recent economic conditions and forecasts.

The Board's overall risk management strategy seeks to assist the Group in meeting its financial targets, whilst minimising potential adverse effects on financial performance.

Risk management policies are approved and reviewed by the Board on a regular basis. These include the use of credit risk policies and future cash flow requirements.

(ii) Financial Risk Exposures and Management

The main risks the Group is exposed to through its financial instruments are liquidity risk, credit risk and price risk.

**Liquidity risk**

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. Typically, the Group ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 90 days; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

**Credit risk**

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's receivables from customers. The maximum exposure to credit risk to recognised financial assets, at reporting date is the carrying amount, net of any provisions for impairment of those assets as disclosed in the statement of financial position and notes to the financial statements

The Group does not have any material credit risk exposure to any single receivable or group of receivables.

**Market risk**

Market risk is the risk that changes in market prices, such as interest rates and foreign exchange rates, will affect the Group's income. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

(i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises primarily from borrowings. At the reporting date, the interest rate profile of the Group's and Company's interest-bearing financial instruments was:

| | CONSOLIDATED | |
|---|---|---|
| | **2019 $** | **2018 $** |
| **Total Exposure** | **2,162,105** | **1,190,659** |
| Current | 1,533,716 | 191,926 |
| Non-current | 628,389 | 998,733 |
| **Total** | **2,162,105** | **1,190,659** |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

## NOTE 24: FINANCIAL RISK MANAGEMENT (CONTINUED)

**Financial Risk Management Policies (continued)**

**Market risk (continued)**

(i) Interest rate risk (continued)

| | CONSOLIDATED 2019 $ | 2018 $ |
|---|---|---|
| **Total Exposure** | **2,162,105** | **1,190,659** |
| Fixed rate instruments – borrowings including related parties | 2,089,656 | 1,098,733 |
| Variable rate instruments – credit cards | 72,449 | 91,926 |
| **Total** | **2,162,105** | **1,190,659** |

Interest on financial instruments at fixed rates are fixed until the maturity of the instruments and are not subject to interest rate risk.

The sensitivity analysis for interest rate risk is not disclosed as the Group does not expect any significant effect on the Group's profit or loss arising from the effects of reasonably possible changes to interest rates on interest bearing financial instruments at the end of the financial year.

(ii) Foreign currency risk

The Group's foreign exchange risk results mainly from cash flows from transactions denominated in foreign currencies. At present, the Group does not have any formal policy for hedging against currency risk. The Group ensures that the net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates, where necessary, to address short term imbalances.

The Group has transactional currency exposures arising from sales or purchases that are denominated in a currency other than the functional currency of the Group, primarily United States Dollar ("USD"), Singapore Dollar ("SGD"), and South African Rand ("ZAR").

The Group's currency exposures to the USD, SGD, and ZAR at the reporting date were as follows:

| 2019 – CONSOLIDATED Financial assets | SGD $A | USD $A | AUD $A | ZAR $A | Total $A |
|---|---|---|---|---|---|
| Trade receivables | 29,657 | - | 164,773 | 281,093 | 475,523 |
| Other receivables (excluding prepayment and tax recoverable) | 11,253 | - | 251,662 | 31,520 | 294,435 |
| Research and development rebates | - | - | 766,126 | - | 766,126 |
| Cash and cash equivalents | 10,497 | - | 984,033 | 75,671 | 1,070,201 |
| | **51,407** | | **2,166,594** | **388,284** | **2,606,285** |
| Financial liabilities | | | | | |
| Trade payables | 61,404 | - | 1,380,203 | 65,056 | 1,506,663 |
| Other payables | 912,162 | - | 1,941,262 | 67,679 | 2,921,103 |
| Borrowings - amounts due to related parties | 34,917 | 121,516 | 383,703 | 1,128 | 541,264 |
| Credit cards | - | - | 72,449 | - | 72,449 |
| | **1,008,483** | **121,516** | **3,777,617** | **133,863** | **5,041,479** |
| **Net financial assets / (liabilities – include borrowings)** | **(957,076)** | **(121,516)** | **(1,611,023)** | **254,421** | **(2,435,194)** |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

## NOTE 24: FINANCIAL RISK MANAGEMENT (CONTINUED)

**Financial Risk Management Policies (continued)**

**Market risk (continued)**

| 2018 – CONSOLIDATED | SGD | USD | AUD | ZAR | Total |
|---|---|---|---|---|---|
| Financial assets | $A | $A | $A | $A | $A |
| Trade receivables | 28,207 | - | 91,926 | 161,691 | 281,824 |
| Other receivables (excluding prepayment and tax recoverable) | 16,713 | - | 115,712 | 17,404 | 149,829 |
| Research and development rebates | - | - | 822,735 | - | 822,735 |
| Cash and cash equivalents | 5,076 | - | 1,795,196 | 37,947 | 1,838,219 |
| | **49,996** | **-** | **2,825,569** | **217,042** | **3,092,607** |
| Financial liabilities | | | | | |
| Trade payables | 91,961 | - | 1,098,435 | 44,743 | 1,235,139 |
| Other payables | - | - | 1,256,165 | 39,252 | 1,295,417 |
| Borrowings - amounts due to related parties | 571,226 | 175,255 | 1,391,073 | 1,128 | 2,138,682 |
| Credit cards | - | - | 91,926 | - | 91,926 |
| | **663,187** | **175,255** | **3,837,599** | **85,123** | **4,761,164** |
| **Net financial assets / (liabilities – include borrowings)** | **(613,191)** | **(175,255)** | **(1,012,030)** | **131,919** | **(1,668,557)** |

## NOTE 25: EVENTS OCCURRING AFTER THE REPORTING PERIOD

Since the end of the reporting period,

(i) On 10 July 2019, the Company issued 9,141,374 Placement Shares with an issue price of $0.075 to certain sophisticated and professional investors pursuant to the Placement as announced to the market on 24 April 2019. The Company raised $685,603 from the Placement Share issue. These Placement Shares are the second tranche of Shares issued pursuant to the Company's capital raising announced to the market on 24 April 2019. The first tranche of Shares was issued on 13 May 2019 details of which can be found in the Company's announcement dated 13 May 2019. The funds raised from the Placement were applied by the Company to support the rollout of airBux technology, Paid By Coins, research, development and working capital. Furthermore, as noted in the Company’s announcement to the ASX dated 24 April 2019, the Company has agreed, subject to Shareholder approval to issue 9,141,374 Options (Placement Option) to Placement participants as free attaching options issued on the basis of 1 Placement Option for each Placement Share. Application will be made to the ASX to have the Placement Options quoted on ASX subject to receiving 50 Placement applicants. At the General Meeting of the Company held on 27 September 2019, shareholders approved the issue of the above-mentioned Placement Options.

(ii) On 29 March 2019, the Company and Novus Capital executed a mandate letter pursuant to which Novus Capital would advise, assist and lead the Placement (Broker Mandate). As part consideration for the provision of the aforementioned services, on the successful completion of the Placement, Novus Capital would be issued 2,500,000 shares at an issue price of $0.075 (Broker Shares) and 3,500,000 Broker Options. As announced by the Company on 10 July 2019, the Placement was completed, and the Broker Shares were issued to Novus Capital. At the General Meeting of the Company held on 27 September 2019, shareholders approved the issue of the above-mentioned Broker Options. Refer to Notice of Meeting released to ASX on 27 August 2019 for further detail.

(iii) On 10 July 2019, 2,947,135 unlisted options over ordinary shares with an exercise price of $0.05 each were issued under the Company’s Incentive Option Plan to the Interim Chief Executive Officer under the Company’s Incentive Option Plan. These options vested on 3 September 2019 and are, exercisable on or before 10 July 2022.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

## NOTE 25: EVENTS AFTER THE REPORTING PERIOD (CONTINUED)

(iv) Since the end of the reporting period:

- The Company has borrowed $260,000 in total from certain directors to fund working capital and ongoing operating activities at 7% interest per annum, compounded monthly, payable on the maturity date being 31 December 2019. Details as set out below:

| Name | Amount |
|---|---|
| R Walker | $50,000 |
| N Joseph | $40,000 |
| D Fisher | $50,000 |
| T Ruppert | $120,000 |
| Total | $260,000 |

  Furthermore, prior to the 4th October 2019, the Company received binding commitments from certain Directors to provide short term loans amounting to $600,000 as convertible notes, maturing 12 months after the date of drawdown. The funds will be applied to the redemption of existing debt and to fund working capital.

- On 13th September 2019, the Company obtained a loan facility from Lakeba Group Pty Ltd (ACN: 603 471 807) (Lakeba Group) to fund part of its working capital. Details are as follows:

  Principal: $ 345,212.61

  Amount Drawn: $198,000

  Interest Rate: 10% per annum, compounded monthly, payable on maturity.

  Repayment Date: 90 days after the Facility is drawn down.

  Furthermore, prior to the 4th October 2019, Lakeba Group committed to provide a loan facility ("Facility") to Mobecom for at least twelve months for the principal amount of up to AUD$1,000,000 together with interest at 10% pa, compounded monthly. The Facility is to fund working capital needs and ongoing operating activities of Mobecom.

Other than as stated elsewhere in this report, Directors are not aware of any other matters or circumstances at the date of this report that have significantly affected or may significantly affect the operations, the results of the operations or the state of affairs of the Group in subsequent financial years

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

## NOTE 26: PARENT COMPANY

| Financial position | 2019<br>$ | 2018<br>$ |
|---|---|---|
| **Assets** | | |
| Current assets | 465,077 | 1,802,736 |
| **Total assets** | **465,077** | **1,802,736** |
| **Liabilities** | | |
| Current liabilities | 2,233,826 | 762,776 |
| Non-current liabilities | 24,902 | 42,161 |
| **Total liabilities** | **2,258,728** | **804,937** |
| (Net deficiency) in assets/net assets | **(1,793,651)** | **997,799** |
| **Equity** | | |
| Issued capital | 64,157,958 | 55,284,310 |
| Reserves | 2,858,255 | 872,002 |
| Accumulated losses | (68,809,864) | (55,158,513) |
| **Total equity** | **(1,793,651)** | **997,799** |
| **Financial performance** | | |
| Loss for the year | (13,651,351) | (29,541,848) |
| Other comprehensive loss | - | - |
| **Total comprehensive (loss)** | **(13,651,351)** | **(29,541,848)** |

The parent company represents Mobecom Limited (the legal parent) for the year ended 30 June 2019. The comparative information also represents Mobecom Limited. Loss for the year of the parent entity includes a provision for impairment of $10,207,424 (2018: $27,414,475) in relation to investments in related companies and intercompany amounts receivable.

## NOTE 27: REMUNERATION OF AUDITOR

During the reporting period the following fees were paid or payable for services provided by Accounting Firms MNSA Pty Ltd and HLB Mann Judd Assurance (NSW) Pty Ltd, the auditor of the Company, its network firms and related firms:

| | 2019<br>$ | 2018<br>$ |
|---|---|---|
| **Audit and review of financial statements** | | |
| MNSA Pty Ltd - audit for the year ended 30 June 2019 | 90,000 | - |
| HLB Mann Judd Assurance (NSW) Pty Ltd: half-year review 31 December 2018 | 40,305 | - |
| HLB Mann Judd Assurance (NSW) Pty Ltd: year-end audit 30 June 2018 & half-year review 31 December 2017 | - | 80,000 |
| Foo Kon Tan, a member of HLB International: year-end audit of two Singapore companies | 15,726 | 8,962 |
| **Other services** | | |
| HLB Mann Judd Assurance (NSW) Pty Ltd: cleansing prospectus review | - | 20,000 |
| HLB Mann Judd: Preparation of 2017 tax return and other corporate and tax advice and assistance | - | 10,700 |
| Total other services | - | 30,700 |
| **Total audit and other services** | **146,031** | **119,662** |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

## NOTE 28: SHARE BASED PAYMENTS

**Employee incentive option plan**

All options granted under the Company's incentive option plan are in relation to fully paid ordinary shares in Mobecom Limited, which confer a right of one ordinary share for every option held.

A reconciliation of share-based payment arrangements that existed during the reporting period and at the end of the comparative 2018 reporting period are set out below:

| OPTIONS | 2019 NUMBER | WEIGHTED AVERAGE EXERCISE PRICE | 2018 NUMBER | WEIGHTED AVERAGE EXERCISE PRICE |
|---|---|---|---|---|
| **Issued to employees** | | | | |
| Balance at the beginning of the period | 10,046,768 | - | - | - |
| Granted | 5,213,163 | Nil | 10,046,768 | Nil |
| Forfeited | - | - | - | - |
| Exercised | - | - | - | - |
| Expired – Transfer to other options | - | - | - | - |
| Balance on resignation | - | - | - | - |
| Outstanding at the end of the period | 15,259,931 | | 10,046,768 | |
| Exercisable at year end | 5,625,049 | | Nil | |

The following share-based payment arrangements were in existence during the reporting period and 2018 comparative reporting period:

| OPTIONS SERIES | NUMBER GRANTED | NUMBER VESTED | GRANT DATE | EXPIRY DATE | EXERCISE PRICE | FAIR VALUE AT GRANT DATE |
|---|---|---|---|---|---|---|
| Series (iv) | 5,700,000[1] | Nil | 11 Oct 2017 | 11 Oct 2020 | $0.00 | $0.19 |
| Series (v) | 4,346,768[2] | 1,434,432 | 27 Jun 2018 | 31 Dec 2020 | $0.26 | $0.135 |
| Series (vi) | 576,618[3] | 190,617 | 22 Aug 2018 | 31 Dec 2020 | $0.26 | $0.0710 |
| Series (vii) | 2,400,000[4] | 2,400,000 | 22 Aug 2018 | 22 Aug 2020 | $Nil | $0.1606 |
| Series (viii) | 636,545[5] | Nil | 17 Dec 2018 | 17 Dec 2021 | $0.26 | $0.0685 |
| Series (ix) | 1,600,000[6] | 1,600,000 | 10 May 2019 | 08 Aug 2021 | $Nil | $0.0297 |
| | **15,259,931** | **5,625,049** | | | | |

| INPUTS INTO THE OPTION VALUATION MODEL | SERIES (iv) | SERIES (v) | SERIES (vi) | SERIES (vii) | SERIES (viii) | SERIES (ix) |
|---|---|---|---|---|---|---|
| Grant date share price | $0.20 | $0.22 | $0.169 | $0.169 | $0.12 | $0.086 |
| Exercise price | $0.00 | $0.26 | $0.26 | $Nil | $0.26 | $Nil |
| Expected volatility | 100% | 116% | 120% | 100% | 116% | 50% |
| Option life | 3 years | 918 days | 862 days | 2 years | 3 years | 821 days |
| Risk-free interest rate | 2.10% | 2.09% | 1.98% | 1.98% | 1.96% | 1.30% |

1. On 11 October 2017, 5,700,000 unlisted options over ordinary shares were granted to key management personnel as set out in the table below under the Company's Incentive Option Plan. Each option is issued for $Nil consideration and no consideration will be payable upon the achievement of the performance criteria ("Performance Criteria"). The Options will be subject to specific performance criteria, which must be satisfied by the vesting dates, being 30 June 2019 and 30 June 2020.

   The Options to be issued to each holder will also be subject to a continuous employment/service vesting/forfeiture condition from the Grant Date to the applicable Vesting Date. However, if employment/service ceases because of death, total permanent disability, redundancy or other special circumstances as determined by the Board, any unvested Options will not lapse as a consequence and will continue to be subject to the Performance Criteria unless otherwise determined by the Board. If the Performance Criteria are not met at the relevant Vesting Date, the Options relating to that Vesting Date will not vest and will lapse.

   These options are restricted securities, which were restricted by ASX for a period of 24 months from the date of the reinstatement of the Company's securities to the official quotation on the ASX on 17 October 2017.

## NOTE 28: SHARE BASED PAYMENT (CONTINUED)

**Employee incentive option plan (continued)**

| NAME | DATE OPTIONS GRANTED | NUMBER OF SHARES UNDER OPTION | EXERCISE PRICE OF OPTION | EXPIRY DATE OF OPTIONS | FAIR VALUE OF OPTIONS AT GRANT DATE |
|---|---|---|---|---|---|
| N Joseph | 11 October 2017 | 1,695,000 | Nil | 11 October 2020 | $0.19 |
| C Joseph | 11 October 2017 | 1,335,000 | Nil | 11 October 2020 | $0.19 |
| S Smith | 11 October 2017 | 1,335,000 | Nil | 11 October 2020 | $0.19 |
| A Sonnenberg | 11 October 2017 | 1,335,000 | Nil | 11 October 2020 | $0.19 |
| | | **5,700,000** | | | |

**Performance Criteria:**

The number of Options which vest will be determined by:

a) the price of the Company's Shares as at the relevant Vesting Date, calculated on the volume weighted average sale price of Shares for the 20 business days immediately preceding the relevant Vesting Date; and

b) the Company's revenue calculated on the Company's audited and reported financial results for the 12 months immediately preceding the Vesting Date.

The number of Options that will vest will therefore be determined by the Company's performance against the Performance Criteria for the relevant period, as follows:

| VESTING DATE | MAXIMUM NUMBER OF OPTIONS VESTING | TARGET (50% VEST) | MAXIMUM (100% VEST) |
|---|---|---|---|
| SHARE PRICE | | | |
| 30 JUNE 2019 | 25% of issued Options | $0.30 | $0.40 |
| 30 JUNE 2020 | 25% of issued Options | $0.40 | $0.60 |
| REVENUE | | | |
| 30 JUNE 2019 | 25% of issued Options | $5,500,000 | $7,070,000 |
| 30 JUNE 2020 | 25% of issued Options | $7,000,000 | $11,560,000 |

For each Performance Criteria, and at each Vesting Date, the Board will determine how the Performance Criteria are to be measured. A target measure and maximum measure will be established for each Performance Criteria, and Options may vest in accordance with the following scale:

| PERFORMANCE | RESULT |
|---|---|
| LESS THAN TARGET | No Options will vest. |
| ACHIEVEMENT OF TARGET | 50% of Options for that Performance Criteria and Vesting Period will vest. |
| ACHIEVEMENT OF MAXIMUM | 100% of Options for that Performance Criteria and Vesting Period will vest |
| BETWEEN TARGET AND MAXIMUM PERFORMANCE | 50% of the Options for that Performance Criteria and relevant Vesting Date, plus an additional number of Options (calculated on a straight-line basis) between the Target and Maximum measures. |

## NOTE 28: SHARE BASED PAYMENT (CONTINUED)

**Employee incentive option plan (continued)**

2. On 27 June 2018, 4,346,768 unlisted options over ordinary shares at an exercise price of $0.26 per option were issued to key management personnel and employees under the Company's Incentive Option Plan (refer to ASX Release on 16 October 2017 for a copy of the Company's Incentive Option Plan). The options expire on 31 December 2020 and vest in three tranches as set out below.

| NAME | EXERCISE PRICE | EXPIRY DATE | VEST 01-11-18 | VEST 01-07-19 | VEST 01-07-20 | TOTAL | FAIR VALUE ON DATE OF GRANT |
|---|---|---|---|---|---|---|---|
| KEY MANAGEMENT PERSONNEL | | | | | | | |
| A Sonnenberg | $0.26 | 31 Dec 2020 | 72,990 | 72,990 | 75,202 | 221,182 | $0.135 |
| C Joseph | $0.26 | 31 Dec 2020 | 63,827 | 63,827 | 65,761 | 193,415 | $0.135 |
| P Pitcher | $0.26 | 31 Dec 2020 | 72,030 | 72,030 | 74,213 | 218,273 | $0.135 |
| S Smith | $0.26 | 31 Dec 2020 | 98,921 | 98,921 | 101,919 | 299,761 | $0.135 |
| **Total** | | | **307,768** | **307,768** | **317,095** | **932,631** | |
| **General Staff** | $0.26 | 31 Dec 2020 | 1,126,664 | 1,126,664 | 1,160,809 | 3,414,137 | $0.135 |
| **Total** | | | **1,434,432** | **1,434,432** | **1,477,904** | **4,346,768** | |

3. On August 2018, 576,618 unlisted options over ordinary shares at an exercise price of $0.26 per option were issued to employees under the Company's Incentive Option Plan (refer to ASX Release on 16 October 2017 for a copy of the Company's Incentive Option Plan). The options expire on 31 December 2020 and vest in three tranches as set out below.

| NAME | EXERCISE PRICE | EXPIRY DATE | VEST 01-11-18 | VEST 01-07-19 | VEST 01-07-20 | TOTAL | FAIR VALUE ON DATE OF GRANT |
|---|---|---|---|---|---|---|---|
| General Staff | $0.26 | 31 Dec 2020 | 190,617 | 190,617 | 195,384 | 576,618 | $0.0710 |

4. On 22 August 2018, the Company issued 2,400,000 unlisted options over ordinary shares to Sean Smith under the Company's Incentive Option Plan for $Nil consideration. The options vested immediately and are exercisable on or before 22 August 2020. The options are however subject to escrow from the date of issue until 1 August 2019. These Options have a fair value at date of grant of $0.1606 per option. Mr Smith is Head of the Mobile Division of the Company.
5. On 17 December 2018, 636,545 unlisted options over ordinary shares were granted to Key Management Personnel as part of compensation under the Company's Incentive Option Plan (refer to ASX Release on 16 October 2017 for a copy of the Company's Incentive Option Plan) as approved by Shareholders at the Annual General Meeting held on 30 November 2018. There are no performance conditions. All options issued under the Company's Incentive Option Plan require the holder of the options to satisfy employment conditions for the options to vest. Details are set out below.

| NAME | EXERCISE PRICE | EXPIRY DATE | VEST 01-07-19 | VEST 01-07-20 | VEST 01-07-21 | TOTAL | FAIR VALUE ON DATE OF GRANT |
|---|---|---|---|---|---|---|---|
| N Joseph | $0.26 | 17 Dec 2021 | 78,060 | 78,060 | 80,425 | 236,545 | $0.0685 |
| D Fisher | $0.26 | 17 Dec 2021 | 133,333 | 133,333 | 133,334 | 400,000 | $0.0685 |
| **Total** | | | **211,393** | **211,393** | **213,759** | **636,545** | |

6. On 10 May 2019, the Company issued 1,600,000 unlisted options over ordinary shares to Giuseppe Porcelli under the Company's Incentive Option Plan for $Nil consideration as approved by Shareholders at the General Meeting held on 3 April 2019. The options vested immediately and are exercisable on or before 8 August 2021. These Options have a fair value at date of grant of $0.0297 per option.

All options issued under the Company's Incentive Option Plan require the holder of the options to satisfy employment conditions for the options to vest.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

## NOTE 28: SHARE BASED PAYMENTS (CONTINUED)

**Other options**

A reconciliation of share-based payment arrangements that existed during and at the end of the reporting period and the 2018 comparative reporting period are set out below:

| OPTIONS | 2019 NUMBER | 2018 NUMBER |
|---|---|---|
| Balance at the beginning of the period | 5,095,499 | 115,000 |
| Granted | 5,554,131 | 4,980,499 |
| Forfeited | - | - |
| Exercised | - | - |
| Expired | - | - |
| Outstanding at the end of the period | 10,649,630 | 5,095,499 |
| Exercisable at year end | 10,649,630 | 5,095,499 |

All options granted are for fully paid ordinary shares in Mobecom Limited, which confer a right of one ordinary share for every option held.

During the reporting period the Company issued 5,554,131 Placement Options for no consideration to the subscribers of the Placement Shares on a 2 Placement Options for each 3 Shares acquired basis as approved by Shareholders at the General Meeting held on 31 July 2018. Each Placement Option expires on 30 June 2020 and has a strike price of $ 0.29.

During the 2018 comparative reporting period, the Company issued 4,980,499 options over ordinary shares at an exercise price of $0.26 each for services related to the October 2017 Placement. The options expire three years from date of issue. The options vest immediately and have a fair value of $590,687 which has been deducted directly against equity.

The following share-based payment arrangements were in existence during the current reporting period. Series (ii) and Series (iii) were also in existence during the 2017 comparative reporting period of Mobecom Limited (Parent legal entity).

| OPTIONS SERIES | NUMBER GRANTED | NUMBER VESTED | GRANT DATE | EXPIRY DATE | EXERCISE PRICE | FAIR VALUE AT GRANT DATE |
|---|---|---|---|---|---|---|
| Series (i) * | 4,980,499 | 4,980,499 | 11 Oct 2017 | 11 Oct 2020 | $0.26 | $0.1186 |
| Series (ii) * | 50,000 | 50,000 | 21 Feb 2017 | 21 Feb 2020 | $0.26 | $0.1180 |
| Series (iii) * | 65,000 | 65,000 | 19 May 2017 | 19 May 2020 | $0.26 | $0.1180 |
| Series (iv) | 5,554,131 | 5,554,131 | 22 Aug 2018 | 31 Dec 2020 | $0.29 | $0.0710 |
| **Total** | **10,649,630** | **10,649,630** | | | | |

*These options are restricted securities, which were restricted by ASX for a period of 24 months from the date of the reinstatement of the Company's securities to the official quotation on the ASX on 17 October 2017.

| INPUTS INTO THE OPTION VALUATION MODEL | SERIES (i) | SERIES (ii)&(iii) | SERIES (iv) |
|---|---|---|---|
| Grant date share price | $0.20 | $0.20 | $0.169 |
| Exercise price | $0.26 | $0.26 | $0.29 |
| Expected volatility | 100% | 100% | 120% |
| Option life | 3 years | 3 years | 2.33 years |
| Risk-free interest rate | 4.75% | 4.75% | 1.98% |

The life of the options is based on the historical exercise patterns, which may not eventuate in the future.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

## NOTE 29: RELATED PARTY TRANSACTIONS

a) Interests in controlled entities are disclosed in Note 21.

b) Key management personnel remuneration details and equity holdings are disclosed in the Remuneration Report in the Directors' Report.

c) During the prior reporting period, the Group obtained an interest free loan from Mr David Fisher, Non-Executive Director, to the amount of $100,000 which was repaid on 6 August 2018. The funds were applied to working capital.

d) On 15 January 2019, the Company obtained a Loan Facility from Lakeba Group Pty Ltd (ACN 603 471 807), a company in which Mr Giuseppe Porcelli is a director and shareholder, for $600,000 to fund part of its working capital at an interest rate of 10% per annum, compounded monthly and payable on maturity. $200,000 was drawn down on 31 January 2019 and fully repaid together with interest of $6,702 on 24th May 2019.

e) During the reporting period, Lakeba Group Pty Ltd (ACN 603 471 807) advanced $1,062,213 to Paid By Coins Pty Ltd of which $350,000 was repaid and $712,213 (17 December 2018: $67,213) remained outstanding at the end of the reporting period. This loan is interest free and has no fixed term of repayment. The loan was made directly from Lakeba Ventures to Paid By Coins Pty Ltd and is used to fund the float which float is used to fund the Paid By Coins requirements for completing transactions using the gateway method.

f) In accordance with the Shared Services Agreement between Paid By Coins Pty Ltd and Lakeba Group Pty Ltd (ACN 603 471 807), dated 28 November 2018, $168,585.58 (inclusive of GST) was billed to Paid By Coins Pty Ltd during the reporting period. As at 30 June 2019, $168,585.58 was outstanding.

g) In accordance with the Software Development and Consulting Services Agreement between Mobecom Limited and Lakeba Group Pty Ltd (ACN 603 471 807), dated 15 March 2019, $290,941.24 (inclusive of GST) was billed to Mobecom Limited during the reporting period. As at 30 June 2019, $290,941.24 was outstanding.

h) On 1 April 2019, Lakeba Group Pty Ltd (ACN 603 471 807) billed Onit Media Pty Ltd for $12,622.50 (inclusive of GST) for development services.

i) Directors' fees and other payables owing to related parties are disclosed in Note 12.

j) On 17 December 2018, the Company completed the acquisition of 80% of the issued shares of Paid By Coins from Lakeba Ventures, a subsidiary venture of Lakeba Group Pty. Ltd. ACN 603 471 807 (Lakeba Group). Mobecom made a payment of $6,000,000 to Lakeba Ventures satisfied by the issue of 35,294,118 fully paid ordinary shares in Mobecom at an agreed issue price of $0.17 per share.

As at the date of this transaction the Lakeba Group were not a related party. However, on 3 April 2019, Mr Giuseppe Porcelli, who is a director and shareholder of Lakeba Group was appointed a Director of Mobecom Limited and it is arguable that, upon that appointment, Lakeba Group became a related party of Mobecom.

k) On 13 May 2019, the Company issued 9,945,650 shares to Lakeba Ventures, a subsidiary venture of Lakeba Group Pty. Ltd. ACN 603 471 807 (Lakeba Group) to settle development fee cost of $1 million in respect to AirCrypto. However, as the agreement to issue those shares was made prior to Lakeba Group becoming a related party of Mobecom, no shareholder approval was sought for that issue.

**2018**

On 11 October 2017, the Company settled amounts owing to Former Directors, W Andrew, M Bhandari, and N Herbert totalling $265,122 with the issue of 1,325,610 fully paid ordinary shares in the Company at an issue price $0.20 per share as approved by Shareholders at the General Meeting of Shareholders held on 1 May 2017. The table below sets out the number of shares issued to each Former Director.

| NAME | AMOUNT SETTLED $ | NUMBER OF SHARES |
|---|---|---|
| W Andrew | 56,759 | 283,795 |
| M Bhandari | 49,646 | 248,230 |
| N Herbert | 158,717 | 793,585 |
| **Total** | **265,122** | **1,325,610** |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

## NOTE 30: DIVIDENDS

The Board of directors has recommended that no dividend be paid.

## NOTE 31: CONTINGENT ASSETS, LIABILITIES AND GUARANTEES

The Group has an unused facility for bank guarantee of $40,000 as at 30 June 2019 (2018: $40,000). This facility is for Security Certificates on exploration licenses in Australia.

Apart from the above, the Group is unaware of any contingent assets or liabilities or guarantees that may have a material impact on the Group's financial position.

## NOTE 32: OPERATING LEASE COMMITMENTS

| | CONSOLIDATED | |
|---|---|---|
| | 2019[1] | 2018[1] |
| Non-cancellable operating lease rentals are payable as follows: | $ | $ |
| Less than one year | 65,896 | 149,834 |
| Between one and five years | 10,042 | 50,526 |
| **Total** | **75,938** | **200,360** |

1) All amounts are inclusive of GST and VAT.

The group leases a number of offices under the operating leases. The leases run over varying periods, some with option periods. Some of the leases have fixed rate rental periods, and some have market rate rental adjustments.

# DIRECTORS' DECLARATION

1. In the opinion of the Board of Directors of Mobecom Limited:

   a. the consolidated financial statements and notes of Mobecom Limited are in accordance with the *Corporations Act 2001*, including:

      i. Giving a true and fair view of the Consolidated Entity's financial position as at 30 June 2019 and of its performance for the financial year ended on that date; and

      ii. Complying with the Australian Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and

   b. There are reasonable grounds to believe that Mobecom Limited will be able to pay its debts as and when they become payable.

2. The Directors have been given the declaration required by Section 295A of the *Corporations Act 2001* from Neil Joseph who served as Managing Director and Chief Executive Officer during the reporting period from 1 July 2018 to 11 June 2019 and Executive Director since 11 June 2019 to 30 June 2019.

3. Note 1 confirms that the consolidated financial statements also comply with International Financial Reporting Standards.

Signed in accordance with a resolution of the Board of Directors:

______________________________

Neil Joseph
Executive Director

Date: 4 October 2019

**MOBECOM LIMITED ABN 47 125 688 940 and Controlled Entities**

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MOBECOM LIMITED and Controlled Entities**

**Report on the Audit of the Financial Report**

**Qualified Opinion**

We have audited the financial report of Mobecom Limited (the Group), which comprises the consolidated statement of financial position as at 30 June 2019, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and the directors' declaration.

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the Group's financial position as at 30 June 2019 and of its financial performance for the year then ended: and
(b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

**Basis for Qualified Opinion**

*Opening Balances*

We were appointed auditors of the Group in 2019 and were not able to obtain sufficient appropriate audit evidence to satisfy ourselves on the accuracy and reliability of opening balances to the period. We were unable to satisfy ourselves by alternative means. Since opening balances enter into the determination of the financial performance and cash flows, we are unable to determine whether adjustments might have been necessary in respect to the profit or loss reported for the year and the net cash flows from operating activities reported in the statement of cash flows.

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Emphasis of Matter on Going Concern**

We draw your attention to Note 1 on going concern in the financial report, which indicates that the Group incurred an operating loss of $7,400,472 and net cash outflows from operating activities of $4,257,688 during the year ended 30 June 2019 and, as of that date, the Groups current liabilities exceeded its current assets by $3,949,590 with total net assets of $998,186. As stated in Note 1, these events and conditions, along with other matters set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt of the Groups ability to continue as a going concern. Our opinion is not modified in respect of this matter.

In concluding there was a material uncertainty relating to going concern we evaluated the extent of uncertainty regarding events and conditions casting significant doubt on the Group's assessment of going concern. This included:

- Analysing cash flow projections by:
  - Evaluating the underlying data used to generate the projections for consistency with other information tested by us, our understanding of the Group's intentions, and past results and practices;
  - Assessing planed levels of operating and capital expenditure for consistency with our knowledge of the Groups future commitments and the Group's historic commitments and results;
- Reading directors' minutes and relevant correspondence to understand the Group's ability to raise additional shareholder funds, and assess the level of associated uncertainty.
- Evaluating the Group's going concern disclosures in the financial report by comparing them to our understanding of the matter, the events and conditions incorporated into the cash flow projection assessment, the Group's plans to address those events and conditions, and accounting standard requirements. We specifically focused on the principle matters giving rise to material uncertainty.
- Assessing director commitments to provide further funds as detailed in Note 25 to the financial report and confirmations that they would not issue a demand for repayment within the twelve months from the day funds are received.

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## Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

| *Key Audit Matter* | *How Our Audit Addressed the Key Audit Matter* |
| --- | --- |
| *Business Combinations* | |
| During the year the Group made two acquisitions:<br><br>1. On 17 December 2018, the company acquired 80% of the issued shares of Paid By Coins from Lakeba Ventures, a subsidiary venture of Lakeba Group Pty. Ltd. ACN 603 471 807 (Lakeba Group). Mobecom made a payment of $6,000,000 to Lakeba Ventures satisfied by the issue of 35,294,118 fully paid ordinary shares in Mobecom at an agreed issue price of $0.17 per share.<br><br>As at the date of this transaction the Lakeba Group were not a related party. However, on 3 April 2019, Mr Giuseppe Porcelli, who is a director and shareholder of Lakeba group was appointed a director of Mobecom Limited.<br><br>2. Acquired the 51% of Aircrypto Pty Limited at a cost of $51. | We evaluated the appropriateness of Management's identification of assets and liabilities acquired within each acquisition.<br><br>Connected with our evaluation we questioned and tested key assumptions by Management in the preparation of the independent valuation of Paid By Coins Pty Limited.<br><br>Our procedures included challenging both Management and the independent expert providing the valuation report by performing the following:<br><br>• Discussing with Management the nature of the acquisitions to develop a detailed understanding of the acquisitions and the benefits achieved;<br>• Assessment of the independent experts providing the valuation ensuring they have the appropriate level of experience and qualifications to provide the necessary opinion;<br>• Assessing the key assumptions made in formulating the valuation report;<br>• Discussing with Management the key findings of the report; and<br>• Reviewing disclosures made in Note 6 in conjunction with key findings of the report to ensure figures are materially consistent.<br><br>Based on work done, we are not aware of any matters of concern relating to the accounting of the acquisitions. |

| | |
|---|---|
| *Carrying Value of Goodwill*<br><br>Mobecom Limited has goodwill of $6,197,061 in respect to the acquisition of 80% of Paid By Coins Pty Limited.<br><br>For the Cash Generating Unit, the determination of recoverable amount, being the future maintainable earnings, requires judgement on the part of management in both identifying and then valuing the relevant Cash Generating Units. Recoverable amounts are based on future financial forecasts and Management's view of a range of variables such as business and economic conditions including operating performance and the most appropriate growth and discount rates.<br><br>Detailed in Note 10 to the financial statements summarises managements approach to impairment of goodwill. In addition, it references a valuation report produced by an independent expert in support to the carrying value of the intangible asset. | We evaluated the appropriateness of Management's identification of the Group's Cash Generating Units and tested the effectiveness of the impairment assessment process, including indicators of impairment, noting no significant exceptions.<br><br>Our procedures included challenging Management on the suitability of the impairment model, and the reasonableness of the assumptions, with particular attention to the business segments, by performing the following:<br>• testing the mathematical accuracy of the cash flow models and agreeing relevant data to managements long range plans;<br>• assessing the reliability of Management's forecast through a review of actual performance against previous forecasts; and<br>• Reviewing the valuation report provided, question management and the independent expert on assumptions used in forming the valuation and ultimate opinion provided.<br><br>We reviewed and questioned the appropriateness of the related disclosures in Note 10 to the Financial Statements.<br><br>Based on our procedures, we noted no issues of concern, and consider Management's key assumptions to be within a reasonable range. |
| *Capitalisation and impairment of Software Development costs*<br><br>During the period the Group incurred costs of $1M for software development to be completed by the Lakeba Group.<br><br>As detailed in Note 10 to the financial statements this was capitalised as software development costs and subsequently impaired to $nil based on directors' assessment.<br><br>As stated in Note 29 to the financial statements, this debt was settled via the issue of 9,945,650 shares to Lakeba Group Pty Ltd on 13th of May 2019. | We evaluated the appropriateness of capitalisation policies, performed tests on costs capitalised and assessed the timeliness of the debt being incurred through to impairment of the asset.<br><br>In performing these procedures, we considered the judgements made by management including:<br>• the nature of underlying costs capitalised as part of the cost of the software development; and<br>• the appropriateness of the directors assessment to impair the asset in full.<br><br>Based on our procedures, we noted no issues of concern, and consider Management's key assumptions to be within a reasonable range. |



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*Paid By Coins Revenue recognition and Cost of Sales*

Paid By Coins revenue represents a material balance consisting of a high volume of individually low value transactions in a new business segment for the Group.

We have identified the following types of transactions and assertions related to revenue recognition which give rise to key risks:

- the accuracy and completeness of revenue recorded as a result of reliance on the output of billing systems;
- entry of the billing system reports to the financial accounting records.

Cost of sales in respect to Paid By Coins is the representation of the final payment as directed by the customer including any costs incurred as part of the transaction.

In responding to these matters, our audit approach included testing of systems and controls, in particular procedures covering:

- billing systems, cash collection and other relevant support systems around the recognition of material revenue streams;
- the reconciliation of billing systems to the general ledger, including validation of material journals processed between the billing system and general ledger;
- the accuracy and completeness of recording customer bills.

Based on our procedures, we noted no issues of concern, and consider Management's key assumptions to be within a reasonable range.

*Revenue (Excluding Paid By Coins)*

Excluding revenue generated through Paid by Coins, revenue relates primarily to services rendered.

As disclosed in Note 1 to the financial reports, the group as adopted AASB 15 'Revenue from Contracts with Customers' resulting in a restatement of prior year figures as detailed in Note 3 to the financial statements.

We reviewed contracts with customers for consultancy services and the conditions required by Australian Accounting Standards before revenue can be recognised.

We questioned management and reviewed journal entries that impacted revenue.

Based on our procedures, we noted no issues of concern in respect to revenue disclosed for the period.

*Issue of Options*

| | |
|---|---|
| As disclosed in Note 28 to the financial reports, during the year the Group issued various batches of options to directors, employees and others. | We reviewed the valuation methods for the options issued to ensure that the models used were appropriate and that the assumptions and inputs used in the calculations were reasonable.<br><br>We ensured the costs of the options were accounted for in accordance with Australian Accounting Standards based on the nature of options issued and the applicable vesting periods assigned to each series of options.<br><br>We reviewed the disclosures in the financial information in relation to the options issued during the year.<br><br>Based on our procedures, we noted no issues of concern in respect to revenue disclosed for the period. |

**Information Other than the Financial Report and Auditor's Report Thereon**

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2019, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Responsibility of the Directors for the Financial Report**

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable matters, relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

**Auditor's Responsibilities for the Audit of the Financial Report**

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion.
- Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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**Report on the Remuneration Report**

*Opinion on the Remuneration Report*

We have audited the Remuneration Report included in pages 11 to 21 of the Directors' report for the year ended 30 June 2019.

In our opinion the Remuneration Report of Mobecom Limited for the year ended 30 June 2019, complies with section 300A of the *Corporations Act 2001*.

*Responsibilities*

The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

MNSA PTY LTD

**MNSA PTY LTD**

**Mark Schiliro**
Director

Dated in Sydney this 4th day of October 2019



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# ADDITIONAL INFORMATION FOR LISTED PUBLIC COMPANIES

Additional information as at 3 October 2019 required by the Australian Securities Exchange and not disclosed elsewhere in this report.

In accordance with ASX listing rule 4.10.19, the Company confirms that it has used the cash and assets in a form readily convertible to cash that it had at the time of re-compliance with chapters 1 and 2 of the ASX Listing rules in a way consistent with its business objectives.

**Home Exchange**

The Company is listed on the Australian Securities Exchange. The Home Exchange is Sydney.

**Ordinary shares**

As at 3 October 2019, the issued capital comprised of 293,616,875 fully paid ordinary shares (ASX code: MBM) held by 1,028 holders. There were 1,7465,085 shares held in unmarketable parcels of $500 or less, by 569 individual shareholders.

**Options**

As at 3 October 2019, the Company had the following unlisted options over ordinary shares on issue:

| DATE OPTIONS GRANTED | NUMBER OF HOLDERS | NUMBER OF SHARES UNDER OPTION | EXERCISE PRICE OF OPTION | EXPIRY DATE OF OPTIONS |
|---|---|---|---|---|
| 21 February 2017 | 1 | 50,000 | $0.26 | 21 February 2020 |
| 19 May 2017 | 2 | 65,000 | $0.26 | 19 May 2020 |
| 11 October 2017 | 4 | 5,700,000 | $Nil | 11 October 2020 |
| 11 October 2017 | 1 | 4,980,499 | $0.26 | 11 October 2020 |
| 27 June 2018 | 31 | 4,346,768 | $0.26 | 31 December 2020 |
| 22 August 2018 | 24 | 5,554,131 | $0.29 | 30 June 2020 |
| 22 August 2018 | 2 | 576,618 | $0.26 | 31 December 2020 |
| 22 August 2018 | 1 | 2,400,000 | $Nil | 22 August 2020 |
| 17 December 2018 | 2 | 636,545 | $0.26 | 17 December 2021 |
| 10 May 2019 | 1 | 1,600,000 | $Nil | 08 August 2021 |
| 10 July 2019 | 1 | 2,947,135 | $0.05 | 10 July 2022 |
| **Total** | | **28,856,696** | | |

**Class of Shares and Voting Rights**

The voting rights attached to ordinary shares, as set out in the Company's Constitution, are that every member in person or by proxy, attorney or representative, shall have one vote on a show of hands and one vote for each share held on a poll.

A member holding partly paid shares is entitled to a fraction of a vote equivalent to the proportion which the amount paid up bears to the issue price for the share.

**On Market Buy Back**

There is no on market buy-back.

**Distribution of Shareholders**

The distribution of each class of equity was as follows:

**Restricted Securities**

| CLASS | NUMBER | DATE ESCROW PERIDO ENDS |
|---|---|---|
| Fully paid ordinary shares | 79,698,495 | 17 October 2019 |
| Unlisted Options | 10,795,449 | 17 October 2019 |

# ADDITIONAL INFORMATION FOR LISTED PUBLIC COMPANIES

**Fully Paid Ordinary Shares**

| RANGE | NUMBER OF HOLDERS | NUMBER OF SHARES | PERCENTAGE |
|---|---|---|---|
| 1 - 1,000 | 183 | 61,183 | 0.020 |
| 1,001 - 5,000 | 262 | 647,510 | 0.220 |
| 5,001 - 10,000 | 106 | 842,412 | 0.290 |
| 10,001 - 100,000 | 281 | 10,902,186 | 3.710 |
| 100,001 and over | 196 | 281,163,584 | 95.760 |
| **Total** | **1,028** | **293,616,875** | **100.00** |

**Substantial Shareholdings**

At 3 October 2019, the Register of Substantial Shareholders showed the following:

| RANK | NAME | NUMBER OF ORDINARY SHARES HELD | PERCENTAGE |
|---|---|---|---|
| 1 | Lakeba Ventures Pty Ltd | 45,239,768 | 15.408% |
| 2 | Hotazel Holdings Pty Ltd | 27,358,272 | 9.318% |
| 3 | Mr Christopher Lister Lawrance | 19,172,424 | 6.530% |

**Twenty Largest Shareholders**

At 3 October 2019, the twenty largest shareholders held 65.591% of the fully paid ordinary shares as follows:

| | | | |
|---|---|---|---|
| 1 | LAKEBA VENTURES PTY LTD | 45,239,768 | 15.408% |
| 2 | HOTAZEL HOLDINGS PTY LTD <ROBINSON JOSEPH FAMILY A/C> | 27,358,272 | 9.318% |
| 3 | MR CHRISTOPHER LISTER LAWRANCE | 19,172,424 | 6.530% |
| 4 | HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED | 14,808,235 | 5.043% |
| 5 | AUBREY JOHN SONNENBERG | 13,807,992 | 4.703% |
| 6 | WHATSNXT PTE LTD | 11,198,178 | 3.814% |
| 7 | MARLEY HOLDINGS PTY LTD <MALONEY FAMILY A/C> | 8,751,451 | 2.981% |
| 8 | MR WILLIAM PATRICK PITCHER | 6,300,259 | 2.146% |
| 9 | JASON BROWN PTY LTD <BROWN FAMILY A/C> | 6,000,000 | 2.043% |
| 10 | PAC PARTNERS PTY LTD | 5,278,118 | 1.798% |
| 11 | MR SEAN ROBERT SMITH | 4,837,992 | 1.648% |
| 12 | LOMACOTT PTY LTD <THE KEOGH SUPER FUND A/C> | 3,218,040 | 1.096% |
| 13 | GARDUN PTY LTD <CHIHI A/C> | 2,947,135 | 1.004% |
| 14 | MRS VICKI KAZACOS & MR PETER KAZACOS | 2,940,781 | 1.002% |
| 15 | 53 CAPITAL PTY LTD <THE LION ROSE A/C> | 2,699,761 | 0.919% |
| 16 | MISS HELEN ELEANOR JOSEPH | 2,693,806 | 0.917% |
| 17 | MRS JANE SINGH | 2,666,666 | 0.908% |
| 18 | MR JASON DAVID BROWN | 2,597,929 | 0.885% |
| 19 | PAMELA VAN ZYL & BRENDA IRIS TRIPP | 2,569,044 | 0.875% |
| 20 | CHEMBANK PTY LIMITED <R T UNIT A/C> | 2,500,000 | 0.851% |
| 21 | MR ROBERT TODD RUPPERT | 2,500,000 | 0.851% |
| 22 | M COLE PTY LTD | 2,500,000 | 0.851% |
| | **Total Securities of Top 20 Holdings** | **192,585,851** | **65.591%** |
| | **Total of Securities** | **293,616,875** | |