

1. Company details

Name of entity:	Mobilicom Limited
ABN:	26 617 155 978
Reporting period:	For the half-year ended 30 June 2019
Previous period:	For the half-year ended 30 June 2018

2. Results for announcement to the market

			\$
Revenues from ordinary activities	up	24.0% to	1,768,118
Loss from ordinary activities after tax attributable to the owners of Mobilicom Limited	up	10.3% to	(1,417,127)
Loss for the half-year attributable to the owners of Mobilicom Limited	up	10.3% to	(1,417,127)

Dividends

There were no dividends paid, recommended or declared during the current financial period.

Comments

The loss for the consolidated entity after providing for income tax amounted to \$1,417,127 (30 June 2018: \$1,284,963).

Revenue

Revenue from sales increased by \$341,759 to \$1,768,118 from the prior period (30 June 2018: \$1,426,359). This increase has resulted from the following:

- Growth in revenues from both existing and new customers; and
- Sales of full system solutions and different market applications.

Other income for the half year includes Government grants, which are up by 124% on the equivalent period in 2018.

Expenses

The expenses for the half year to 30 June 2019 were according to the company's expenses plan which allowed the execution of company growth and to satisfy an increase in orders forecast.

Statement of Financial Position

Cash reserves increased by \$1,975,774 to \$6,935,019 during the half year (31 December 2018: \$4,959,245) following the Company's capital raising of \$4 million completed during the half-year. The movement in cash has driven an overall increase in net assets of \$2,333,670 to \$6,628,663.

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	<u>2.57</u>	<u>1.97</u>

4. Control gained over entities

Not applicable.

5. Loss of control over entities

Not applicable.

6. Dividends

Current period

There were no dividends paid, recommended or declared during the current financial period.

Previous period

There were no dividends paid, recommended or declared during the previous financial period.

7. Dividend reinvestment plans

Not applicable.

8. Details of associates and joint venture entities

Not applicable.

9. Foreign entities

Details of origin of accounting standards used in compiling the report:

The Company's foreign entity's financial results are compiled in accordance the International Financial Reporting Standards (IFRS).

10. Audit qualification or review

Details of audit/review dispute or qualification (if any):

The financial statements were subject to a review by the auditors and the review report is attached as part of the Half-year financial report.

11. Attachments

Details of attachments (if any):

The Half-year financial report of Mobilicom Limited for the half-year ended 30 June 2019 is attached.

12. Signed

Signed _____



Oren Elkayam
Chairman and Managing Director

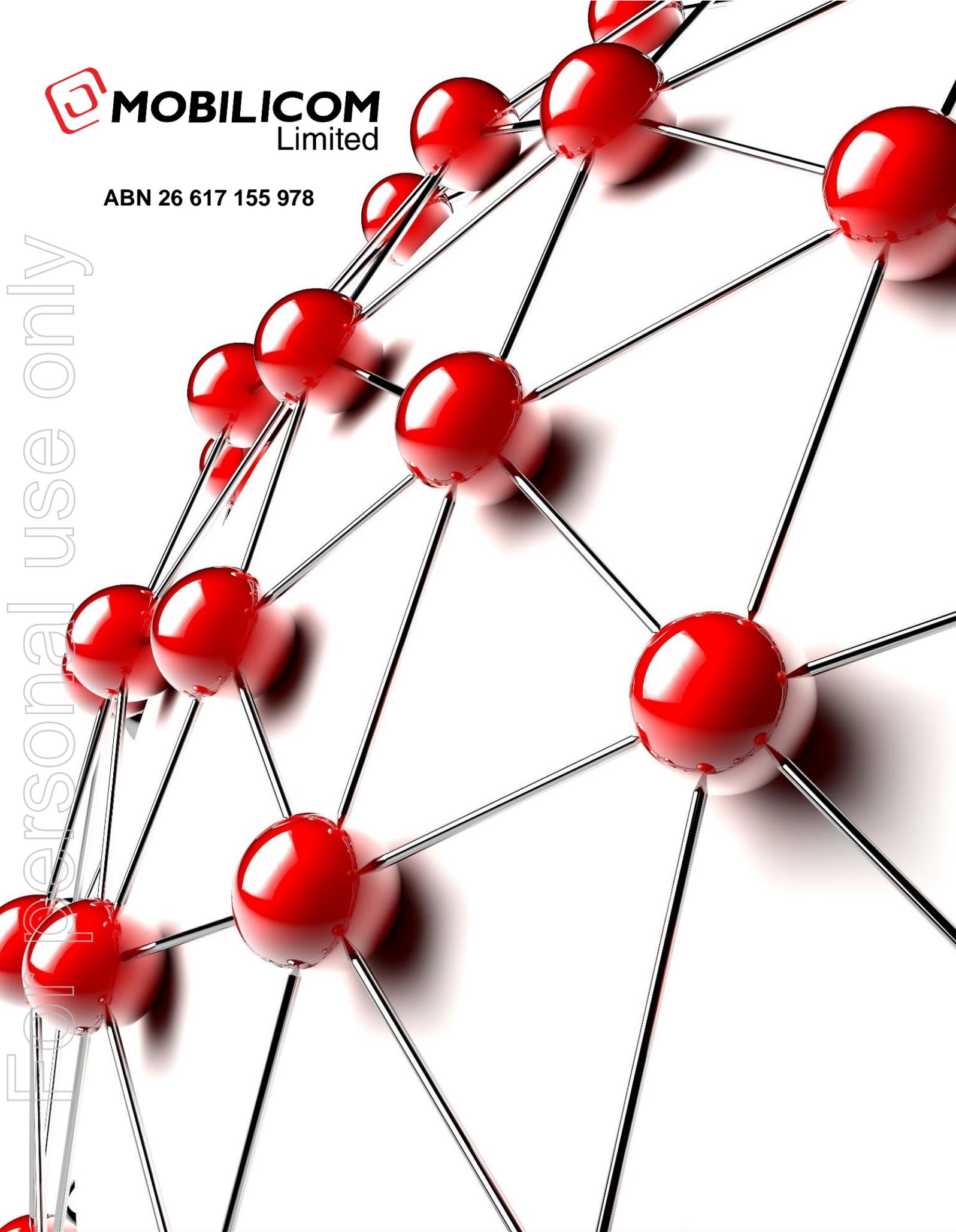
Date: 31 July 2019

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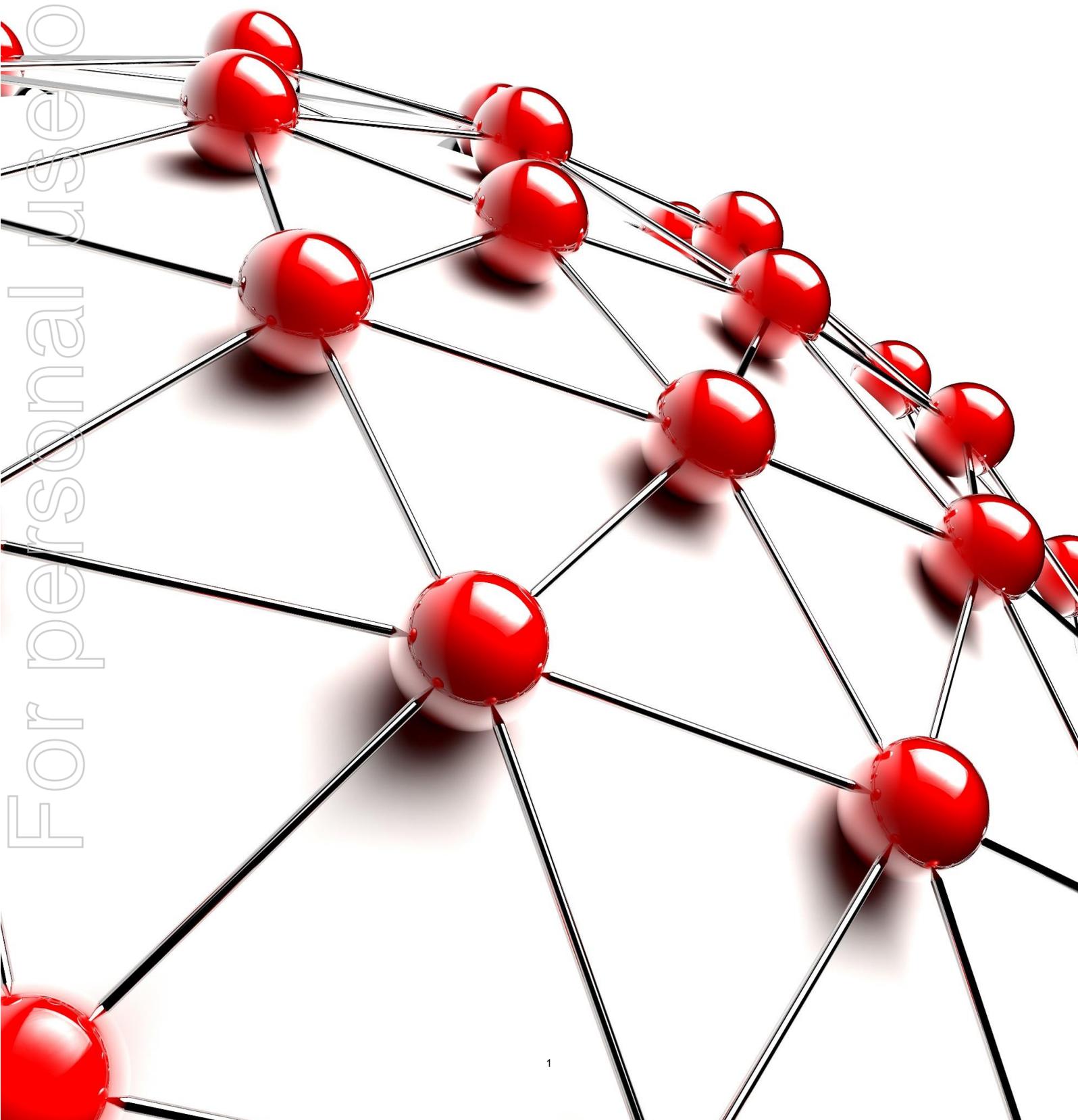


ABN 26 617 155 978

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Directors

Oren Elkayam (Chairman and Managing Director)
Yossi Segal (Executive Director)
Campbell McComb (Non-executive Director)
Mark Licciardo (Non-executive Director)
Jonathan Brett (Non-executive Director)

Company secretary

Kate Goland

Registered office

C/- Mertons Corporate Services Pty Ltd
Level 7
330 Collins Street
Melbourne, VIC 3000
Ph: 03 8689 9997

Share register

Boardroom Pty Limited
Level 12, 225 George Street
Sydney, NSW, 2000
Ph: 1300 737 760 (within Australia)
Ph: +61 2 9290 9600

Auditor

BDO East Coast Partnership
Collins Square, Tower 4
Level 18, 727 Collins Street
Melbourne, Victoria, 3008

Stock exchange listing

Mobilicom Limited shares are listed on the Australian Securities Exchange (ASX code: MOB)

Website

<https://mobilicom-ltd.com.au>

Mobilicom Limited 2019 Half-Year Report – Company Summary

1. FINANCIAL HIGHLIGHTS

Financial results:

The company has improved its financial results across all parameters, growing its revenues to \$1.8 million, up 24% from \$1.4 million in H1 2018. This increase resulted from both existing and new customers, as well as from sales of full system solutions and different market applications.

Total 2019 YTD income* increased to \$2.3 million, up 36% from \$1.7 million in the comparative 2018 period.

Government grants for the year increased to \$432K, up 124% compared to the prior period.

Mobilicom has a strong cash balance of \$6.9 million as of 30 June 2019.

The Company finished this half-year with a backlog of over \$300,000 in purchase orders for delivery in H2 2019.

Operating expenses were incurred to drive both business and R&D initiatives. On the business side, expenses were incurred to build the Company's market position and sales for the coming years as well as to drive continued sales momentum of its full system solutions. R&D expenses were incurred to develop the Company's cybersecurity solution for drones and robotics in order to yield licensing revenue as well as continued investment in maintaining the technology gap.

Capital raising

In April, Mobilicom completed a \$4.0 million placement of 40 million new fully paid ordinary shares at \$0.10 (10 cents) per share to accelerate the Company's expansion opportunities with key strategic partners.

Mobilicom is using these funds to advance several large projects including its breakthrough full system HLS drone upgrade offering; continued efforts toward the release of Mobilicom's joint offering with Yuneec; continued integration and support for Airbus in their HLS and commercial sales activities; and the AI-based cybersecurity project with the Israel Ministry of Defense and Innovation Authority.

2. SIGNIFICANT COMPANY MILESTONES

Mobilicom Successes

Full System Sales to Israel Ministry of Defense Exceed \$850K

In March, Mobilicom received an order of \$572K for its commercial drone upgrade solution from the Israel Army, followed by an order of more than \$280K from the Israel Navy in June, taking overall Israel Ministry of Defense (MOD) orders for the half year to more than \$850K. Other orders are expected and Mobilicom is on track to achieve its target of \$1 million from the MOD by the end of calendar 2019.

The solution was developed as a result of the US ban on the use of certain types of drones in security operations as a result of backdoor cyber risks. It is capable of being used as an add-on for a considerable number of existing drones in the market.

Japanese Telco Giant, NTT, Fifth Largest Telecommunications Company in the World

Mobilicom received new purchase orders exceeding \$200K from Japanese telecommunications giant, Nippon Telegraph & Telephone Corporation (NTT), the fifth largest telecommunications company in the world and has indicated that it expects to place multiple orders with Mobilicom each year.

Mobilicom prepared kits, each containing approximately 10 MCU products for the Japanese Self Defense Forces ("SDF"). The SDF comprises of ground, naval and air divisions, with each division having a presence across each of the cities and prefectures in Japan. This gives Mobilicom a very large potential sales magnitude with NTT.

*Income consists of Revenue, Grants and Interest.

SkyHopper Successes

SkyHopper by Mobilicom has sold its end-to-end equipment solutions for making drones and robotics smarter across numerous new and existing key customers, generating growing revenues within the business unit.

In H1 2019, SkyHopper's end-to-end solutions were sold to 16 new and existing customers including Samsung in S. Korea; two autonomous drone companies, Azur Drones in France and Easy Aerial in the US; and several other drone and robotics companies across the US, Japan, France, Taiwan, Finland, and Israel.

Yuneec International, the World's Second Largest Drone Manufacturer

In the March quarter, Mobilicom entered into a key strategic partnership with Yuneec International. Yuneec will release two drone solutions based on the SkyHopper product portfolio, targeted at the commercial and government markets.

Yuneec is a global leader in drones and electric aviation, producing more than one million products per year. It is expected that this partnership will have a sales impact beginning later this year.

Yuneec and Mobilicom have made excellent progress on their joint drone offering, with the development and testing of initial H520-SkyHopper drone system prototypes completed.

R&D program with Israel Ministry of Defense & Israel Innovation Authority

The Israel Ministry of Defense and the Israel Innovation Authority approved a \$1.8 million research and development (R&D) program for Mobilicom. This is a 2 and a half-year program for the development of cybersecurity using Artificial Intelligence (AI) for drones and robotics platforms.

This reinforces Mobilicom as a holistic provider of solutions for drones and robotics and strengthens the Company's long-term financial position and cash flow performance.

The program has been officially launched and Mobilicom's team has begun working on the research and development for the product.

SkyHopper becomes the first certified high power, long range, highly secured data link in Japan

Mobilicom received the Japanese high-power transmission certification for its SkyHopper data links, making SkyHopper the first certified high power, long range, highly secured data link in Japan. The certification comes after SkyHopper received the low-power Japanese TELEC certification at the end of 2017. The high power TELEC certification has increased demand from existing and new customers serving the Japanese market.

3. COMPANY INTRODUCTION

Mobilicom Limited (ASX: MOB) designs, develops and delivers holistic communication solutions for mission critical and remote mobile private networks without the need for any infrastructure. Mobilicom's products and technologies are based on an innovative approach that merges 4G and Mobile MESH technologies. Mobilicom has a large solution portfolio with deployments worldwide.

It is comprised of two business entities:

- **The Mobilicom business entity** targets the Government & Enterprise sector. It offers holistic solutions and equipment that cater to mission-critical communication, with applications in Unmanned Platforms; Disaster Relief & Public Safety; and Offshore & Remote Areas.
- **The SkyHopper business entity** targets the Commercial & Industrial Drone & Robotics market. SkyHopper offers a holistic approach that consists of end-to-end equipment, integration and support services, with the mission of making drones and robotics smarter. This enables commercial and industrial drone & robotics manufacturers to increase their chances for success by focusing on their own business objectives, reducing time-to-market and minimizing resource expenditures.

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Mobilicom Limited (referred to hereafter as the 'company', 'Mobilicom Australia' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 30 June 2019.

Directors

The following persons were directors of Mobilicom Limited during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

Oren Elkayam (Chairman and Managing Director)
Yossi Segal (Executive Director)
Campbell McComb (Non-executive Director)
Mark Licciardo (Non-executive Director)
Jonathan Brett (Non-executive Director)

Principal activities

The consolidated entity's principal activity is seeking to further commercialise solutions for mission critical and remote mobile private communications networks without the need to rely upon or utilise existing infrastructure.

Review of operations

The loss for the consolidated entity after providing for income tax amounted to \$1,417,127 (30 June 2018: \$1,284,963).

Revenue

Revenue from sales increased by \$341,759 to \$1,768,118 from the prior period (30 June 2018: \$1,426,359). This increase has resulted from the following:

- Growth in revenues from both existing and new customers; and
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Expenses

The expenses for the half year to 30 June 2019 were according to the company's expenses plan which allowed the execution of company growth and to satisfy an increase in orders forecast.

Statement of Financial Position

Cash reserves increased by \$1,975,774 to \$6,935,019 during the half year (31 December 2018: \$4,959,245) following the Company's capital raising of \$4 million completed during the half-year. The movement in cash has driven an overall increase in net assets of \$2,333,670 to \$6,628,663.

Significant changes in the state of affairs

During the half-year the Company successfully raised \$4,006,000 through the issue of 40,060,000 new fully paid ordinary shares at an issue price of \$0.10 (10 cents) per share.

There were no other significant changes in the state of affairs of the consolidated entity during the financial half-year.

Matters subsequent to the end of the financial half-year

No matter or circumstance has arisen since 30 June 2019 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors



Oren Elkayam
Chairman and Managing Director

31 July 2019
Tel Aviv

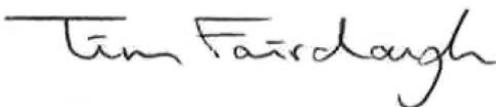
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DECLARATION OF INDEPENDENCE BY TIM FAIRCLOUGH TO THE DIRECTORS OF MOBILICOM LIMITED

As lead auditor for the review of Mobilicom Limited for the half-year ended 30 June 2019, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Mobilicom Limited and the entities it controlled during the period.



Tim Fairclough
Partner

BDO East Coast Partnership

Melbourne, 31 July 2019

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Mobilicom Limited
Consolidated statement of profit or loss and other comprehensive income
For the half-year ended 30 June 2019



	Note	Consolidated 30 June 2019 \$	Consolidated 30 June 2018 \$
Revenue		1,768,118	1,426,359
Cost of sales		(525,746)	(382,114)
Realised foreign currency gains		95,427	-
Government grants		432,170	193,265
Interest received		18,732	81,906
Other income		450,902	275,171
Expenses			
Selling and marketing expenses		(869,602)	(769,802)
Research and development		(1,512,888)	(1,247,629)
Share based payments		(84,680)	(55,882)
Finance costs		(20,196)	(5,706)
General and administration expenses		(718,462)	(525,360)
Loss before income tax expense		(1,417,127)	(1,284,963)
Income tax expense		-	-
Loss after income tax expense for the half-year attributable to the owners of Mobilicom Limited		(1,417,127)	(1,284,963)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		(124,402)	(7,396)
Movement in re-measurement reserve		(18,361)	-
Other comprehensive income for the half-year, net of tax		(142,763)	(7,396)
Total comprehensive income for the half-year attributable to the owners of Mobilicom Limited		(1,559,890)	(1,292,359)
		Cents	Cents
Basic earnings per share	14	(0.61)	(0.59)
Diluted earnings per share	14	(0.61)	(0.59)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

		Consolidated	
	Note	30 June 2019	31 December 2018
		\$	\$
Assets			
Current assets			
Cash and cash equivalents	4	6,935,019	4,959,245
Trade and other receivables	5	992,520	490,144
Inventories		449,140	437,483
Total current assets		<u>8,376,679</u>	<u>5,886,872</u>
Non-current assets			
Property, plant and equipment		179,778	39,111
Right-of-use assets	6	1,029,382	-
Total non-current assets		<u>1,209,160</u>	<u>39,111</u>
Total assets		<u>9,585,839</u>	<u>5,925,983</u>
Liabilities			
Current liabilities			
Trade and other payables	7	1,222,864	986,512
Lease liabilities	8	206,662	-
Total current liabilities		<u>1,429,526</u>	<u>986,512</u>
Non-current liabilities			
Lease liabilities	9	812,114	-
Employee benefits		529,915	476,798
Governmental liabilities on grants received		185,621	167,680
Total non-current liabilities		<u>1,527,650</u>	<u>644,478</u>
Total liabilities		<u>2,957,176</u>	<u>1,630,990</u>
Net assets		<u>6,628,663</u>	<u>4,294,993</u>
Equity			
Issued capital	10	22,884,795	19,075,915
Reserves	11	818,594	876,677
Accumulated losses		<u>(17,074,726)</u>	<u>(15,657,599)</u>
Total equity		<u>6,628,663</u>	<u>4,294,993</u>

Mobilicom Limited
Consolidated statement of changes in equity
For the half-year ended 30 June 2019



Consolidated	Issued capital \$	Share based payments reserve \$	Foreign currency reserve \$	Accumulated losses \$	Total equity \$	
Balance at 1 January 2018	19,055,915	1,000,339	(236,927)	(12,480,913)	7,338,414	
Loss after income tax expense for the half-year	-	-	-	(1,284,963)	(1,284,963)	
Other comprehensive income for the half-year, net of tax	-	-	(7,396)	-	(7,396)	
Total comprehensive income for the half-year	-	-	(7,396)	(1,284,963)	(1,292,359)	
<i>Transactions with owners in their capacity as owners:</i>						
Share-based payments (note 15)	-	55,882	-	-	55,882	
Balance at 30 June 2018	<u>19,055,915</u>	<u>1,056,221</u>	<u>(244,323)</u>	<u>(13,765,876)</u>	<u>6,101,937</u>	
Consolidated	Issued capital \$	Share based payments reserve \$	Foreign currency reserve \$	Re-measurement reserve \$	Accumulated losses \$	Total equity \$
Balance at 1 January 2019	19,075,915	1,072,030	160,988	(356,341)	(15,657,599)	4,294,993
Loss after income tax expense for the half-year	-	-	-	-	(1,417,127)	(1,417,127)
Other comprehensive income for the half-year, net of tax	-	-	(124,402)	(18,361)	-	(142,763)
Total comprehensive income for the half-year	-	-	(124,402)	(18,361)	(1,417,127)	(1,559,890)
<i>Transactions with owners in their capacity as owners:</i>						
Contributions of equity, net of transaction costs (note 10)	3,808,880	-	-	-	-	3,808,880
Share-based payments (note 15)	-	84,680	-	-	-	84,680
Balance at 30 June 2019	<u>22,884,795</u>	<u>1,156,710</u>	<u>36,586</u>	<u>(374,702)</u>	<u>(17,074,726)</u>	<u>6,628,663</u>

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes

Mobilicom Limited
Consolidated statement of cash flows
For the half-year ended 30 June 2019



	Consolidated	
	30 June 2019	30 June 2018
	\$	\$
Cash flows from operating activities		
Receipts from customers	1,427,866	1,421,581
Payments to suppliers and employees	(3,485,903)	(3,128,549)
Interest received	18,732	46,105
Interest and other finance costs paid	(20,676)	(3,569)
Receipt of government grants	432,170	193,265
	<u> </u>	<u> </u>
Net cash used in operating activities	(1,627,811)	(1,471,167)
Cash flows from investing activities		
Payments for property, plant and equipment	(146,455)	(7,039)
	<u> </u>	<u> </u>
Net cash used in investing activities	(146,455)	(7,039)
Cash flows from financing activities		
Proceeds from issue of shares	4,006,000	-
Share issue transaction costs	(217,120)	-
	<u> </u>	<u> </u>
Net cash from financing activities	3,788,880	-
Net increase/(decrease) in cash and cash equivalents	2,014,614	(1,478,206)
Cash and cash equivalents at the beginning of the financial half-year	4,959,245	8,077,472
Effects of exchange rate changes on cash and cash equivalents	(38,840)	40,798
	<u> </u>	<u> </u>
Cash and cash equivalents at the end of the financial half-year	<u>6,935,019</u>	<u>6,640,064</u>

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes

Note 1. General information

The financial statements cover Mobilicom Limited as a Group consisting of Mobilicom Limited and the entities it controlled at the end of, or during, the half year. The financial statements are presented in Australian dollars, which is Mobilicom Limited's functional and presentation currency.

The functional currency of Mobilicom Limited's subsidiary, Mobilicom Ltd ("Mobilicom Israel"), is Israeli New Shekels.

Mobilicom Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business are:

Registered office

C/- Mertons Corporate Services Pty Ltd
Level 7, 330 Collins Street
Melbourne, Victoria, 3000
Australia

Principal place of business

Level 7, 90 Collins Street
Melbourne, Victoria, 3000
Australia

A description of the nature of the consolidated entity's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 31 July 2019.

Note 2. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 30 June 2019 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 31 December 2018 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the policies stated below.

New Accounting Standards and Interpretations adopted

AASB 16: Leases

The consolidated entity has adopted AASB 16 from 1 January 2019. The standard replaces AASB 117 'Leases' and for lessees eliminates the classifications of operating leases and finance leases. Except for short-term leases and leases of low-value assets, right-of-use assets and corresponding lease liabilities are recognised in the statement of financial position. Straight-line operating lease expense recognition is replaced with a depreciation charge for the right-of-use assets (included in operating costs) and an interest expense on the recognised lease liabilities (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However, EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results improve as the operating expense is now replaced by interest expense and depreciation in profit or loss. For classification within the statement of cash flows, the interest portion is disclosed in operating activities and the principal portion of the lease payments are separately disclosed in financing activities. For lessor accounting, the standard does not substantially change how a lessor accounts for leases.

Note 2. Significant accounting policies (continued)

Impact on application

AASB 16

On 25 October 2018, the Company had engaged with a third party in a new agreement for leasing offices and an R&D center in Shoham ("The Agreement") which replaced the old lease agreement according to Note 8(a) of the financial statements for Dec 31, 2018.

The initial contract period began on 1 February 2019 and ends on 31 January 2024. According to the Agreement, the Company may either end the Agreement 12 months early or exercise one or more of three options for extending the Agreement for an additional 2 years each. On 17 February 2019, the Company relocated its offices and R&D center to Shoham.

AASB 16 was adopted using the modified retrospective approach and as such the comparatives have not been restated. The impact of adoption on opening retained profits as at 1 January 2019 was as follows:

	Consolidated 30 June 2019 \$
Assets	
Right of use assets (AASB 16)	1,029,382
Liabilities	
Lease Liabilities - current (AASB 16)	206,662
Lease Liabilities - non-current (AASB 16)	812,114
	1,018,776

Right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the consolidated entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

Lease Liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the consolidated entity's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

Note 2. Significant accounting policies (continued)

New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the half year ended 30 June 2019. The consolidated entity's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the consolidated entity, are set out below.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Note 3. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

The judgement, estimates, and assumptions are consistent with those of the previous financial year and corresponding interim reporting period, except what is stated below.

Revenue from contracts with customers involving sale of goods

When recognising revenue in relation to the sale of goods to customers, the key performance obligation of the consolidated entity is considered to be the point of delivery of the goods to the customer, as this is deemed to be the time that the customer obtains control of the promised goods, and the performance obligation is satisfied.

Provision for impairment of receivables

The provision for impairment of receivables assessment requires a degree of estimation and judgement. The level of provision is assessed by taking into account the recent sales experience, the ageing of receivables, historical collection rates and specific knowledge of the individual debtor's financial position.

Note 4. Current assets - cash and cash equivalents

	Consolidated	31 December
	30 June 2019	2018
	\$	\$
Cash at bank	6,935,019	3,616,381
Cash on deposit	-	1,342,864
	<u>6,935,019</u>	<u>4,959,245</u>

Note 5. Current assets - trade and other receivables

	Consolidated	
	30 June 2019	31 December 2018
	\$	\$
Trade receivables	858,757	270,666
Other receivables	133,763	219,478
	<u>992,520</u>	<u>490,144</u>

Note 6. Non-current assets - right-of-use assets

	Consolidated	
	30 June 2019	31 December 2018
	\$	\$
Land and buildings - right-of-use	1,029,382	-
	<u>1,029,382</u>	<u>-</u>

Additions to the right-of-use assets during the half-year were \$1,029,382

The consolidated entity leases land and buildings for its offices in Israel under agreements for 5 years and in some cases, options to extend. On renewal, the terms of the leases are renegotiated.

Reconciliations

Reconciliations of the written down values at the beginning and end of the current financial half-year are set out below:

Consolidated	\$
Balance at 1 January 2019	-
Additions	<u>1,029,382</u>
Balance at 30 June 2019	<u>1,029,382</u>

Note 7. Current liabilities - trade and other payables

	Consolidated	
	30 June 2019	31 December 2018
	\$	\$
Trade payables	522,752	256,710
Other payables	700,112	729,802
	<u>1,222,864</u>	<u>986,512</u>

Note 8. Current liabilities - lease liabilities

	Consolidated	
	30 June 2019	31 December 2018
	\$	\$
Lease liability	206,662	-
	<u>206,662</u>	<u>-</u>

Note 9. Non-current liabilities - lease liabilities

	Consolidated	
	30 June 2019	31 December 2018
	\$	\$
Lease liability	812,114	-

Note 10. Equity - issued capital

	Consolidated			
	30 June 2019	31 December 2018	30 June 2019	31 December 2018
	Shares	Shares	\$	\$
Ordinary shares - fully paid	<u>257,936,715</u>	<u>217,626,715</u>	<u>22,884,795</u>	<u>19,075,915</u>

Movements in spare share capital

Details	Date	Shares	Issue price	\$
Balance	1 January 2019	217,626,715		19,075,915
Issue of shares to Directors	26 April 2019	250,000	\$0.08	20,000
Placement	26 April 2019	26,975,000	\$0.10	2,697,500
Placement	29 April 2019	12,085,000	\$0.10	1,208,500
Placement	27 June 2019	1,000,000	\$0.10	100,000
Capital raising costs		-	-	(217,120)
Balance	30 June 2019	<u>257,936,715</u>		<u>22,884,795</u>

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Note 11. Equity - reserves

	Consolidated	
	30 June 2019	31 December 2018
	\$	\$
Foreign currency reserve	36,586	160,988
Share-based payments reserve	1,156,710	1,072,030
Re-measurement reserve	<u>(374,702)</u>	<u>(356,341)</u>
	<u>818,594</u>	<u>876,677</u>

Foreign currency reserve

The reserve is used to recognise exchange differences arising from the translation of the financial statements of foreign operations to Australian dollars.

Note 11. Equity - reserves (continued)

Share-based payments reserve

The reserve is used to recognise the value of equity benefits provided to employees and directors as part of their remuneration, and other parties as part of their compensation for services.

Re-measurements reserve

The reserve is used for remeasurements comprising actuarial gains and losses on the net defined benefit liability.

Movements in reserves

Movements in each class of reserve during the current financial half-year are set out below:

Consolidated	Re- measurement reserve \$	Share based payments reserve \$	Foreign currency reserve \$	Total \$
Balance at 1 January 2019	(356,341)	1,072,030	160,988	876,677
Foreign currency translation	(18,361)	84,680	(124,402)	(58,083)
Balance at 30 June 2019	<u>(374,702)</u>	<u>1,156,710</u>	<u>36,586</u>	<u>818,594</u>

Note 12. Equity - dividends

There were no dividends paid, recommended or declared during the current or previous financial half-year.

Note 13. Events after the reporting period

No matter or circumstance has arisen since 30 June 2019 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Note 14. Earnings per share

	Consolidated	Consolidated
	30 June 2019	30 June 2018
	\$	\$
Loss after income tax attributable to the owners of Mobilicom Limited	<u>(1,417,127)</u>	<u>(1,284,963)</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>231,559,837</u>	<u>217,376,715</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>231,559,837</u>	<u>217,376,715</u>
	Cents	Cents
Basic earnings per share	(0.61)	(0.59)
Diluted earnings per share	(0.61)	(0.59)

The rights to options held by option holders have not been included in the weighted average number of ordinary shares for the purposes of calculating diluted EPS as they do not meet the requirements for inclusion in AASB 133 "Earnings per Share". The rights to options are non-dilutive as the consolidated entity is loss generating.

Note 15. Share-based payments

During the half-year period the Company issued a total of 3,000,000 unlisted options to the Non-executive Directors and 300,000 unlisted options to an employee in accordance with the Company's Employee Share Option Plan. Below is a summary of the options on issue at the end of the period:

30 June 2019

Grant date	Expiry date	Exercise price	Balance at the start of the half-year	Granted	Exercised	Expired/forfeited/other	Balance at the end of the half-year
27/04/2017	27/04/2020	\$0.20	3,400,000	-	-	-	3,400,000
27/04/2017	27/04/2022	\$0.20	1,850,000	-	-	-	1,850,000
10/03/2010	20/03/2020	\$0.05	460,568	-	-	-	460,568
21/09/2011	21/09/2021	\$0.05	460,568	-	-	-	460,568
05/11/2015	25/11/2025	\$0.12	307,044	-	-	-	307,044
20/10/2016	26/10/2026	\$0.12	614,090	-	-	-	614,090
25/09/2011	25/09/2021	\$0.05	1,919,030	-	-	-	1,919,030
05/11/2015	05/11/2025	\$0.12	1,151,417	-	-	-	1,151,417
17/04/2018	16/04/2023	\$0.15	5,200,000	-	-	-	5,200,000
30/05/2018	29/05/2024	\$0.15	400,000	-	-	-	400,000
29/09/2018	19/09/2023	\$0.15	600,000	-	-	-	600,000
30/05/2019	26/06/2025	\$0.15	-	3,000,000	-	-	3,000,000
21/05/2019	21/05/2024	\$0.15	-	300,000	-	-	300,000
			<u>16,362,717</u>	<u>3,300,000</u>	<u>-</u>	<u>-</u>	<u>19,662,717</u>

For the options granted during the current financial half-year, the valuation model inputs used to determine the fair value at the grant date, are as follows:

Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
21/05/2019	21/05/2024	\$0.09	\$0.15	71.00%	-	1.27%	\$0.047
30/05/2019	27/06/2024	\$0.09	\$0.15	71.01%	-	1.27%	\$0.050

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 30 June 2019 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors



Oren Elkayam
Chairman and Managing Director

31 July 2019
Tel Aviv

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Mobilicom Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Mobilicom Limited (the Company) and its subsidiaries (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 half-year then ended, and notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the Group is not in accordance with the *Corporations Act 2001* including:

- (i) Giving a true and fair view of the Group's financial position as at 30 June 2019 and of its financial performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Directors' responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year 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 half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 30 June 2019 and its financial performance for the half-year ended on that date and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

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Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Group, would be in the same terms if given to the directors as at the time of this auditor's review report.

BDO East Coast Partnership

BDO

Tim Fairclough

Tim Fairclough
Partner

Melbourne, 31 July 2019

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