

MOBECOM LIMITED

APPENDIX 4E

1. Company Details

Name of Entity:	Mobecom Limited
ABN:	47 125 688 940
Reporting Period:	For the year ended 30 June 2019
Previous Period:	For the year ended 30 June 2018

2. Results for announcement to the market

On 11 October 2017, Mobecom Limited (the legal parent) acquired CSB Engage Pte Limited ("CSB Engage") and its controlled entities (collectively "CSB Engage Group"). 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 acquisition in AASB 3 Business Combinations and AASB 2 Share-based Payment.

In preparing the Preliminary Financial Report, CSB Engage has been treated as the "accounting parent". The 2018 comparative information includes that of the CSB Engage Group, and that of Mobecom Limited and its controlled entities for the period since 11 October 2017.

	\$'000	Percentage increase /(decrease) over previous corresponding period
Revenues from ordinary activities	3,699	182.29%
Loss from ordinary activities after tax	7,415	(40.33%)
Loss for the year attributable to the owners of Mobecom Limited	7,400	(40.45%)

Dividends

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

Brief explanation for any of the figures reported above necessary, to enable the figures to be understood:

Refer to the attached Review of Operations and Financial Results for further commentary.

3. Net Tangible Assets

	30 June 2019	30 June 2018
Net tangible assets per ordinary security	(\$0.02)	(\$0.01)

4. Details of Entities over which control has been gained or lost

Name of entity (or group of entities)	Paid By Coins Pty Ltd
Date control gained – 80%	17 December 2018
Contribution of the controlled entity (or group of entities) to the profit/(loss) from ordinary activities during the period, from the date of gaining or losing control	(\$14,787)
Profit (loss) from ordinary activities of the controlled entity (or group of entities) for the whole of the previous corresponding period	Not Applicable
Contribution to consolidated profit/(loss) from ordinary activities from the sale of interest leading to the loss of the company	Not Applicable

Name of entity (or group of entities)	AirCrypto Pty Ltd
Date control gained – 51%	11 May 2019
Contribution of the controlled entity (or group of entities) to the profit/(loss) from ordinary activities during the period, from the date of gaining or losing control	(\$5.00)
Profit (loss) from ordinary activities of the controlled entity (or group of entities) for the whole of the previous corresponding period	Not Applicable
Contribution to consolidated profit/(loss) from ordinary activities from the sale of interest leading to the loss of the company	Not Applicable

5. Details of Associates and Joint Venture Entities

There were no associate and joint venture entities during the reporting period.

6. Audit qualification or review

The financial statements are subject to audit.

We refer to the Notice of Meeting released on 27 August 2019 to hold a General Meeting of Shareholders on 27 September 2019. The Company is seeking shareholder approval for the appointment of MNSA Pty Ltd as auditor of the Company at that meeting.

MNSA Pty Ltd cannot express a view at this stage.

7. Attachments

The Review of Operations and Financial Results and Preliminary Financial Report of Mobecom Limited for the year ended 30 June 2019 are attached.

Signed



Neil Joseph
Executive Director
Sydney, 30 August 2019

MOBECOM LIMITED

REVIEW OF OPERATIONS AND FINANCIAL RESULTS

30 JUNE 2019

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 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 Pty Ltd. Mobecom made a payment of \$51.00 to Lakeba Ventures. Mobecom also paid to Lakeba Group \$1,000,000 development costs 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. (For further information refer to ASX Release on 15 May 2018.)

The Aircrypto platform acts as a gateway to convert the relevant cryptocurrency into Airbux value.

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.

Review of Operations and Financial Results (continued)

Corporate activities (continued)

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 will be rolled out in the Australian market for two of its brands by the end of financial year 2019. 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 proposes, subject to shareholder approval at the General Meeting of Shareholders to be 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.

Financial Review

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 comparatives for the audited annual results for the year ended 30 June 2018 are set out below:

Review of Operations and Financial Results (continued)

Financial Review (continued)

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

	Year ended 30 June 2019 \$	Year ended 30 June 2018 \$
Revenue from continuing operations and other revenue	4,487,070	2,382,481
Loss before taxation and extraordinary items	(7,415,264)	(12,427,995)
Extraordinary items and non-recurring expenditure	1,000,000	6,343,942
Share based payments	1,735,679	267,745
Loss before taxation and extraordinary items and non-recurring expenditure	(4,679,585)	(5,816,308)

Revenue from continuing operations and other revenue for the year ended 30 June 2019 was \$4,487,070 (30 June 2018: \$2,382,481) representing an 88.3% increase over the prior comparative period. Revenue for the financial year 30 June 2018 was retrospectively adjusted for by \$286,152 due to changes to the Accounting Standard AASB15 Revenue from Contracts with Customers.

The loss for the Group before providing for income tax and extraordinary items and non-recurring expenditure amounted to \$4,679,585 (2018: Loss \$5,816,308). Extraordinary items and 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. Extraordinary items and 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 \$766,126 (2018: \$822,735).

FUTURE DEVELOPMENTS AND BUSINESS STRATEGIES

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

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

**MOBECOM LIMITED
AND ITS CONTROLLED ENTITIES**

ABN: 47 125 688 940

**PRELIMINARY FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2019**

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2019

	NOTE	2019 \$	2018 \$
Revenue from continuing operations		3,699,519	1,024,383*
Costs of Sales		(2,133,022)	(214,610)
Gross Profit		1,566,497	809,773
Other revenue	3	787,551	1,071,946
Depreciation and amortisation		(17,919)	(201,917)
Impairment of intangibles		-	(150,000)
Impairment of development cost	7	(1,000,000)	-
Administrative and other corporate costs		(2,367,342)	(3,075,449)
Finance costs	4	(575,666)	(620,817)
Employee benefits expense		(4,072,706)	(4,271,376)
Employee benefits expense – share based payments	4	(1,735,679)	(267,745)
Listing fee recognised on reverse acquisition		-	(6,008,560)
Loss before income tax		(7,415,264)	(12,714,145)
Income tax benefit		-	-
Net loss for the year		(7,415,264)	(12,714,145)
Loss attributed to non-controlling interest		(14,792)	-
Loss attributed to owners of Mobecom Limited		(7,400,472)	-
Other comprehensive (loss)/ income, net of tax		151,241	(38,609)
Total comprehensive loss		(7,249,231)	(12,752,754)
EARNINGS/(LOSS) PER SHARE:			
Basic loss per share (cents per share)		(3.60)	(9.46)
Diluted loss per share (cents per share)		(3.60)	(9.46)

* Refer to Note 2, 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 \$	2018 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		1,070,201	1,838,219
Trade and other receivables		1,443,658	1,149,649
Other assets		69,785	51,093
TOTAL CURRENT ASSETS		2,583,644	3,038,961
NON-CURRENT ASSETS			
Intangible assets	6	6,197,061	-
Plant and equipment		70,018	33,102
Other assets	7	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	8	4,427,766	2,551,548
Deferred revenue		315,127	172,746
Provisions		328,574	515,269
Borrowings	9	1,461,767	100,000
TOTAL CURRENT LIABILITIES		6,533,234	3,339,563
NON-CURRENT LIABILITIES			
Trade and other payables		499,767	1,039,949
Deferred revenue		197,403	184,341
Borrowings	9	541,263	998,733
Provisions		130,256	123,963
TOTAL NON-CURRENT LIABILITIES		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	10	26,162,391	17,288,743
Other equity		(64,009)	-
Reserves	11	2,967,537	630,733
Accumulated losses	2	(28,067,733)	(20,480,316)
TOTAL EQUITY (DEFICIENCY)		998,186	(2,560,840)

* Refer to Note 8, Adoption of AASB 15 'Revenue from Contracts with Customers', resulted in an 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	-	-	-	(7,587,417)	-	-	(7,587,417)
Other comprehensive income for the year after tax	-	151,241	-	-	-	-	151,241
Total comprehensive income for the year	17,288,743	(76,458)	-	(28,067,733)	858,432	-	(9,997,016)
Issue of shares	9,323,533	-	-	-	-	-	9,323,533
Share issue costs	(449,885)	-	-	-	-	-	(449,885)
Share based payments	-	-	-	-	2,185,563	-	2,185,563
Other equity - Paid By Coins	-	-	-	-	-	(64,004)	(64,004)
Other equity - AirCrypto	-	-	-	-	-	(5)	(5)
Balance as at 30 June 2019	26,162,391	(76,458)	-	(28,067,733)	3,043,995	(64,009)	998,186

*Refer to note 2

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR 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	-	(38,609)	-	(12,141,841)	-	-	(12,180,450)
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

	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
Finance costs paid	(354,367)	(569,724)
Net cash used in operating activities	(4,131,188)	(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
Investment in Paid By Coins Europe Limited	(1,493)	-
Cash acquired on acquisition of Paid By Coins Pty Ltd	33,087	-
Net cash 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 borrowing	(126,500)	-
Cost of capital raising	(263,532)	(71,176)
Net cash used in financing activities	3,412,711	2,070,261
Net increase/(decrease) 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	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: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This preliminary financial report has been prepared in accordance with ASX Listing Rule 4.3A and the Disclosure Requirements of ASX Appendix 4E.

The accounting policies have been consistently applied by the Group, consisting of Mobecom Limited and its controlled entities.

NOTE 2: 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
Other liabilities	-	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
Other liabilities	-	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 2: 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	-	(38,609)	-	(12,141,841)	-	(12,180,450)
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)

NOTE 3: OTHER REVENUE

	CONSOLIDATED	
	2019 \$	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 4: LOSS BEFORE INCOME TAX EXPENSE

	CONSOLIDATED	
	2019 \$	2018 \$
The result for the year includes the following specific items:		
Interest expense and other finance costs	428,166	259,686
Finance costs paid	147,500	361,131
Share based payments	1,735,679	267,745

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

NOTE 5: BUSINESS ACQUISITIONS

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 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 6: INTANGIBLE ASSETS

	2019 \$	2018 \$
Non-Current Assets – Intangible Assets		
a) Paid By Coins		
Goodwill		
Goodwill on acquisition – Paid By Coins Pty Ltd	6,197,061	-
Less: Accumulated impairment	-	-
Closing balance	6,197,061	-

The Company has engaged the services of Hall Chadwick Corporate (NSW) Limited to undertake an independent valuation.

Impairment testing

Paid By Coins Pty Limited 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.

b) Restraint of trade		
Goodwill on acquisition	539,648	569,885
Less: Accumulated amortisation	(539,648)	(569,885)
Closing balance	-	-
c) Customer List		
Customer List	300,000	300,000
Less: Accumulated amortisation	(150,000)	(150,000)
Less: impairment	(150,000)	(150,000)
Closing balance	-	-

NOTE 7: OTHER ASSETS

	2019 \$	2018 \$
Other Assets		
Capitalised Development cost	1,000,000	-
Less: Impairment of development costs	(1,000,000)	-
Closing Balance	-	-
Other assets	49,386	53,646
Total Other Assets	49,386	53,646

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

NOTE 8: TRADE AND OTHER PAYABLES

	2019 \$	2018 \$
Trade and Payables		
Trade Creditors	3,473,317	2,551,548
Other Creditors and Accruals*	954,449	-
Closing balance	4,427,766	2,551,548

*Included in other creditors and accruals is an amount of \$324,250 being shares subscription moneys received prior to the end of the reporting period and held in a trust until the shares were allotted in July 2019.

NOTE 9: BORROWINGS

	2019 \$	2018 \$
Current Borrowings		
Loans ⁱ	750,000	-
Loan due to related parties ^{ii&iii}	711,767	100,000
Total current borrowings	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.

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.

	2019 \$	2018 \$
Non-current borrowings		
Amounts owing to directors ⁱ	213,669	701,530
Amounts owing to shareholders	327,594	297,203
Total non-current borrowings	541,263	998,733

Interest is payable on amounts due to at a rate of 7.2% pa. Directors and shareholders have agreed to defer their rights to repayment of \$564,377 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 interest of \$220,043.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

NOTE 10: ISSUED CAPITAL

	30 JUNE 2019	30 JUNE 2018
	\$	\$
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)
	<u>26,162,391</u>	<u>17,288,743</u>

Fully Paid Ordinary Shares

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

	30- JUN -19	30-JUN-19	30-JUN-18	30-JUN-18
	NUMBER OF SHARES	ISSUE PRICE PER SHARE \$	NUMBER OF SHARES	ISSUE PRICE PER SHARE \$
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 promoters			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 Group.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

NOTE 11: RESERVES

	2019 \$	2018 \$
Option reserve		
Opening balance	858,432	-
Additions	2,185,563	858,432
Closing balance	3,043,995	858,432
Foreign currency translation reserve		
Opening balance	(227,699)	(189,090)
Foreign currency translation	151,241	(38,609)
Closing balance	(76,458)	(227,699)
Total Reserves	2,967,537	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 12: OPERATING 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) / profit before tax and other items	(2,064,964)	(266,537)	(422,237)	(3,642,967)	(6,396,704)
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) / profit before income tax	(3,072,984)	(274,879)	(424,434)	(3,642,967)	(7,415,264)
Profit 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) / profit 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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

NOTE 12: OPERATING SEGMENTS (continued)

2018	AUSTRALIA	SOUTH AFRICA	SINGAPORE	UNALLOCATED	TOTAL
	\$	\$	\$	\$	\$
Revenue and other income					
External sales	736,510	687,804	172,373	-	1,596,687
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	692,581	192,515	-	2,668,633
Segment net (loss) / profit before tax and other items	(5,271,536)	271,164	(1,168,008)	389,555	(5,778,825)
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)	267,916	(1,308,006)	(5,619,005)	(12,141,841)
Income tax benefit	-	-	-	-	-
Net (loss) / profit after income tax	(5,482,746)	267,916	(1,308,006)	(5,619,005)	(12,141,841)
Segment assets at 30 June 2018	2,838,445	232,480	54,784	-	3,125,709

NOTE 13: GOING CONCERN

For the year ended 30 June 2019, the consolidated entity incurred an operating loss of \$7,400,472 (2018: \$12,141,841), had net cash outflow from operating activities of \$4,131,189 (2018: \$5,386,556), and at 30 June 2019 had net assets of \$998,186 (30 June 2018: (\$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 company to generate sufficient revenue, and complete the development of its products. The Company may also undertake further fundraising initiatives to ensure that the Company has the financial capacity to progress its business activities.

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.