

DomaCom Limited and its controlled entities (“DCL”)

Appendix 4D – Half Year Report for the period ended 31 December 2019

Results for Announcement to the market

	Half year ended 31 December 2019 \$'000	Half year ended 31 December 2018 \$'000	%
Revenue from ordinary activities	182	123	48% increase
Loss from ordinary activities after tax attributable to members	2,656	3,322	20% decrease
Net loss for period attributable to members	2,656	3,322	20% decrease
Net tangible (liabilities) / assets per share	0.1 cents	(2.1 cents)	

Refer to attached Directors’ Report for explanation of results.

Dividends

	Amount per security	Franked amount per security
Interim	Nil	Nil
Final	Nil	Nil
Record date for determining entitlements to dividends		N/A
Date dividend is payable		N/A

There is no dividend reinvestment plan in place.

There are no entities over which control has been gained or lost during the period. There were no associates or joint ventures during the period.

The financial report has been subject to independent review by the Company’s auditors. The review report is unqualified and contains an “emphasis of matter” paragraph in respect of “Material uncertainty related to going concern”. Note 1 to the financial report provides full disclosure of the factors considered by the Company and the auditors. The continuing viability of the Company and its ability to continue as a going concern is dependent upon being successful in continuing to grow Funds under Management, controlling costs and raising further capital in the short to medium term. Note 1 sets out the growth strategies in place and the cost control measures implemented. In addition it explains the recent successful capital raises undertaken as part of the ongoing capital management process.

Authorised for release to the market by Philip Chard, Company Secretary

24th February 2020

DomaCom Limited

Financial report for the
half-year ended 31 December 2019

ABN 69 604 384 885

DOMACOM LIMITED
ABN 69 604 384 885

DIRECTORS' REPORT
31 DECEMBER 2019

Your directors present their report on DomaCom Limited (the "Company") and its Controlled Entities (the "Group") for the half-year ended 31 December 2019.

Director Details

The following persons were Directors of DomaCom Limited during and since the end of the financial half-year:

- Mr Grahame D Evans (Chairman and Non-Executive Director)
- Mr David H Archbold (Non-Executive Director)
- Mr Graeme A Billings (Non-Executive Director)
- Mr Peter C Church OAM (Non-Executive Director)
- Mr George D Paxton (Non-Executive Director) (appointed 27 September 2019)
- Mr Matthew Roberts (Non-Executive Director) (appointed 27 September 2019)
- Mr Arthur Naoumidis (CEO and Executive Director)
- Mr Ross A Laidlaw (COO and Executive Director)

Review of operations and financial results

The operating result of the Group for the half-year ended 31 December 2019 was a loss of \$2.7 million (2018: \$3.3 million loss).

DomaCom derives fee revenue based on the assets under management in the DomaCom Fund. The fee revenue increased to \$182,104 for the six months to 31 December 2019 compared to \$123,055 for the comparable six month period.

The total funds under management as at 31 December 2019 was \$65 million (\$57 million at 30 June 2019). This is represented by 60% held in Property assets, 32% held in loans backed by first registered mortgages, and 8% held in cash.

The operating costs include the costs of developing the DomaCom Platform, general staff costs and costs incurred in distributing and marketing the DomaCom products into our distribution channels. DomaCom continues to focus on tightly controlling costs.

The loss per share of \$0.01 (2018: \$0.03 loss per share) has reduced reflecting an increased number of shares and reduced losses compared to the prior reporting period.

Capital raising activities undertaken during the period included private placements of \$1.2 million on 13 September 2019 and \$1.8 million on 30 September 2019. In addition, a further \$3.0 million was raised before costs through the Rights Issue that completed in December 2019. This additional funding allows DomaCom to continue to develop the DomaCom Platform and provides funding to meet ongoing working capital requirements.

Halo Investment Co Pty. Limited, part of the Australian Amalgamated Investment Group (aaig), have become a cornerstone investor in DomaCom Limited. This will allow DomaCom to leverage their products into the aaig distribution channels. aaig have approximately \$2 billion in funds under advice.

DomaCom's primary focus will be to continue to drive the funds under management via its distribution channels. It already has a number of projects at different stages of development, that it is working on including the following:

- Land Banking opportunities focused in the area of the second airport for the greater Sydney area known as Badgery's Creek. This area is already seeing significant infrastructure spend by both NSW state government and the federal government;
- House and land developments with a particular focus in the Newcastle region;
- Housing developments which are targeted to the Affordable Housing and National Disability sector;
- the Rent to Own sector enticing the private sector to invest by receiving Developer discounts and allowing renters to get a foot on the property ladder;

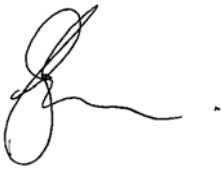
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DIRECTORS' REPORT
31 DECEMBER 2019

- Community investment projects targeting the renewables sector and in particular wind and solar energy. DomaCom is able to leverage the success of the Sapphire Wind Farm Community Co-Investment Fund across other Solar and Wind projects that are underway; and
- A major focus for this year is the accreditation of Advisers so they are able to advise on the DomaCom Senior Equity Release product, which is a much-needed product in the retirees' sector of the market. This allows the Retirees the opportunity to live well in retirement through the ability to sell a part of their home and receive cash in return from investors who undertake a fractional interest in their home.

A copy of the Auditor's Independence Declaration as required under s307C of the Corporations Act 2001 is included on page 3 of this financial report and forms part of this Directors' Report.

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



Grahame D Evans
Chairman
24th February 2020



Arthur Naoumidis
Director

Auditor's Independence Declaration

To the Directors of DomaCom Limited

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the review of DomaCom Limited for the half-year ended 31 December 2019, I declare that, to the best of my knowledge and belief, there have been:

- a no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b no contraventions of any applicable code of professional conduct in relation to the review.



Grant Thornton Audit Pty Ltd
Chartered Accountants



M A Cunningham
Partner – Audit & Assurance

Melbourne, 24 February 2020

DOMACOM LIMITED
ABN 69 604 384 885

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

	31 December 2019	31 December 2018
	\$	\$
Revenue	182,104	123,055
Income recognised from research and development incentive	-	70,605
Interest Income	3,102	2,771
	<hr/>	<hr/>
	185,206	196,431
Expenses		
Employee benefits expenses	(817,116)	(835,288)
Fund administration	(108,876)	(76,714)
Rent	(24,641)	(91,757)
Depreciation	(447,812)	(370,819)
Insurance	(107,052)	(107,289)
Advertising	(258,947)	(88,709)
Travel expenses	(50,111)	(45,235)
IT expenditure	(36,839)	(33,847)
Telephone expenditure	(24,136)	(25,866)
Professional fees	(179,762)	(227,055)
Finance costs	(475,355)	(726,300)
Loss on early settlement of convertible notes	-	(676,291)
Director Fees	(91,543)	(61,551)
Other expenses	(218,755)	(152,151)
Total Expenses	<hr/>	<hr/>
	(2,840,945)	(3,518,872)
Loss before income tax	<hr/>	<hr/>
	(2,655,739)	(3,322,441)
Income tax expense	-	-
Loss for the period	<hr/>	<hr/>
	(2,655,739)	(3,322,441)
Other comprehensive income		
<i>Items that may be reclassified subsequently to profit and loss</i>		
Exchange differences on translating foreign operations	(22)	(366)
Other comprehensive income for the period	<hr/>	<hr/>
	(22)	(366)
Total comprehensive loss for the period	<hr/>	<hr/>
	(2,655,761)	(3,322,807)
Earnings per share		
Basic Loss per share	<hr/>	<hr/>
	(0.01)	(0.03)
Diluted Loss per share	<hr/>	<hr/>
	(0.01)	(0.03)

This statement should be read in conjunction with the notes to the financial statements.

DOMACOM LIMITED
ABN 69 604 384 885

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019

	31 December 2019	30 June 2019
	\$	\$
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	3,729,943	769,210
Receivables	3 775,423	471,476
Prepayments and other assets	219,902	140,845
TOTAL CURRENT ASSETS	<u>4,725,268</u>	<u>1,381,531</u>
NON-CURRENT ASSETS		
Property, plant and equipment	3,812	2,178
Right-of-use asset	1 78,417	-
Intangible assets	1,959,301	2,041,736
TOTAL NON-CURRENT ASSETS	<u>2,041,530</u>	<u>2,043,914</u>
TOTAL ASSETS	<u>6,766,798</u>	<u>3,425,445</u>
LIABILITIES		
CURRENT LIABILITIES		
Payables	924,917	385,988
Provisions	152,550	294,643
Lease liabilities	4 79,752	-
Borrowings	5 2,565,891	200,000
TOTAL CURRENT LIABILITIES	<u>3,723,110</u>	<u>880,631</u>
NON-CURRENT LIABILITIES		
Provisions	121,617	96,379
Borrowings	5 603,635	2,981,232
TOTAL NON-CURRENT LIABILITIES	<u>725,252</u>	<u>3,077,611</u>
TOTAL LIABILITIES	<u>4,448,362</u>	<u>3,958,242</u>
NET ASSETS	<u>2,318,436</u>	<u>(532,797)</u>
EQUITY		
Issued Capital	6 33,621,645	28,070,423
Reserves	7 1,437,666	1,481,916
Accumulated Losses	(32,740,875)	(30,085,136)
TOTAL EQUITY	<u>2,318,436</u>	<u>(532,797)</u>

This statement should be read in conjunction with the notes to the financial statements.

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STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

	Issued Capital	Reserves	Accumulated Losses	Total
For the half-year ended 31 December 2019	\$	\$	\$	\$
Opening balance at 1 July 2019	28,070,423	1,481,916	(30,085,136)	(532,797)
Issue of share capital	5,506,994	-	-	5,506,994
Exercise of performance rights issued in prior periods	44,228	(44,228)	-	-
Transactions with owners recorded directly in equity	5,551,222	(44,228)	-	5,506,994
Loss for the period to 31 December 2019	-	-	(2,655,739)	(2,655,739)
Other comprehensive income	-	(22)	-	(22)
Total comprehensive income for the period	-	(22)	(2,655,739)	(2,655,761)
Balance at 31 December 2019	33,621,645	1,437,666	(32,740,875)	2,318,436
	Issued Capital	Reserves	Accumulated Losses	Total
For the half-year ended 31 December 2018	\$	\$	\$	\$
Opening balance at 1 July 2018	24,382,924	1,363,076	(24,322,091)	1,423,909
Issue of share capital	746,523	-	-	746,523
Exercise of performance rights issued in prior periods	414,038	(414,038)	-	-
Issue of convertible notes	-	553,156	-	553,156
Transactions with owners recorded directly in equity	1,160,561	139,118	-	1,299,679
Loss for the period to 31 December 2018	-	-	(3,322,441)	(3,322,441)
Other comprehensive income	-	(366)	-	(366)
Total comprehensive income for the period	-	(366)	(3,322,441)	(3,322,807)
Balance at 31 December 2018	25,543,485	1,501,828	(27,644,532)	(599,219)

This statement should be read in conjunction with the notes to the financial statements.

DOMACOM LIMITED
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CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

	31 December 2019	31 December 2018
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	182,104	123,055
Payments to suppliers and employees	(2,057,337)	(1,814,336)
Research and development tax offset received	394,237	558,324
Finance costs	(279,669)	(220,630)
Net cash used in operating activities	<u>(1,760,665)</u>	<u>(1,353,587)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of other assets	34,000	-
Payments for plant and equipment	(3,145)	(926)
Payments for intangible assets	(296,650)	(364,379)
Amounts advanced to related parties	(695,600)	-
Interest Received	3,102	2,771
Net cash used in investing activities	<u>(958,293)</u>	<u>(362,534)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from share issue	5,938,208	583,821
Proceeds from convertible notes	-	2,750,850
Repayment of convertible notes	-	(1,561,171)
Proceeds from short term loans	-	400,000
Repayment of lease liabilities	(58,495)	-
Repayment of short term loans	(200,000)	(730,000)
Net cash provided by financing activities	<u>5,679,713</u>	<u>1,443,500</u>
Net increase / (decrease) in cash and cash equivalents	2,960,755	(272,621)
Cash and cash equivalents at the beginning of period	769,210	803,421
Net foreign exchange difference	(22)	5
Cash and cash equivalents at the end of period	<u>3,729,943</u>	<u>530,805</u>

This statement should be read in conjunction with the notes to the financial statements.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

NOTE 1: GENERAL INFORMATION AND BASIS OF PREPARATION

The condensed interim consolidated financial statements ('the interim financial statements') of the Group are for the six (6) months ended 31 December 2019 and are presented in Australian Dollars (\$AUD), which is the functional currency of the Parent Company. These interim financial statements have been prepared in accordance with the requirements of the Corporations Act 2001 and AASB 134 Interim Financial Reporting. They do not include all of the information required in annual financial statements in accordance with Australian Accounting Standards, and should be read in conjunction with the consolidated financial statements of the Group for the year ended 30 June 2019 and any public announcements made by the Group during the half-year in accordance with continuous disclosure requirements arising under the Australian Securities Exchange Listing Rules and the Corporations Act 2001.

Going Concern basis of accounting

As a developing business the Group has experienced a loss of \$2,655,739 for the half-year ended 31 December 2019. The Group had net working capital of \$1,002,158 at 31 December 2019.

The continuing viability of the Group and its ability to continue as a going concern is dependent upon the Group being successful in growing Funds under Management ("FUM") within the DomaCom Fund. A detailed sales pipeline and forecast is updated and reported to the Board on a regular basis. The strategy for continued growth includes further expanding the direct to consumer distribution channel that will work alongside the Group's established financial adviser network. Halo Investment Co Pty. Limited, part of the Australian Amalgamated Investment Group (aaig), have become a cornerstone investor in DomaCom Limited. DomaCom will look to use aaig as a key distribution channel. Further FUM growth is being driven by the introduction of leverage into the DomaCom Fund and the ability to invest in mortgage securities for selected properties. The recent Federal Court determination that the Group has been supporting has clarified the requirements for superannuation funds investing in residential property and will open up the DomaCom Fund to further investment opportunities. The rollout of the Senior Equity Release product will provide further opportunities for FUM growth. This much-needed product allows retirees the opportunity to live well in retirement through the ability to sell a part of their home and receive cash in return from investors who undertake a fractional interest in their home. In addition, the Group is focused on providing investments within the themes of regional investment, affordable housing and renewable energy. These opportunities are constantly monitored within the sales pipeline review process.

Cash flow forecasts are presented and discussed by the Board on a monthly basis. The Board reviews the Group's ability to meet its ongoing commitments and considers sources of finance and cost control measures.

Capital raising activities undertaken during the period included private placements of \$1.2 million on 13 September 2019 and \$1.8 million on 30 September 2019. In addition, a further \$3.0 million was raised before costs through the Rights Issue that completed in December 2019.

If these matters are not or had not been achieved, there may be material uncertainty as to whether the Group continues as a going concern and, therefore, whether it will realise its assets and settle its liabilities in the normal course of business and at the amounts stated in the financial report. The Directors believe that the Group will be able to continue to access sufficient sources of funds if required and will implement cost control measures if required, and therefore are satisfied that the Group will continue as a going concern. Accordingly, the financial report has been prepared on a going concern basis. No adjustments have been made to the financial report relating to the recoverability and classification of the asset carrying amounts or the amount and classification of liabilities that might be necessary should the Group not continue as a going concern.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

NOTE 1: GENERAL INFORMATION AND BASIS OF PREPARATION (CONTINUED)

New accounting standards adopted

AASB 16 Leases

AASB 16 Leases replaces AASB 117 Leases and associated interpretations and became mandatorily effective for financial years beginning after 1 January 2019. Accordingly, these standards apply for the first time to these financial statements.

At transition on 1 July 2019 there was one property lease with 1 month remaining for \$11,142. The lease was subsequently renewed for a period of 12 months ending 31 July 2020. The Group has benefited from the use of hindsight for determining the lease term when considering the option to extend the lease and a right-of-use asset of \$145,631 was established for this lease at 1 July 2019 with a term of 13 months. There was no impairment of the asset during the current period. The cost of the asset of \$145,631 less depreciation of \$67,215 during period resulted in the disclosure of a Right-of-Use of \$78,417 at 31 December 2019. The incremental annual borrowing rate applied under AASB 16 was 8%. The 13 months of operating lease liabilities before discounting of \$151,530 were discounted by \$5,899 at the incremental borrowing rate to create an operating lease liability at transition of \$145,631. The property lease was accounted for as an operating lease under AASB 117 Leases in the prior period. The new Standard has been adopted using the modified retrospective approach such that the comparative numbers for the prior period have not been restated. The opening balance of retained earnings has not been restated. All other leases at transition and in existence in the current and prior periods are short term leases and therefore the expense has been accounted for on a straight-line basis.

AASB Interpretation 23 Uncertainty over Income Tax Treatments

AASB Interpretation 23 Uncertainty over Income Tax Treatments became mandatorily effective for financial years beginning after 1 January 2019. It clarifies how to apply the recognition and measurement requirements in AASB 112 Income Taxes when there is uncertainty over income tax treatments.

As there are no uncertain tax positions within the DomaCom tax group, the adoption of the interpretation did not have any impact on the disclosures or the amounts recognised in the Group's consolidated financial statements.

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES

The interim financial statements have been prepared in accordance with the same accounting policies adopted in the Group's last annual financial statements for the year ended 30 June 2019, except as described below. Note that the changes in accounting policies specified below only apply to the current period. The accounting policies included in the Group's last annual financial statements for the year ended 30 June 2019 are the relevant policies for the purposes of comparatives.

Financial information reported internally used for the allocation of resources and assessing performance is currently presented without reference to segments. Therefore profit and loss, revenues and expenses and assets and liabilities have been presented without segmentation.

The accounting policies have been applied consistently throughout the Group for the purposes of preparation of these interim financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Leases

The following accounting policy is applicable from 1 July 2019.

The Group as a lessee

For any new contracts entered into on or after 1 January 2019, the Group considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition the Group assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group
- the Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract
- the Group has the right to direct the use of the identified asset throughout the period of use. The Group assesses whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

Measurement and recognition of leases as a lessee

At lease commencement date, the Group recognises a right-of-use asset and a lease liability on the balance sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Group also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Group has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

On the statement of financial position, right-of-use assets have been included in property, plant and equipment (except those meeting the definition of investment property) and lease liabilities have been included as lease liabilities.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Leases (continued)

Accounting policy applicable before 1 July 2019.

Where the Group is a lessee, payments on operating lease agreements are recognised as an expense on a straight-line basis over the lease term. Associated costs, such as maintenance and insurance, are expensed as incurred.

	31 December 2019	30 June 2019
NOTE 3: RECEIVABLES	\$	\$
CURRENT		
Amount receivable from R&D taxation rebate	-	394,237
Amounts receivable from related party	695,600	6,221
Other debtors	79,823	71,018
	775,423	471,476

DomaCom Australia operates the DomaCom Fund. The DomaCom Fund is a separate legal entity with separate investors. It is designated a related party as DomaCom Australia is the Investment Manager. As part of facilitating the completion of the Avery's Green property development being carried out for a sub-Fund within the DomaCom Fund, DomaCom Australia paid a limited number of supplier invoices totalling \$695,600 on behalf of the sub-Fund. These amounts will be reimbursed once Stage 1 of the project completes.

NOTE 4: LEASES

The lease liability presented in the statement of financial position is for an office lease and is classified as current with an expiry date of 31 July 2020. The remaining minimum lease payments are \$81,893. After finance charges of \$2,141 the lease liability recognised is \$79,752.

The Group has elected not to recognise a lease liability for short term leases (leases with an expected term of 12 months or less) or for leases of low value assets. Payments made under such leases are expensed on a straight-line basis. The expense relating to payments not included in the measurement of a lease liability is \$24,574.

	31 December 2019	30 June 2019
NOTE 5: BORROWINGS	\$	\$
CURRENT		
2 Year Secured Convertible Notes	2,565,891	-
Short term loans	-	200,000
	2,565,891	200,000
NON-CURRENT		
3 Year Convertible Notes	603,635	583,811
2 Year Secured Convertible Notes	-	2,397,421
	603,635	2,981,232

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

NOTE 5: BORROWINGS (CONTINUED)

Six months to 31 December 2019	Short Term Loans (\$)	Convertible Securities (\$)	3 year convertible notes (\$)	2 year secured convertible notes (\$)	Total (\$)
Opening balance at 1 July 2019	200,000	-	583,811	2,397,421	3,181,232
Repayment of loans	(200,000)	-	-	-	(200,000)
Interest expense	-	-	19,824	168,470	188,294
Closing balance as at 31 December 2019	-	-	603,635	2,565,891	3,169,526

Six months to 31 December 2018	Short Term Loans (\$)	Convertible Securities (\$)	3 year convertible notes (\$)	2 year secured convertible notes (\$)	Total (\$)
Opening balance at 1 July 2018	530,000	476,243	548,540	-	1,554,783
Repayment of loans	(530,000)	-	-	-	(530,000)
Short terms loan	200,000	-	-	-	200,000
Repayment of convertible security	-	(1,552,328)	-	-	(1,552,328)
Issue of notes	-	-	-	2,396,844	2,396,844
Cost of issuing notes	-	-	-	(174,899)	(174,899)
Interest expense	-	399,794	16,597	58,114	474,505
Loss on early settlement of convertible notes	-	676,291	-	-	676,291
Closing balance as at 31 December 2018	200,000	-	565,137	2,280,059	3,045,196

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

NOTE 5: BORROWINGS (CONTINUED)

Short Term Loans

Short Term Loans of \$200,000 were repaid in the half-year ended 31 December 2019.

3 Year Convertible Notes

\$650,000 was raised through the issue of 650,000 unsecured 3 Year Convertible Notes on 25 January 2018 with an annual coupon of 10% payable quarterly in arrears. The holder of each note has the right to convert into one share at a conversion price of \$0.20 up to 25 January 2021. The notes have been accounted for partly as debt and partly as equity.

2 Year Secured Convertible Notes

\$2,950,000 was raised through the issue of secured 2 Year Convertible Notes on 7 December 2018 to Thundering Herd Fund No.1 and Thundering Herd Pty Ltd with an annual coupon of 15% payable quarterly in arrears. The holder of each note has the right to convert into one share at a conversion price of \$0.15. The notes have been accounted for partly as debt and partly as equity. The issue costs are allocated to debt and equity.

The 2 Year Secured Convertible Notes have been classified as current borrowings at 31 December 2019 as they mature on 7 December 2020.

	31 December 2019	31 December 2018
	\$	\$
NOTE 6: ISSUED CAPITAL		
Ordinary shares fully paid	33,621,645	25,543,485
	33,621,645	25,543,485

Ordinary shares

	No.	\$
Six months to 31 December 2019		
Opening balance at 1 July 2019	161,317,536	28,070,423
Ordinary shares fully paid issued during the period	83,750,991	6,150,862
Share issue cost	-	(599,640)
Closing balance as at 31 December 2019	245,068,527	33,621,645
Six months to 31 December 2018		
Opening balance at 1 July 2018	116,603,865	24,382,924
Ordinary shares fully paid issued during the period	14,897,004	1,235,566
Share issue cost	-	(75,005)
Closing balance as at 31 December 2018	131,500,869	25,543,485

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

	31 December 2019	31 December 2018
	\$	\$
NOTE 7: RESERVES		
Share based payment reserve	249,600	249,600
Equity Compensation Reserve	67,452	129,390
Foreign Currency Translation Reserve	8,192	10,416
Equity Convertible Note	630,127	630,127
Equity Option Reserve	482,295	482,295
	1,437,666	1,501,828

Six months to 31 December 2019	Share based payment reserve (\$)	Equity Compensation Reserve (\$)	Foreign Currency Translation Reserve (\$)	Equity Convertible Note (\$)	Equity Option Reserve (\$)
Opening balance at 1 July 2019	249,600	111,680	8,214	630,127	482,295
Exercise of performance rights	-	(44,228)	-	-	-
Translation of foreign operation net assets and results	-	-	(22)	-	-
Closing balance as at 31 December 2019	249,600	67,452	8,192	630,127	482,295

Six months to 31 December 2018	Share based payment reserve (\$)	Equity Compensation Reserve (\$)	Foreign Currency Translation Reserve (\$)	Equity Convertible Note (\$)	Equity Option Reserve (\$)
Opening balance at 1 July 2018	249,600	543,428	10,782	76,971	482,295
Exercise of performance rights	-	(414,038)	-	-	-
Issue of convertible note	-	-	-	553,156	-
Translation of foreign operation net assets and results	-	-	(366)	-	-
Closing balance as at 31 December 2018	249,600	129,390	10,416	630,127	482,295

DOMACOM LIMITED
ABN 69 604 384 885

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

NOTE 8: SUBSEQUENT EVENTS

There have been no events subsequent to period end that require disclosure.

NOTE 9: CONTINGENT LIABILITY

There are no contingent liabilities that require disclosure.

DOMACOM LIMITED
ABN 69 604 384 885

DIRECTORS' DECLARATION

In the opinion of the directors of DomaCom Limited

- a the consolidated financial statements and notes of DomaCom Limited are in accordance with the *Corporations Act 2001*, including:
 - i giving a true and fair view of its financial position as at 31 December 2019 and of its performance for the half-year ended on that date; and
 - ii complying with Accounting Standard AASB 134 Interim Financial Reporting; and
- b there are reasonable grounds to believe that DomaCom Limited will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors:



Grahame D Evans
Chairman
24th February 2020



Arthur Naoumidis
Director

Independent Auditor's Report

To the Members of DomaCom Limited

Report on the review of the half year financial report

Conclusion

We have reviewed the accompanying half year financial report of DomaCom Limited (the Group), which comprises the consolidated statement of financial position as at 31 December 2019, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half year ended on that date, a description of accounting policies, other selected explanatory notes, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half year financial report of DomaCom Limited does not give a true and fair view of the financial position of the Group as at 31 December 2019, and of its financial performance and its cash flows for the half year ended on that date, in accordance with the *Corporations Act 2001*, including complying with Accounting Standard AASB 134 *Interim Financial Reporting*.

Material uncertainty related to going concern

We draw attention to Note 1 in the financial report, which indicates that the Group incurred a net loss of \$2,655,739 during the half year ended 31 December 2019 and, as of that date, the Group had net working capital of \$1,002,158. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

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 gives a true and fair view and 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 31 December 2019 and its 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 DomaCom Limited, 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.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.



Grant Thornton Audit Pty Ltd
Chartered Accountants



M A Cunningham
Partner – Audit & Assurance

Melbourne, 24 February 2020