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ABN 15 106 513 580

MOBILARM LIMITED

ANNUAL REPORT

Year ended 30 June 2014

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REVIEW OF OPERATIONS

2014 was a great year for Mobilarm. The combination of changes to the business model, launch of new products and focus on customers allowed us to significantly grow the business in FY2014 to achieve record performance across the board and build a business to keep growing in FY2015.

Our range of sMRT products, including the sMRT AU10 and sMRT V100 are leading the industry in performance, a key aspect when it comes to saving lives. We have also introduced other solutions to the market to complement our world leading beacons, such as the sMRT Station all in one fast rescue station, the sMRT Dial automated system and our range of sMRT Jackets specifically designed to optimise the performance of our beacons.

We had our maiden rental orders in FY2014, shifting our dependency from one off sales to a lifecycle sale of product and service. Our sMRT rental program continues to grow today, almost doubling in size since the end of the 2014 financial year.

Our focus in FY2015 is to continue with our growth. North America is a key market that we will spend more effort on growing during FY2015. We will continue to improve our efficiencies in our operations in order to improve both our costs, but more importantly our customer service.

Offshore Oil & Gas and Wind farms

The offshore Oil & Gas industry and offshore Renewable Energy industry continue to be key markets for the Group. We are excited to finally introduce the sMRT V100X product in FY2015. This globally certified zone 1 beacon will deliver the best performance for the Oil & Gas segment without geographical restrictions. We continue to push for further adoption in Nigeria and Mexico.

Commercial Marine

We continue to sell into this market, especially fishing which continues to recognise its very hazardous environment. Safety is important in this tight margin market, so we need to keep our focus to deliver safety to the highest standard in the most cost-effective way to these customers.

Defence

The Group retains its focus in this market. The sector is very cyclical and we continue to interact with customers be be ready with our products for both their surface and underwater needs.

Government & Regulatory

We continue to work with government and regulatory agencies around the world to provide the best level of safety.

Summary

Financial year 2014 was a stepping stone for the Company. We grew our sales, we have shown our capability to generate operating cash flows as evidenced in the last quarter of financial year 2014, we have shown that customers value the position we have taken on providing the highest level of safety and we have set our sights on a greater financial year 2015. As we grow our rental portfolio we will continue to have capital requirements to increase the size of our rental pool, but as the rental book grows the business will generate more cash on a recurring basis, stabilising results further and providing internal funds for growth.

Our company culture has been a key element to get the results to date. We are focused on succeeding, on providing the absolute best solution for the man in the water and on never compromising on safety.

We have started financial year 2015 with two large deals that further validate our strategy. We are confident on delivering a record 2015 financial year. Our team is not only committed to the big challenge for financial year 2015, but we also very are excited about the future.

The continued support of our shareholders has also been fundamental. We have had some positive feedback on our last quarter's results and we understand the path has taken a bit longer, but we have set the Company up for longer-term success rather than a quick win.

The Board of Directors is extremely pleased with the results achieved this year and is looking forward to continue the growth and positive results in financial year 2015 and onwards.

Ken Gaunt
Chief Executive Officer and Director

Perth, Western Australia

30 September 2014

DIRECTORS' REPORT

The Directors present their report together with the financial report of Mobilarm Limited ("the Company") and controlled entities ("the Group") for the year ended 30 June 2014 and the auditor's report thereon.

Directors

The directors of Mobilarm Limited in office during or since the end of the financial year are:

Sir Tim McClement (i)	**- Independent Chairman**
Mr. Ken Gaunt (ii)	**- Director and Chief Executive Officer**
Mr. Jorge Nigaglioni (iii)	**- Director and Chief Financial Officer**

(i) Appointed to the board on 1 September 2012, appointed Chairman on 7 March 2013.

(ii) Appointed to the board on 1 September 2011, appointed Chief Executive Officer on 5 January 2012.

(iii) Appointed to the board on 7 March 2013, served as Chief Financial Officer since 9 February 2009.

Mr Robert Kenneth (Ken) Gaunt (appointed director on 1 September 2011)

Mr Gaunt founded Electronic Banking Solutions Pty Ltd in 1998 and as its managing director grew it into a successful business right up to the merger with Cash Card Australia Limited in 2003 where he served as a director. Ken was a board member and Australia's representative of the ATM industry association and was a member of the customer advisory board of National Cash Register Group Limited. Mr. Gaunt is a non-executive director of K2 Energy Ltd (ASX: KTE).

Mr. Jorge Nigaglioni (appointed director on 7 March 2013)

Jorge Nigaglioni has over 17 years of experience in accounting and finance roles in both public and private companies. In his last two years at PricewaterhouseCoopers he was involved in auditing and consulting for startup companies. As a Controller at Agilent Technologies, he was involved in turning around two divisions to profitability. Jorge has worked with startup companies and has been CFO in a NASDAQ Bulletin Board listed company.

Jorge has a Masters of Business Administration from the University of Wisconsin-Madison and a Bachelor's of Science degree in Business Administration from Bryant University. Jorge is a member of the Australian Institute of Company Director's and also holds a Certificate in Governance Practice and Administration from Chartered Secretaries Australia.

Sir Tim McClement (Appointed as Chairman on 7 March 2013)

Sir Tim has an extensive and highly successful Naval career. From 2004 to 2006 Sir Tim was the Deputy Commander–in-Chief Fleet (as a Vice Admiral). In this role he was the Chief Operating Officer of the Royal Navy's front line operational command running the day-to-day Command of the 2nd most powerful Navy in the world. From 2001 to 2003 Sir Tim was the Assistant Chief of Naval Staff (as a Rear Admiral). He was a member of the Admiralty Board, which was chaired by the Secretary of State for Defence. Sir Tim is also an experienced chairman and non-executive director, having served as Director of Subsea Resources Ltd, Managing Director of Flagship Superyacht Academy, an adviser to Undersea Defence Technology, a strategic adviser to Large Yacht Solutions, a member of the Defence Advisory Board of Babcock International, a military adviser to CTruk, a Director of CWInd and Chairman of Protection Vessels International which as a start up in 2009 achieved revenues of £48 Million by the end of 2011.

Directors Meetings

The number of directors' meetings (including meetings of committees of directors) and number of meetings attended by each of the directors of the Group during the financial year are:

Director	Number of Meetings Attended	Number of meetings held during the time the Director held office.	Number of audit committee meetings held during the time the Director held office.	Number of remuneration committee meetings held during the time the Director held office.	Number of nomination committee meetings held during the time the Director held office.
Sir Tim McClement	11	11	-	-	-
Mr. Ken Gaunt	11	11	-	-	-
Mr. Jorge Nigaglioni	11	11	-	-	-

The Company formed its committees at a time when it had enough members in its board, but due to the current size and composition of the board, it has managed the activities of the committees at the board level.

Committee Membership

As at the date of this report, the Group had an audit committee, a remuneration committee, a nomination committee of the board of directors. Members acting on the committees of the board during the year were:

Director	Audit Committee	Remuneration Committee	Nomination Committee
Sir Tim McClement	X	X	X
Mr. Ken Gaunt	X	X	X
Mr. Jorge Nigaglioni	X	X	X

Interest in the shares of the Group and related corporations

As at the date of this report, the interests of the directors in the shares of the Group and related corporations were:

Director	Ordinary Shares	Performance Class C	Share rights	Share Options
Sir Tim McClement	1,000,000	Nil	Nil	2,000,000
Mr. Ken Gaunt	49,082,161	Nil	Nil	32,671,147
Mr. Jorge Nigaglioni	636,415	333,334	5,000,000	Nil

Company Secretary

The following person held the position of company secretary at the end of the financial year:

Mr. David McArthur

Mr. McArthur is a chartered accountant with over 30 years of experience in the corporate management of publicly listed companies. Mr McArthur holds a Bachelor of Commerce Degree from the University of Western Australia.

Principal Activities

The principal activities of the Group during the financial year were the development, manufacturing and sale of Man Overboard Safety Solutions.

There were no other significant changes in the nature of the activities of the Group during the financial year.

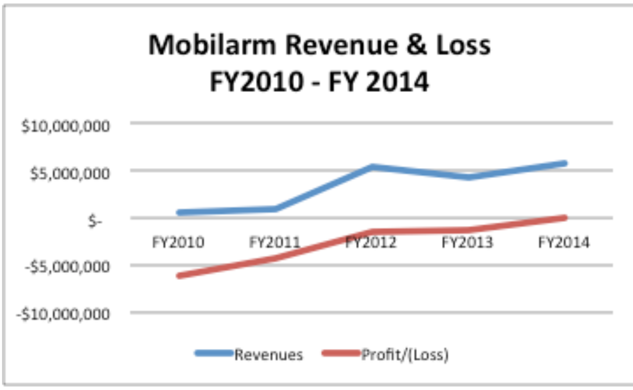
Dividends

No dividends were paid or declared for the financial year.

Operating Results for the Year

Operations of the Group

The loss of the group after providing for income tax amounted to ($63,392) (2013: Loss of $1,297,765), a decrease of 95%. The Group increased sales to $5,816,188 in 2014 as compared to $4,279,624 in 2013, an increase of 36%. The increase is primarily due to introduction of our new products portfolio of sMRT products and the introduction of our sMRT rental program. This is further evidenced by the growth in orders received during the year as follows:



	FY 2014	FY 2013
Outright Purchases	$5,179,537	$4,795,974
Rentals	$1,672,656	-
Service Orders	$321,796	-
Total	$7,173,989	$4,795,974

The Group has focused on growing its rental program as well as its service business in order to complement and offer more solutions to its customers.

The Group's operating expenses decreased to $4,784,902 in 2014 as compared to $4,662,428 in 2013, a increase of 3%. The increase is mostly due an increase in our employee, rental and travel expenses offset by a credit in our allowance for doubtful accounts. The Company also improved its gross margin from the release of new products during the year.

The Group also reversed a portion of the provision against certain receivables that are past due of $607,639 recorded in the previous year. Some of the units were collected against, some were returned and some were purchased by the Company in order to meet service commitments for other customers.

Financial Position of the Group

The Group ended 2014 with net assets of $5,666,639, compared to $3,314,940 in 2013. The increase in the value of net assets in financial condition is mostly due to the increase in sales volumes during the year, as well as the reversal of the provision for doubtful debts referenced above. The Group also completed an Entitlements Offer for $1,300,000 during the year, converted its existing debt facility into ordinary shares and entered into a new debt facility to fund ongoing requirements to grow its rental business.

On the asset side, the Group has increased its current asset position by $2,442,712 from 2014 to 2013, from a combination of increased sales, the reversal of last years high provision for doubtful debts and an increase in the balance of inventories as the Group looks to grow its rental portfolio. Non-current assets increased by $560,236 mostly due to the pool of rental beacons under contract and the capitalised research and development costs of our next generation sMRT V100 and sMRT AU10 products.

On the liability front, the Group increased its current liability position by $649,800 due an increase in short term borrowings and increased payables from its build up of inventory for the rental portfolio. The group is only carrying $36,612 in non-current liabilities.

Business strategy for future financial years

The Group completed its transition to its new business model during 2014. The Company expanded its capabilities to accommodate its rental and services business. The rebalancing of the business model will allow the Company to grow sales quicker, stabilise cash flow further and provide alternative means for customers to meet their safety requirements. We continued work on new products in FY2014 and are looking at furthering the capabilities of our existing products. We continue to work with international bodies to promote the highest standards for safety in regulations.

We refocused internal sales resources on the Asia Pacific region during 2014 and are continuing to strengthen our sales and marketing team to grow our higher margin direct sales and rental solutions. We look to expand our direct presence into key markets such as North America. Further information on likely developments in the operations of the Group and the expected results of those operations in future financial years has not been included in this report because disclosure of the information would likely result in unreasonable prejudice to the Group.

Net Tangible Asset/(Liability)

The Group had a net tangible asset of $2,412,691 (2013: 226,508). The net tangible asset per weighted average share is $0.007 (2013: $0.001).

Changes in the State Of Affairs

Other than the items listed above, there were no other changes to the state of affairs of the Group.

Likely Developments and Expected Results

The directors have excluded from this report information on likely developments in the operations of the entity and the expected results of those operations in future financial years, since, in the opinion of the directors, it would prejudice the interests of the Group if this information were included.

Environmental Regulation and Performance

The Group's operations are not regulated by any significant environmental regulations under a law of the Commonwealth or of a State or Territory in Australia.

Use of Funds

The Group confirms that for the financial year ended 30 June 2014 the Group used its cash that it had at the time of admission in a way that was consistent with the Company's business objectives.

Directors' Benefits

Disclosure of benefits provided to directors during the financial year is made in notes 21 and 23 of the financial statements.

Share Options and Unissued Shares

As at the date of this report, there were 53,178,820 options issued (68,178,820 as at the reporting date).

Option holders do not have any right, by virtue of the option, to participate in any share issue of the Group or any related body corporate.

No options have been exercised during the year or as of the date of this report.

As at the date of this report, there were no Performance Shares Class C on issue (333,334 as at the reporting date). Refer to the remuneration report for further details of the Performance Shares outstanding.

As at the date of this report, there were 11,000,000 Shares Rights on issue. Refer to the remuneration report for further details of the Performance Shares outstanding.

Indemnification and Insurance of Directors and Officers

The Group has entered into Deeds of Indemnity with Directors and Officers against all liabilities to another person (other than the Group or related body corporate) that may arise from their position with the Group , except:

- any liability expressly excluded under section 199A(2) of the Corporations Act;
- any legal cost expressly excluded under section 199A(3) of the Corporations Act;
- any other liability or cost otherwise excluded by law;
- any liability arising out of conduct involving a lack of good faith.

The agreement indicates that the Group will meet the full amount of any such liabilities, including legal expenses, up to the maximum amount permitted by law.

The Group paid a premium during the year in respect to a directors' and officers' liability insurance policy. The policy insures the directors of the Group, the Group secretary and executive officers against a liability incurred while acting in the capacity of directors, secretary or executive officer to the extent permitted under the Corporations Act 2001. The Directors have not included the amount of premiums paid or the nature of liabilities covered in respect to the directors' and officers' liability insurance policy; as such disclosure is prohibited under the terms of the contract.

Auditor's Independence Declaration

The auditor's independence declaration is set out on page 12 and forms part of the Directors' report for the year ended 30 June 2014.

Non-Audit Services

There were no non-audit services provided by the entity's auditor, Walker Wayland Audit (WA) Pty Ltd.

Significant events subsequent to balance date

There have been no events since the end of the financial year that affect the results as at and for the year ended 30 June 2014.

Signed in accordance with a resolution of the Directors.

Ken Gaunt
Chief Executive Officer and Director

Perth, Western Australia

30 September 2014

MOBILARM LIMITED
ABN 15 106 513 580

AUDITOR'S INDEPENDENCE DECLARATION
UNDER S 307C OF THE CORPORATION ACT 2001
TO THE DIRECTORS OF MOBILARM LIMITED

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2014 there has been no contraventions of:

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

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

JOHN DORAZIO FCA
Director
For and on behalf of
Walker Wayland Audit (WA) Pty Ltd
Chartered Accountants
Level 2, 129 Melville Parade
COMO WA 6152

Dated this 30th day of September 2014

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Mobilarm Limited (the "Group"), I state that:

In the opinion of the directors:

(a) the financial statements and notes of the consolidated entity are in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of its performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001;

(b) the financial statements and notes also comply with International Financial Reporting Standards as disclosed in note 2;

(c) subject to the matters mentioned in Note 2 there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

(d) this declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the Corporations Act 2001 for the financial year ending 30 June 2014.

On behalf of the Board

Ken Gaunt
Chief Executive Officer and Director

Perth, Western Australia

30 September 2014

REMUNERATION REPORT (AUDITED)

This remuneration report for the year ended 30 June 2014 outlines the remuneration arrangements of the Group.

The remuneration report details the remuneration arrangements for key management personnel (KMP) who are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Group, directly or indirectly, including any director (whether executive or otherwise) of the Group.

For the purposes of this report, the term “executive” includes the Chief Executive Officer (CEO), executive directors, senior executives, general managers and company secretary and the term “director” refers to non-executive directors only.

The remuneration report is presented under the following sections:

1. **Individual key management personnel disclosures**
2. **Remuneration at a glance**
3. **Board oversight of remuneration**
4. **Non-executive director remuneration arrangements**
5. **Executive remuneration arrangements**
6. **Group performance and the link to remuneration**
7. **Executive contractual arrangements**
8. **Equity instruments disclosures**

1 Individual key management personnel disclosures

Details of KMP of the Group are set out below.

Key Management Personnel

Directors

Sir Tim McClement	Appointed Chairman on 7 March 2013, appointed Director (non executive) on 1 September 2012
Mr. Ken Gaunt	Director appointed on 31 August 2011, appointed Chief Executive Officer on 5 January 2012
Mr. Jorge Nigaglioni	Director appointed on 7 March 2013, served as Chief Financial Officer since 9 February 2009

There have been no other changes to Key Management Personnel after reporting date and before the date the financial report was authorised for issue.

2 Remuneration at a glance

Remuneration strategy review in FY 2014

The Group completed a realignment of remuneration against shareholder return during the 2012 and 2013 years. The long term incentives from the plans issued in those years are still in place through the 2016 financial year. The Group has discussed those incentives during the year, but has not made any modifications until the goals set have been achieved. The short-term incentives for certain executives were adjusted during 2014 in order to align with the new business model around rentals and service.

3 Board oversight of remuneration

Remuneration committee

During Financial Year 2014, the Board in its entirety acted as the remuneration committee. The remuneration committee is responsible for making recommendations to the board on the remuneration arrangements for non-executive directors and executives.

The remuneration committee has the responsibility to assess the amount and composition of remuneration of non-executive directors and executives. The board is seeking to attract and retain top director and executive talent to deliver maximum shareholder value.

Further information on the committee's role, responsibilities and membership can be seen at **http://www.mobilarm.com**.

Remuneration approval process

The board approves the remuneration arrangements of the CEO and executives and all awards made under the long-term incentive (LTI) plans. The board also sets the aggregate remuneration of non-executive directors which is then subject to shareholder approval.

Remuneration strategy

Mobilarm Limited's remuneration strategy is designed to attract, motivate and retain employees and non-executive directors by identifying and rewarding high performers and recognising the contribution of each employee to the continued growth and success of the Group and shareholder return.

To this end, key objectives of the Group's reward framework are to ensure that remuneration practices:

- are aligned to the Group's business strategy, both short and long term;
- offer competitive remuneration benchmarked against the external market; and
- are aligned with shareholder return.

Remuneration structure

In accordance with best practice corporate governance, the structure of non-executive directors and executive remuneration is separate and distinct.

4 Non-executive director remuneration arrangements

Remuneration policy

The board manages remuneration in order to balance the ability to have the best talent at its board and executive levels, the ability to provide the necessary levels of corporate governance for the Group and be able to do it at a cost that is within the means of the Group and the acceptance of shareholders.

The amount of aggregate remuneration sought to be approved by shareholders and the fee structure will be reviewed annually against fees paid by comparable companies.

The Company's constitution and the ASX listing rules specify that the non-executive directors' fee pool shall be determined from time to time by a general meeting.

The Company has an aggregate fee pool of $200,000 per year for Non Executive Directors to accommodate any corporate governance requirements as part of the Group's listing on the ASX.

Structure

The remuneration of Non Executive Directors consists of directors' fees only. Non-executive directors do not receive retirement benefits, nor do they participate in any incentive programs.

The compensation of non-executive directors is based on a base fee of $30,000 per annum for being a director of the Group and a base fee of $120,000 or £72,000 per annum for being the Chairman of the Group.

The remuneration of non-executive directors for the year ended 30 June 2014 and 30 June 2013 is detailed in table 1 and 2 respectively of this report.

5 Executive remuneration arrangements

Remuneration levels and mix

The Group's goal is to incentivise executives with a remuneration package that addresses their position and responsibilities within the Group and is also aligned with market practice. The Group is looking to ensure that total employment cost (TEC) is within the range of offerings for the position in the market.

The CEO's remuneration mix comprises 76% fixed remuneration as a proportion of total remuneration, 0% short term incentives ("STI") on target and 24% LTI. Executives' remuneration mix ranges from 40%-92% fixed remuneration as a proportion of total remuneration, 0%-60% STI on target, and 0%-10% LTI.

Structure

In the 2014 financial year, the executive remuneration framework consisted of the following components:

- Fixed remuneration; and
- Variable remuneration.

The table below illustrates the structure of Mobilarm Limited's executive remuneration arrangements:

Remuneration Component	Vehicle	Purpose	Link to Performance
Fixed remuneration	Represented by total employment cost (TEC) Comprises base salary, superannuation contributions and other benefits	Set with reference to role, market and experience Executives are given the opportunity to receive their fixed remuneration in a variety of forms including cash and fringe benefits such as motor vehicles. It is intended that the manner of payment chosen will be optimal for the recipient without creating undue cost for the Group.	No link to company performance.
STI component	Cash bonus on short term sales targets	Set to drive aggressive growth and reduce reliance on fixed compensation. Align to business model promoting rentals and long term service.	Sales targets based on volume and type of sale.
LTI component	Awards are made in the form of performance shares or stock options	Rewards executives for their contribution to the creation of shareholder value over the longer term.	Vesting of awards is dependent on Mobilarm Limited's targeted performance goal.

Fixed remuneration

Executive contracts of employment do not include any guaranteed base pay increases.

The fixed component of executives' remuneration is detailed in table 1.

Variable remuneration — short-term incentive (STI)

The Group does not currently operate an STI program other than its sales commission plan that only affects its sales personnel. The board has discussed the potential for such a program to drive Group performance in key performance factors, but no program has been put in place. During the year, no discretionary bonuses were paid.

Variable remuneration — long-term incentives (LTI)

LTI awards are made annually to executives in order to align remuneration with the creation of shareholder value over the long-term. As such, LTI awards are only made to executives and other key talent who have an impact on the Group's performance against the relevant long-term performance measure.

LTI – Share Options

Structure

LTI awards are made under the performance share plan (PSP) and/or the employee stock option plan (ESOP).

LTI awards to executives are made under the performance share plan and the performance share rights and are delivered in the form of performance shares and performance share rights. Each performance share entitles the holder to one fully paid ordinary share in the Group. The number of performance shares issued is based on the executive's target LTI. The performance shares will vest prior to the three-year expiry date subject to meeting performance measures (see below), with no opportunity to reset. The performance criteria was selected as a direct measure of results of operations during its first three years of operation since listing on the stock exchange. Each performance share right entitles the holder to one fully paid ordinary share in the Group. The number of performance shares rights issued is based on the executive's target LTI. The performance shares rights will vest prior to the three-year expiry date subject to meeting performance measures (see below), with no opportunity to reset. The performance criteria is directly linked to the market value of the Company's shares in order to focus on shareholder return.

LTI awards made under the Group's ESOP are delivered in the form of share options. Each share option entitles the holder to one fully paid ordinary share in the Group. The number of share options issued is based on the KMP's or executive's target LTI. The share options issued to date have multiple time based vesting dates and expire five years from the date of issue. The Group will consider specific performance criteria for other awards under the ESOP. No share options have been exercised as of the date of this report.

Performance measure to determine vesting

The Group uses specific milestone or market capitalisation as the performance measure for the performance share plan. This criteria was selected to align compensation with growth to move the Group from an early stage development business to a large commercial entity in a short time period.

The milestone for each class of performance shares is as follows:

Performance Share Class	Performance Share Milestone	Performance Shares Awarded Since Inception
A	ASX conditional listing	6,666,666
B	$65 million market capitalisation	3,166,666
C	$100 million market capitalisation	3,166,668

The milestone for each class of performance share rights s is as follows:

Type	Performance Share Milestone	Performance Share Rights Awarded Since Inception
	MBO VWAP exceeding 10 cents	11,000,000

Share options issued under the ESOP have vesting dates as follows:

Date of Issue	Number of Options	Vesting Date	Expiry Date
22-Dec-2010	925,000	22-Dec-2010	22-Dec-2015
20-Jan-2011	83,333	20-Jan-2011	15-Oct-2015
09-Jun-2011	500,000	09-Jun-2011	09-Jun-2016

The option grants for K. Gaunt and T. McClement have vesting criteria as follows:

Date of Issue	Number of Options	Vesting Criteria	Expiry Date
31-Aug-2012	29,670,487	5 day VWAP exceeding $0.10	31-Aug-2015
01-Oct-2012	2,000,000	5 day VWAP exceeding $0.10	01-Oct-2015

Table 3 in section 8 provides details of performance shares awarded during the year and Table 4 in section 8 provides details of the value of the performance shares awarded, vested and lapsed during the year.

Termination and change of control provisions

Where a participant ceases employment prior to the vesting of their award, the performance share and/or options are forfeited unless the board applies its discretion to allow vesting at or post cessation of employment in appropriate circumstances.

In the event of a change of control of the Group, the performance period end date will generally be brought forward to the date of the change of control and awards will vest subject to performance over this shortened period, subject to ultimate board discretion.

LTI awards for 2014 financial year

The Group did not issue share options or other LTI compensation during 2014 to employees or directors of the Company.

LTI awards for 2013 financial year

The Group did not issue share options through its ESOP during 2013 to employees of the Company. The Company issued 29,670,487 and 2,000,000 stock options to Ken Gaunt and Sir Tim McClement, respectively during 2013. The group also issued 11,000,000 performance share rights to various executives and employees.

6 Group performance and the link to remuneration

Group performance and its link to long-term incentives

The financial performance measure driving LTI is the Group's price per share and market capitalisation. The Group went through a restructuring activity in 2013 and 2012, and had refocused its LTI on the price per share to focus on growing the value to our existing shareholders. This is still the focus in 2014. Whilst the Group was in the initial growth stages of revenue, with revenues of $5,816,192 and $4,279,624 in 2014 and 2013, respectively, the focus on profitable growth is the key measure. The measure of market capitalisation was used in the past as it correlated with overall business performance. There is only one tranche of

Performance Shares Class C outstanding that have market capitalisation as a measure. This measure is not used on new awards.

	2014	2013	2012	2011	2010
Total comprehensive loss for the year	(63,392)	(1,297,765)	(1,474,638)	(4,234,955)	(6,208,022)

7 Executive contractual arrangements

Remuneration arrangements for KMP are formalised in employment agreements. Details of these contracts are provided below.

Chief Executive Officer

The CEO, Mr. Gaunt, is employed under a rolling contract.

Under the terms of the contract in place during the 2012 year, the CEO received an annual fixed remuneration of $240,000.

In addition, the CEO was awarded 29,670,487 options. Each option entitles the holder to exercise the option in exchange for one ordinary share in the Company. The options are exercisable at an exercise price of per option A$0.021. The Options vest when the Share Price is equal to or greater than A$0.10 (subject to adjustment under the terms of the grant). In addition, upon a Change of Control Event (i), the Options automatically vest.

(i) Change of Control Event means:

a. a person acquires voting power in at least 50.1% or more of the issued Shares;
b. a person acquires the power to direct or cause the direction of management or policies of the Company;
c. a person directly or indirectly acquires all or substantially all of the business and assets of the Group; or
d. a person otherwise acquires or merges with the Group,

including by way of a takeover bid, scheme of arrangement, amalgamation, merger, capital reconstruction, consolidation, share acquisition, securities issuance, share buyback or repurchase, reverse takeover, dual listed company structure, establishment of a new holding entity for the Group or any other comparable transaction or arrangement.

The CEO's termination provisions are as follows:

	Notice period	Payment in lieu of notice	Treatment of STI on termination	Treatment of LTI on termination
Employer-initiated termination	None	6 months	None	Board discretion
Termination for serious misconduct	None	None	None	Unvested awards forfeited
Employee-initiated termination	1 month	None	None	Unvested awards forfeited

As at the end of the financial year, the liability for an employer termination of the CEO would be $120,000.

Other KMP

All other KMP have rolling contracts.

Standard KMP termination provisions are as follows:

	Notice period	Payment in lieu of notice	Treatment of STI on termination	Treatment of LTI on termination
Employer-initiated termination	None	3 months	None	Board discretion
Termination for serious misconduct	None	None	None	Unvested awards forfeited
Employee-initiated termination	1 month	None	None	Unvested awards forfeited

As at the end of the financial year, the liability for an employer termination of the Executives would be $45,000.

Remuneration of key management personnel of the Group:

Table 1: Remuneration for the year ended 30 June 2014

		Short-term benefits			Post employment		Long-term benefits		Share-based payments				
	Salary and fees	Cash bonus	Non-monetary benefits	Other	Super-annuation	Retirement benefits	Cash incentives	Long service leave	Options	Shares	Termination payments	Total	Performance related
	$	$	$	$	$	$	$	$	$	$	$	$	%
NON-EXECUTIVE DIRECTORS													
T. McClement	130,388	-	-	-	-	-	-	-	13,800	-	-	144,188	-
Total non-executive directors	**130,388**	**-**	**-**	-	**-**	**-**	**-**	**-**	**13,800**	**-**	**-**	**144,188**	
EXECUTIVE DIRECTORS													
K. Gaunt	240,137	-	-	36,453	-	-	-	-	85,744	-	-	362,334	24
J. Nigaglioni	180,000	-	-	-	16,650	-	-	6,250	-	42,902	-	245,802	17
Total executive directors	**420,137**	**-**	**-**	**36,453**	**16,650**	**-**	**-**	**6,250**	**85,744**	**42,902**	**-**	**608,135**	
OTHER EXECUTIVE KEY MANAGEMENT PERSONNEL													
R. Gaunt	91,721	79,042	-	-	-	-	-	-	-	-	-	170,763	46
J. Gething	156,642	-	-	-	14,489	-	-	2,037	-	19,341	-	192,509	10
C. Neal	72,437	-	-	-	-	-	-	-	-	6,447	-	78,884	8
T. Venter	128,750	-	-	-	11,909	-	-	1,450	-	12,894	-	155,004	8
R. Wilson	42,664	79,042	-	-	-	-	-	-	-	-	-	121,706	65
Total executive KMP	**492,214**	**158,084**	**-**	**-**	**26,399**	**-**	**-**	**3,487**	**-**	**38,682**	**-**	**718,866**	
TOTALS	**1,042,739**	**158,084**	**-**	**36,453**	**43,049**	**-**	**-**	**9,737**	**85,744**	**81,584**	**-**	**1,471,189**	

Table 2: Remuneration for the year ended 30 June 2013

	Short-term benefits				Post employment		Long-term benefits		Share-based payments				
	Salary and fees	Cash bonus	Non-monetary benefits	Other	Super-annuation	Retirement benefits	Cash incentives	Long service leave	Options	Shares	Termination payments	Total	Performance related
	$	$	$	$	$	$	$	$	$	$	$	$	%
NON-EXECUTIVE DIRECTORS													
T. McClement (i)	66,880	-	-	-	-	-	-	-	9,200	-	-	76,080	-
D. Marshall (ii)	61,230	-	-	87,370	-	-	-	-	-	-	-	148,600	-
Total non-executive directors	**128,110**	**-**	**-**	87,370	**-**	**-**	**-**	**-**	**9,200**	**-**	**-**	**224,860**	
EXECUTIVE DIRECTORS													
B. Scott (iii)	57,750	-	-	-	17,531	-	-	-	-	(39,556)	-	35,725	(111)
K. Gaunt	240,000	-	-	-	-	-	-	-	71,453	-	-	311,453	23
J. Nigaglioni (iv)	180,000	-	-	-	16,200	-	-	3,414	-	27,061	-	226,675	11
Total executive directors	**477,750**	**-**	**-**	**-**	**33,731**	**-**	**-**	**3,414**	**71,453**	**(12,495)**	**-**	**573,854**	
OTHER EXECUTIVE KEY MANAGEMENT PERSONNEL													
P. Cleary	142,623	-	-	1,850	15,443	-	-	(1,225)	698	-	27,115	186,504	1
J. Gething	126,429	2,500	-	-	11,604	-	-	1,282	349	8,059	-	150,222	7
C. Neal	61,420	-	-	-	-	-	-	-	-	2,686	-	64,107	4
T. Venter	128,750	-	-	-	11,587	-	-	835	640	5,373	-	71,341	0
R. Wilson	71,341	-	-	-	-	-	-	-	-	-	-	147,185	4
Total executive KMP	**530,563**	**2,500**	**-**	**1,850**	**38,634**	**-**	**-**	**892**	**1,687**	**16,118**	**27,115**	**619,359**	
TOTALS	**1,136,423**	**2,500**	**-**	**89,220**	**72,365**	**-**	**-**	**4,306**	**82,340**	**3,623**	**27,115**	**1,417,892**	

See footnotes in next page

(i) Mr. McClement was appointed to the board on 7 September 2012 and as Chairman on 7 March 2013.

(ii) Mr. Marshall resigned on 7 March 2013. Mr. Marshall has a consulting agreement with the company as part of the acquisition of MRT. In addition, he earned Chairman fees since his appointment.

(iii) Mr. Scott earned resigned on 29 November 2012. The Company reversed the expense that was recorded up until the date of resignation for the shares forfeited in the 2013 financial year.

(iv) Mr. Nigaglioni was appointed director on 7 March 2013.

Performance shares vested during the year

There were no performance shares vested during the year. The remaining Performance shares class C expired on 28 September 2014 without meeting the vesting criteria.

Table 3: Share options awarded and vested during the year

	Awarded during year Number	Date	Fair value per share at award (note 22)	Terms and Conditions for each Grant Milestone	Vesting Date	Exercise Price	Expiry Date	Vested Number	%
EXECUTIVE DIRECTORS									
K. Gaunt	-	-	-	-	-	-	-	-	-
J. Nigaglioni	-	-	-	-	-	-	-	-	-
OTHER KEY MANAGEMENT PERSONNEL									
R. Gaunt	-	-	-	-	-	-	-	-	-
J. Gething	-	-	-	-	-	-	-	-	-
C. Neal	-	-	-	-	-	-	-	-	-
T. Venter	-	-	-	-	-	-	-	-	-
R. Wilson	-	-	-	-	-	-	-	-	-
TOTAL	**-**		**-**					**-**	

Value of performance shares awarded, exercised, forfeited and lapsed during the year ended 30 June 2014

There were no performance shares vested during the year. The remaining Performance shares class C expired on 28 September 2014 without meeting the vesting criteria.

^ For details on the valuation of the performance shares, including models and assumptions used, please refer to note 22.The Performance Class A Shares have converted into ordinary shares as at 25 August 2010 when the Group received ASX conditional listing. No amount was paid or is payable on conversion. There were no alterations to the terms and conditions of the performance shares awarded as remuneration since their award date.

Table 4: Value of performance shares awarded, exercised, forfeited and lapsed during the year ended 30 June 2013

	Value of performance shares granted during the year^	Value of performance shares converted during the year	Value of performance shares lapsed during the year	Performance shares forfeited	Remuneration consisting of performance shares during the year
	$	$	$	$	%
T. McClement	-	-	-	-	-
K. Gaunt	-	-	-	-	-
J. Nigaglioni	-	-	46,667	-	-
D. Marshall	-	-	-	-	-
B. Scott	-	-	70,000	50,667	-
P. Cleary	-	-	-	-	-
J. Gething	-	-	-	-	-
C. Neal	-	-	-	-	-
T. Venter	-	-	-	-	-
R. Wilson	-	-	-	-	-

Table 5: Value of share options awarded, exercised and lapsed during the year ended 30 June 2014

	Value of share options granted during the year^^	Value of share options exercised during the year	Value of share options lapsed during the year	Remuneration consisting of share options during the year
	$	$	$	%
T. McClement	-	-	-	-
K. Gaunt	-	-	-	-
J. Nigaglioni	-	-	-	-
P. Cleary	-	-	-	-
J. Gething	-	-	-	-
C. Neal	-	-	-	-
T. Venter	-	-	-	-
R. Wilson	-	-	-	-

^^ For details on the valuation of the share options, including models and assumptions used, please refer to note 22.

Table 6: Value of share options awarded, exercised and lapsed during the year ended 30 June 2013

	Value of share options granted during the year^^	Value of share options exercised during the year	Value of share options lapsed during the year	Remuneration consisting of share options during the year
	$	$	$	%
T. McClement	41,400	-	-	-
K. Gaunt	257,231	-	-	-
J. Nigaglioni	-	-	-	-
D. Marshall	-	-	-	-
B. Scott	-	-	-	-
P. Cleary	-	-	-	-
J. Gething	-	-	-	-
C. Neal	-	-	-	-
T. Venter	-	-	-	-
R. Wilson	-	-	-	-

Signed in accordance with a resolution of the Directors.

Sir Tim McClement
Chairman

Perth, Western Australia

30 September 2014

CORPORATE GOVERNANCE STATEMENT

The board of directors of Mobilarm Limited is responsible for establishing the corporate governance framework of the Group having regard to the ASX Corporate Governance Council (CGC) published guidelines as well as its corporate governance principles and recommendations. The board guides and monitors the business and affairs of Mobilarm Limited on behalf of the shareholders by whom they are elected and to whom they are accountable.

The table below summarises the Group's compliance with the CGC's recommendations.

Principle	Corporate Governance Best Practice Recommendation	Compliance	How We Comply
Principle 1 - Lay solid foundations for management and oversight			
1.1	Companies should establish and disclose the respective roles and responsibilities of board and management.	Y	All functions are formalised and documented by the board and executives. The Board is responsible for; - • Setting and reviewing strategic direction and planning; • Reviewing financial and operational performance; • Identifying principal risks and reviewing risk management strategies; and • Considering and reviewing significant capital investments and material transactions. In exercising its responsibilities, the Board recognises that there are many stakeholders in the operations of the Group, including employees, Shareholders, co-ventures, the government and the community. The Board has delegated responsibility for the business operations of the Group to the Chief Executive Officer and the management team. The management team, led by the Chief Executive Officer, is accountable to the Board.
1.2	Companies should disclose the process for evaluating the performance of senior executives	Y	Documented in HR policy and employment contracts.
1.3	Provide the information indicated in Guide to Reporting on Principle 1		
1.3.1	An explanation of any departure from recommendations 1.1, 1.2 and 1.3		Not applicable
1.3.2	Whether a performance evaluation for senior executives has taken place in the reporting period and whether it was in accordance with the process disclosed.	Y	Refer above to 1.2.

Principle	Corporate Governance Best Practice Recommendation	Compliance	How We Comply
Principle 2 - Structure the Board to add value			
2.1	A majority of the board should be independent directors	N	The current board is 33% independent. We have an independent chairman and two executive directors.
2.2	The chairperson should be an independent director	Y	The Chairman, Mr. McClement does meet the Governance Council's independence criteria.
2.3	The roles of the chairperson and CEO should be separate.	Y	They are separate, Sir Tim McClement Chairman and Ken Gaunt CEO
2.4	The board should establish a nomination committee	Y	The board has a nomination committee, but due to the size of the board, the entire board participates in the committee. Mr. McClement is in place to act independently if required.
2.5	Companies should disclose the process for evaluating the performance of the board, its committees and its individual directors	Y	Documented in HR policy and employment contracts.
2.6	Provide the information indicated in Guide to Reporting on Principle 2		
2.6.1	The skills, expertise and experience relevant to the position of director held by each director in office at the date of the annual report	Y	Provided in the annual report
2.6.2	The names of the directors considered by the Board to be independent directors and the Group's materially thresholds	Y	Provided in the annual report
2.6.3	A statement as to whether there is a procedure agreed by the Board of directors to take independent professional advice at the expense of the Group	Y	Individual directors have the right in connection with their duties and responsibilities as directors to seek independent professional advice at the Group's expense. The engagement of an outside adviser is subject to prior approval of the Chairman and this will not be withheld unnecessarily. If appropriate, any advice so received will be made available to all Board members.
2.6.4	The Board should state its reasons if it considers a director to be independent notwithstanding that the director does not meet the definition of independence contained in the ASX Guidelines	Y	Provided in the annual report
2.6.5	The period of office held by each director in office at the date of the annual report	Y	Provided in the annual report
2.6.6	The names of members of the nomination committee and their attendance at meetings of the committee	Y	Provided in the annual report
2.6.7	Whether a performance evaluation for the Board, its committees and directors has taken place in the reporting period and whether it was in accordance with the process disclosed	Y	An evaluation of the Board, its committees and directors was undertaken and was in accordance with the process disclosed at 2.5.
2.6.8	An explanation of any departure from		Refer 2.1 - The Company has undergone a

Principle	Corporate Governance Best Practice Recommendation	Compliance	How We Comply
	recommendations 2.1, 2.2, 2.3, 2.4 and 2.5 The following material should be made publicly available, ideally on the Group's website in a clearly marked corporate governance section: A description of the procedure for the selection and appointment of new directors to the board; The charter of the nomination committee, or a summary of the role, rights and responsibilities and membership requirements for the committee; and The nomination committee's policy for the appointment of directors.	N N N	restructuring to improve operations in the previous two years. Until our operations and financial condition improve, we will not add additional costs until it is prudent to do so. It is the long-term vision to make the board composition mostly independent . Refer 2.4 - The Board informally reviews the skill set of and market expectations for its directors on a regular basis and considers these factors when appointing / re-electing directors. The Board invites persons with relevant industry experience and financial experience to assist it in its appointment of directors.
Principle 3 - Promote ethical and responsible decision making			
3.1	Recommendation 3.1: Companies should establish a code of conduct and disclose the code or a summary of the code as to:	Y	All Directors, managers and employees are expected to act with the utmost integrity and objectivity, striving at all times to enhance the reputation and performance of the Group. The Board has established a Code of Conduct to guide the Directors, the Chief Executive Officer and other key executives. The Group's share trading policies are included in the Group's Code of Conduct, which is available on the Group's website.
3.1.1	the practices necessary to maintain confidence in the company's integrity	Y	Disclosed in the Mobilarm Human Resources Manual.
3.1.2	the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders	Y	Disclosed in the "Roles Of The Board And Executives" section go the Mobilarm Human Resources Manual.
3.1.3	the responsibility and accountability of individuals for reporting and investigating reports of unethical practices	Y	Disclosed in the "Code of Conduct Violations" section of the Mobilarm Human Resources Manual.
3.2 3.3	Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the board to establish measurable objectives for achieving gender diversity for the board to assess annually both the objectives and progress in achieving them. Companies should disclose in each annual report the measurable objectives for achieving gender diversity set by the board in accordance with the diversity policy and progress towards achieving them.	Y N	The Group has established a policy concerning its diversity practices on its website. The Group has not had major changes to its operating structure due to its cost controls and financial condition. Its focus on achieving profitability and long term sustained growth is the current focus, but any new positions are measured for their diversity impact.

Principle	Corporate Governance Best Practice Recommendation	Compliance	How We Comply
3.4	Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executives positions and women on the board.	Y	The Group has 6 women out of 28 total employees at the end of the financial year, none of which are senior executives or directors on the board. The Group continuously monitors its needs and will review opportunities to improve the diversity mix throughout the Group.
3.5	An explanation of any departure from recommendations 3.1, 3.2 3.3 and 3.4		Not applicable
	The following material should be made publicly available, ideally on the Group's website in a clearly marked corporate governance section:		
	a) any applicable code of conduct or a summary of its main provisions	Y	The Code of Conduct is available on the Group's website.
	b) the trading policy or summary of its main provisions	Y	The Share Trading Policy is available on the Group's website.
	c) the diversity policy or summary of its main provisions	Y	The Diversity Policy is available on the Group's website
Principle 4 - Safeguard integrity in financial reporting			
4.1	The Board should establish an audit committee.	Y	The Board has established an Audit Committee which operates under a charter approved by the Board. The committee provides the Board with additional assurances regarding the reliability of financial information for inclusion in financial reports.
4.2	Structure the audit committee so that it consists of: only non-executive directors, a majority of independent directors, an independent chairperson who is not the chairperson of the board and at least three members	N	The Board is of the view that given the size of the Group and its Board, it is not practical to have a majority of independent directors managing the Audit Committee with all Directors being committee members of the Audit and Risk Committee. The members of the audit committee are Sir Tim McClement (committee chairman). The rest of the board participates as a whole in assistance of audit committee needs.
4.3	The audit committee should have a formal charter	Y	The audit committee has a formal charter.
4.4	Provide the information in the annual report:		
	a) Details of the names and qualifications of those appointed to the audit committee and their attendance at meetings of the committee	Y	Refer to director's report
	b) The number of meetings of the audit committee	Y	Refer to director's report.
	The following material should be made publicly available, ideally on the Group's website in a clearly marked corporate governance section:		The audit committee charter will be made available on the Group's website The committee manages the relationship

Principle	Corporate Governance Best Practice Recommendation	Compliance	How We Comply
	The audit committee charter b) Information on procedures for the selection and appointment of the external auditor, and for the rotation of external audit engagement partners		between the Group and external auditors on behalf of the Board. It recommends to the Board potential auditors for appointment, re-appointment or replacement, the terms of engagement and remuneration of the external auditor.
Principle 5 - Make timely and balanced disclosure			
5.1	Companies should establish written policies and procedures designed to ensure compliance of ASX listing rule disclosure requirements and to ensure accountability at a senior management level for that compliance and disclose these policies or a summary of these policies.	Y	The Directors are committed to keeping the market fully informed of material developments to ensure compliance with ASX Listing Rules and the Corporations Act. The Directors have established written policies and procedures to ensure compliance with the disclosure requirements of ASX Listing Rules and to ensure accountability at a senior management level.
5.2	Provide the information indicated in Guide to Reporting on Principle 5		
5.2.1	An explanation of any departures from recommendations 5.1and 5.2 and reasons for the departure		Not applicable
5.2.2	The following material should be publicly available, ideally on the Group's website in a clearly marked corporate governance section: A summary of the policies and procedures designed to guide compliance with Listing Rule disclosure requirements	Y	A summary of corporate governance compliance is available on the Group's website.
Principle 6 - Respect the rights of shareholders			
6.1	Design and disclose a communication strategy to promote effective communication with shareholders and encourage effective participation at general meetings and disclose these policies or a summary of these policies.	Y	The Directors intend to establish a communications strategy to promote effective communication with Shareholders and encourage effective participation at general meetings. As well as ensuring timely and appropriate access to information for all investors via announcements to ASX, the Group will ensure that all relevant documents are released on the Group's website.
6.2	Provide the information indicated in Guide to Reporting on Principle 6		
6.2.1	An explanation of any departures from recommendation and reasons for the departure		Not applicable
6.2.2	The Group should describe how it will	N	Refer above to 6.1

Principle	Corporate Governance Best Practice Recommendation	Compliance	How We Comply
	communicate with its shareholders publically, ideally by posting this information on the company's website in a clearly marked corporate governance section.		
Principle 7 - Recognise and manage risk			
7.1	Companies should establish policies on risk oversight and management of material risks and disclose a summary of these policies.	Y	The board manages its portfolio of risks through its enterprise systems and review it at the board every meeting.
7.2	The board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the Group's management of its material business risks.	Y	As part of the reporting process the Managing Director and Chief Financial Officer provide to the Board prior to the Board approving the annual and half-yearly accounts, a written statement that the integrity of the financial statements (as per ASX Recommendation 4.1) are founded on a system of risk management and internal compliance and control which implements the Board's policies and the Group's risk management and internal control system is operating efficiently and effectively in all material matters.
7.3	The board should disclose whether it has received assurance from the chief executive officer and chief financial officer that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.	Y	The Board will receive assurance from the Chief Executive Officer and Chief Financial Officer that the s295A declaration is founded on a sound system of risk management and internal control and the system is operating effectively in all material respects in relation to financial risks.
7.4	Provide the information indicated in Guide to Reporting on Principle 7		
7.4.1	An explanation of any departures from recommendations 7.1, 7.2, 7.3 and 7.4 and reasons for the departure		Not applicable
7.4.2	Whether the Board has received the report from management under recommendation 7.2	Y	The board has received the report
7.4.3	Whether the Board has received assurance from the Chief Executive Officer and Chief Financial Officer under recommendation 7.3 The following material should be made publicly available, ideally on the Group's website in a clearly marked corporate governance section: A summary of the Group's policies on risk oversight and management of material	Y	The Board has received the assurance in accordance with recommendation 7.3

Principle	Corporate Governance Best Practice Recommendation	Compliance	How We Comply
	business risks		
Principle 8 - Remunerate fairly and responsibly			
8.1	The board should establish a remuneration committee	Y	Sir Tim McClement acts as chair of the remuneration committee.
8.2	Clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives	Y	All functions formalised and documented in the employment agreement and board engagement.
8.3	Provide the information indicated in Guide to Reporting on Principle 8		
8.3.1	The names of the members of the remuneration committee, their attendance at meetings of the committee and how the functions of the remunerations committee are carried out	Y	Refer above to 8.1 and the remuneration report contained in the Director's report.
8.3.2	The existence and terms of any schemes for retirement benefits, other than superannuation, for non-executive directors	Y	Refer to the remuneration report
8.3.3	An explanation of any departures from recommendation 8.1, 8.2 and 8.3 and reasons for the departure. The following material should be made publicly available, ideally on the Group's website in a clearly marked corporate governance section: a) The charter of the remuneration committee or a summary of the role, rights, responsibilities and membership requirements for that committee; b) A summary of the company's policy on prohibiting entering into transactions in associated products which limit the economic risk of participating in unvested entitlements under any equity-based remuneration schemes.	 Y Y	Not applicable This charter will be made available on the Group's website. The Group does not enter into transactions in associated products which limit the economic risk of participating in unvested entitlements under any equity-based remuneration schemes.

Mobilarm Limited's corporate governance practices were in place throughout the year ended 30 June 2014.

Board Functions

The board of directors is established to direct the Group to meet the expectations of the shareholders, as well as other stakeholders. As part of meeting those expectations, the board has a responsibility to identify the areas of corporate governance to effectively manage the Group. To ensure that the board is well equipped to discharge its responsibilities it has established guidelines for the nomination and selection of directors and for the operation of the board.

The responsibility for the operation and administration of the Group is delegated, by the board, to the CEO and the executive management team. The board ensures that this team is appropriately qualified and experienced to discharge their responsibilities and has in place procedures to assess the performance of the CEO and the executive management team.

Whilst at all times the board retains full responsibility for guiding and monitoring the Group, in discharging its stewardship it makes use of sub-committees. Specialist committees are able to focus on a particular responsibility and provide informed feedback to the board.

To this end the board has established the following committees:

- Audit and Risk
- Nomination
- Remuneration

The Group has commenced the process to establish the roles and responsibilities of these committees.

The board is responsible for ensuring that management's objectives and activities are aligned with the expectations and risks identified by the board. The board has a number of mechanisms in place to ensure this is achieved including:

- Board approval and monitoring of a strategic plan designed to meet stakeholders' needs and manage business risk.
- Implementation of budgets by management and monitoring progress against budget - via the establishment and reporting of both financial and non-financial key performance indicators.

Other functions reserved to the board include:

- Approval of the annual and half-yearly financial reports.
- Approving and monitoring the progress of major capital expenditure, capital management, and acquisitions and divestitures.
- Ensuring that any significant risks that arise are identified, assessed, appropriately managed and monitored.
- Reporting to shareholders.

Structure of the Board

The skills, experience and expertise relevant to the position of director held by each director in office at the date of the annual report are included in the directors' report. Directors of Mobilarm Limited are considered to be independent when they are independent of management and free from any business or other relationship that could materially interfere with – or could reasonably be perceived to materially interfere with – the exercise of their unfettered and independent judgement.

In the context of director independence, "materiality" is considered from both the Group and individual director perspective. The determination of materiality requires consideration of both quantitative and qualitative elements. An item is presumed to be quantitatively immaterial if it is equal to or less than 5% of the appropriate base amount. It is presumed to be material (unless there is qualitative evidence to the contrary) if it is equal to or greater than 10% of the appropriate base amount.

Qualitative factors considered include whether a relationship is strategically important, the competitive landscape, the nature of the relationship and the contractual or other arrangements governing it and other factors that point to the actual ability of the director in question to shape the direction of the Group's loyalty.

In accordance with the definition of independence above, and the materiality thresholds set, the following directors of Mobilarm Limited are considered to be independent:

Name	Position
Sir Tim McClement	Independent director

The board recognises the Corporate Governance Council's recommendation that the Chair should be an independent director.

The term in office held by each director in office at the date of this report is as follows:

Name	Term in office
Mr. Ken Gaunt	3 years
Sir Tim McClement	2 years
Mr. Jorge Nigaglioni	2 years

For additional details regarding board appointments, please refer to our website.

Performance

The performance of the board and key executives is reviewed against both measurable and qualitative indicators.

The performance criteria against which directors and executives are assessed are aligned with the financial and non-financial objectives of Mobilarm Limited.

Directors whose performance is consistently unsatisfactory may be asked to retire.

Trading policy

Under the Group's securities trading policy, an executive or director must not trade in any securities of the Group at any time when they are in possession of unpublished, price-sensitive information in relation to those securities.

Before commencing to trade, an executive must first obtain the approval of the Group Secretary or a Director to do so and a director must first obtain approval of the Chairman.

As required by the ASX listing rules, the Group notifies the ASX of any transaction conducted by directors in the securities of the Group.

Diversity Policy

The Group recognises the value contributed to the organisation by employing people with varying skills, cultural backgrounds, ethnicity and experience. Mobilarm has since its inception believed its diverse workforce is the key to its continued growth, improved productivity and performance.

We have and actively value and embrace the diversity of our employees and are committed to creating an inclusive workplace where everyone is treated equally and fairly, and where discrimination, harassment and inequity are not tolerated. While Mobilarm is committed to fostering diversity at all levels, gender diversity has been and continues to be a priority for the Group.

To this end, the Group supports and complies with the recommendations contained in the ASX Corporate Governance Principles and Recommendations. The Group has established a diversity policy outlining the board's measurable objectives for achieving diversity. This is assessed annually to measure the progress towards achieving those objectives. The diversity policy is available in the corporate governance section on the Group's website.

The table below outlines the diversity objectives established by the board, the steps taken during the year to achieve these objectives, and the outcomes. In the previous year, we significantly reduced our headcount. This shifted our focus during the year to ensuring the required skill sets were present and allowing opportunities for personnel to change roles to meet the needs. As we grow the business we will shift our focus again towards monitored diversity improvements.

Objectives	Steps/Outcomes
Recruit and manage on the basis of an individual's competence, qualification and performance.	The Group manages individuals based on performance with annual review.
Create a workplace culture characterised by inclusive practices and behaviours for the benefit of all staff.	Whilst Mobilarm places focus on diversity, career development opportunities are equal for all employees.

Create a work environment that values and utilises the contributions of employees with diverse backgrounds, experiences and perspectives through improved awareness of the benefits of workplace diversity and successful management of diversity, and at all times recognising that employees may have restrictions placed on them by domestic responsibilities outside the workplace.	The Group includes diversity in our culture and day to day operations.
Take action to prevent and stop discrimination.	Mobilarm has set a zero tolerance policy against discrimination of employees at all levels. The company also provides avenues for employees to voice their concerns or report any discrimination. No cases of discrimination were reported during the year (2013: nil).
Create awareness in all staff of their rights and responsibilities with regards to fairness, equity and respect for all aspects of diversity.	We communicated the policies to all personnel and updated our policies to include these changes.

Nomination committee

The board has established a nomination committee and a chair person to establish its role and responsibility. The committee has not met as of the date of this report. The board of directors as a whole acted as the Nomination committee during the period. The nomination committee is comprised by non-executive director and the chairman of the board when the board composition allows. The nomination committee is managed by the board as a whole, but chaired independently by the following members throughout the year:

- Sir Tim McClement (Committee Chairman)

Audit and Risk committee

The board has established an Audit and Risk committee, which operates under a charter approved by the board. The committee has not met as of the date of this report. The board of directors as a whole acted as the Audit and Risk committee during the period. It is the board's responsibility to ensure that an effective internal control framework exists within the entity. This includes internal controls to deal with both the effectiveness and efficiency of significant business processes, the safeguarding of assets, the maintenance of proper accounting records, and the reliability of financial information as well as non-financial.

The committee also provides the board with additional assurance regarding the reliability of financial information for inclusion in the financial reports. The committee is comprised of a non-executive director and the chairman of the board when the board composition allows.

The audit committee is managed by the board as a whole, but chaired independently by the following members throughout the year:

- Sir Tim McClement (Committee Chairman)

Qualifications of audit committee members

Sir Tim McClement has an extensive and highly successful Naval career. From 2004 to 2006 Sir Tim was the Deputy Commander–in-Chief Fleet (as a Vice Admiral). In this role he was the Chief Operating Officer of the Royal Navy’s front line operational command running the day-to-day Command of the 2nd most powerful Navy in the world. From 2001 to 2003 Sir Tim was the Assistant Chief of Naval Staff (as a Rear Admiral). He was a member of the Admiralty Board, which was chaired by the Secretary of State for Defence. Sir Tim is also an experienced chairman and non-executive director, having served as Director of Subsea Resources Ltd, Managing Director of Flagship Superyacht Academy, an adviser to Undersea Defence Technology, a strategic adviser to Large Yacht Solutions, a member of the Defence Advisory Board of Babcock International, a military adviser to CTruk, a Director of CWInd and Chairman of Protection Vessels International which as a start up in 2009 achieved revenues of £48 Million by the end of 2011.

Risk

The Group sells products and services aimed at mitigating risk in the workplace. As such, the board takes a proactive approach to risk management. The identification and effective management of risk, including calculated risk-taking is viewed as an essential part of the Group’s approach to creating long-term shareholder value.

In recognition of this, the board determines the company's risk profile and is responsible for overseeing and approving risk management strategy and policies, internal compliance and internal control. In doing so the board has taken the view that it is crucial for all board members to be a part of this process and as such, has not established a separate risk management committee.

The board oversees an annual assessment of risks affecting the Group and the effectiveness of management’s plans to mitigate the risks. The tasks of undertaking and assessing risk management and internal control effectiveness are delegated to management through the CEO, including responsibility for the day to day design and implementation of the company's risk management and internal control system.

The board has a number of mechanisms in place to ensure that management's objectives and activities are aligned with the risks identified by the board. These include the following:

- Board approval of a strategic plan, which encompasses the company's vision, mission and strategy statements, designed to meet stakeholders' needs and manage business risk. The strategic plan includes the identified risks and strategies to mitigate them.
- Implementation of board approved operating plans and budgets and board monitoring of progress against these budgets, including the establishment and monitoring of KPIs of both a financial and non-financial nature.

For the purposes of assisting investors to understand better the nature of the risks faced by Mobilarm Limited, the board has prepared a list of operational risks as part of the Principle 7 disclosures. However, the board notes that this does not necessarily represent an exhaustive list and that it may be subject to change based on underlying market events.

- Fluctuations in component prices, exchange rates & demand volumes.
- Political instability/sovereignty risk in our manufacturing site.
- The occurrence of force majeure events by significant suppliers.
- Increasing costs of operations, including labour costs.
- Increased regulatory barriers around the implementation of devices using regulated radio frequencies in various countries.
- Increased competition from established and new companies .

The Group does not currently operate an internal audit/control team.

Underpinning these efforts is a comprehensive set of policies and procedures directed towards achieving the following objectives in relation to the requirements of Principle 7:

- Effectiveness and efficiency in the use of the Group's resources;
- Compliance with applicable laws and regulations; and
- Preparation of reliable published financial information.

CEO and CFO certification

In accordance with section 295A of the *Corporations Act,* the CEO and CFO have provided a written statement to the board that:

- Their view provided on the Group's financial report is founded on a sound system of risk management and internal compliance and control which implements the financial policies adopted by the board.
- The Group's risk management and internal compliance and control system is operating effectively in all material respects.

The board agrees with the views of the ASX on this matter and notes that due to its nature, internal control assurance from the CEO and CFO can only be reasonable rather than absolute. This is due to such factors as the need for judgement, the use of testing on a sample basis, the inherent limitations in internal control and because much of the evidence available is persuasive rather than conclusive and therefore is not and cannot be designed to detect all weaknesses in control procedures.

In response to this, internal control questions are required to be completed by the key management personnel of all significant business units, including finance managers, in support of these written statements.

Remuneration

The expected outcomes of the remuneration goals of the Group are:

- Attract, retain and incentivise key executives.
- Performance incentives that allow executives to be rewarded for delivering results to the Group and its shareholders.

To assist in achieving these goals, the Group formed a remuneration committee to devise and monitor the amount of executive directors' and officers' remuneration to ensure it is closely tied to the Group's financial and operational performance. The committee has not met as of the date of this report. The board of directors as a whole acted as the Remuneration committee during the period.

For a full discussion of the Group's remuneration philosophy and framework and the remuneration received by directors and executives in the current period please refer to the remuneration report, which is contained within the directors' report.

There is no scheme to provide retirement benefits to non-executive directors.

The board is responsible for determining and reviewing compensation arrangements for the directors themselves, the CEO and executive team. The committee is comprised of a non-executive director and the chairman of the board when the board composition allows.

The remuneration committee is managed by the board as a whole, but chaired independently by the following member throughout the year:

- Sir Tim McClement (Committee Chairman)

Shareholder communication policy

Pursuant to Principle 6, Mobilarm's objective is to promote effective communication with its shareholders at all times.

Mobilarm Limited is committed to:

- Ensuring that shareholders and the financial markets are provided with full and timely information about Mobilarm Limited's activities in a balanced and understandable way.
- Complying with continuous disclosure obligations contained in applicable the ASX listing rules and the *Corporations Act* in Australia.
- Communicating effectively with its shareholders and making it easier for shareholders to communicate with Mobilarm Limited.

To promote effective communication with shareholders and encourage effective participation at general meetings, information is communicated to shareholders:

- Through the release of information to the market via the ASX.
- Through the distribution of the annual report and notices of annual general meeting.
- Through shareholder meetings and investor relations presentations.
- Through letters and other forms of communications directly to shareholders.
- By posting relevant information on Mobilarm Limited's website: **www.mobilarm.com**

The Group's website **www.mobilarm.com** has a dedicated investor relations section for the purpose of publishing all important company information and relevant announcements made to the market.

The external auditors are required to attend the annual general meeting and are available to answer any shareholder questions about the conduct of the audit and preparation of the audit report.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 June 2014

	Note	Consolidated 2014 $	2013 $
Revenue			
Sale of goods		5,647,019	4,279,624
Portion of rentals recognised as revenue		169,173	-
		5,816,192	4,279,624
Cost of units sold		(1,499,346)	(1,205,348)
Depreciation of units under rental	*3(d)*	(24,464)	
		(1,523,810)	(1,205,348)
		4,292,382	3,074,276
Interest income	*3(a)*	6,427	14,777
Other income		-	180
Employee benefits	*3(d)*	(2,147,792)	(1,759,163)
Share based compensation expense	*3(d)*	(181,130)	(77,687)
Depreciation and amortisation	*3(c)*	(463,531)	(499,165)
Advertising		(64,046)	(45,095)
Audit and tax	*3(f)*	(92,525)	(46,423)
Accountancy		(19,995)	(76,731)
Freight and cartage		(68,092)	5,830
External consultants and contractors		(361,605)	(265,665)
Rental	*3(c)*	(159,960)	(80,105)
Travel and accommodation		(406,965)	(238,476)
Allowance for doubtful debts	*7*	507,026	(607,639)
Payroll tax		(6,901)	(20,826)
Legal fees		(91,949)	(79,671)
Telephone and internet charges		(72,674)	(72,150)
Insurance		(71,250)	(79,359)
Printing, postage and stationery		(93,119)	(90,502)
Motor vehicles expenses		(80,287)	(57,588)
Finance costs	*3(b)*	(186,518)	(137,473)
Property letting fees		(78,969)	(26,032)
Rates and land tax		(69,265)	(35,778)
Foreign exchange (loss)/gain		(173,536)	116,294
Redundancy costs		-	(27,115)
Impairment of capitalised development costs	*10*	-	(78,506)
Other expenses		(390,979)	(398,360)
Loss before income tax (carried forward)		**(475,253)**	**(1,588,152)**

	Note	2014	2013
		$	**$**
Loss before income tax (brought forward)		**(475,253)**	**(1,588,152)**
Income tax benefit	*4(a)*	**411,861**	**290,387**
Loss from operations after income tax	*15*	**(63,392)**	**(1,297,765)**
Other comprehensive income			
Foreign currency translation reserve movement		**230,627**	**-**
Total comprehensive income/(loss) for the year		**167,235**	**(1,297,765)**
Basic earnings per share (cents per share)	*19*	**(0.0)**	**(0.4)**
Diluted earnings per share (cents per share)	*19*	**(0.0)**	**(0.4)**

The statement of comprehensive income should be read in conjunction with the notes to the financial statements.

STATEMENT OF FINANCIAL POSITION

AS AT 30 June 2014

	Note	Consolidated 2014 $	2013 $
CURRENT ASSETS			
Cash and cash equivalents	*18*	842,229	589,072
Restricted cash	*6*	48,217	48,217
Short–term securities	*12*	698,979	-
Trade and other receivables	*7*	1,590,210	981,729
Inventories	*8*	1,174,063	482,739
Other current assets		296,638	105,867
TOTAL CURRENT ASSETS		**4,650,336**	**2,207,624**
NON-CURRENT ASSETS			
Plant and equipment	*9*	623,887	229,167
Intangible assets and Goodwill	*10*	3,253,948	3,088,432
TOTAL NON-CURRENT ASSETS		**3,877,835**	**3,317,599**
TOTAL ASSETS		**8,528,171**	**5,525,223**
CURRENT LIABILITIES			
Trade and other payables	*11*	1,775,768	1,224,859
Interest bearing loans and borrowings	*12*	896,134	723,954
Provisions	*13 (a)*	153,018	226,307
TOTAL CURRENT LIABILITIES		**2,824,920**	**2,175,120**
NON-CURRENT LIABILITIES			
Provisions	*13 (b)*	30,294	17,425
Interest bearing loans and borrowings	*12*	6,318	17,738
TOTAL NON-CURRENT LIABILITIES		**36,612**	**35,163**
TOTAL LIABILITIES		**2,861,532**	**2,210,283**
NET ASSETS		**5,666,639**	**3,314,940**
EQUITY			
Contributed equity	*14*	29,804,298	27,790,295
Accumulated Losses	*15*	(24,873,934)	(24,810,542)
Reserves	*16*	736,275	335,187
TOTAL EQUITY		**5,666,639**	**3,314,940**

The statement of financial position should be read in conjunction with the notes to the financial statements.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 June 2014

	Note	Consolidated 2014 $	2013 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		6,220,708	3,822,246
Payments to suppliers and employees		(7,128,757)	(5,567,185)
Interest received		6,347	11,726
Payment for research & development		(444,224)	(263,158)
R&D tax rebate		319,423	584,645
Interest and other borrowing costs paid		(26,275)	(21,710)
NET CASH FLOWS USED IN OPERATING ACTIVITIES	*18*	**(1,052,778)**	**(1,433,436)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for plant and equipment		(40,753)	(7,578)
Term Deposit		-	217,907
NET CASH FLOWS (USED IN) / PROVIDED BY INVESTING ACTIVITIES		**(40,753)**	**210,329**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings – related parties		-	720,989
Proceeds from borrowings		56,688	-
Proceeds from share issues		1,300,000	-
Costs of share issue		(10,000)	-
NET CASH FLOWS PROVIDED BY FINANCING ACTIVITIES		**1,346,688**	**720,989**
NET INCREASE/(DECREASE) IN CASH HELD		253,157	(502,118)
CASH AT THE BEGINNING OF THE FINANCIAL YEAR		**589,072**	**1,091,190**
CASH AT THE END OF THE FINANCIAL YEAR	*18*	**842,229**	**589,072**

The statement of cash flows should be read in conjunction with the notes to the financial statements.

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 June 2014

	Consolidated				
	Attributable to equity holders of Mobilarm Limited				
	Issued Capital	Accumulated Losses	Share based payment Reserve (Note 16)	Currency Translation Reserve	Total Equity
	$	$	$	$	$
COMPANY					
At 1 July 2012	**27,710,729**	**(23,512,777)**	**222,833**	-	**4,420,785**
Net loss for the year	-	(1,297,765)	-	-	(1,297,765)
Other comprehensive income	-		-	-	
Total comprehensive loss for the period	-	(1,297,765)	-	-	(1,297,765)
Transactions with owners in their capacity as owners					
Issue of deferred ordinary share compensation from MRT acquisition	114,233	-	-	-	114,233
Share based payments – Performance Shares	16,000	-	-	-	16,000
Forfeiture of Performance Shares	(50,667)	-	-	-	(50,667)
Share based payments –	-	-	29,549	-	29,549
Share based payments – Stock Options	-	-	82,805	-	82,805
As at 30 June 2013	**27,790,295**	**(24,810,542)**	**335,187**	-	**3,314,940**
Net loss for the year	-	(63,392)	-	-	(63,392)
Other comprehensive income	-	-	-	230,627	230,627
Total comprehensive loss for the year	-	(63,392)	-	230,627	167,235
Transactions with owners in their capacity as owners					
Issue of equity	1,300,000	-	-	-	1,300,000
Costs of share issues	(10,000)	-	-	-	(10,000)
Currency translation reserve	(7,654)	-	-	-	(7,654)
Conversion of convertible notes into ordinary shares	720,989			-	720,989
Share based payments – Performance Shares	10,668	-	-	-	10,668
Share based payments – Performance Shares Rights	-	-	70,917	-	70,917
Share based payments – Stock Options	-	-	99,544	-	99,544
As at 30 June 2014	**29,804,298**	**(24,873,934)**	**505,648**	**230,627**	**5,666,639**

The statement of changes in equity should be read in conjunction with the notes to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 June 2014

1 CORPORATE INFORMATION

The financial report of Mobilarm Limited (the "Company") and its consolidated entities (the "Group") for the year ended 30 June 2014 was authorised for issue in accordance with a resolution of directors on 30 September 2014.

Mobilarm Limited is a company limited by shares incorporated and domiciled in Australia. The nature of the operations and principal activities of the Group are described in the Director's Report.

The Company owns two wholly owned subsidiary companies as follows:

Name	Country of Incorporation	Date of Establishment
Marine Rescue Technologies Ltd	United Kingdom	
Mobilarm, Inc.	United States of America	18 June 2010

The Company's wholly owned subsidiary Marine Rescue Technologies Ltd also owns a wholly owned subsidiary company of its own as follows:

Name	Country of Incorporation	Date of Establishment
Rentquip Ltd	United Kingdom	14 June 2013

The Company's wholly owned subsidiary Marine Rescue Technologies Ltd also owns 50% ownership stake of a joint venture of its own as follows:

Name	Country of Incorporation	Date of Establishment
Mobilarm Nigeria	Nigeria	19 March 2013

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

The financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board. The financial report has also been prepared on a historical cost basis, except for contingent consideration which has been measured at fair value.

The financial report is presented in Australian Dollars and all values are rounded to the nearest dollar.

Going Concern

This report has been prepared on a going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and settlement of liabilities in the normal course of business.

The Company has incurred a net operating loss after tax for the year ended 30 June 2014 of $63,392 (2013: $1,297,765) and experienced net cash outflows from operating activities of $1,052,788 (2013: $1,433,436). As 30 June 2014, the Company had net assets of $5,666,639 (2013: $3,314,940).

Notwithstanding the above, the ability of the Group to continue as a going concern is reliant on:

- increased profitability and cash flows from operations, and/ or
- the raising of funds through a debt or equity issue.

The Directors have reviewed the business outlook and plans of the company and believe that the Company will achieve increased cash flows from operations to sustain its ability to continue as a going concern, which will also make the raising of funds more achievable if needed. The Company started a rental program during the year that will initially require capital investment, but will produce long-term cash inflows. The Company reduced its losses by 95% for the year and increased its revenues. The continued growth of the rental portfolio will enhance the Company's financial position.

As announced on the Australian Stock Exchange on 3 September 2014 and 11 September 2014 and in line with the strategy above the Group has secured a rental contract in excess of $1,800,000 and two outright purchases in excess of $500,000 and $200,000 each.

Should the entity not achieve the matters set out above, there is significant uncertainty whether the entity will continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at amounts stated in the financial report.

The financial report does not include any adjustments that may be necessary if the Company is unable to continue as a going concern.

(a) Compliance Statement

The financial report complies with Australian Accounting Standards and International Financial Reporting Standards ('IFRS') as issued by the International Accounting Standards Board.

The accounting policies adopted are consistent with those of the previous financial year. The Group has adopted all new and amended Australian Accounting Standards and Interpretations effective from 1 July 2013. The adoption of these Standards and Interpretations did not have a significant impact on the accounting policies of the Group.

Reference	Title	Summary	Application date of standard	Application date for Group
AASB 10	Consolidated Financial Statements	AASB 10 establishes a new control model that applies to all entities. It replaces parts of AASB 127 Consolidated and Separate Financial Statements dealing with the accounting for consolidated financial statements and UIG-112 Consolidation – Special Purpose Entities. The new control model broadens the situations when an entity is considered to be controlled by another entity and includes new guidance for applying the model to specific situations, including when acting as a manager may give control, the impact of potential voting rights and when holding less than a majority voting rights may give control. Consequential amendments were also made via AASB 2011-7.	1 January 2013	1 July 2013
AASB 11	Joint Arrangements	AASB 11 replaces AASB 131 Interests in Joint Ventures and UIG-113 Jointly-controlled Entities – Non-monetary Contributions by Ventures. AASB 11 uses the principle of control in AASB 10 to define joint control, and therefore the determination of whether joint control exists may change. In addition it removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. Instead, accounting for a joint arrangement is dependent on the nature of the rights and obligations arising from the arrangement. Joint operations that give the venturers a right to the underlying assets and obligations themselves is accounted for by recognising the share of those assets and obligations. Joint ventures that give the venturers a right to the net assets is accounted for using the equity method. Consequential amendments were also made to other standards via AASB 2011-7 and amendments to AASB 128.	1 January 2013	1 July 2013

Reference	Title	Summary	Application date of standard	Application date for Group
AASB 12	Disclosure of Interests in Other Entities	AASB 12 includes all disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structures entities. New disclosures have been introduced about the judgments made by management to determine whether control exists, and to require summarised information about joint arrangements, associates and structured entities and subsidiaries with non-controlling interests.	1 January 2013	1 July 2013
AASB 13	Fair Value Measurement	AASB 13 establishes a single source of guidance for determining the fair value of assets and liabilities. AASB 13 does not change when an entity is required to use fair value, but rather, provides guidance on how to determine fair value when fair value is required or permitted. Application of this definition may result in different fair values being determined for the relevant assets. AASB 13 also expands the disclosure requirements for all assets or liabilities carried at fair value. This includes information about the assumptions made and the qualitative impact of those assumptions on the fair value determined. Consequential amendments were also made to other standards via AASB 2011-8.	1 January 2013	1 July 2013

Reference	Title	Summary	Application date of standard	Application date for Group
AASB 119	Employee Benefits	The main change introduced by this standard is to revise the accounting for defined benefit plans. The amendment removes the options for accounting for the liability, and requires that the liabilities arising from such plans is recognized in full with actuarial gains and losses being recognized in other comprehensive income. It also revised the method of calculating the return on plan assets. The revised standard changes the definition of short-term employee benefits. The distinction between short-term and other long-term employee benefits is now based on whether the benefits are expected to be settled wholly within 12 months after the reporting date. Consequential amendments were also made to other standards via AASB 2011-10.	1 January 2013	1 July 2013

Reference	Title	Summary	Application date of standard	Application date for Group
Annual Improve-ments 2009–2011 Cycle	Annual Improvements to IFRSs 2009–2011 Cycle	This standard sets out amendments to International Financial Reporting Standards (IFRSs) and the related bases for conclusions and guidance made during the International Accounting Standards Board's Annual Improvements process. These amendments have not yet been adopted by the AASB. The following items are addressed by this standard: IFRS 1 First-time Adoption of International Financial Reporting Standards • Repeated application of IFRS 1 • Borrowing costs IAS 1 Presentation of Financial Statements • Clarification of the requirements for comparative information IAS 16 Property, Plant and Equipment • Classification of servicing equipment IAS 32 Financial Instruments: Presentation • Tax effect of distribution to holders of equity instruments IAS 34 Interim Financial Reporting Interim financial reporting and segment information for total assets and liabilities	1 January 2013	1 July 2013

Reference	Title	Summary	Application date of standard	Application date for Group
AASB 2011-4	Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements [AASB 124]	This Amendment deletes from AASB 124 individual key management personnel disclosure requirements for disclosing entities that are not companies.	1 July 2013	1 July 2013
AASB 1053	Application of Tiers of Australian Accounting Standards	This Standard establishes a differential financial reporting framework consisting of two Tiers of reporting requirements for preparing general purpose financial statements: **(a)** Tier 1: Australian Accounting Standards **(b)** Tier 2: Australian Accounting Standards – Reduced Disclosure Requirements Tier 2 comprises the recognition, measurement and presentation requirements of Tier 1 and substantially reduced disclosures corresponding to those requirements. The following entities apply Tier 1 requirements in preparing general purpose financial statements: **(a)** For-profit entities in the private sector that have public account-ability (as defined in this Standard) **(b)** The Australian Government and State, Territory and Local Governments The following entities apply either Tier 2 or Tier 1 requirements in preparing general purpose financial statements: **(a)** For-profit private sector entities that do not have public accountability **(b)** All not-for-profit private sector entities **(c)** Public sector entities other than the Australian Government and State, Territory and Local Governments. Consequential amendments to other standards to implement the regime were introduced by AASB 2010-2, 2011-2, 2011-6, 2011-11 and 2012-1.	1 July 2013	1 July 2013

Reference	Title	Summary	Application date of standard	Application date for Group
AASB 2012-2	Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities	AASB 2012-2 principally amends AASB 7 Financial Instruments: Disclosures to require disclosure of information that will enable users of an entity's financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities, on the entity's financial position.	1 January 2013	1 July 2013

(b) New Accounting Standards and Interpretations Issued but not yet effective

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Group for the annual reporting period ended 30 June 2014. These are outlined in the table below:

Reference	Title	Summary	Application date of standard	Impact on Group financial report	Application date for Group
AASB 2012-3	Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities;	AASB 2012-3 adds application guidance to AASB 132 Financial Instruments: Presentation to address inconsistencies identified in applying some of the offsetting criteria of AASB 132, including clarifying the meaning of "currently has a legally enforceable right of set-off" and that some gross settlement systems may be considered equivalent to net settlement.	1 January 2014	The Group is yet to determine the impact of this standard.	1 July 2015

Reference	Title	Summary	Application date of standard	Impact on Group financial report	Application date for Group
AASB 9	Financial Instruments	AASB 9 includes requirements for the classification and measurement of financial assets. It was further amended by AASB 2010-7 to reflect amendments to the accounting for financial liabilities. These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. The main changes are below. **(a)** Financial assets that are debt instruments will be classified based on (1) the objective of the entity's business model for managing the financial assets; (2) the characteristics of the contractual cash flows. **(b)** Allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument. **(c)** Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases. (d) Where the fair value option is used for financial liabilities the change in fair value is to be accounted for as follows: ► The change attributable to changes in credit risk are presented in other comprehensive income (OCI) ► The remaining change is presented in profit or loss If this approach creates or enlarges an accounting mismatch in the profit or loss, the effect of the credit risk are presented in profit or loss. Consequential amendments were also made to other standards as a result of AASB 9, introduced by AASB 2009-11 and superseded by AASB 2010-7 and 2010-10.	1 January 2015	The Group is yet to determine the impact of this standard.	1 July 2015

Reference	Title	Summary	Application date of standard	Impact on Group financial report	Application date for Group
AASB 2013-3	Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets	Narrow-scope amendments to AAS 136 'Impairment of Assets' address the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal.	1 January 2014	The Group is yet to determine the impact of this standard.	1 July 2014
AASB 2013-6	Amendments to AASB 136 arising from Reduced Disclosure Requirements	Amends AASB 136 Impairment of Assets to establish reduced disclosure requirements for Tier 2 entities arising from AASB 2013-3 Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets.	1 January 2014	The Group is yet to determine the impact of this standard.	1 July 2014
2013-7	Amendments to AASB 1038 arising from AASB 10 in relation to consolidation and interests of policyholders	Makes amendments to AASB 1038 Life Insurance Contracts that arise from AASB 10 Consolidated Financial Statements in relation to consolidation and interests of policyholders. Removes the specific requirements in relation to consolidation from AASB 1038, which leaves AASB 10 as the sole source for consolidation requirements applicable to life insurer entities.	1 January 2014	The Group is yet to determine the impact of this standard.	1 July 2014

(c) Basis of consolidation

A controlled entity is any entity that Mobilarm Limited has the power to control the financial and operating policies so as to obtain benefits from its activities.

A list of controlled entities is located below. All controlled entities have a June financial year end.

All inter-company balances and transactions between entities in the consolidated group, including unrealised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with those policies applied by the Group.

Where controlled entities have entered the consolidate group during the year, their operating results have been included from the date control was obtained.

Controlled entities

		Percentage Owned (%)	
	Country of Incorporation	**2014**	**2013**
Parent Entity			
Mobilarm Limited	Australia		
Subsidiaries of Mobilarm Limited			
Marine Rescue Technologies Ltd	United Kingdom	100%	100%
Mobilarm, Inc.	United States of America	100%	100%
Rentquip Ltd	United Kingdom	100%	100%
Mobilarm Nigeria	Nigeria	50%	50%

The other owner of Mobilarm Nigeria also own a 50% ownership stake. The joint venture has not had any operations as of this date apart from the formation of the entity. Previous transactions to Nigeria were made on a reseller arrangement from Mobilarm Ltd or Marine Rescue Technologies Ltd directly. There are no carrying values for any assets or liabilities as of the year ended 30 June 2014.

(d) Significant accounting judgments, estimates and assumptions

Management has identified the following critical accounting policies for which significant judgements, estimates and assumptions are made. Actual results may differ from these estimates under different assumptions and conditions and may materially affect the financial results or the financial position reported in future periods.

(i) Amortisation of intangibles with finite useful lives

In relation to the amortisation of intangibles with finite useful lives, management's judgements are used to determine the estimate useful life. Management's judgements are based on historical information relating to specific assets. Details of the useful lives are detailed below.

(ii) Capitalised development costs

Development costs are only capitalised by the Group when it can demonstrate the technical feasibility of completing the asset so that the asset will be available for use or sale, how the asset will generate future economic benefits and the ability to measure reliably the expenditure attributed to the intangible asset during its development.

(iii) Taxation

The Group's accounting policy for taxation requires management's judgements as to the types of arrangements considered to be a tax on income in contrast to an operating cost. Judgements are also required in assessing whether deferred tax assets and certain deferred tax liabilities are recognised on the Statement of Financial Position. Deferred tax assets, including those arising from un-recouped tax losses, capital losses and temporary differences, are recognised only where it is considered more likely than not that they will be recovered, which is dependent on the generation of sufficient future taxable profits.

Judgements about the generation of future taxable profits and repatriation on retained earnings depend on management's estimates of future cash flows. These depend on estimates of future cash sales, cost of sales, operating costs, capital expenditure, dividends and other capital management transactions. Judgements are also required about the application of income tax legislation. These judgements and assumptions are subject to risk and uncertainty, hence there is a possibility that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets and deferred tax liabilities recognised on the Statement of Financial Position and the amount of other tax losses and temporary differences not yet recognised. In such circumstances, some or all of the carrying amount of recognised deferred tax assets and liabilities may require adjustment, resulting in a corresponding credit or charge to the Statement of Comprehensive Income.

(iv) Goodwill Impairment

Goodwill acquired in a business combination is initially measured at cost of the business combination being the excess of the consideration transferred over the fair value of the company's net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net identifiable assets of the subsidiary acquired, the difference is recognised in the Statement of Comprehensive Income.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purposes of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to the Group as a whole. This represent the lowest level at which goodwill is monitored for internal management purposes, and is not larger than an operating segment determined in accordance with AASB 8.

Impairment testing is performed at 30 June each year. If the recoverable amount of the Group is less than the carrying amount, an impairment loss is recognised.

(v) Debtors Provisioning

An allowance for doubtful debts is made when there is objective evidence that the Group will not be able to collect the debts. Bad debts are written off when identified.

(vi) Share Based Payments

The cost of these equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using the Black Sholes model and reviewed by an external valuer.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled (the vesting period), ending on the date on which the relevant employees become fully entitled to the award (the vesting date).

At each subsequent reporting date until vesting, the cumulative charge to the Statement of Comprehensive Income is the product of:

i. The grant date fair value of the award.
ii. The current best estimate of the number of awards that will vest, taking into account such factors as the likelihood of employee turnover during the vesting period and the likelihood of non-market performance conditions being met.
iii. The expired portion of the vesting period.

The charge to the Statement of Comprehensive Income for the period is the cumulative amount as calculated above less the amounts already charged in previous periods. There is a corresponding entry to equity.

Until an award has vested, any amounts recorded are contingent and will be adjusted if more or fewer awards vest than were originally anticipated to do so. Any award subject to a market condition is considered to vest irrespective of whether or not that market condition is fulfilled, provided that all other conditions are satisfied.

If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. An additional expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

(e) Business combinations

Business combinations are accounted for using the acquisition method. The consideration transferred in a business combination shall be measured at fair value, which shall be calculated as the sum of the acquisition date fair values of the assets transferred by the acquirer, the liabilities incurred by the acquirer to former owners of the acquiree and the equity issued by the acquirer, and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the Group’s operating or accounting policies and other pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through the Statement of Comprehensive Income.

(f) Operating segments

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity), whose operating results are regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available. This includes start up operations which are yet to earn revenues. Management will also consider other factors in determining operating segments such as the existence of a line manager and the level of segment information presented to the board of directors.

Operating segments that meet the quantitative criteria as prescribed by AASB 8 are reported separately. However, an operating segment that does not meet the quantitative criteria is still reported separately where information about the segment would be useful to users of the financial statements.

Information about other business activities and operating segments that are below the quantitative criteria are combined and disclosed in a separate category for "all other segments".

The Group does not currently have multiple segments, but will identify segments that meet the quantitative criteria if and when present. The Chief Executive Officer is the Group's chief operating decision maker.

(g) Revenue recognition

Revenue is recognised and measured at the fair value of the consideration received and receivable to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

(i) Sale of goods

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and the costs incurred or to be incurred in respect of the transaction can be measured reliably. Risks and rewards of ownership are considered passed to the buyer at the time of delivery of the goods to the customer.

(ii) Interest income

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

(iii) Rental income

Rental income from the Group's rental service of its equipment and maintenance is accounted for on a straight-line basis over the lease term.

(h) Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised as an expense in the Statement of Comprehensive Income.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

Operating lease payments are recognised as an expense in the Statement of Comprehensive Income on a straight-line basis over the lease term. Lease incentives are recognised in the Statement of Comprehensive Income as an integral part of the total lease expense.

(i) Cash and cash equivalents

Cash and short-term deposits in the Statement of Financial Position comprise cash at bank and in hand and short term deposits with an original maturity of three months or less.

For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

(j) Trade and other receivables

Trade receivables, which generally have 30-90 day terms, are recognised and carried at the original invoice amount less an allowance for any uncollectible amounts.

An allowance for doubtful debts is made when there is objective evidence that the Group will not be able to collect the debts. Bad debts are written off when identified.

(k) Inventories

Inventories including raw materials, work in progress and finished goods are valued at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and condition is accounted for as follows:

a) Raw materials – purchase cost on a first-in, first-out basis; and
b) Finished goods and work-in-progress – cost of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity but excluding borrowing costs. Costs are assigned on the basis of weighted average costs.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

(l) Derecognition of financial assets and financial liabilities

(i) Financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- The rights to receive cash flows from the asset have expired;
- The Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; or
- The Group has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

(ii) Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the Statement of Comprehensive Income.

(m) Foreign currency

Items included in the financial statements of each entity within the Group are measured using the currency of the primary economic environment in which it operates ("functional currency"). The functional and presentation currency of Mobilarm Limited is Australian dollars ("A$"). The functional currency of our overseas subsidiaries are as follows:

Marine Rescue Technologies Ltd	British Pound (GBP£)
Rentquip Ltd	British Pound (GBP£)
Mobilarm, Inc.	United States Dollar (US$)
Mobilarm, Nigeria	United States Dollar (US$)

Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the reporting date.

All exchange differences in the financial report are taken to the Statement of Comprehensive Income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

The results of the foreign subsidiaries are translated into Australian Dollars (presentation currency) as at the date of each transaction. Assets and liabilities are translated at exchange rates prevailing at reporting date.

(n) Income tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Deferred income tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

(o) Other taxes

Revenues, expenses and assets are recognised net of the amount of GST or VAT except;

- When the GST or VAT incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST or VAT is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables, which are stated with the amount of GST or VAT included.

The net amount of GST or VAT recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

Cash flows are included in the Statement of Cash Flows on a gross basis and the GST or VAT component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority, are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(p) Plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and any accumulated impairment losses. Such cost includes the cost of replacing parts that are eligible for capitalisation when the cost of replacing the parts is incurred.

Depreciation is calculated on a straight-line basis over the estimated useful life of the assets as follows;

- Plant and equipment – 2.5 to 20 years

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year end.

(i) Impairment

The carrying values of plant and equipment are reviewed for impairment at each reporting date, with the recoverable amount being estimated when events or changes in circumstances indicate that the carrying value may be impaired.

The recoverable amount of plant and equipment is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For an asset that does not generate largely independent cash inflows, recoverable amount is determined for the cash-generating unit to which the asset belongs, unless the asset's value in use can be estimated to be close to its fair value.

An impairment exists when the carrying value of an asset or cash-generating units exceeds its estimated recoverable amount. The asset or cash-generating unit is then written down to its recoverable amount.

For plant and equipment, impairment losses are recognised in the Statement of Comprehensive Income.

(ii) Derecognition and disposal

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Statement of Comprehensive Income. in the year the asset is derecognised.

(q) Investments and other financial assets

Financial assets are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale investments, as appropriate. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transactions costs. The Group determines the classification of its financial assets after initial recognition and, when allowed and appropriate, re-evaluates this designation at each financial year-end.

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in the Statement of Comprehensive Income when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

(ii) Available-for-sale investments

Available-for-sale investments are those non-derivative financial assets that are designated as available-for-sale or are not classified as any of the three preceding categories. After initial recognition available-for sale investments are measured at fair value with gains or losses being recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is recognised in the Statement of Comprehensive Income.

The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the Statement of Financial Position date. For investments with no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions; reference to the current market value of another instrument that is substantially the same; discounted cash flow analysis and option pricing models.

(r) Intangible assets

Intangible assets acquired are initially measured at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is charged against profits in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, which is a change in accounting estimate. The amortisation expense on intangible assets with finite lives is recognised in the Statement of Comprehensive Income in the expense category consistent with the function of the intangible asset.

(i) Research costs are expensed as incurred. An intangible asset arising from development expenditure on an internal project is recognised only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the development and the ability to measure reliably the expenditure attributable to the intangible asset during its development. Following the initial recognition of the development expenditure, the cost model is applied requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses. Any expenditure so capitalised is amortised over the period of expected benefits from the related project.

The carrying value of an intangible asset arising from development expenditure is tested for impairment annually when the asset is not yet available for use or more frequently when an indication of impairment arises during the reporting period.

A summary of the policies applied to the Group's intangible assets is as follows:

Patents and Licences
Useful lives: *5 years*
Amortisation method used: *Straight Line*
Internally generated or acquired: *Acquired*
Impairment testing: Annually and more frequently when an indication of impairment exists.

Development Costs
Useful lives: *Finite*
Amortisation method used: Amortised over the period of expected future sales from the related project on a straight-line basis.
Internally generated or acquired: *Internally generated*
Impairment testing: Annually for assets not yet available for use and more frequently when an indication of impairment exists. The amortisation method is reviewed at each financial year-end.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Comprehensive Income when the asset is derecognised.

(s) Goodwill

Goodwill acquired in a business combination is initially measured at cost of the business combination being the excess of the consideration transferred over the fair value of the company's net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net identifiable assets of the subsidiary acquired, the difference is recognised in the Statement of Comprehensive Income.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purposes of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to the Group as a whole. This represent the lowest level at which goodwill is monitored for internal management purposes, and is not larger than an operating segment determined in accordance with AASB8.

Impairment testing is performed at 30 June each year. If the recoverable amount of the Group is less than the carrying amount, an impairment loss is recognised.

(t) Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset.

An assessment is also made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

(u) Trade and other payables

Trade payables and other payables are carried at amortised costs and due to their short-term nature they are not discounted. They represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

(v) Interest-bearing loans and borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Gains and losses are recognised in the Statement of Comprehensive Income when the liabilities are derecognised.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

(i) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (i.e. an asset that necessarily takes a substantial period of time to get ready for its intended use or sale) are capitalised as part of the cost of that asset. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Mobilarm Limited does not currently hold qualifying assets but, if it did, the borrowing costs directly associated with this asset would be capitalised (including any other associated costs directly attributable to the borrowing and temporary investment income earned on the borrowing).

(w) Provisions

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

When the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the Statement of Comprehensive Income net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability.

When discounting is used, the increase in the provision due to the passage of time is recognised as a borrowing cost.

(i) Warranty provisions

Provisions for warranty-related costs are recognised when the product is sold or service provided. Initial recognition is based on historical experience. The initial estimate of warranty-related costs is revised annually.

(x) Employee leave benefits

(i) Wages, salaries, annual leave and sick leave

Provision is made for the Group's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled. Liabilities for non accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable. The Group's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as a part of current trade and other payables in the statement of financial position. The Group's obligations for employees' annual leave and long service leave entitlements are recognised as provisions in the statement of financial position.

(ii) Long service leave

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

The Group's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the Group does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

(y) Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(z) Earnings per Share

Basic earnings/(loss) per share are calculated by dividing the net operating profit/(loss) for the year attributable to ordinary equity holders by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings/(loss) per share are calculated by dividing the net operating profit/(loss) for the year attributable to ordinary equity holders (after deducting interest on convertible notes) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

(aa) Shared based payments

(i) Equity settled transactions

The Group at times provides benefits to its employees (including KMP) in the form of share-based payments, whereby employees render services in exchange for shares or rights over shares (equity-settled transactions).

There are currently two plans in place to provide these benefits:

- The Employee Share Option Plan (ESOP), which provides benefits to all employees, including KMP.
- The Performance Share Plan, which provide benefits to KMP.

The cost of these equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using the Black Sholes model and reviewed by an external valuer.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled (the vesting period), ending on the date on which the relevant employees become fully entitled to the award (the vesting date).

At each subsequent reporting date until vesting, the cumulative charge to the Statement of Comprehensive Income is the product of:

iv. The grant date fair value of the award.

v. The current best estimate of the number of awards that will vest, taking into account such factors as the likelihood of employee turnover during the vesting period and the likelihood of non-market performance conditions being met.

vi. The expired portion of the vesting period.

The charge to the Statement of Comprehensive Income for the period is the cumulative amount as calculated above less the amounts already charged in previous periods. There is a corresponding entry to equity.

Until an award has vested, any amounts recorded are contingent and will be adjusted if more or fewer awards vest than were originally anticipated to do so. Any award subject to a market condition is considered to vest irrespective of whether or not that market condition is fulfilled, provided that all other conditions are satisfied.

If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. An additional expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

(bb) Convertible notes

The component of the convertible notes that exhibits characteristics of a liability is recognised as a liability in the Statement of Financial Position, net of transaction costs.

On issuance of the convertible notes, the fair value of the liability component is determined using a market rate for an equivalent non-convertible bond and this amount is carried as a long-term liability on the amortised cost basis until extinguished on conversion or redemption. The increase in the liability due to the passage of time is recognised as a finance cost.

The remainder of the proceeds is allocated to the conversion option that is recognised and included in shareholders' equity, net of transaction costs. The carrying amount of the conversion option is not remeasured in subsequent years.

Interest on the liability component of the instruments is recognised as an expense in the Statement of Comprehensive Income. .

Transaction costs are apportioned between the liability and equity components of the convertible non-cumulative redeemable preference shares based on the allocation of proceeds to the liability and equity components when the instruments are first recognised.

3 REVENUE AND EXPENSES

		Consolidated 2014 $	Consolidated 2013 $
3(a)	Interest income	6,427	14,777
		6,427	14,777
3(b)	Finance costs		
	Interest – other parties	40,162	30,068
	Interest – related parties	36,453	8,739
	Factoring facility costs	104,317	95,155
	Hire purchase charges	5,586	3,511
		186,518	**137,473**
3(c)	Operating expenses		
	Depreciation and amortisation of plant and equipment	80,304	240,189
	Amortisation of intangible assets	383,227	258,976
		463,531	**499,165**
	Depreciation of units under rental	24,464	-
		487,995	**499,165**
	Inventory written off during the year	81,066	(307)
	Doubtful debts	(507,026)	582,938
	Lease payments – operating leases	159,960	80,105
	Provision for employee entitlements	57,446	58,895
3(d)	Employee benefits expense		
	Wages and salaries and on-costs	1,786,365	1,397,280
	Director fees	314,230	297,537
	Superannuation costs	54,098	64,346
		2,147,792	**1,759,163**
	Redundancy costs	-	27,115
		2,147,792	**1,786,278**
	Share based payments/(reversals)	181,130	77,687
	Total	**2,329,102**	**1,863,965**
3(e)	Research and development costs		
	Research and development costs charged directly to the Statement of Comprehensive Income		-
	Amortisation of capitalised development costs	**383,227**	**337,482**

3(f) Auditors' remuneration

Amounts received or due and receivable by Walker Wayland & Cassons business advisers LLP for:		
An audit of the financial report of the entity (including MRT)	92,525	46,423
Other services:		
- Due Diligence Services	-	-
- Other services – Tax (R & D Rebate)	-	-
	92,525	**46,423**

4 INCOME TAX

		Consolidated 2014 $	Consolidated 2013 $
4(a)	The major components of the current income tax benefit are:		
	Current income tax benefit	(411,861)	(290,387)
	Current income tax change/(benefit) irrespective of prior year	-	-
	Deferred tax	-	-
		(411,861)	(290,387)
4(b)	A reconciliation between the income tax benefit and the product of accounting loss before income tax multiplied by the Group's applicable income tax rate is as follows:		
	Prima facie income tax benefit calculated @ 30% (2013: 30%) on loss from ordinary activities	(19,018)	(476,446)
	Add tax effect of:		
	Non-deductible items	(39,012)	239,743
	Share-based payments	(54,339)	(23,306)
	R&D uplift	(213,944)	(99,454)
	Current year income tax expenses/(benefit)	(326,313)	(359,462)
	Deferred tax assets not brought to account	(85,548)	69,075
	Income tax benefit	(411,861)	(290,387)
4(c)	Deferred income tax		
	R&D expenditure	320,917	298,361
		320,917	298,361
	Deferred tax liabilities offset by deferred tax assets	(320,917)	(298,361)
	Net deferred tax liabilities	**-**	**-**
4(d)	Deferred tax asset		
	Provision for employee entitlements	(4,609)	4,683
	Provision for doubtful debts	98,774	596,260
	Accrued superannuation	(14,048)	(13,720)
	Provision for warranty	10,222	(77,832)
	Depreciable assets	501,668	124,206
	Prepaid revenue	-	4,225
	Accruals	(175,709)	(35,117)
	Borrowing costs	(36,453)	(19,310)
	Other	-	(49,693)
	Tax losses	4,479,975	4,460,957
		4,859,820	4,994,659
	Deferred tax assets not brought to account	(4,538,903)	(4,696,298)
		320,917	298,361
	Deferred tax assets offset against deferred tax liabilities	(320,917)	(298,361)
	Net deferred tax assets	-	-

		2014	2013
4(e)	Income tax losses		
	Future income tax benefit arising from tax losses not recognised at reporting date	4,479,975	4,460,957
		4,479,975	**4,460,957**

5 DIVIDENDS PAID AND PROPOSED

	Consolidated	
	2014	**2013**
	$	**$**
There were no dividends paid or declared for the financial year ended 30 June 2014 (30 June 2013: nil).	-	-
	-	**-**

6 RESTRICTED CASH

	Consolidated	
	2014	**2013**
	$	**$**
Term Deposit securing operating rental agreement	48,217	48,217
Term Deposit securing standby letter of credit facility	-	-
	48,217	48,217

7 TRADE AND OTHER RECEIVABLES

	Consolidated	
	2014	**2013**
	$	**$**
Trade debtors	1,337,387	1,257,473
Less: allowance for impairment loss (a)	(98,774)	(603,255)
	1,238,613	654,218
Goods and services tax	12,682	6,780
Value added tax		-
Sundry receivables	17,998	22,370
R & D Rebate	320,917	298,361
	1,590,210	**981,729**

a) Allowance for impairment loss

Trade receivables are non-interest bearing and are generally on 30-60 day terms. An allowance account for impairment losses is recognised when there is objective evidence that an individual trade receivable is impaired.

	Consolidated	
	2014	**2013**
	$	**$**
Movement in allowance for impairment loss		
-balance at beginning of year	**603,255**	18,739
-amounts written off	2,545	(23,123)
-charge for the year	(507,026)	607,639
-balance at end of year	98,774	**603,255**

b) At 30 June 2014, the ageing analysis of trade receivables is as follows:

	Total	0-30 days	31-60 days	61-90 days PDNI*	61-90 days CI**	+91 days *PDNI	+91 days CI**
2014	$ 1,337,387	$430,759	$672,042	$48,609	$-	$34,186	$151,791
2013	$ 1,257,473	$291,701	$231,721	$9,667	$-	$116,745	$607,639

* Past due not impaired (PDNI) **Considered impaired (CI)

Allowance for impairment loss

Receivables past due but not considered impaired are: $34,186 (2013: $116,745). Payment terms on these amounts have not been re-negotiated however credit has been stopped until full payment is made. Each operating unit has been in direct contact with the relevant debtor and is satisfied that payment will be received in full.

Other balances within trade and other receivables do not contain impaired assets and are not past due. It is expected that these other balances will be received when due.

i. Fair value and credit risk

Due to the short term nature of these receivables, their carrying value is assumed to approximate their fair value.

The maximum exposure to credit risk is the fair value of receivables. Collateral is not held as security for trade debtors, nor is it the company's policy to transfer (on-sell) receivables to special purpose entities.

ii. Foreign exchange risk

Detail regarding foreign exchange and interest rate risk exposure is disclosed in note 25.

8 INVENTORIES

	Consolidated	
	2014	2013
At cost		
Raw materials and stores at net realisable value	833,068	395,096
Finished goods	340,994	87,643
Total inventories at lower of cost and net realisable value	**1,174,062**	**482,739**

Inventories recognised as an expense for the year ended 30 June 2014 totalled $1,482,079, (2013: $1,205,348) for the Group.

9 PLANT AND EQUIPMENT

	Consolidated 2014 $	2013 $
Units under Customer Rental		
At cost	375,171	-
Accumulated amortisation	(24,214)	-
	350,957	**-**
Plant and equipment		
At cost	806,205	668,457
Less: Accumulated depreciation	(541,217)	(449,711)
	264,988	**218,746**
Motor vehicles		
At cost	16,052	14,740
Accumulated amortisation	(8,110)	(4,319)
	7,942	**10,421**
TOTAL PLANT AND EQUIPMENT	**623,887**	**229,167**
Reconciliation		
Reconciliation of carrying values for each class of plant and equipment are set out below:		
Units under Customer Rental:		
- Carrying amount at beginning of financial year	-	-
- Additions	375,121	-
- Disposals	-	-
- Depreciation	(24,214)	-
- Carrying amount at end of financial year	**350,957**	**-**
Plant and Equipment:		
- Carrying amount at beginning of financial year	218,746	317,026
- Additions	126,547	137,589
- Disposals		-
- Depreciation	(80,305)	(235,869)
- Carrying amount at end of financial year	**264,988**	**218,746**
Motor Vehicles:		
- Carrying amount at beginning of financial year	10,420	360
- Additions	-	14,381
- Disposals	-	-
- Depreciation	(2,478)	(4,319)
- Carrying amount at end of financial year	**7,942**	**10,420**
TOTAL PLANT AND EQUIPMENT	**623,887**	**229,167**

Assets are encumbered to the extent set out in note 12.

10 INTANGIBLE ASSETS AND GOODWILL

	Consolidated					
	Development Costs	Intellectual Property	Goodwill	Patents & Licenses	Computer Software	Total
	$	$	$	$	$	$
At 30 June 2014						
Cost (gross carrying amount)	3,872,873	923,919	1,924,068	-	-	3,253,948
Accumulated amortisation	(2,542,993)	(923,919)	-	-	-	
Net carrying amount	**1,329,880**		**1,924,068**	**-**	**-**	**3,253,948**
Other						-
						3,253,948
Year ended 30 June 2014						
At 1 July 2013, net of accumulated amortisation	**1,164,3644**	**-**	**1,924,068**	**-**	**-**	**3,088,432**
Additions	548,743	-	-	-	-	548,743
Impairment	-	-	-	-	-	-
Amortisation	(383,227)	-	-	-	-	(383,227)
At 30 June 2014, net of accumulated amortisation	**1,329,880**	**-**	**1,924,068**	**-**	**-**	**3,253,948**
Other						-
						3,253,948
At 30 June 2013						
Cost (gross carrying amount)	3,301,112	923,919	1,924,068	67,235	-	6,216,334
Accumulated amortisation	(2,136,748)	(923,919)	-	(67,235)	-	(3,127,902)
Net carrying amount	**1,164,364**	**-**	**1,924,068**	**-**	**-**	**3,088,432**
Other						-
						3,088,432
At 1 July 2012, net of accumulated amortisation	1,034,879	-	1,924,068	-	-	2,958,947
Additions	466,968	-	-	-	-	466,968
Impairment	(78,507)	-	-	-	-	(78,507)
Amortisation	(258,976)	-	-	-	-	(258,976)
At 30 June 2013, net of accumulated amortisation	**1,164,364**	**-**	**1,924,068**	**-**	**-**	**3,088,432**
Other						-
						3,088,432

Development costs

Development costs have been capitalised at cost. The intangible asset has been assessed as having a finite life and is amortised using the straight-line method over a period of 5 years. If an impairment indication arises, the recoverable amount is estimated and an impairment loss is recognised to the extent that the recoverable amount is lower than the carrying value.

Intellectual property

Intellectual property costs have been capitalised at cost. The intangible asset was assessed as having a finite life and is fully amortised.

Patents and licenses costs

Patents and licenses costs have been capitalised at cost. These patent and licenses have been granted for a minimum of 5 years by the relevant government agency and have accordingly been amortised using the straight line method over this finite life. It was determined that the Patents and Licences which were being carried had no future economic benefit to the Group. Therefore, these amounts were fully amortised.

Goodwill

Goodwill has been capitalised at cost of the business combination being the excess of the consideration transferred over the fair value of the company's net identifiable assets acquired and liabilities assumed. The goodwill recognised in the previous year arose on the acquisition of MRT. Refer to note 26 for further details. The acquisition of MRT occurred on 9 June 2011 and the allocation of goodwill is allocated to the Man Overboard cash generating units.

The Group performed its annual impairment test as at 30 June 2014. The Group considers the relationship between its market capitalisation and its book value, among other factors, when reviewing for indicators of impairment. As at 30 June 2014, the market capitalisation of the Group was above the book value of its equity.

The recoverable amount of the electronics CGU has been determined based on a value in use calculation using cash flow projections from financial budgets approved by senior management covering a three-year period. The projected cash flows have been updated to reflect the increased demand for products and services. The pre-tax discount rate applied to cash flow projections is 20% and cash flows beyond the five-year period are extrapolated using a 3.0% growth rate. As a result of this analysis, management has concluded the value of goodwill requires no impairment charge.

Impairment losses recognised

The Group had no impairments in the 2014 financial year (2013: $78,506). The impairment loss in 2013 related to small projects that added capabilities to our AU9 product families and has been recognised in the statement of comprehensive income in the line item "Impairment of capitalised development costs". The Group has written off the value of these projects in full during the year.

There were no reversals of impairment losses recognised in the 2014 and 2013 financial year.

11 TRADE AND OTHER PAYABLES

	Consolidated 2014 $	2013 $
Trade creditors	1,341,740	966,544
Customer deposits	152,229	152,225
Other creditors and accruals	281,799	106,090
	1,775,768	**1,224,859**

Trade Payables

Trade payables are non-interest bearing and are normally settled on 30-day terms.

Other Payables

Other payables are non-trade payables, are non-interest bearing and have an average term of six (6) months. Due to the short term nature of accounts payable and other payables, their carrying amount is approximate to their fair value.

See note 25 for interest rate, foreign exchange and liquidity risk.

12 INTEREST BEARING LOANS AND BORROWINGS

		Consolidated 2014 $	2013 $
	CURRENT		
	Convertible Note (i)	197,135	-
	Credit facility (i) (ii)	698,999	720,989
		896,134	720,989
	Finance Leases	-	2,965
	Total	896,134	723,954
(a)	Convertible Notes		
	Balance as at 1 July	**-**	**-**
	New convertible notes	918,124	
	Interest on convertible notes	-	-
	Interest paid	-	-
	Conversion of Convertible notes (ii)	(720,989)	-
	Balance as at 30 June	**197,135**	**-**

(i) The Company entered into credit facility with its director Ken Gaunt for up to $1,000,000 on 8 March 2013. The facility was purchased by another party in July 2013 and changed into a convertible loan. The balance of the facility was converted on 28 June 2014 at the conversion price of $0.04 per share for a total of 18,024,735 shares.

(ii) The Company entered into a credit facility with a shareholder for the value of an equity investment in another entity. As the Company sells the equity investment, it recognises the proceeds as a convertible note, with an interest rate of 6% and convertible at a price of $0.04 cents. The convertible note expires on 28 March 2015. As at 30 June 2014, the Company had sold $197,135 and recognised it as a convertible note. As at 30 June 2014, $56,688 of the funds realized from the sale had cleared with $140,447 reflected as a receivable in transit. The remaining value of the investment is recognised as a credit facility at its current market value of $698,999.

12 INTEREST BEARING LOANS AND BORROWINGS (continued)

	2014	2013
	$	$
NON CURRENT		
Finance Leases	6,318	17,738

Non current interest bearing borrowings are finance leases for vehicles and equipment.

All amounts disclosed on the balance sheet approximate their fair market values.

13 PROVISIONS

		Consolidated	
		2014	2013
		$	$
CURRENT	(a)		
Employee entitlements		115,218	96,561
Warranty provision		10,120	20,342
Provision for unused leased facilities		27,680	109,404
Other			-
		153,018	226,307
NON-CURRENT			
Employee entitlements	(b)	30,294	17,425

(a) Movement in employee entitlement provisions

	Current	Non-Current	Total
At 1 July 2013	**96,561**	**17,425**	**113,986**
Additions	47,885	12,869	60,754
Utilised	(29,228)	-	(29,228)
At 30 June 2014	**115,218**	**30,294**	**145,512**

	Current	Non-Current	Total
At 1 July 2012	113,494	9,802	123,296
Additions	51,272	7,623	58,895
Utilised	(68,205)	-	(68,205)
At 30 June 2013	**96,561**	**17,425**	**113,986**

14 CONTRIBUTED EQUITY

		Consolidated 2014 $	2013 $
	Issued and paid up capital:		
a)	350,084,416 (2013 – 299,560,681) ordinary shares fully paid.	29,626,815	27,623,480
b)	333,334 (2013: 333,334) performance shares	177,483	166,815
		29,804,298	**27,790,295**

		2014 No. of shares	2013 No. of shares	2014 $	2013 $
a)	Reconciliation of Contributed Equity				
	Equity at beginning of year	299,560,681	296,704,866	27,623,480	27,509,247
	Issue of ordinary shares(i)	32,500,000	-	1,300,000	-
	Cost of share issue	-	-	(10,000)	-
	Currency revaluation	-	-	(7,654)	-
	Issue of deferred ordinary share compensation from MRT acquisition	-	2,855,815	-	114,233
	Conversion of Convertible Notes (ii)	18,024,735	-	720,989	-
	Equity at end of the year	350,085,416	299,560,681	29,626,815	27,623,480

(i) The Group had an Entitlements Offer for $1,300,000 at $0.04 per share.

(ii) The Company entered into credit facility with its director Ken Gaunt for up to $1,000,000 on 8 March 2013. The facility was purchased by another party in July 2013 and changed into a convertible loan. The balance of the facility was converted on 28 June 2014 at the conversion price of $0.04 per share for a total of 18,024,735 shares.

Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholder meetings.

		June 2014		June 2013	
		Number	$	Number	$
b)	**Performance Shares**				
	Movement in performance shares class A on issue				
	Balance at beginning of year	-	-	-	-
	Share issue	-	-	-	-
	Share based payment expense for the year	-	-	-	-
	Conversion of performance shares class A	-	-	-	-
	Balance at end of the year	**-**	**-**	**-**	**-**
	Movement in performance shares class B on issue				
	Balance at beginning of year	-	$125,927	833,333	$125,927
	Share issue	-	-	-	-
	Shares lapsed during the year	-	-	(833,333)	-
	Forfeiture of shares during the year	-	-	-	-
	Share based payment expense for the year	-	-	-	-
	Balance at end of the year	-	$125,927	-	$125,927
	Movement in performance shares class C on issue				
	Balance at beginning of year	333,334	$40,888	833,334	$75,555
	Share issue	-	-	-	-
	Forfeiture of shares during the year	-	-	(500,000)	(50,667)
	Share based payment expense for the year	-	10,668	-	16,000
	Balance at end of the year	333,334	$51,556	333,334	$40,888
	Total performance shares	333,334	$177,483	333,334	$166,815

Performance shares class A convert to ordinary shares on a 1 for 1 basis upon obtaining ASX conditional listing. The Group obtained conditional listing on 25 August 2010. The Group amortised the shares from their issuance date through the milestone date.

Performance shares class B convert to ordinary shares on a 1 for 1 basis upon the Group reaching a market capitalisation of $65 million dollars based on the five day weighted average share price on the ASX. The Group has amortised the Performance shares class B based upon the Group's financial plans to reach that milestone. 833,333 Performance shares class B reached their expiry date without meeting the performance condition. 2,333,333 Performance shares class B were forfeited during the 2012 financial year as the employees did not meet the service condition as part of the grant due to their departure from the Group. The Group offset $299,259 in the 2012 financial year of previously expensed share based payments as part of the forfeiture.

Performance shares class C convert to ordinary shares on a 1 for 1 basis upon the Group reaching a market capitalisation of $100 million dollars based on the five day weighted average share price on the ASX. The Group has amortised the Performance shares class C based upon the Group's financial plans to reach that milestone. 500,000 Performance shares class C were forfeited during the year (2013: 2,333,334) as the employees did not meet the service condition as part of the grant due to their departure from the Group. The Group offset $50,667 (2013: $179,556) of previously expensed share based payments as part of the forfeiture.

	June 2014	June 2013
	$	$
Stock options	405,182	305,638
Performance share rights	100,466	29,549
Reserves	505,648	335,187

c)	Options	June 2014 Number	$	June 2013 Number	$
	Movement in options on issue				
	Balance at beginning of year (i)	71,345,471	305,638	44,006,314	222,833
	Options issued – Capital Raising (ii)	20,000,000		-	-
	Options issued – Employee Stock Option Plan (iii)	-		-	2,152
	Options cancelled – Employee Stock Option Plan (iii)	-		(883,330)	-
	Options issued – Directors Compensation (iv)	-	99,544	31,670,487	80,653
	Options cancelled – Capital Raising	(23,166,651)		(3,448,000)	-
	Balance at end of the year	**68,178,820**	**405,182**	**71,345,471**	**305,638**

(i) All options were issued as a free attaching option as part of the Group's capital raises in 2011 and 2010 or as part of the employee stock option plan.

(ii) The Group issued 20,000,000 share options on 28 March 2014 as part of its Entitlements Offer. The options have a one year expiry and the exercise price is as follows:

Date of Exercise	Exercise Price
Within 181 days of issue	$0.04
Within 182-365 days of issue	$0.06

(iii) The outstanding options issued under the employee stock option plan are detailed as follows:

Grant Date	Expiry Date	Strike Price	Amount
22-Dec-2010	22-Dec-2015	$0.193*	925,000
20-Jan-2011	15-Oct-2015	$0.193*	83,333
09-Jun-2011	09-Jun-2016	$0.072	500,000
		Balance at end of the year	1,508,333

* The original strike price for these options was $0.20. The terms of these employee options provide for the exercise price of the options to be adjusted in accordance with the formula set out in ASX Listing Rule 6.22.2 following an Entitlement Offer. The Company adjusted the strike price as part of the Entitlements Offer completed.

(iv) On the 8th of August 2012 the Board (excluding Mr Ken Gaunt who did not wish to make any recommendation) has proposed the issue of 29,670,487 share options to Director/Chief Executive Officer Ken Gaunt. Each option entitles the holder to exercise the option in exchange for one ordinary share in the Company. The options are exercisable at an exercise price of per option A$0.021. The Options vest when the Share Price is equal to or greater than A$0.10 (subject to adjustment under the terms of the grant). In addition, upon a Change of Control Event (i), the Options automatically vest.

Change of Control Event means:

a. a person acquires voting power in at least 50.1% or more of the issued Shares;

b. a person acquires the power to direct or cause the direction of management or policies of the Company;

c. a person directly or indirectly acquires all or substantially all of the business and assets of the Group; or

d. a person otherwise acquires or merges with the Group,

including by way of a takeover bid, scheme of arrangement, amalgamation, merger, capital reconstruction, consolidation, share acquisition, securities issuance, share buyback or repurchase, reverse takeover, dual listed company structure, establishment of a new holding entity for the Group or any other comparable transaction or arrangement.

In association with the grant above, the Company has also proposed that the Company enter into an interest-free loan agreement with Mr. Gaunt of an amount equal to the total Grant Price payable for the 29,670,487 Options, being a total loan amount of $267,034. These transactions were approved at a general meeting of shareholders on the 7th of September 2012. The Group recognised stock option expense of $85,744 during the year (2013: $71,453) in relation to this award.

Additionally, Sir Tim McClement was issued 2,000,000 options. The options are exercisable at an exercise price of per option A$0.027. The Options vest when the Share Price is equal to or greater than A$0.10 (subject to adjustment under the terms of the grant). These transactions were approved at a general meeting of shareholders on the 29th of November 2012. The Group recognised stock option expense of $13,800 during the year (2013: $9,200) in relation to this award.

(d) Performance Share Rights	June 2014		June 2013	
Movement in options on issue	**Number**	**$**	**Number**	**$**
Balance at beginning of year	11,000,000	29,549	-	-
Performance share rights issued	-	70,917	11,000,000	29,549
Balance at end of the year	11,000,000	100,466	11,000,000	29,549

The Company granted 11,000,000 performance share rights in 2013 to employees. The performance share rights vest when the Share Price is equal to or greater than A$0.10 (subject to adjustment under the terms of the grant). In addition, upon a Change of Control Event (i), the performance share rights automatically vest.

(i) Change of Control Event means:

a. a person acquires voting power in at least 50.1% or more of the issued Shares;
b. a person acquires the power to direct or cause the direction of management or policies of the Company;
c. a person directly or indirectly acquires all or substantially all of the business and assets of the Group; or
d. (d) a person otherwise acquires or merges with the Group,

including by way of a takeover bid, scheme of arrangement, amalgamation, merger, capital reconstruction, consolidation, share acquisition, securities issuance, share buyback or repurchase, reverse takeover, dual listed company structure, establishment of a new holding entity for the Group or any other comparable transaction or arrangement.

Some of the performance share rights have additional vesting criteria regarding specific performance of projects being completed, such as the development of our next generation products.

15 ACCUMULATED LOSSES

	Consolidated	
	2014	**2013**
	$	**$**
Accumulated losses at the beginning of the financial year	**(24,810,542)**	**(23,512,777)**
Net loss for the year	(63,392)	(1,297,765)
Accumulated losses at the end of the financial year	**(24,873,934)**	**(24,810,542)**

16 RESERVES

	2014	2013
	Consolidated	
	$	$
Share based payment Reserve		
Balance at the beginning of the financial year	**335,187**	**222,833**
Issuance and amortisation of performance share rights	70,917	29,549
Issuance and amortisation of share options issued	99,544	82,805
Options forfeited – Employee Stock Option Plan		-
Balance at the end of the financial year	**505,648**	**335,187**
Currency revaluation Reserve		
Balance at the beginning of the financial year	**-**	**-**
Change in currency reserve for the year	230,627	-
Balance at the end of the financial year	**230,627**	**-**
Balance at the end of the financial year	**736,275**	**335,187**

Nature and purpose of reserve

(i) Share based payment reserve

This reserve records movement in the fair value of share based payments.

(ii) Performance share rights reserve

This reserve records movement in the fair value of share based payments.

(iii) Currency revaluation reserve

This reserve records movement in the currency for balance sheet items of our non-Australian dollar based subsidiaries.

17 COMMITMENTS AND CONTINGENCIES

Operating lease commitments

The Group has entered into commercial leases as follows.

There are no restrictions placed upon the lessee by entering into these leases.

Future minimum rentals payable under non-cancellable operating leases as at 30 June are as follows:

	Consolidated	
	2014	**2013**
	$	**$**
Within one year	255,089	239,020
After one year but not more than five years	656,661	394,055
More than five years	475,258	309,355
	1,387,008	**942,430**

The Group has entered into financial lease commitments on certain motor vehicles and office equipment with a carrying amount of $142,060 (2013: $117,105). These leases expire within 1 to 5 years. These leases have an option to purchase at the end of their term. There are no restrictions placed on the lessee by entering into these leases.

Future minimum amounts payable under non-cancellable finance leases as at 30 June are as follows:

	Consolidated	
	2014	**2013**
	$	**$**
Within one year	-	1,925
Unexpired interest	-	1,040
After one year but not more than five years	6,318	16,698
Unexpired interest	-	1,040
More than five years	-	-
	6,318	**20,703**

The Group has termination benefits relating to the termination payments to KMPs if their contracts are terminated under certain conditions. The gross commitment is $165,000.

The Group has no other commitments or contingencies.

18 NOTES TO STATEMENT OF CASH FLOWS

		Consolidated 2014 $	2013 $
18(a)	Reconciliation of cash		
	Cash balance comprises:		
	- cash on hand	71	577
	- Cash at bank	842,158	588,495
	Closing cash balance	842,229	589,072
18(b)	Reconciliation of loss from ordinary activities after tax to the net cash activities		
	Operating loss after tax	(63,392)	(1,297,765)
	Amortisation	383,227	259,539
	Depreciation	104,769	240,188
	Share based compensation	181,130	77,687
	Impairment of capitalised development costs	-	78,506
	Write-down of inventories	81,066	(307)
	Provision for doubtful debts	(504,481)	584,516
	Other	(83,944)	(15,928)
	Changes in Assets and Liabilities		
	(Increase)/Decrease in Trade and other receivables	(104,000)	(102,557)
	(Increase)/Decrease in Inventories	(772,390)	(188,845)
	(Increase)/Decrease in Prepayments	(208,771)	(12,097)
	(Increase)/Decrease in Development costs	(548,743)	(466,934)
	Increase/(Decrease) in Trade and other payables	568,909	(402,301)
	Increase/(Decrease) in Provision for employee entitlements	(112,727)	(102,525)
	Increase/(Decrease) in Provision for warranty	26,569	(84,613)
	Net cash flows used in operating activities.	**(1,052,778)**	**(1,433,436)**

19 EARNINGS PER SHARE

The following reflects the income and share data used in the basic and diluted loss per share computations:

	Consolidated	
	2014	2013
	$	$
Losses used in calculating loss per share		
For basic loss per share		
Net loss attributable to ordinary equity holders	(63,392)	(1,297,765)
Weighted average number of shares	**Number**	**Number**
Weighted average number of ordinary shares outstanding during the year for basic earnings/(loss) per share	**323,888,349**	**296,884,821**
Weighted average number of ordinary shares adjusted for the effect of dilution	**323,888,349**	**296,884,821**

The number of potential ordinary shares not considered dilutive is 79,178,820.

20 SEGMENT INFORMATION

The company operates solely in the development, manufacturing and sale of Man Overboard safety systems as one segment under the management of the CEO. The Group operates in four geographical locations being Australia, Nigeria, the United Kingdom and the United States.

Major customers

The Group has a number of customers to which it provides both products and services. The following identifies the individual customer accounts that amounted to more than five percent of sales.

	Consolidated	
	2014	2013
	%	%
Highest volume customer for the year	20.9	18.0
Second Highest volume customer for the year	9.2	8.5
Third Highest volume customer for the year	7.8	4.7
Fourth Highest volume customer for the year	4.4	4.4
All customers above 3% of sales	49.3	45.9
Total sales for customers under 3%	50.7	54.1

Revenue by geographic area

Revenue from external customers by geographical locations based on the location of the customers is as follows:

	Consolidated	
	2014	2013
	$	$
Australia	231,576	209,812
North America	453,366	264,743
Europe	4,828,390	2,928,040
Nigeria	-	768,598
Other foreign countries	302,855	108,431
Total revenue	**5,816,188**	**4,279,624**

Non-current assets by geographic area

Non-current assets held by the Group based on the geographical locations of the assets is as follows:

	Consolidated	
	2014	2013
	$	$
Australia	2,205,977	2,430,330
United Kingdom	1,671,858	887,269
United States	-	-
Total non-current assets	**3,877,835**	**3,317,599**

21 KEY MANAGEMENT PERSONNEL COMPENSATION

Key management personnel during the year were:

Name	**Title**
Sir Tim McClement	Independent Chairman (i)
Mr. Ken Gaunt	Chief Executive Officer
Mr. Jorge Nigaglioni	Chief Financial Officer (ii)
Mrs. Caroline Neal	General Manager MRT
Mr. Robert Gaunt	Marine Safety Advisor
Mr. Jon Gething	General Manager Defence
Mr. Timothy Venter	R&D & Quality Manager
Mr Ray Wilson	Channel Manager

(i) Appointed Chairman on 7 March 2013

(ii) Appointed director on 7 March 2013

Please see full remuneration report on page 14.

Directors and Executives	Primary			Post Employment		Equity	Other	TOTAL
	Salary & fees	Cash Bonus	Non Monetary benefits	Super annuation	Retirement benefits	Shares/ options		
	$	$	$	$	$	$	$	$
30 June 2014								
Total compensation	**1,042,739**	**158,084**	**-**	**43,049**	**9,737**	**181,127**	**36,453**	**1,471,189**
30 June 2013								
Total compensation	**1,136,423**	**2,500**	**-**	**72,365**	**4,306**	**85,963**	**116,336**	**1,417,893**

Shareholdings

Number of Shares held by Directors and Specified Executives:

	Balance 1 July 2013	Issued as remuneration	Options exercised	Conversion of Performance Shares	Net change other(i)	Balance 30 June 2014
Directors						
Sir Tim McClement (i)	1,000,000	-	-	-	-	1,000,000
Ken Gaunt (ii) (iii)	24,922,155	-	-	-	24,160,006	49,082,161
Jorge Nigaglioni (ii)	556,863	-	-	-	79,552	636,415
Specified Executives						
Robert Gaunt	-	-	-	-	-	-
Caroline Neal	-	-	-	-	-	-
Jon Gething	-	-	-	-	-	-
Timothy Venter	-	-	-	-	-	-
Ray Wilson	-	-	-	-	-	-

	Balance 1 July 2012	Issued as remuneration	Options exercised	Conversion of Performance Shares	Net change other(i)	Balance 30 June 2013
Directors						
Sir Tim McClement (i)	-	-	-	-	1,000,000	1,000,000
Ken Gaunt (ii) (iii)	24,922,155	-	-	-	-	24,922,155
Jorge Nigaglioni (ii)	556,863	-	-	-	-	556,863
David Marshall (i) (iv)	8,139,074	-	-	-	1,213,025	9,352,098
Brenton Scott	36,150,836	-	-	-	-	36,150,836
Specified Executives						
Patrick Cleary	-	-	-	-	-	-
Caroline Neal	-	-	-	-	-	-
Jon Gething	-	-	-	-	-	-
Timothy Venter	-	-	-	-	-	-
Ray Wilson	-	-	-	-	-	-

(i) Sir Tim McClement purchased 1,000,000 shares from David Marshall at the time of Mr. Marshall's resignation as Chairman.

(ii) The Company had a placement that closed on 12 September 2013 in which existing executive shareholders participated.

(iii) The Company issued 2,855,815 (2013: 8,139,074) shares as part of deferred compensation related to the acquisition of MRT.

(iv) Mr Gaunt sold his credit facility to the Company to another shareholder in exchange for shares at the price of the Entitlements Offer. This resulted in 18,024,735 shares being acquired.

(v) Mr Marshall received deferred share compensation for the acquisition of MRT by Mobilarm.

Number of Performance Shares held by Directors and Specified Executives:

	Balance 1 July 2013	Received as remuneration			Expired/Forfeited*			Balance 30 June 2014
		Performance Shares			Performance Shares			
		Class A	Class B	Class C	Class A*	Class B	Class C	
Directors								
Sir Tim McClement	-	-	-	-	-	-	-	-
Ken Gaunt	-	-	-	-	-	-	-	-
Jorge Nigaglioni	333,334	-	-	-	-	-	-	333,334
Specified Executives								
Robert Gaunt	-	-	-	-	-	-	-	-
Caroline Neal	-	-	-	-	-	-	-	-
Jon Gething	-	-	-	-	-	-	-	-
Timothy Venter	-	-	-	-	-	-	-	-
Ray Wilson	-	-	-	-	-	-	-	-

*These performance shares were forfeited as part of terminations and resignations.

	Balance 1 July 2012	Received as remuneration			Converted to ordinary shares			Balance 30 June 2013
		Performance Shares			Performance Shares			
		Class A	Class B	Class C	Class A	Class B	Class C	
Directors								
Sir Tim McClement	-	-	-	-	-	-	-	-
Ken Gaunt	-	-	-	-	-	-	-	-
Jorge Nigaglioni	666,667	-	-	-	-	333,333	-	333,334
David Marshall	-	-	-	-	-	-	-	-
Brenton Scott	1,000,000	-	-	-	-	500,000	500,000	-
Specified Executives								
Patrick Cleary	-	-	-	-	-	-	-	-
Caroline Neal	-	-	-	-	-	-	-	-
Jon Gething	-	-	-	-	-	-	-	-
Timothy Venter	-	-	-	-	-	-	-	-
Ray Wilson	-	-	-	-	-	-	-	-

Number of Share Options held by Directors and Specified Executives:

	Balance 1 July 2013	Awarded	Exercised	Balance 30 June 2014		Vested	Not Vested	Balance 30 June 2014
Directors								
Sir Tim McClement (ii)	2,000,000	-	-	-		-	-	2,000,000
Ken Gaunt (i)	29,670,487	-	-	-		-	-	29,670,487
Jorge Nigaglioni	-	-	-	-		-	-	-
Specified Executives								
Robert Gaunt	-	-	-	-		-	-	-
Caroline Neal	-	-	-	-		-	-	-
Jon Gething	150,000	-	-	-		-	-	150,000
Timothy Venter	275,000	-	-	-		-	-	275,000
Ray Wilson	-	-	-	-		-	-	-

	Balance 1 July 2012	Awarded	Exercised	Balance 30 June 2012		Vested	Not Vested	Balance 30 June 2013
Directors								
Sir Tim McClement (ii)	-	2,000,000	-	2,000,000		-	2,000,000	2,000,000
Ken Gaunt (i)	-	29,670,487	-	29,670,487		-	29,670,487	29,670,487
Jorge Nigaglioni	-	-	-	-		-	-	-
David Marshall	-	-	-	-		-	-	-
Brenton Scott	-	-	-	-		-	-	-
Specified Executives								
Patrick Cleary	300,000	-	-	300,000		300,000	-	300,000
Caroline Neal	-	-	-	-		-	-	-
Jon Gething	150,000	-	-	150,000		150,000	-	150,000
Timothy Venter	275,000	-	-	275,000		275,000	-	275,000
Ray Wilson	-	-	-	-		-	-	-

(i) On the 8th of August 2012 the Board (excluding Mr Ken Gaunt who did not wish to make any recommendation) has proposed the issue of 29,670,487 share options to Director/Chief Executive Officer Ken Gaunt. Each option entitles the holder to exercise the option in exchange for one ordinary share in the Company. The options are exercisable at an exercise price of per option A$0.021. The Options vest when the Share Price is equal to or greater than A$0.10 (subject to adjustment under the terms of the grant). In addition, upon a Change of Control Event (i), the Options automatically vest.

a. Change of Control Event means:

   i. a person acquires voting power in at least 50.1% or more of the issued Shares;

   ii. a person acquires the power to direct or cause the direction of management or policies of the Company;

   iii. a person directly or indirectly acquires all or substantially all of the business and assets of the Group; or

   iv. a person otherwise acquires or merges with the Group,

including by way of a takeover bid, scheme of arrangement, amalgamation, merger, capital reconstruction, consolidation, share acquisition, securities issuance, share buyback or repurchase, reverse takeover, dual listed company structure, establishment of a new holding entity for the Group or any other comparable transaction or arrangement.

In association with the grant above, the Company has also proposed that the Company enter into an interest-free loan agreement with Mr. Gaunt of an amount equal to the total Grant Price payable for the 29,670,487 Options, being a total loan amount of $267,034. These transactions were approved at a general meeting of shareholders on the 7th of September 2012.

(ii) Sir Tim McClement was issued 2,000,000 options. The options are exercisable at an exercise price of per option A$0.027. The Options vest when the Share Price is equal to or greater than A$0.10 (subject to adjustment under the terms of the grant). These transactions were approved at a general meeting of shareholders on the 29th of November 2012.

Number of Performance Share Rights held by Directors and Specified Executives:

	Balance 1 July 2013	Awarded	Exercised	Balance 30 June 2014		Vested	Not Vested	Balance 30 June 2014
Directors								
Sir Tim McClement	-	-	-	-		-	-	-
Ken Gaunt	-	-	-	-		-	-	-
Jorge Nigaglioni (i)	5,000,000	-	-	5,000,000		-	5,000,000	-
Specified Executives								
Robert Gaunt	-	-	-	-		-	-	-
Caroline Neal (i)	1,000,000	-	-	1,000,000		-	1,000,000	-
Jon Gething (i)	3,000,000	-	-	3,000,000		-	3,000,000	-
Timothy Venter (i)	2,000,000	-	-	2,000,000		-	2,000,000	-
Ray Wilson	-	-	-	-		-	-	-

	Balance 1 July 2011	Awarded	Exercised	Balance 30 June 2012		Vested	Not Vested	Balance 30 June 2012
Directors								
Sir Tim McClement	-	-	-	-		-	-	-
Ken Gaunt	-	-	-	-		-	-	-
Jorge Nigaglioni (i)	-	5,000,000	-	5,000,000		-	5,000,000	-
David Marshall	-	-	-	-		-	-	-
Brenton Scott	-	-	-	-		-	-	-
Specified Executives								
Patrick Cleary	-	-	-	-		-	-	-
Caroline Neal (i)	-	1,000,000	-	1,000,000		-	1,000,000	-
Jon Gething (i)	-	3,000,000	-	3,000,000		-	3,000,000	-
Timothy Venter (i)	-	2,000,000	-	2,000,000		-	2,000,000	-
Ray Wilson	-	-	-	-		-	-	-

(i) The Company granted 11,000,000 performance share rights in 2013 to employees. The performance share rights vest when the Share Price is equal to or greater than A$0.10 (subject to adjustment under the terms of the grant). In addition, upon a Change of Control Event (i), the performance share rights automatically vest.

a. Change of Control Event means:
   i. a person acquires voting power in at least 50.1% or more of the issued Shares;
   ii. a person acquires the power to direct or cause the direction of management or policies of the Company;
   iii. a person directly or indirectly acquires all or substantially all of the business and assets of the Group; or
   iv. a person otherwise acquires or merges with the Group,
   including by way of a takeover bid, scheme of arrangement, amalgamation, merger, capital
   reconstruction, consolidation, share acquisition, securities issuance, share buyback or repurchase, reverse takeover, dual listed company structure, establishment of a new holding entity for the Group or any other comparable transaction or arrangement.

Some of the performance share rights have additional vesting criteria regarding specific performance of projects being completed, such as the development of our next generation products.

22 SHARE-BASED PAYMENT PLANS

Recognised share-based payment expenses

The expense recognised for employee services received during the year is shown in the table below:

	2014 $	2013 $
Expense arising from equity-settled share-based payment transactions	181,130	128,354
Benefit realised from forfeited equity-settled share-based payment transactions	-	(50,667)
Expense arising from cash-settled share-based payment transactions	-	-
Total expense arising from share-based payment transactions	**181,130**	**77,687**

The share-based payment plans are described below. There have been no cancellations or modifications to any of the plans during 2014 and 2013.

Employee share option plan (ESOP)

Share options are granted to employees. The ESOP is designed to align participants' interests with those of shareholders by increasing the value of the Group's shares. Under the ESOP, the exercise price of the options is set at the market price of the shares on the date of grant. Options have been granted under the plan set out as indicated below:

Grant Date	Expiry Date	Exercise Price	Amount
22-Dec-2010	22-Dec-2015	$0.193*	925,000
20-Jan-2011	15-Oct-2015	$0.193*	83,333
09-Jun-2011	09-Jun-2016	$0.072	500,000
		Balance at end of the year	1,508,333

(i) The original strike price for these options was $0.20. The terms of these employee options provide for the exercise price of the options to be adjusted in accordance with the formula set out in ASX Listing Rule 6.22.2 following an Entitlement Offer. The Group adjusted the strike price as part of the Entitlements Offer completed.

The Group uses a binomial model to calculate the value of options that it recognises in its financial statements. The Group used the following factors to value the options.

Grant Date	Amount	Exercise Price	Share Price of the Underlying Equity	Risk Free Interest Rate	Expected Volatility	Expected Life	Value per Option
22-Dec-2010	925,000	$0.200	$0.076	5.47%	90%	2.5 years	$0.0248
20-Jan-2011	83,333	$0.200	$0.076	5.47%	90%	2.5 years	$0.0248
09-Jun-2011	500,000	$0.072	$0.072	5.75%	90%	5 years	$0.0509
	1,508,333						

No share options were issued under the plan during the year. The fair value of share options issued under the ESOP is as follows:

Grant Date	Amount	Exercise Price	Value per Option
22-Dec-2010	925,000	$0.200	$0.0248
20-Jan-2011	83,333	$0.200	$0.0248
09-Jun-2011	500,000	$0.071	$0.0509
		Weighted Average value	$0.0335

Performance share plan (PSP)

Performance shares are granted to senior executive to align the long term the participants to the long term interests of shareholders. The plan is milestone based with the milestones set out as indicated below:

Performance Shares	Performance Share Milestone	Expiry
Class A	ASX conditional listing	Two years from grant
Class B	$65 million market capitalisation	Three years from ASX listing
Class C	$100 million market capitalisation	Five years from ASX listing

When a participant ceases employment prior to the vesting of their share options or reaching the performance share milestone, the share options or performance shares are forfeited unless cessation of employment is due to termination initiated by the Group. In the event of a change of control the performance period end date will be brought forward to the date of the change of control and awards will vest subject to performance over this shortened period.

The contractual life of each option is five years. The expiry date of Performance Shares are listed in the table above.

Summaries of shares granted under performance share plan arrangements:

The following table illustrates the number movements in performance shares issued during the year.

	2014 Number	2013 Number
Outstanding at the beginning of the year	**333,334**	**1,666,667**
Granted during the year	-	-
Forfeited during the year	-	(500,000)
Exercised during the year	-	-
Expired during the year	-	(833,333)
Outstanding at the end of the year	**333,334**	**333,334**
Convertible at the end of the year	**-**	**-**

*The Group converted the all 6,666,666 Performance Shares Class A to ordinary shares upon receipt of conditional listing on 25 August 2010.

The fair value of the Performance Shares Class A, B and C has been recognised at $0.16. The valuation was based on the price of the IPO of $0.20 and discounted 20% to account for the risk and the escrow period of two years. There are no dividends incorporated into the measurement of fair value and the Performance Shares have no other feature to affect the measurement of fair value.

Other share based payments

The Group settled the acquisition of MRT with ordinary shares. The fees were settled at the current market price. The Group recognised the amount as an adjustment to its issued capital.

23 EMPLOYEE ENTITLEMENTS AND SUPERANNUATION COMMITMENTS

	2014 $	2013 $
Employee Entitlements		
The aggregate employee entitlement liability is comprised of :		
Accrued wages, salaries and on costs	26,433	1,996
Provisions (current)	101,169	96,561
Provisions (non- current)	30,294	17,425
	157,896	**115,982**

No. of Employees: 28 (2013: 22)

Superannuation Commitments

No specific superannuation fund has been established for staff. As per the requirements of Superannuation Legislation Amendment (Choice of Superannuation Funds) Act 2005, we provide our staff with full choice of fund.

The company contributes on behalf of the employees at the superannuation guarantee levels of employee's salaries and wages. The company does not contribute over and above these amounts other than contracted amounts under service contracts of relevant employees.

24 RELATED PARTY DISCLOSURES

(a) The following related party transactions occurred during the financial period:

SIR TIM MCCLEMENT

Sir Tim McClement earned director's/chairman's fees of $130,388 during 2014. Any other transactions throughout the year relate to reimbursements for expenses incurred by Mr. McClement or his related entities on behalf of the Group.

JORGE NIGAGLIONI

Jorge Nigaglioni earned a salary for his function as Chief Financial Officer of $180,000 during 2014. Any other transactions throughout the year relate to reimbursements for expenses incurred by Mr. Nigaglioni or his related entities on behalf of the Group.

KEN GAUNT

Ken Gaunt received a salary of $22,637 plus director fees of $217,500 paid to Blazzed Pty Ltd.

The Company had a credit facility with its director Ken Gaunt and subsequently with another party. The facility had an interest rate of 5.53% per annum. The Company had drawn down $720,989 out of the total $1,000,000 facility and has incurred total interest of $36,453 during the year on this facility. This facility was converted to shares on 26 June 2014.

Any other transactions throughout the year relate to reimbursements for expenses incurred by Mr. Gaunt or his related entities on behalf of the Group.

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

25 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise receivables, payables, bank loans, finance leases and hire purchase contracts, cash, short-term deposits and derivatives.

The Group is exposed to financial risks which arise directly from its operations. The Group has policies and measures in place to manage financial risks encountered by the business.

Primary responsibility for the identification of financial risks rests with the Board. The Board determines policies for the management of financial risks. It is the responsibility of the Chief Financial Officer and senior management to implement the policies set by the Board and for the constant day to day management of the Group's financial risks. The Board reviews these policies on a regular basis to ensure that they continue to address the risks faced by the company.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The Group's policy to minimise risk from fluctuations in interest rates is to utilise fixed interest rates in its bank loans, finance leases and hire purchase contracts. Cash and short term deposits are exposed to floating interest rate risks. Analysis is performed on customers' credit rating prior to signing contracts and analysis is performed regularly of credit exposures and aged debt to manage credit and liquidity risk.

The policies in place for managing the financial risks encountered by the company are summarised below.

a) Risk Exposures and Responses

Interest rate risk

The Group’s exposure to variable interest rates is as follows:

	2014	2013
	$	$
Financial Assets		
Cash and cash equivalents	890,436	589,072
Short term securities	698,989	-
	1,589,425	**589,072**

The Group's policy is to manage its exposure to movements in interest rates by fixing the interest rate on financial instruments, including bank loans, finance leases and hire purchase liabilities, where possible. In addition, the company utilises a number of financial institutions to obtain the best interest rate possible and to manage its risk. The Group does not enter into interest rate hedges.

The following sensitivity analysis is based on the variable interest rate risk exposures in existence at the reporting date:

At 30 June 2014, if interest rates had moved, as illustrated in the table below, with all other variables held constant, post tax profit and other comprehensive income would have been affected as follows:

Judgements of reasonably possible movements relating to financial assets and liabilities of floating rates based on management’s expectations:

	Post-Tax Profit Higher/(Lower)		Equity Higher/(Lower)	
	Higher/ (Lower) 2014	Higher/ (Lower) 2013	Higher/ (Lower) 2014	Higher/ (Lower) 2013
	$	$	$	$
Financial Assets				
+0.5% (50 basis points)	7,947	2,945	-	-
-0.5% (50 basis points)	(7,947)	(2,945)	-	-

The periodic effects are determined by relating the hypothetical changes in the floating interest rates to the balance of financial instruments at reporting date. It is assumed that the balance at the reporting date is representative for the year as a whole.

Foreign currency risk

As a result of operations internationally the Group's Statement of Financial Position can be affected by movements in the various exchange rates.

The Group also has transactional currency exposures. Such exposure arises from sales or purchases in currencies other than the functional currency. The Group's policy is to naturally manage foreign exchange exposure by contracting with customers to receive sales revenue in the currency that the expenses have been incurred.

At 30 June 2014, the Group had the following exposure to foreign currency

	2014	2013
	$	$
Financial Assets		
Cash and cash equivalents	724,159	456,104
Trade and other receivables	2,078,563	1,233,576
	2,802,722	1,689,680
Financial Liabilities		
Trade and other payables	1,183,108	797,353
	1,183,108	797,353
Net Exposure	1,619,614	892,327

The Group is primarily exposed to foreign currency risk against the British Pound and the US Dollar. The wholly owned subsidiary Marine Rescue Technologies Ltd operates in British Pounds. The Group has small exposures against the Euro. A sensitivity analysis has been performed based on the foreign currency risk exposures in existence at the Statement of Financial Position date.

	Post-Tax Profit Higher/(Lower)		Equity Higher/(Lower)	
	Higher/ (Lower) 2014	Higher/ (Lower) 2013	Higher/ (Lower) 2014	Higher/ (Lower) 2013
	$	$	$	$
Net Exposure				
5% increase in FX rate	77,124	42,492	-	-
5% decrease in FX rate	(85,243)	(46,965)	-	-

Credit risk

The Group trades only with recognised, creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. Publicly available credit information from recognised providers is utilised for this purpose where available.

In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

The Group has been exposed to credit risk as the top four customers accounted for 42% (2013: 36%) The Group has commenced selling its products and aims to minimise concentrations of credit risk in relation to accounts receivable by undertaking transactions with a large number of customers within the resources, energy and infrastructure industries.

For transactions that are not denominated in the functional currency of the relevant operating unit, the Group does not offer credit terms without the specific approval of the Chief Financial Officer.

With respect to credit risk arising from the other financial assets of the Group, which comprises cash and cash equivalents, the Group's exposure to credit risk arises from default of the counter party, with a maximum exposure equal to the carrying amount of these instruments. Since the Group only trades with recognised third parties, there is no requirement for collateral.

Liquidity risk

The Group objective is to manage the liquidity of the business by monitoring project cash flows and through the use of financing facilities. The Group currently utilises financing facilities in the form of bank loans and hire purchase liabilities. The liquidity of the Group is managed by the company's Finance and Accounting department.

The table below reflects all contractually fixed pay-offs, repayments and interest resulting from financial liabilities as of 30 June 2014.

The remaining contractual maturities of the company's financial liabilities are:

	6 months or less	6 months to 1 year	1 year to 5 years	Total Contractual Cash Flow	Total Carrying Amount
	$	$	$	$	$
FINANCIAL LIABILITIES					
Year ended 30 June 2014					
Trade and other payables	1,761,853	-	-	1,761,853	1,761,853
Convertible Notes & Other	-	896,134	-	896,134	896,134
Hire purchase liability	-	-	6,318	6,318	6,318
Net Maturity	**1,761,853**	**896,134**	**6,318**	**2,664,305**	**2,664,305**
Year ended 30 June 2013					
Trade and other payables	1,085,861	-	-	1,085,861	1,085,861
Convertible Notes & Other	-	-	-	-	-
Hire purchase liability	1,482	1,482	16,412	19,377	-
Net Maturity	**1,087,343**	**1,482**	**16,412**	**1,105,238**	**1,085,861**

* Contingent consideration has not been included in the table as it will be settled in shares.

Equity price risk

Equity price risk arises from the Group's contingent consideration payable as the fair value reported on the statement of financial position is impacted by the Group's share price on the Australian Stock Exchange.

This has been measured based on the maximum number of shares to be issued at the Group's share price at the date of acquisition. Over the term of the contingent consideration, the amount will be fair valued at each balance date and the movement in fair value recorded through the statement of comprehensive income. For example, if the share price in the Group increases, the value of the contingent consideration will increase, resulting in an increase to the liability reported in the statement of financial position and expense in the statement of comprehensive income.

At 30 June 2014, there was no contingent consideration recorded.

The table below discloses the sensitivities in relation to the impact of a share price movement on the valuation of the embedded derivative. The 3 cent sensitivity is based on a reasonably possible change over a financial year using an observed range of the actual historical share prices of the Group since its listing date.

	Post-Tax Profit Higher/(Lower)		Equity Higher/(Lower)	
	Higher/ (Lower) 2014	Higher/ (Lower) 2013	Higher/ (Lower) 2014	Higher/ (Lower) 2013
	$	$	$	$
Net Exposure				
3 cent increase in share price	-	-	-	-
3 cent decrease in share price	-	-	-	-

Fair values

The Group's contingent consideration is recorded at its fair value, using the Level 2 basis as described in the Fair Value Hierarchy below.

The Fair Value Hierarchy assigns rankings to the level of judgment which is applied in deriving inputs for valuation techniques used to measure fair value. The three levels of the Fair Value Hierarchy are as follows:

Level 1 is the preferred input for valuation and reflects unadjusted quoted prices in active markets for identical assets or liabilities which the economic entity can access at the end of the reporting period. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's length basis.

Level 2 is the valuation of assets and liabilities either directly or indirectly based upon market observables other than quoted prices. For example: financial assets with fair values based on broker quotes; investments in private equity funds with fair values obtained via fund managers; and assets that are valued using the economic entities' own models whereby the majority of assumptions are market observable.

Level 3 relates to inputs that are unobservable. Unobservable inputs means that fair values are determined in whole or in part using a valuation technique (model) based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

26 BUSINESS COMBINATIONS

Acquisition of Marine Rescue Technologies Ltd

On 9 June 2011, Mobilarm Limited acquired Marine Rescue Technologies Ltd (MRT), a leader in the design and manufacture of man overboard technology in Europe. Mobilarm acquired 100% of the issued capital of MRT for GBP £1,723,000 (approximately AUD $2,653,790).The purchase price was split into an initial cash payment of GBP £1,189,000 (approximately AUD $1,831,316) and a deferred share based compensation of GBP £534,000 (approximately AUD $822,475).

Reconciliation of Goodwill

	$
Carrying amount at beginning of financial year	1,924,068
Provisional goodwill recognised on business combination	-
Carrying amount at end of financial year	**1,924,068**

27 CONTINGENT LIABILITIES

As at reporting date there were no contingent liabilities.

28 SUBSEQUENT EVENTS

There have been no events since the end of the financial year that affect the results as at and for the year ended 30 June 2014.

MOBILARM LIMITED
ABN 15 106 513 580

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF MOBILARM LIMITED

Report on the Financial Report

We have audited the accompanying financial report of Mobilarm Limited, which comprises the consolidated statement of financial position as at 30 June 2014, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 2(a), the directors also state, in accordance with Accounting Standard AASB 101: *Presentation of Financial Statements,* that the financial statements comply with International Financial Reporting Standards (IFRS).

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit, 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 Mobilarm Limited, would be in the same terms if provided to the directors as at the time of this auditor's report.

www.ww-wa.com.au
info@ww-wa.com.au

Tel: +61 8 9364 9988
Fax: +61 8 9367 3444

Auditor's Opinion

In our opinion:

a. the financial report of Mobilarm Limited is in accordance with the *Corporations Act 2001* including:

   i. giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of its performance for the year ended on that date; and

   ii. complying with Australian Accounting Standards and the *Corporations Regulations 2001;* and

b. the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

We have audited the remuneration report included in the directors' report for the year ended 30 June 2014. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with s 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion the remuneration report of Mobilarm Limited for the year ended 30 June 2014 complies with s 300A of the *Corporations Act 2001*.

Material Uncertainty Regarding Continuation as a Going Concern

Without qualification to the audit opinion expressed above, attention is drawn to the following matter. As a result of matters described in Note 2 – Going Concern to the financial report, there is material uncertainty whether the group will be able to pay its debts as and when they fall due and payable and realise its assets and extinguish its liabilities in the normal course of operations and at the amounts stated in the financial report. The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts, or to the amounts and classification of liabilities that might be necessary should the group not continue as a going concern.

JOHN DORAZIO FCA
Director
For and on behalf of
Walker Wayland Audit (WA) Pty Ltd
Chartered Accountants
Level 2, 129 Melville Parade
COMO WA 6152

Dated this 30th day of September 2014

SHAREHOLDER INFORMATION

MARKET

Mobilarm Limited ordinary shares are listed on the Australian Stock Exchange (ASX) under the ticker MBO.

SHARE OWNERSHIP

Share capital

The details of the share capital of Mobilarm Limited are presented in note 14 'Contributed Equity' in the financial statements.

Major shareholders

The table on page 8 of this Annual Report presents information pertaining to the shares in Mobilarm Limited held by Directors.

Mobilarm Limited is not directly or indirectly controlled by another corporation or by any government. As described in note 14 'Contributed Equity' in the financial statements, no shareholder possesses voting rights that differ from those attaching to all of Mobilarm Limited's voting securities.

The following table shows holdings of five per cent or more of voting rights in Mobilarm Limited's shares as notified to Mobilarm Limited under the Corporations Act 2001, Section 671B.

Shareholder	Ordinary Shares Held	% Ownership
BLAZZED PL	49,082,161	14.0%
NEWD CORP PL	32,419,409	9.3%
JAYDEN INV PL	28,572,115	8.2%
MCNEIL NOM PL	26,915,749	7.7%
DUTCH INK 2010 PL	26,805,728	7.7%

Unmarketable Parcels

The Company has 60 shareholders with unmarketable parcels of 10,000 shares or less, totalling 367,976 ordinary shares.

TOP 20 SHAREHOLDERS

As of 30 September 2014

Shareholder	Ordinary Shares Held	% Ownership
BLAZZED PL	49,082,161	14.0%
NEWD CORP PL	32,419,409	9.3%
JAYDEN INV PL	28,572,115	8.2%
MCNEIL NOM PL	26,915,749	7.7%
DUTCH INK 2010 PL	26,805,728	7.7%
UBS NOM PL	11,599,999	3.3%
CITICORP NOM PL	10,007,798	2.9%
HASLER GARY DARREN	9,557,232	2.7%
VALUE NOM PL	6,723,192	1.9%
TUBBIN INV PL	5,714,286	1.6%
VERHEGGEN DAMON	5,274,243	1.5%
VERHEGGEN SASHA THERESE	5,274,243	1.5%
SCOTT KURTIS ADAM	4,700,000	1.3%
CRUISERS YACHTS AUST PL	4,125,006	1.2%
ASIANA PROPS LTD	3,984,365	1.1%
JAYDEN HLDGS PL	3,003,953	0.9%
HOLLINGTON RICHARD	3,000,000	0.9%
GAUNTSWOOD PL	2,857,143	0.8%
PINE VALLEY ENTPS PL	2,784,314	0.8%
COLLINS RUSSELL NEIL	2,752,776	0.8%
Top 20	245,153,712	70.1%
Total	350,085,416	100.0%

Distribution of shareholders and shareholdings as at 30 September 2014

Size of Holding	Shareholder Numbers	%	Share Numbers	%
1-1000	12	2.2%	4,090	0.0%
1001-5000	11	2.0%	41,446	0.0%
5001-10000	37	6.7%	322,440	0.1%
10000-100000	283	51.6%	12,002,807	3.4%
Over 100,000	206	37.5%	337,714,633	96.5%
Total	**549**	**100.0%**	**350,085,416**	**100.0%**

Registered Address	Shareholder Numbers	%
Australia	340,167,326	97.1%
Hong Kong	3,984,365	1.1%
British Virgin Islands	3,000,000	0.9%
New Zealand	1,460,696	0.4%
United Kingdom	1,060,000	0.3%
United States	287,696	0.1%
Indonesia	55,333	0.0%
Japan	50,000	0.0%
Singapore	20,000	0.0%
Total	**350,085,416**	**100.0%**

CORPORATE DIRECTORY

DIRECTORS

Sir Tim McClement	Independent Chairman
Mr. Jorge Nigaglioni	Executive Director
Mr. Ken Gaunt	Executive Director

COMPANY SECRETARY

Mr. David McArthur	Company Secretary

KEY EXECUTIVES

Mr. Ken Gaunt	Chief Executive Officer
Mr. Jorge Nigaglioni	Chief Financial Officer

REGISTERED OFFICE

38 Guthrie Street

Osborne Park WA 6017

PRINCIPLE PLACE OF BUSINESS

38 Guthrie Street

Osborne Park WA 6017

CONTACT DETAILS

Web: www.mobilarm.com

Tel: (08) 9315-3511

Fax: (08) 9315-3611

SHARE REGISTRY

Security Transfer Registrars Pty Ltd

770 Canning Highway

Applecross WA 6153

LAWYERS TO THE COMPANY

Steinepreis Paganin

Level 4, The Reads Building

16 Milligan Street

Perth WA 6000

AUDITORS

Walker Wayland Audit (WA) Pty Ltd

Level 2,

129 Melville Parade

Como WA 6152

BANKERS

National Australia Bank

Mobilarm Limited ordinary shares are listed on the Australian Stock Exchange (ASX) under the ticker MBO.