

Rule 4.2A.3

Appendix 4D

Half-year report

Introduced 01/01/2003 Amended 17/12/10

Name of entity: Mobilarm Limited

ABN: 15 106 513 580

- | | | |
|-----------|---------------------------------------------|-----------------------------------------|
| 1. | Reporting period (“current period”): | Half-year ended 31 December 2016 |
| | Previous corresponding period | Half-year ended 31 December 2015 |

2. Results for announcement to the market

			31 December 2016	31 December 2015
			\$A'000	\$A'000
2.1	Revenue	down 26% to	\$2,367	\$3,205
2.2	Loss from ordinary activities after tax attributable to members	down 8% to	(\$742)	(\$809)
2.3	Net loss for the period attributable to members	down 8% to	(\$742)	(\$809)

		Amount per share cents	Franked amount per share cents
2.4	Dividends		
	Final	nil	nil
	Interim	nil	nil

2.5 Record date for determining entitlement to dividends: N/A

2.6 Brief explanation of figures (if necessary):

+ See chapter 19 for defined terms.

3. Net tangible assets

	31 December 2016	31 December 2015
	\$/cents	\$/cents
Net tangible asset backing per ordinary share	\$0.00	\$0.00

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

4.1 Name of the entity

N/A

4.2 Date of the gain or loss of control

N/A

4.3 Contribution to the reporting entity's profit (where applicable)

N/A

5. Dividends

Amount per security

Nil

Total dividends paid on all securities during the financial year

Nil

+ See chapter 19 for defined terms.

7. Auditor's review report

Note: The audit report or review must be provided as part of the report.

For all entities, if the accounts are subject to audit dispute or qualification, a description of the dispute or qualification.

This report is based on accounts to which one of the following applies:

- | | | | |
|--------------------------|------------------------------------------------------------------------|-------------------------------------|------------------------------------------------------------|
| <input type="checkbox"/> | The accounts have been audited. | <input checked="" type="checkbox"/> | The accounts have been subject to review. |
| <input type="checkbox"/> | The accounts are in the process of being audited or subject to review. | <input type="checkbox"/> | The accounts have <i>not</i> yet been audited or reviewed. |



Sign here:

Director

Date: 28 February 2017

Print name:

Ken Gaunt

REVIEW OF OPERATIONS

Mobilarm Limited ("the Company") and its consolidated entities ("the Group") had a softer first half than the previous year. General market softness, especially in the Energy market, impacted our results. However, our strategy of focusing on growing our rental and service revenues paid off as we were able to deliver \$2.4M in revenues, thanks to \$1.4M of rental and service revenues. That represents 58% of total revenues. Our long term shift to a more balanced business model is allowing us to take advantage of strong economic times that also delivers on weaker periods, and we have provided shareholders a platform for long-term stability.

Our efforts over the last year have focused in expanding our global reach. Our Remote Service Units (RSUs) allow select third parties to provide high quality services to our customers anywhere in the world. This allows us to be closer to our customer point of operation, be it at a dock, heliport, offshore vessel or common ports of call.

In order to further stabilise our operations and provide further avenues for growth, the Company invested in the Jaxsta online business. We see growth for both the music and other industries that leverage the platform and business model that the Jaxsta team is creating.

We will continue 2017 with an aggressive plan to grow the business and provide improved returns in the coming years.



Ken Gaunt
Chief Executive Officer

Perth, Western Australia
28 February 2017

DIRECTORS' REPORT

The directors present their half year report of the Group, being Mobilarm Limited and its consolidated entities, for the half year ended 31 December 2016.

Directors

The directors of Mobilarm Limited in office at any time during the period and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

Sir Tim McClement	- Chairman
Mr. Ken Gaunt	- Chief Executive Officer
Mr. Jorge Nigaglioni	- Chief Financial Officer

The directors have been in office since the start of the financial year to the date of this report, unless otherwise stated.

Principal Activities

The principal activities of the Group during the half year were the development, manufacture, service and sale or rental of Man Overboard Safety Systems.

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

Dividends

No dividends were paid or declared for the half year.

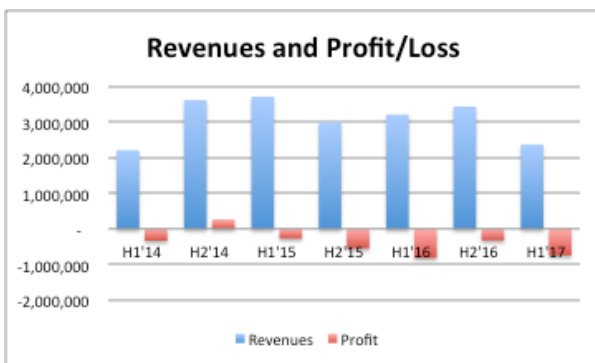
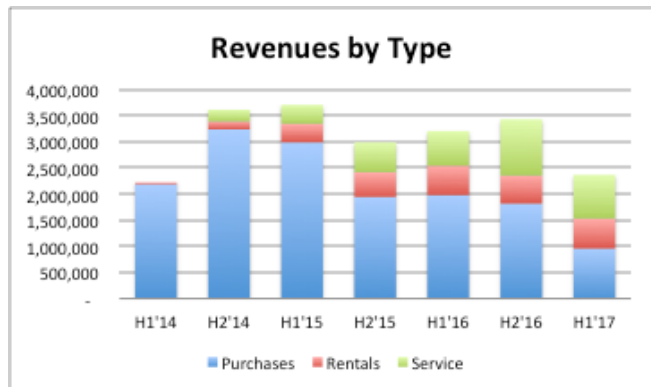
Results for Announcement to the Market

Operations of the Group

The Group received orders of \$2,337,270 in the half year ended 31 December 2016 (2015: \$2,467,846), a 5% decrease. The orders were \$1,226,779 (2015: \$1,828,432) on direct purchases and \$241,740 (2015: \$81,886) on rentals. The Group was able to realise revenues of \$2,367,286 in the period as compared to \$3,204,586 in the half year ended 31 December 2015, a decrease of 26%. The Group's rental order book balance is currently \$2,213,463 which will be recognised as revenue over the next 60 months. The Group had a loss of \$680,940

before providing for income tax for the half year ending 31 December 2016 (2015: Loss of \$732,630). The deterioration in operating income resulted in decreased revenues, however, the Company focused in decreasing operating expenses thus offsetting the drop in revenues. The loss of the Group after providing for income tax for the half year ending 31 December 2016 was \$742,399 (2015: Loss of \$809,314). The income tax expense was due to recognising income tax expense and a deferred tax liability on its operations in the United Kingdom.

The Group's operating expenses decreased to \$2,506,010 in the half year ended 31 December 2016 as compared to \$3,068,077 in the half year ended 31 December 2015, an decrease of 18%. The decrease came from a reduction in a mix of operational expenses due to cost reductions and the completion of certain convertible note term. We also had less favourable British Pound to Australian Dollar exchange rate.



Financial Position of the Group

The Group ended December 2016 with net assets of \$4,316,013, compared to net assets of \$4,968,907 at June 2016. The decrease in financial position is mostly due to reduction in trade receivables from lowered sales levels.

On the asset side, the Group has decreased its current assets by \$2,577,828 from June 2016 to December 2016, mostly due to the repayment of \$2,000,000 in convertible notes and the reduction in trade receivables. Non-current assets increased by \$946,526 due to the investment in the Jaxsta business, partially offset by the amortisation of rental assets during the year.

Business strategy for future financial years

The Group will continue to pursue its growth strategy of becoming the world's largest provider of Man Overboard solutions and emergency beacons. The group made new entries in the service area this year through the deployment of remote service stations to expand its global service capabilities. The Group plans to increase market share through organic growth during the next financial year.

The Group continues to focus on expanding its rental and service offerings, in conjunction with developing new products and solutions to customers. Our rental and service offerings account for 58% of revenue in the six month period ended 31 December 2016. This has stabilised our orders and revenues over the last two years to allow the group to generate more stable cash flows.

The Group has additionally diversified its strategy through its investment in Jaxsta. The online validated music database is a platform that has future potential in not only the music industry, but in other markets. We believe the investment provides a more stable set of results for the Group in the future.

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

The Group had a net tangible asset of \$253,004 (December 2015: \$2,641,444). The net tangible asset backing per weighted average share is \$0.00 (December 2015: \$0.01).

Changes in the State Of Affairs

There were no changes to the state of affairs of the Group.

Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

The auditor's independence declaration for the half year ended 31 December 2016 has been received and can be found on page 6.

Significant events subsequent to balance date

No events or circumstances have arisen that would require disclosure in the financial report.

Signed in accordance with a resolution of the Directors.



Ken Gaunt
Chief Executive Officer
Perth, Western Australia
28 February 2017

MOBILARM LIMITED ACN 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 half-year ended 31 December 2016 there has been no contraventions of;

- a. the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and
- b. any applicable code of professional conduct in relation to the review.



WALKER WAYLAND AUDIT (WA) PTY LTD



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

Dated this 28th day of February 2017

DIRECTORS' DECLARATION

In the opinion of the directors of Mobilarm Limited ("the Company"):

- (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 financial position of the consolidated entity as at 31 December 2016 and the performance for the half year ended on that date; and
 - (ii) complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001; and
- (b) Subject to the matter disclosed in Note 2 to the financial statements, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors



Ken Gaunt
Director

Perth, Western Australia
28 February 2017

CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE HALF YEAR ENDED 31 December 2016

	31 December 2016	31 December 2015
	\$	\$
Revenue		
Sale of goods	1,786,750	2,635,745
Portion of rentals recognised as revenue	580,536	568,841
	2,367,286	3,204,586
 Cost of units sold	 522,178	 831,315
Depreciation of units under rental	21,634	112,201
	543,812	943,516
 Interest income	 1,596	 7,852
Other income	-	66,525
	1,596	74,377
 Employee benefits	 939,971	 998,992
Share based compensation expense	203,436	208,997
Depreciation and amortisation	165,403	202,230
Advertising	5,215	18,675
Accountancy	18,381	24,606
Audit and tax	28,183	38,680
Freight and cartage	56,316	66,003
External consultants and contractors	125,332	211,510
Rental	95,891	101,056
Travel and accommodation	179,808	285,641
Allowance for doubtful debts	(5,521)	14,169
Legal fees	52,899	157,942
Telephone and internet charges	29,759	30,537
Insurance	42,509	50,322
Printing, postage and stationery	13,472	25,472
Motor vehicles	44,508	49,832
Finance costs	123,951	267,414
Property letting fees	3,214	20,846
Rates & land taxes	37,896	42,962
Information technology costs	65,777	59,261
Foreign exchange loss/(gain)	110,523	(68,524)
Other expenses	169,087	261,455
	2,506,010	3,068,077
Operating expenses		
	(680,940)	(732,630)
Profit/(Loss) before income tax		

CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)

	31 December 2016	31 December 2015
	\$	\$
Profit/(Loss) before income tax brought forward	(680,940)	(732,630)
Income tax expense/(benefit)	61,459	76,684
Loss from operations after income tax	(742,399)	(809,314)
Other comprehensive income		
Foreign currency translation reserve movement	(113,930)	(109,314)
Total comprehensive loss for the period	(856,329)	(918,708)
Basic earnings/(loss) per share (cents per share)	(0.00)	(0.00)
Diluted earnings/(loss) per share (cents per share)	(0.00)	(0.00)

The consolidated statement of profit and loss and other comprehensive income should be read in conjunction with the notes to the consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 December 2016

	Note	31 December 2016	30 June 2016
		\$	\$
CURRENT ASSETS			
Cash and cash equivalents		550,419	2,374,023
Trade and other receivables	3	727,828	994,415
Inventories		1,984,882	2,003,610
Other current assets		128,035	596,944
TOTAL CURRENT ASSETS		3,391,164	5,968,992
NON-CURRENT ASSETS			
Plant and equipment	4	833,919	779,010
Intangible assets and goodwill	5	2,563,010	2,671,393
Investment in other businesses	6	1,500,000	500,000
TOTAL NON-CURRENT ASSETS		4,896,929	3,950,403
TOTAL ASSETS		8,288,093	9,919,395
CURRENT LIABILITIES			
Trade and other payables	7	1,195,110	1,631,977
Interest bearing loans and borrowings	8	1,161,521	3,136,641
Provisions		122,139	124,854
TOTAL CURRENT LIABILITIES		2,478,770	4,893,472
NON-CURRENT LIABILITIES			
Provisions		68,310	57,016
Interest Bearing loans and borrowings	8	1,425,000	-
TOTAL NON-CURRENT LIABILITIES		1,493,309	57,016
TOTAL LIABILITIES		3,972,080	4,950,488
NET ASSETS		4,316,013	4,968,907
EQUITY			
Contributed equity	9	30,601,809	30,601,809
Accumulated Losses	10	(27,553,033)	(26,810,634)
Reserves	11	1,267,237	1,177,732
TOTAL EQUITY		4,316,013	4,968,907

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE HALF YEAR ENDED 31 December 2016

	31 December 2016	31 December 2015
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	2,576,964	3,526,778
Payments to suppliers and employees	(2,736,270)	(3,606,753)
Interest received	1,596	7,852
Interest costs	(95,558)	(123,633)
R&D tax rebate	101,561	-
NET CASH FLOWS USED IN OPERATING ACTIVITIES	(151,707)	(195,756)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for plant and equipment	(1,220)	(5,278)
Payments for shares in other business	(1,000,000)	-
Payment for research & development	(95,677)	(34,920)
NET CASH FLOWS USED IN INVESTING ACTIVITIES	(1,096,897)	(40,198)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from borrowings	1,425,000	900,489
Repayment of borrowings	(2,000,000)	-
NET CASH FLOWS PROVIDED BY FINANCING ACTIVITIES	575,000	900,489
NET INCREASE/(DECREASE) IN CASH HELD	(1,823,604)	(664,535)
CASH AT THE BEGINNING OF THE PERIOD	2,374,023	1,487,957
CASH AT THE END OF THE PERIOD	550,419	2,152,492

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE HALF YEAR ENDED 31 December 2016

	Issued Capital \$	Accumulated Losses \$	Share Based Payment Reserve \$	Foreign Currency Translation Reserve \$	Total Equity \$
At 1 July 2015	29,686,317	(25,681,020)	835,882	515,363	5,356,542
Net loss for the period	-	(809,314)	-	-	(809,314)
Other comprehensive loss	-	-	-	(109,314)	(109,314)
Total comprehensive loss for the period	-	(809,314)	-	(109,314)	(918,708)
Transactions with owners in their capacity as owners					
Issue of equity	980,239	-	-	-	980,239
Cost of equity issue	(64,500)	-	-	-	(64,500)
Share based payments – Performance Shares Rights	-	-	52,090	-	52,090
Share based payments – Employee Stock Options	-	-	156,908	-	156,908
As at 31 December 2015	30,602,056	(26,490,334)	1,044,880	405,969	5,562,571
At 1 July 2016	30,601,809	(26,810,634)	1,249,277	(71,545)	4,968,907
Net loss for the period	-	(742,399)	-	-	(742,399)
Other comprehensive loss	-	-	-	(113,930)	(113,930)
Total comprehensive loss for the period	-	(742,399)	-	(113,930)	(856,329)
Transactions with owners in their capacity as owners					
Share based payments – Performance Shares Rights	-	-	51,128	-	51,128
Share based payments – Employee Stock Options	-	-	152,307	-	152,307
As at 31 December 2016	30,601,809	(27,553,033)	1,452,712	(185,475)	4,316,013

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 December 2016

1 CORPORATE INFORMATION

The financial report of Mobilarm Limited (the "Company") and its consolidated entities ("the Group") for the half-year ended 31 December 2016 was authorised for issue in accordance with a resolution of directors on 28 February 2017.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

This general purpose half-year financial report for the half year ended 31 December 2016 has been prepared in accordance with AASB 134 Interim Financial Reporting and the Corporations Act 2001. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

The half year report does not include all of the notes normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the entity as the full financial report.

It is recommended that the half-year financial report be read in conjunction with the annual financial report for the year ended 30 June 2016 and considered together with any public announcements made by the Company during the half year ended 31 December 2016 in accordance with the continuous disclosure obligations of the ASX listing rules.

The half-year report financial report has been prepared on a historical cost basis.

For the purpose of preparing the half-year financial report, the half-year has been treated as a discrete reporting period.

The accounting policies and methods of computation are the same as those adopted in the most recent annual financial report.

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

(b) New and amending Accounting Standards and Interpretations

There have been no new standards issued since 30 June 2016 that required implementation as of the beginning of the financial year that have not been by applied by the Group.

(c) 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 Group has incurred a net loss after tax for the half year ended 31 December 2016 of \$742,399 (31 December 2015: \$809,314) and experienced net cash outflows from operating activities of \$151,707 (31 December 2015: \$195,756). As at 31 December 2016, the Group had net assets of \$4,316,013 (30 June 2016: \$4,968,907). As at 31 December 2016, the Group had accumulated losses of \$27,553,033 (30 June 2016: \$26,810,834).

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

- increased cash flows from operations, including the growth of its rental and service portfolio; and/ or
- the raising of funds through a debt or equity issue.

The directors have reviewed the business outlook and plans of the Group and believe that both of the above can be achieved.

Should the entity not achieve the matters set out above, there is significant uncertainty whether the Group 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 Group is unable to continue as a going concern.

3 TRADE AND OTHER RECEIVABLES

	Consolidated	
	31 December 2016	30 June 2016
	\$	\$
Trade debtors	725,312	888,188
Less: allowance for impairment provision	(4,657)	(10,165)
Sub-Total	720,655	878,023
Goods and services tax	7,173	8,349
Value added tax	-	-
Sundry receivables	-	-
R & D Rebate	-	108,043
Total	727,828	994,415

4 PLANT AND EQUIPMENT

	Consolidated	
	31 December 2016	30 June 2016
	\$	\$
Units under customer rental		
At cost	1,098,943	886,409
Accumulated amortisation	(486,808)	(345,861)
	612,135	540,548
Plant and equipment		
At cost	924,081	927,170
Less: Accumulated depreciation	(704,296)	(691,535)
	219,785	235,635
Motor vehicles		
At cost	15,087	16,004
Accumulated amortisation	(13,088)	(13,177)
	1,999	2,287
TOTAL PLANT AND EQUIPMENT	833,919	779,010
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 the reporting period	540,548	802,491
- Additions	230,407	19,557
- Disposals	-	(61,534)
- Impairment of units under rental		(150,546)
- Depreciation	(158,820)	(69,420)
- Carrying amount at end of the reporting period	612,135	540,548
Plant and Equipment:		
- Carrying amount at beginning of the reporting period	235,635	283,140
- Additions	14,553	61,925
- Disposals	-	
- Depreciation	(30,403)	(109,430)
- Carrying amount at end of the reporting period	219,785	235,635
Motor Vehicles:		
- Carrying amount at beginning of the reporting period	2,287	6,429
- Additions	-	-
- Disposals	-	-
- Depreciation	(288)	(4,142)
- Carrying amount at end of the reporting period	1,999	2,287
TOTAL PLANT AND EQUIPMENT	833,919	779,010

5 INTANGIBLE ASSETS AND GOODWILL

	Development Costs	Intellectual Property	Goodwill	Computer Software	Total
	\$	\$	\$	\$	\$
As at 31 December 2016					
Cost	4,064,943	923,919	1,924,068	4,725	6,917,655
Accumulated Amortisation	(3,427,089)	(923,919)	-	(3,637)	(4,354,645)
Net Carrying Amount	637,854	-	1,924,068	1,088	2,563,010
As at 30 June 2016					
Cost	4,098,261	991,153	1,924,068	5,012	7,018,494
Accumulated Amortisation	(3,352,255)	(991,153)	-	(3,693)	(4,347,101)
Net Carrying Amount	746,006	-	1,924,068	1,319	2,671,393
Half year ended 31 December 2016					
At 1 July 2016, net of accumulated amortisation	746,006	-	1,924,068	1,319	2,671,393
Additions	1,569	-	-	-	1,569
Amortisation	(109,721)	-	-	(231)	(109,952)
At 31 December 2016, net of accumulated amortisation	637,854	-	1,924,068	1,088	2,563,010

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 5-10 years. If an impairment indicator 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 has been fully amortised.

Patents and licenses costs

Patents and licenses costs have been capitalised at cost. These patents 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 licenses which were being carried had no future economic benefit to the Group. Therefore, these amounts have been fully amortised.

Goodwill

Goodwill has been capitalised at the amount of excess consideration paid over Marine Rescue Technology Limited's ("MRT") fair value of identifiable net assets acquired and liabilities assumed. The acquisition of MRT occurred on 9 June 2011.

6 INVESTMENT IN OTHER BUSINESSES

	Consolidated	
	31 December 2016	30 June 2016
	\$	\$
Investment in Jaxsta Enterprise Pty Ltd	1,500,000	500,000
Total	1,500,000	500,000

In May 2016, the Company made a \$500,000 investment in Jaxsta Holdings Pty Ltd (Jaxsta) for a 3.33% equity position. Mobilarm will also have the right to invest a further \$2,500,000 directly for a further 16.67% equity. The Company has since invested a further \$1,000,000, increasing its equity position to 10.00%.

If the above investment is completed within 18 months, Mobilarm will have the right to buy a further 20% of Jaxsta from an existing Jaxsta shareholder and associate of Melanie Verheggen, a major shareholder of MBO, for \$5,000,000 being \$2,200,000 in cash and \$2,800,000 in Mobilarm shares at a deemed price of \$0.007, being 400,000,000 shares with a free attaching option for four years at an exercise price of \$0.007. This right has an exercise window of 18 months after the initial investment is complete.

7 TRADE AND OTHER PAYABLES

	Consolidated	
	31 December 2016	30 June 2016
	\$	\$
Trade creditors	537,205	820,270
Customer deposits	131,300	131,300
Current tax liabilities	392,305	291,250
Other creditors and accruals	134,300	389,157
Total	1,195,110	1,631,977

Customer deposits represent prepayments from customers for orders that have not shipped as of the reporting date.

8 INTEREST BEARING LOANS AND BORROWINGS

	Consolidated	
	31 December 2016	30 June 2016
	\$	\$
CURRENT		
Convertible Note (i)	-	1,094,830
Convertible Notes (ii)	1,142,275	2,040,508
Finance leases	19,246	1,303
Total	1,161,521	3,136,641
	31 December 2016	30 June 2016
	\$	\$
NON-CURRENT		
Convertible Note (i)	1,425,000	-
Total	1,425,000	-

- (i) The Company entered into a convertible note agreement with a shareholder with an interest rate of 6% and convertible at a price of the lower of \$0.04 cents or the price of an Entitlements Offer while the convertible note is in effect. The convertible note expires on 7 March 2017. The conversion price of the note has changed to \$0.007 after the Entitlements Offer completed on 29 September 2015.
- (ii) The Company entered into eight convertible note agreements on 31 January 2015 for a total of \$2,000,000. The notes have an interest rate of 12% payable quarterly. The notes are convertible into ordinary shares at a price of \$0.06 cents per share. The notes expired on 31 July 2016 and have been repaid.
- (iii) The Company entered into new convertible note for up to a total of \$2,000,000 as of 30 September 2016. These notes carry an interest rate of 12% and a conversion price of the lower of 4 cents or any future capital transaction during the term of the note. The notes expire on 31 March 2018. The convertible notes are secured by the assets of the Company.

9 CONTRIBUTED EQUITY

	31 December 2016	30 June 2016
	\$	\$
Issued and paid up capital		
493,119,559 (30 June – 493,119,559) ordinary shares fully paid.	30,601,809	30,601,809
	30,601,809	30,601,809
	No. of shares	\$
Reconciliation of Contributed Equity		
Opening balance at 1 July 2015	350,085,416	29,686,317
Issue of ordinary shares (1)	140,034,143	980,239
Cost of share issue	-	(64,500)
Closing balance at 31 December 2015	490,119,559	30,602,056
Opening balance at 1 January 2016	490,119,559	30,602,056
Issue of ordinary shares (2)	3,000,000	-
Currency revaluation	-	(247)
Closing balance at 30 June 2016	493,119,559	30,601,809

Opening balance at 1 July 2016
 Closing balance at 31 December 2016

493,119,559	30,601,809
493,119,559	30,601,809

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.

- (1) The Company completed an entitlements issue in September 2015 for 140,034,143 ordinary shares at a price of \$0.007 per share.
- (2) The Company converted 3,000,000 performance share rights into ordinary shares.

10 ACCUMULATED LOSSES

	31 December 2016	30 June 2016
	\$	\$
Accumulated losses at the beginning of the financial period	(26,810,634)	(25,681,020)
Net loss for the period	(742,399)	(1,129,614)
Accumulated losses at the end of the financial period	(27,553,033)	(26,810,634)

11 RESERVES

	31 December 2016	30 June 2016
	\$	\$
Share based payment Reserve	1,452,712	1,249,277
Currency revaluation Reserve	(185,475)	(71,545)
Reserves	1,267,237	1,177,732

	31 December 2016	30 June 2016
	\$	\$
Share based payment reserve		
Balance at the beginning of the financial year	1,249,277	835,882
Issuance and amortisation of performance share rights	51,128	104,179
Issuance and amortisation of share options issued	152,307	309,216
Balance at the end of the financial year	1,452,712	1,249,277

	December 2016		June 2016	
Options	Number	\$	Number	\$
Movement in options on issue				
Balance at beginning of year	29,670,487	959,856	32,878,820	650,640
Options cancelled – Employee Stock Option Plan	-	-	(1,208,333)	-
Options issued – Directors Compensation	-	152,307	-	309,216
Options cancelled – Directors Compensation	-	-	(2,000,000)	-
Options cancelled – Capital Raising	-	-	-	-
Balance at end of the year	29,670,487	1,112,163	29,670,487	959,856

	December 2016		June 2016	
Performance share rights	Number	\$	Number	\$
Movement in share rights on issue				
Balance at beginning of year	16,000,000	289,421	19,000,000	185,242
Performance share rights issued	-	51,128	-	104,179
Performance share rights converted			(3,000,000)	-
Performance share rights forfeited	(500,000)	-	-	-
Balance at end of the year	15,500,000	340,549	16,000,000	289,421

12 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 31 December are as follows:

	31 December 2016	30 June 2016
	\$	\$
Within one year	186,631	196,984
After one year but not more than five years	578,696	584,610
More than five years	114,532	182,245
	879,859	963,839

13 SEGMENT INFORMATION

The Group operates solely in the development, manufacturing and sale of Man Overboard safety systems. The Group operates in two geographical locations being Australia and the United Kingdom. The Group manages its operations internally as one segment under the management of the CEO. The accounting policies applied for internal reports are consistent with the policies used to prepare the financial statements.

14 CONTINGENT LIABILITIES

As at reporting date there were no contingent liabilities.

15 RELATED PARTY TRANSACTIONS

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

Sir Tim McClement received director fees of \$51,166. Any other transactions throughout the year relate to reimbursements for expenses incurred by Sir Tim McClement or his related entities on behalf of the Group.

Ken Gaunt received a salary and directors fee of \$115,346 for the six month period and is paid to himself and to Blazzed Pty Ltd, accordingly. Any other transactions throughout the year relate to reimbursements for expenses incurred by Mr. Gaunt or his related entities on behalf of the Group.

Jorge Nigaglioni received a salary of \$95,000 for the six month period. Any other transactions throughout the period relate to reimbursements for expenses incurred by Mr. Nigaglioni 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.

16 SUBSEQUENT EVENTS

No events or circumstances have arisen that would require disclosure in the financial report.

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**MOBILARM LIMITED ACN 106 513 580
INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF MOBILARM LIMITED**

Report on the Half-year Financial Report

We have reviewed the accompanying half-year financial report of Mobilarm Limited, which comprises the consolidated statement of financial position as at 31 December 2016, the consolidated statement of profit and loss and other comprehensive income, the consolidated statement of changes in equity, and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility for the Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-yearly financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410: *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of Mobilarm Limited's financial position as at 31 December 2016 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Mobilarm Limited, ASRE 2410 requires that we comply with ethical requirements relevant to the audit of the annual financial report.

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

Independence

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

**MOBILARM LIMITED ACN 106 513 580
INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF MOBILARM LIMITED**

Conclusion

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

- (i) giving a true and fair view of Mobilarm Limited's financial position as at 31 December 2016 and of its performance for the half-year ended on that date; and
- (ii) complying with AASB 134: *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Inherent Uncertainty Regarding Continuation as a Going Concern

Without qualification to the conclusion expressed above, attention is drawn to the following matter. As a result of matters described in Note 2(c) – Going Concern to the financial report, there is significant uncertainty whether the consolidated entity 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 consolidated entity not continue as a going concern.



WALKER WAYLAND AUDIT (WA) PTY LTD



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

Dated this 28th day of February 2017

CORPORATE DIRECTORY

DIRECTORS

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

COMPANY SECRETARY

Mr. David McArthur	Company Secretary
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KEY EXECUTIVES

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

REGISTERED OFFICE

2/33 Roberts Street
Osborne Park WA 6017

PRINCIPLE PLACE OF BUSINESS

2/33 Roberts Street
Osborne Park WA 6017

CONTACT DETAILS

Web: www.mobilarm.com
Tel: (08) 9315-3511

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.