



MOBILARM[®]

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ABN 15 106 513 580

MOBILARM LIMITED

ANNUAL REPORT

Year ended 30 June 2018

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REVIEW OF OPERATIONS

2018 was a company changing year for the Group. We continued to promote and grow our maritime safety business, however, we initiated a significant restructuring of the Group that will see its operations change in the coming year. We have entered into a sale agreement to sell our Marine Rescue Technologies Ltd business (MRT) and have also entered into an agreement for the purchase of Jaxsta Holdings Pty Ltd (Jaxsta). This is a change in the direction and scope of the Group and is very exciting for shareholders as it moves the operations into the very dynamic music industry.

Throughout this year we have been working to complete these transactions, while also focusing on maintaining our existing MRT business growing. The proof is in the delivery of our Canadian order in late FY18 and the growth in our rental business.

FY19 is going to see the completion of the sale of MRT and purchase of Jaxsta, at which point the market for the Group will shift. The new board and executive team that will lead the Jaxsta business has been carefully selected to focus on the needs of the business and deliver shareholder value.

Summary

Financial year 2018 was a big transition year and we look forward to exciting times ahead in 2019 and beyond once the transactions have been settled and our Group, which will be renamed Jaxsta Ltd at the completion, forges ahead with its exciting rollout.



Ken Gaunt
Chief Executive Officer and Director

Perth, Western Australia

28 September 2018

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 2018 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 Chairman on 7 March 2013, appointed director (non executive) on 1 September 2012.
- (ii) Appointed on 31 August 2011, appointed Chief Executive Officer on 5 January 2012.
- (iii) Appointed 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)

Mr Nigaglioni has over 24 years of experience in accounting and finance roles in both public and private companies. Jorge has worked with start up companies and has been CFO for two publicly listed companies in the United States and Australia. As a Controller at Agilent Technologies, he was involved in turning around two divisions to profitability. In his last two years at PricewaterhouseCoopers he was involved in auditing and consulting for start up companies, where he has focused his expertise to launch early ventures to success.

Mr Nigaglioni 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. Mr Nigaglioni is a graduate and 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	4	4	-	-	-
Mr. Ken Gaunt	4	4	-	-	-
Mr. Jorge Nigaglioni	4	4	-	-	-

The Company formed its committees at a time when it had more 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. All board members acted as members of all the committees during the year.

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 parties or corporations were:

Director	Ordinary Shares	Performance Class C	Share rights	Share Options
Sir Tim McClement	100,000	Nil	Nil	Nil
Mr. Ken Gaunt	6,871,503	Nil	Nil	Nil
Mr. Jorge Nigaglioni	650,178	Nil	Nil	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. The proposed acquisition of Jaxsta will complete in FY19 which will be a change in the nature of the activities of the Company as it manages music metadata.

Dividends

No dividends were paid or declared for the financial year.

Operating Results for the Year

Operations of the Group

The loss from operations for the group after providing for income tax amounted to \$974,475 (2017: Loss of \$930,057, an increase of 5%). The Group increased sales to \$5,519,865 in 2018 as compared to \$4,970,560 in 2017, an 11% increase. The increase is primarily due to the impact of our Canadian submariner deal, offset by a reduction in our servicing revenues.

	FY 2018	FY 2017
Purchases	\$2,928,213	\$2,292,925
Rentals	1,308,465	1,082,478
Service	1,283,188	1,595,157
Total	\$5,519,865	\$4,970,560

The Group's operating expenses increased to \$4,975,763 in 2018 as compared to \$4,651,335 in 2017, an increase of 7%. The increase was mostly due to expenses associated with the sale of MRT and acquisition of Jaxsta which was underway in 2018, but not completed as of the date of this report.

Financial Position of the Group

The Group ended 2018 with net assets of \$3,653,950 compared to \$4,279,811 in 2017. The decrease in the value of net assets is mostly due to the increase in convertible notes as they were used for the acquisition of Jaxsta. These convertible notes are being converted as part of the Jaxsta acquisition, which will improve the net asset position of the company at the time of completion.

On the asset side, the Group has increased its current asset position to \$6,439,561 from \$4,820,826 in 2017, mostly due to the classification of MRTs assets as current due to the impending sale of MRT to Secure2Go Pty Ltd ("S2G"). Non-current assets decreased to \$3,424,818 from \$4,743,638 in 2017, mostly due to the aforementioned classification of MRT assets as current available for sale assets.

On the liability front, the Group increased its current liability position to \$6,173,019 from \$5,234,534 due to the classification of MRTs assets as current, the increase in the use of convertible notes for the acquisition of Jaxsta and the short term export loan borrowing at MRT for the Canadian order. Accordingly the Group decreased its non-current liability position to \$37,410 from \$50,119 in 2017.

Business strategy for future financial years

The Group's strategy is dependent on the completion of its restructuring activities. The sale of MRT and acquisition of Jaxsta have been approved by shareholders on 17 August 2018 and are now awaiting completion. The Group continues to operate MRT to maximise its business with continued development of new products. Once the Jaxsta acquisition is completed, the strategy will revolve around the deployment and commercialisation of the Jaxsta platforms.

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 net tangible liability of \$18,294 (2017: asset \$390,598). The net tangible liability per weighted average share is \$0.000 (2017: asset \$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 2018 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 no options issued (0 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 550,000 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 2018.

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

On 17 August 2018, the Company held a meeting of the shareholders of Mobilarm in which the sale of MRT and acquisition of Jaxsta were approved by shareholders. The terms of the sale were announced to the market on 23 May 2018 and further details were included in the Notice of Meeting issued on 16 July 2018.

Resolution 1 related to the sale of MRT which was approved by shareholders. See Note 3 for details on the results of MRT.

The acquisition of Jaxsta included various resolutions, all of which were approved and are listed below:

- Resolution 2: Change of Nature and Scale of Activities - Acq. Jaxsta Holdings
- Resolution 3: Consolidation of Capital
- Resolution 4: Issue of Shares on conversion of Convertible Note
- Resolution 5: Approval for the Acq. Of a Relevant interest in the Company by Jaxsta
- Resolution 6: Capital Raising
- Resolution 7: Election of Director - Ms Jacqueline Louez Schoorl
- Resolution 8: Election of Director - Ms Laura Inman
- Resolution 9: Election of Director - Ms Linda Jenkinson
- Resolution 10: Election of Director - Mr Brett Cottle
- Resolution 11: Adoption of Employee Incentive Scheme
- Resolution 12: Change of Company Name
- Resolution 13: Replacement of Constitution
- Resolution 14: Non-Executive Directors' remuneration

The acquisition of Jaxsta is conditional on various conditions, the primary of which is the completion of a capital raising of a minimum of \$5,000,000, which was approved to proceed by shareholders in resolution 6 above. The Company issued the Prospectus for the offer on 7 September 2018 and is expecting to complete the offer and re-listing by the 15 October 2018.

As of the date of this report, only resolution 3 has been completed, as such, unless stated otherwise, the share figures in this report are shown on a consolidated basis. All figures as of 30 June 2018 are on a pre-consolidation basis.

Other than the events listed above, there have been no other events since the end of the financial year that affect the results as at and for the year ended 30 June 2018.

Signed in accordance with a resolution of the directors.



Ken Gaunt
Chief Executive Officer and Director
Perth, Western Australia
28 September 2018

Auditor's Independence Declaration Under Section 307C Of The Corporations Act 2001 to The Directors of Mobilarm Limited And Controlled Entities

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2018 there have 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.

Walker Wayland Audit (WA) Pty Ltd

WALKER WAYLAND AUDIT (WA) PTY LTD

Richard J Gregson

**Richard Gregson CA
Director
Level 3, 1 Preston Street, COMO WA 6152**

Dated this 28th day of September 2018

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 2018 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 2018.

On behalf of the Board



Ken Gaunt
Chief Executive Officer and Director

Perth, Western Australia

28 September 2018

REMUNERATION REPORT (AUDITED)

This remuneration report for the year ended 30 June 2018 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:

- **Individual key management personnel disclosures**
- **Remuneration at a glance**
- **Board oversight of remuneration**
- **Non-executive director remuneration arrangements**
- **Executive remuneration arrangements**
- **Group performance and the link to remuneration**
- **Executive contractual arrangements**
- **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 changes to Key Management Personnel after reporting date and before the date the financial report was authorised for issue.

Remuneration at a glance

Remuneration strategy review in FY 2018

The Group did not make any changes to its remuneration strategy in FY2018 as the restructuring program to dispose of MRT and acquire Jaxsta will require their own remuneration strategies at the time of completion.

Board oversight of remuneration

Remuneration committee

During Financial Year 2018, 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.

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. As part of the pending Jaxsta acquisition, the Company obtained shareholder approval to increase the aggregate fee pool to \$500,000 to allow flexibility for the ingestion and growth of Jaxsta.

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 £60,000 per annum for being the Chairman of the Group. These thresholds will be modified once the Jaxsta transaction is completed.

The remuneration of non-executive directors for the year ended 30 June 2018 and 30 June 2017 is detailed in table 1 and 2 respectively of this report.

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 61% fixed remuneration as a proportion of total remuneration, 0% short term incentives ("STI") on target and 39% LTI. Executives' remuneration mix ranges from 92%-100% fixed remuneration as a proportion of total remuneration, 0% STI on target, and 0%-8% LTI.

Structure

In the 2018 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 Awards are made in the form of performance shares or stock options	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. Sales targets based on volume of sales.
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. 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 delivered in the form of performance share rights. 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 or five-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 executives' 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 share rights is as follows:

Type	Performance Share Right Milestone	Performance Share Rights Awarded Since Inception
	MBO VWAP exceeding 10 cents	16,000,000

The remaining 5,500,000 performance share rights will be converted to Ordinary Shares at the completion of the MRT sale that was approved by shareholders on 17 August 2018.

Table 3 provides details of performance shares awarded during the year and Table 4 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 2018 financial year

The Group did not issue any LTI awards during the 2018 financial year.

LTI awards for 2017 financial year

The Group did not issue any LTI awards during the 2017 financial year.

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 2014 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 2018. The measure of market capitalisation was used in the past as it correlated with overall business performance.

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, the CEO receives \$275,000 as a salary.

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	12 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 \$275,000.

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	12 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 \$200,000.

Remuneration of key management personnel of the Group:

Table 1: Remuneration for the year ended 30 June 2018

	Short-term benefits				Post employment		Long-term benefits		Share-based payments		Termination payments	Total	Performance related
	Salary and fees	Cash bonus	Non-monetary benefits	Other	Super-annuation	Retirement benefits	Cash incentives	Long service leave	Options	Shares			
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	%
NON-EXECUTIVE DIRECTORS													
T. McClement	105,528	-	-	-	-	-	-	-	-	-	-	105,528	-
Total non-executive directors	105,528	-	-	-	-	-	-	-	-	-	-	105,528	
EXECUTIVE DIRECTORS													
K. Gaunt	275,000	-	-	-	-	-	-	-	177,692	-	-	452,692	39
J. Nigaglioni	187,949	-	-	-	17,855	-	-	3,870	-	18,804	-	228,478	8
Total executive directors	462,949	-	-	-	17,855	-	-	3,870	177,692	18,804	-	681,170	
OTHER EXECUTIVE KEY MANAGEMENT PERSONNEL													
R. Gaunt	186,926	-	-	-	23,751	-	-	-	-	4,616	160,223	375,517	1
J. Garbutt	61,363	-	-	-	6,478	-	-	-	-	2,308	-	70,149	3
M. Swale	66,624	-	-	-	7,203	-	-	-	-	4,616	-	78,443	6
R. Pettit	81,502	-	-	-	9,257	-	-	-	-	4,616	-	95,375	5
D. Sanderson	53,361	-	-	-	5,385	-	-	-	-	-	-	58,746	0
Total executive KMP	449,776	-	-	-	52,074	-	-	-	-	16,156	160,223	678,230	
TOTALS	1,018,253	-	-	-	69,929	-	-	3,870	177,692	34,960	160,223	1,464,928	

Table 2: Remuneration for the year ended 30 June 2017

	Short-term benefits				Post employment		Long-term benefits		Share-based payments		Termination payments	Total	Performance related
	Salary and fees	Cash bonus	Non-monetary benefits	Other	Super-annuation	Retirement benefits	Cash incentives	Long service leave	Options	Shares			
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	%
NON-EXECUTIVE DIRECTORS													
T. McClement	101,566	-	-	-	-	-	-	-	-	-	-	101,566	-
Total non-executive directors	101,566	-	-	-	-	-	-	-	-	-	-	101,566	
EXECUTIVE DIRECTORS													
K. Gaunt	254,184	-	-	-	-	-	-	-	304,615	-	-	558,799	55
J. Nigaglioni	195,385	-	-	-	18,562	-	-	6,579	-	32,235	-	252,761	13
Total executive directors	449,569	-	-	-	18,562	-	-	6,579	304,615	32,235	-	811,560	
OTHER EXECUTIVE KEY MANAGEMENT PERSONNEL													
R. Gaunt	163,258	-	-	-	13,736	-	-	-	-	4,616	-	181,610	3
J. Garbutt	52,794	-	-	-	5,392	-	-	-	-	2,308	-	60,494	4
M. Swale	63,951	-	-	-	6,931	-	-	-	-	4,616	-	75,498	6
R. Pettit	59,045	-	-	-	6,254	-	-	-	-	4,616	-	69,915	7
D. Sanderson	42,616	-	-	-	3,987	-	-	-	-	-	-	46,603	0
Total executive KMP	381,664	-	-	-	36,300	-	-	-	-	16,156	-	434,120	
TOTALS	932,799	-	-	-	54,862	-	-	6,579	304,615	48,391	-	1,347,246	

Performance share rights vested during the year

There were no performance share rights vested during the year.

Table 3: Performance share rights awarded and vested during the year

	Awarded during year		Fair value per share at award (note 22)	Terms and Conditions for each Grant				Vested	
	Number	Date		Milestone	Vesting Date	Exercise Price	Expiry Date	Number	%
EXECUTIVE DIRECTORS									
K. Gaunt	-	-	-	-	-	-	-	-	-
J. Nigaglioni	-	-	-	-	-	-	-	5,000,000	100
OTHER KEY MANAGEMENT PERSONNEL									
R. Gaunt	-	-	-	-	-	-	-	-	-
J. Garbutt	-	-	-	-	-	-	-	-	-
M. Swale	-	-	-	-	-	-	-	-	-
R. Pettit	-	-	-	-	-	-	-	-	-
D. Sanderson	-	-	-	-	-	-	-	-	-
TOTAL	<u>-</u>		<u>-</u>					<u>5,000,000</u>	100

Table 4: Share options awarded and vested during the year

	Awarded during year		Fair value per share at award (note 22)	Terms and Conditions for each Grant				Vested	
	Number	Date		Milestone	Vesting Date	Exercise Price	Expiry Date	Number	%
EXECUTIVE DIRECTORS									
K. Gaunt	-	-	-	-	-	-	-	-	-
J. Nigaglioni	-	-	-	-	-	-	-	-	-
OTHER KEY MANAGEMENT PERSONNEL									
R. Gaunt	-	-	-	-	-	-	-	-	-
J. Garbutt	-	-	-	-	-	-	-	-	-
M. Swale	-	-	-	-	-	-	-	-	-
R. Pettit	-	-	-	-	-	-	-	-	-
D. Sanderson	-	-	-	-	-	-	-	-	-
TOTAL	<u>-</u>		<u>-</u>					<u>-</u>	

Value of performance shares awarded, exercised, forfeited and lapsed during the year ended 30 June 2018

There were 5,000,000 performance shares vested during the year.

Table 5: Value of performance share rights awarded, exercised, forfeited and lapsed during the year ended 30 June 2018

	Value of performance share rights granted during the year^	Value of performance share rights converted during the year	Value of performance share rights lapsed during the year	Performance share rights forfeited	Remuneration consisting of performance share rights during the year
	\$	\$	\$	\$	%
T. McClement	-	-	-	-	-
K. Gaunt	-	-	-	-	-
J. Nigaglioni	-	18,804	-	-	-
R. Gaunt	-	-	-	-	-
J. Garbutt	-	-	-	-	-
M. Swale	-	-	-	-	-
R. Pettit	-	-	-	-	-
D. Sanderson	-	-	-	-	-

Table 6: Value of performance share rights awarded, exercised, forfeited and lapsed during the year ended 30 June 2017

	Value of performance share rights granted during the year^	Value of performance share rights converted during the year	Value of performance share rights lapsed during the year	Performance share rights forfeited	Remuneration consisting of performance share rights during the year
	\$	\$	\$	\$	%
T. McClement	-	-	-	-	-
K. Gaunt	-	-	-	-	-
J. Nigaglioni	-	-	-	-	-
R. Gaunt	-	-	-	-	-
J. Garbutt	-	-	-	-	-
M. Swale	-	-	-	-	-
R. Pettit	-	-	-	-	-
D. Sanderson	-	-	-	-	-

Table 7: Value of share options awarded, exercised and lapsed during the year ended 30 June 2018

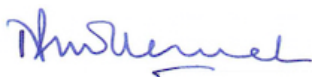
	Value of share options granted during the year^^	Value of share options exercised during the year	Value of share options lapsed during the year	Remuneration consisting of share options during the year
	\$	\$	\$	\$
T. McClement	-	-	-	-
K. Gaunt	-	-	1,175,778	177,692
J. Nigaglioni	-	-	-	-
R. Gaunt	-	-	-	-
J. Garbutt	-	-	-	-
M. Swale	-	-	-	-
R. Pettit	-	-	-	-
D. Sanderson	-	-	-	-

^^ For details on the valuation of the share options, including models and assumptions used, please refer to note 24.

Table 8: Value of share options awarded, exercised and lapsed during the year ended 30 June 2017

	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	-	-	-	-
R. Gaunt	-	-	-	-
J. Garbutt	-	-	-	-
M. Swale	-	-	-	-
R. Pettit	-	-	-	-
D. Sanderson	-	-	-	-

Signed in accordance with a resolution of the Directors.



Sir Tim McClement
Chairman

Perth, Western Australia

28 September 2018

CORPORATE GOVERNANCE STATEMENT

The Board of Directors (the “Board”) of Mobilarm Limited (the “Company”) is responsible for the corporate governance of the Group. 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. This statement outlines the main corporate governance practices in place throughout the financial year, which comply with the Australia Securities Exchange (ASX) Corporate Governance Principles and Recommendations (Third Edition)”, unless otherwise stated.

As required under ASX Listing Rule 4.10.3, the Group makes the following disclosures in relation to each of the Recommendations.

Board Functions

The Board 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 Board reviews its composition as required to ensure that the Board has the appropriate mix of commercial and financial skills, technical expertise, industry experience, and diversity (including, but not limited to gender and age) which the Board is looking to achieve in its membership. The Board is primarily responsible for identifying potential new directors but has the option to use an external consulting firm to identify and approach possible new candidates for directorship. When a vacancy exists, or where it is considered that the Board would benefit from the services of a new director with particular skills, candidates with the appropriate experience, expertise and diversity are considered. Each incumbent director is given the opportunity to meet with each candidate on a one to one basis. The full Board then appoints the most suitable candidate who must stand for election at the next annual general meeting of shareholders.

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.

The specific skills that the Board collectively bring to the Company include:

- Industry Experience
- Commercial experience
- Public company experience
- Analytical
- Financial
- Risk Management
- Strategic planning
- Strategic leadership
- Corporate Governance
- Communications
- Inter personal
- Technology

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	7 years
Sir Tim McClement	6 years
Mr. Jorge Nigaglioni	6 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.

Director education

All new directors complete an induction process. The non-executive director is given every opportunity to gain a better understanding of the business, the industry, and the environment within which the Group operates, and is given access to continuing education opportunities to update and enhance his skills and knowledge.

Independent professional advice

Each director has the right of access to all relevant Company information and to the Company's executives and, subject to prior approval of the Chairperson, each director has the right to seek independent legal and other professional advice at the Company's expense concerning any aspect of the Company's operations or undertakings in order to fulfil their duties and responsibilities as directors.

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 (2017: 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.

Pursuant to Recommendation 3.4 of the Recommendations, the Company discloses the following information as at the date of this report:

	2018		2017	
Gender Representation	Women	Men	Women	Men
Group Representation	15%	85%	18%	78%
Board Representation	0%	100%	0%	100%
Senior management representation	0%	100%	0%	100%
Corporate services provider representation	0%	100%	0%	100%

The Senior Management representation does not include board members.

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 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 and 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 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.

ASX PRINCIPLES COMPLIANCE STATEMENT

Pursuant to the ASX Listing Rules, the Company advises that it does not comply with the following Corporate Governance Principles and Recommendations, issued by the ASX Corporate Governance Council. Reasons for the Company's non-compliance are detailed below.

Recommendation 2.1

A majority of the Board should be independent directors.

Recommendation 4.2

The audit and risk management committee should be structured so that it:

- *consists only of non-executive directors*
- *consists of a majority of independent directors*
- *is chaired by an independent chair, who is not chair of the Board*
- *has at least three members*

Recommendation 8.2

The remuneration and nomination committee should be structured so that it:

- *consists of a majority of independent directors*

Only one of the three directors is independent. In view of the size of the Company and the nature of its activities, the Board considers that the current Board structure is a cost effective and practical means of directing and managing the Company. The Chairman of the Board is non-executive and independent.

While the ASX Principles recommend an ideal structure for the audit and risk management and remuneration and nomination committees, they recognise that for smaller Boards it may not be possible to implement such a structure.

Given the size, scale and nature of the Company's business, the Board does not consider the non-compliance with these ASX Principles to be materially detrimental to the Company.

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STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 June 2018

	Note	Consolidated 2018 \$	2017 \$
Other Income			
Interest income	4a)	220	1,782
Other income	13	131,300	-
Employee benefits		(168,390)	(323,423)
Share based compensation expense	4(d)	(235,729)	(396,544)
Advertising		(450)	(450)
Audit and tax		(79,808)	(37,775)
Accountancy		(15,885)	(15,814)
External consultants and contractors		(369,984)	(73,691)
Rental		(62,946)	(48,793)
Travel and accommodation		(38,397)	(30,829)
Allowance for doubtful debts		(58)	-
Legal fees		(370,169)	(109,724)
Telephone and internet charges		(7,512)	(12,603)
Insurance		(35,586)	(18,131)
Printing, postage and stationery		(3,332)	(2,101)
Finance costs		(344,981)	(246,475)
Rates and land tax		(8,442)	(9,845)
Information technology costs		(13,403)	(13,704)
Foreign exchange gain/(loss)		(12,403)	91,432
Impairment of units under rental		-	(6,449)
Other expenses		(70,819)	(70,649)
Loss before income tax (carried forward)		(1,706,774)	(1,323,786)
Income tax (expense)/benefit		-	-
Loss after income tax from continuing operations		(1,706,774)	(1,323,786)
Discontinued operations			
Profit after tax for the year from discontinued operations	3	732,299	393,729
Loss after income tax from continuing and discontinued operations	17	(974,475)	(930,057)
Other comprehensive income			
Foreign currency translation reserve movement		112,886	(155,583)
Total comprehensive (loss) for the year		(861,589)	(1,085,640)

		Consolidated	
	<i>Note</i>	2018	2017
		\$	\$
Total comprehensive (loss) for the year		(861,589)	(1,085,640)
Basic earnings per share (cents per share)	21	(0.2)	(0.2)
Diluted earnings per share (cents per share)	21	(0.2)	(0.2)

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 2018

	<i>Note</i>	Consolidated 2018 \$	2017 \$
CURRENT ASSETS			
Cash and cash equivalents	7, 20	151,685	742,743
Trade and other receivables	8	-	1,062,831
Inventories	9	-	1,623,394
Other current assets		815,903	1,391,858
		967,588	4,820,826
Assets held for disposal	3	5,471,973	-
TOTAL CURRENT ASSETS		6,439,561	4,820,826
NON-CURRENT ASSETS			
Plant and equipment	10	-	804,305
Intangible assets and goodwill	11	1,924,818	2,439,333
Investment in other businesses	12	1,500,000	1,500,000
TOTAL NON-CURRENT ASSETS		3,424,818	4,743,638
TOTAL ASSETS		9,864,379	9,564,464
CURRENT LIABILITIES			
Trade and other payables	13	165,259	1,550,565
Interest bearing loans and borrowings	14	4,105,213	3,599,719
Provisions	15 (a)	54,190	84,250
		4,324,662	5,234,534
Liabilities directly associated with the assets held for disposal	3	1,848,357	-
TOTAL CURRENT LIABILITIES		6,173,019	5,234,534
NON-CURRENT LIABILITIES			
Provisions	15 (b)	37,410	50,119
TOTAL NON-CURRENT LIABILITIES		37,410	50,119
TOTAL LIABILITIES		6,210,429	5,284,653
NET ASSETS		3,653,950	4,279,811
EQUITY			
Contributed equity	16	30,601,809	30,601,809
Accumulated losses	17	(28,715,166)	(27,740,691)
Reserves	18	1,767,307	1,418,693
TOTAL EQUITY		3,653,950	4,279,811

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 2018

	<i>Note</i>	Consolidated 2018 \$	2017 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		4,850,741	5,309,366
Payments to suppliers and employees		(5,882,900)	(4,912,467)
Interest received		611	1,782
Payment for research & development		(13,774)	(95,829)
Income taxes paid		(241,849)	-
Government grants		203,838	-
R&D tax rebate		91,233	63,327
Interest and other borrowing costs paid		(95,624)	(192,453)
NET CASH FLOWS USED IN OPERATING ACTIVITIES	20	(1,087,724)	173,726
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for plant and equipment		-	(8,415)
Payments for shares in other business		-	(1,000,000)
Term Deposit		249,438	(1,200,000)
NET CASH FLOWS PROVIDED/(USED) IN INVESTING ACTIVITIES		249,438	(2,208,415)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		826,005	2,404,427
Repayment of borrowings		(350,000)	(2,000,000)
CASH FLOWS FROM FINANCING ACTIVITIES		476,005	404,427
NET INCREASE/(DECREASE) IN CASH HELD		(362,281)	(1,630,262)
CASH AT THE BEGINNING OF THE FINANCIAL YEAR		742,743	2,373,005
CASH AT THE END OF THE FINANCIAL YEAR	20	380,462	742,743

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 2018**

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 2016	30,601,809	(26,810,634)	1,249,277	(71,545)	4,968,907
Net loss for the year	-	(930,057)	-	-	(930,057)
Other comprehensive income	-	-	-	(155,583)	(155,583)
Total comprehensive loss for the period	-	(930,057)	-	(155,583)	(1,085,640)
Transactions with owners in their capacity as owners					
Share based payments – Performance Shares Rights	-	-	91,929	-	91,929
Share based payments – Stock Options	-	-	304,615	-	304,615
As at 30 June 2017	30,601,809	(27,740,691)	1,645,821	(227,128)	4,279,811
Net loss for the year	-	(974,475)	-	-	(974,475)
Other comprehensive income	-	-	-	112,886	112,886
Total comprehensive loss for the year	-	(974,475)	-	112,886	(861,589)
Transactions with owners in their capacity as owners					
Share based payments – Performance Shares Rights	-	-	58,036	-	58,036
Share based payments – Stock Options	-	-	177,692	-	177,692
As at 30 June 2018	30,601,809	(28,715,166)	1,881,549	(114,242)	3,653,950

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 2018

1) CORPORATE INFORMATION

The financial report of Mobilarm Limited (the "Company") and its consolidated entities (the "Group") for the year ended 30 June 2018 was authorised for issue in accordance with a resolution of directors on 28 September 2018.

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 2014

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 2014

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 Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards. 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 loss after tax for the year ended 30 June 2018 of \$974,475 (2017: \$930,057) and experienced net cash outflows from operating activities of \$1,087,723 (2017: \$173,726 inflows). As 30 June 2018, the Company had net assets of \$3,653,950 (2017: \$4,279,811).

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

- the completion of the sale of MRT, and/ or
- the completion of the acquisition of Jaxsta, and/ or
- increased cash flows from operations, and/ or

- the raising of funds through a debt or equity issues.

The Directors have reviewed the business outlook and plans of the company and believe that the Company will continue to grow its cash flows from operations to sustain its ability to continue as a going concern if it continues to operate its MRT subsidiary, which will also make the raising of funds more achievable if needed. However, the primary plan is the completion of the sale of MRT and the acquisition of Jaxsta and the long term plans for that business, including meeting the Company's projected sales targets.

Should the entity not achieve the matters set out above, there is material 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 2017. 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 2016-1	Amendments to Australian Accounting Standards – Recognition of Deferred Tax Assets for Unrealised Losses	This Standard makes amendments to AASB 112: Income Taxes to clarify the requirements regarding recognition of deferred tax assets arising on account of unrealised losses on debt instruments measured at fair value.	1 January 2017	1 July 2017
AASB 2017-2	<i>Amendments to Australian Accounting Standards – Further Annual Improvements 2014–2016 Cycle</i>	<i>This Standard clarifies the scope of AASB 12: Disclosure of Interests in Other Entities by specifying that the disclosure requirements apply to an entity's interests in other entities that are classified as held for sale, held for distribution to owners in their capacity as owners or discontinued operations in accordance with AASB 5: Non-current Assets Held for Sale and Discontinued Operations.</i>	1 January 2017	1 July 2017

(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 2018. These are outlined in the table below:

Reference	Title	Summary	Application date of standard	Impact on Group financial report	Application date for Group
AASB 15 (amended)	Revenue from Contracts with Customers	AASB 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers.	1 January 2018	The Group is yet to determine the impact of this standard.	1 July 2018
AASB 16 (amended)	Leases	The main changes introduced by the new Standard are as follows: • recognition of a right-of-use asset and lease liability for all leases (excluding short-term leases with a lease term of 12 months or less of tenure and leases relating to low-value assets); • depreciation of right-of-use assets in line with AASB 116 : Property, Plant and Equipment in profit or loss and unwinding of the liability in principal and interest components; • inclusion of variable lease payments that depend on an index or a rate in the initial measurement of the lease liability using the index or rate at the commencement date; • application of a practical expedient to permit a lessee to elect not to separate non-lease components and instead account for all components as a lease; and • inclusion of additional disclosure requirements.	1 January 2018	The Group is yet to determine the impact of this standard.	1 July 2018

(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

	<u>Country of Incorporation</u>	<u>Percentage Owned (%)</u>	
		<u>2018</u>	<u>2017</u>
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 2018.

On 1 February 2018, the Group publicly announced the decision of its Board of Directors to sell the shares of Marine Rescue Technologies Limited (MRT), a wholly owned subsidiary, to shareholders of Secure2Go Pty Ltd (the Buyer). On 17 August 2018, the shareholders of the Company approved the plan to sell the shares. The sale of MRT is expected to be completed by 31 October 2018. At 30 June 2018, MRT was classified as a disposal group held for sale and as discontinued operations. The business of MRT represented the entirety of the Group's Man Overboard operating segment until 1 February 2018. Details of this transaction can be found on Note 3.

The Group has also acquired a 10.00% interest in Jaxsta Holdings Pty Ltd (Jaxsta). The Group does not have a controlling interest in the entity and recognises the investment at its fair value.

On 1 February 2018, the Group publicly announced the decision of its Board of Directors to acquire 100% of the shares of Jaxsta. On 17 August 2018, the shareholders of the Company approved the plan to acquire the shares pending completion of a capital raise and other completion requirements. Until the acquisition is complete, the Group only recognises the current investment in Jaxsta in its Statement of Financial Condition.

(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 of 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 authorities 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: <i>5 years</i>
Amortisation method used: <i>Straight Line</i>
Internally generated or acquired: <i>Acquired</i>
Impairment testing: Annually and more frequently when an indication of impairment exists.

Development Costs
Useful lives: <i>Finite</i>
Amortisation method used: Amortised over the period of expected future sales from the related project on a straight-line basis.
Internally generated or acquired: <i>Internally generated</i>
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 represents 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 whether there is an indication that an asset may be impaired at each reporting date. 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 Scholes for Stock options and Binomial model for performance shares 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 Profit or Loss and Other 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) DISCONTINUED OPERATIONS

On 1 February 2018, the Group publicly announced the decision of its Board of Directors to sell the shares of Marine Rescue Technologies Limited (MRT), a wholly owned subsidiary, to shareholders of Secure2Go Pty Ltd (the Buyer). The Buyer will be paying \$6,000,000 for the shares in MRT in three tranches, with \$1,000,000 due at completion, \$1,000,000 due within 12 months of completion and \$4,000,000 by no later than 24 months after completion. On 17 August 2018, the shareholders of the Company approved the plan to sell the shares. The sale of MRT is expected to be completed by 31 October 2018. At 30 June 2018, MRT was classified as a disposal group held for sale and as discontinued operations. The business of MRT represented the entirety of the Group's Man Overboard operating segment until 1 February 2018. With MRT being classified as discontinued operations, the Man Overboard segment is no longer presented in the segment note. The results of MRT for the year are presented below:

	2018	2017
	\$	\$
Sale of goods & services	4,211,401	3,888,082
Rental revenue	1,308,464	1,082,478
	<u>5,519,865</u>	<u>4,970,560</u>
Cost of units sold	(1,392,297)	(1,131,425)
Depreciation of units under rental	(244,306)	(108,625)
	<u>(1,636,603)</u>	<u>(1,240,050)</u>
	3,883,262	3,730,510
Operating Expenses	(3,010,874)	(3,266,843)
Operating income	872,388	463,667
Finance costs	(55,991)	(58,923)
Profit/(loss) before tax from a discontinued operations	816,397	404,744
Tax benefit/(expense):	(84,098)	(11,015)
Related to current pre-tax profit/(loss)	732,299	393,729
Related to remeasurement to fair value less costs to distribute (deferred tax)	-	-
Profit/(loss) for the year from discontinued operations	<u>732,299</u>	<u>393,729</u>

The major classes of assets and liabilities of MRT classified as held for sale as at 30 June are, as follows:

	2018
	\$
CURRENT ASSETS	
Cash and cash equivalents	228,778
Trade and other receivables	2,069,191
Inventories	1,625,290
Other current assets	487,843
TOTAL CURRENT ASSETS	4,411,102
NON-CURRENT ASSETS	
Plant and equipment	757,680
Intangible assets and goodwill	302,891
TOTAL NON-CURRENT ASSETS	1,060,571
TOTAL ASSETS	5,471,673
CURRENT LIABILITIES	
Trade and other payables	1,457,619
Interest bearing loans and borrowings	327,658
Provisions	43,923
TOTAL CURRENT LIABILITIES	1,829,200
NON-CURRENT LIABILITIES	
Provisions	19,157
TOTAL NON-CURRENT LIABILITIES	19,157
TOTAL LIABILITIES	1,848,357
NET ASSETS	3,623,316

The net cash flows incurred by MRT are, as follows:

	2018	2017
	\$	\$
Operating	924,654	1,044,134
Investing	(300,562)	(110,332)
Financing	326,005	(103,096)
Net cash inflow	950,097	830,706
Earnings per share		
Basic, profit for the year from discontinued operations Diluted, profit/(loss) for the year from discontinued operations (cents per share)	0.1	0.1
Basic, profit for the year from discontinued operations Diluted, profit/(loss) for the year from discontinued operations (cents per share)	0.1	0.1

Interest-bearing liabilities comprise an export facility bank loan of \$328,459 and was repaid in full on 28 July 2018.

4) REVENUE AND EXPENSES

		Consolidated	
		2018	2017
		\$	\$
4(a) Interest income		220	1,782
		220	1,782
4(b) Finance costs			
Interest – other parties		354,653	259,538
Interest – related parties		-	-
Factoring facility costs		45,517	45,854
Hire purchase charges		-	6
		400,170	305,398
4(c) Operating expenses			
Depreciation and amortisation of plant and equipment		48,083	79,489
Amortisation of intangible assets		236,066	253,573
		284,149	333,062
Depreciation of units under rental		244,306	108,625
		528,455	441,687
Inventory written off during the year		177,424	221,548
Doubtful debts		4,294	(6,575)
Lease payments – operating leases		200,674	183,429
Provision for employee entitlements		55,766	50,119
		438,158	448,521
4(d) Employee benefits expense			
Wages and salaries and on-costs		1,534,281	1,437,579
Director fees		380,528	355,749
Superannuation costs		26,485	34,377
		1,941,294	1,827,705
Share based payments		235,729	396,544
Total		2,177,023	2,224,250
4(e) Research and development costs			
Research and development costs charged directly to the Statement of Comprehensive Income			
Amortisation of capitalised development costs		235,816	253,488

4(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)

70,753

81,348

Other services:

70,753

81,348

5) INCOME TAX

		Consolidated	
		2018	2017
		\$	\$
5(a)	The major components of the current income tax benefit are:		
	Current income tax expense/(benefit)	(84,098)	11,015
	Current income tax change/(benefit) irrespective of prior year	-	-
	Deferred tax	-	-
		<u>(84,098)</u>	<u>11,015</u>
5(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% (2017: 30%) on loss from ordinary activities	(292,342)	(275,713)
	Add tax effect of:		
	Non-deductible items	-	(100,000)
	Share-based payments	(70,719)	(118,963)
	R&D uplift	(61,204)	(67,676)
	Current year income tax expenses/(benefit)	(424,265)	(562,352)
	Deferred tax assets not brought to account	340,167	573,367
	Income tax expense/benefit	<u>(84,098)</u>	<u>11,015</u>
5(c)	Deferred income tax		
	R&D expenditure	204,014	225,588
		<u>204,014</u>	<u>225,588</u>
	Deferred tax liabilities offset by deferred tax assets	(204,014)	(225,588)
	Net deferred tax liabilities	<u>-</u>	<u>-</u>
5(d)	Deferred tax asset		
	Provision for employee entitlements	148,363	128,802
	Provision for doubtful debts	4,433	4,207
	Accrued superannuation	(7,481)	(6,796)
	Provision for warranty	(5,867)	(5,568)
	Depreciable assets	227,304	213,948
	Accruals	(226,543)	(219,152)
	Borrowing costs	(354,653)	(259,538)
	Tax losses	6,265,271	5,972,929
		<u>6,050,827</u>	<u>5,828,832</u>
	Deferred tax assets not brought to account	(5,874,889)	(5,608,828)
		<u>175,938</u>	<u>220,004</u>
	Deferred tax assets offset against deferred tax liabilities	(175,938)	(220,004)
	Net deferred tax assets	<u>-</u>	<u>-</u>
5(e)	Income tax losses		
	Future income tax benefit arising from tax losses not recognised at reporting date	6,265,271	5,972,929
		<u>6,265,271</u>	<u>5,972,929</u>

6) DIVIDENDS PAID AND PROPOSED

	Consolidated	
	2018	2017
	\$	\$
There were no dividends paid or declared for the financial year ended 30 June 2018 (30 June 2017: nil).	-	-
	-	-

7) CASH AND CASH EQUIVALENTS

For the purpose of the statement of cash flows, cash and cash equivalents comprise the 30 June:

	Consolidated	
	2018	2017
	\$	\$
Cash at banks and on hand	151,685	742,743
Cash at banks attributable to discontinued operations	228,777	-
Cash and cash equivalents	380,462	742,743

8) TRADE AND OTHER RECEIVABLES

	Consolidated	
	2018	2017
	\$	\$
Trade debtors	-	968,717
Less: allowance for impairment loss (a)	-	(4,207)
	-	964,510
Goods and services tax	-	7,088
Value added tax	-	-
R & D Rebate	-	91,233
	-	1,062,831
Trade and other receivables attributable to discontinued operations	2,069,191	-
Trade and Other Receivables	2,069,191	1,062,831
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	
	2018	2017
	\$	\$
Movement in allowance for impairment loss		
-balance at beginning of year	4,207	12,947
-amounts written off	(4,068)	(2,165)
-charge for the year	4,294	(6,575)
-balance at end of year	4,433	4,207

At 30 June 2018, 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**
2018	\$1,992,092	\$1,771,870	\$153,704	\$45,038	\$-	\$53,843	\$4,433
2017	\$965,835	\$671,701	\$189,596	\$24,081	\$-	\$36,086	\$4,207

* Past due not impaired (PDNI)

**Considered impaired (CI)

Allowance for impairment loss

Receivables past due but not considered impaired are: \$98,881 (2017: \$60,167). 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.

9) INVENTORIES

	Consolidated	
	2018	2017
At cost		
Raw materials, stores and work in progress inventory at net realisable value	-	1,302,864
Finished goods	-	320,530
	-	1,623,394
Total inventories attributable to discontinued operations	1,625,290	-
Total inventories at lower of cost and net realisable value	1,625,290	1,623,394

Inventories recognised as an expense for the year ended 30 June 2018 totalled \$1,392,297 (2017: \$1,131,425) for the Group.

10) PLANT AND EQUIPMENT

	Consolidated	
	2018	2017
	\$	\$
Units under customer rental		
At cost	-	1,192,959
Accumulated amortisation	-	(570,937)
	<u>-</u>	<u>622,022</u>
Plant and equipment		
At cost	-	927,529
Less: Accumulated depreciation	-	(745,816)
	<u>-</u>	<u>181,712</u>
Motor vehicles		
At cost	-	14,975
Accumulated amortisation	-	(14,404)
	<u>-</u>	<u>571</u>
	-	804,305
Plant and equipment attributable to discontinued operations	757,680	-
TOTAL PLANT AND EQUIPMENT	<u>757,680</u>	<u>804,305</u>

	Consolidated	
	2018	2017
	\$	\$
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	540,548	540,548
- Additions	285,788	196,548
- Impairment of units under rental	-	(6,449)
- Depreciation	(244,306)	(108,625)
Attributable to discontinued operations	(582,030)	-
- Carrying amount at end of financial year	-	622,022
Plant and Equipment:		
- Carrying amount at beginning of financial year	235,635	235,635
- Additions	-	25,572
- Disposals	(16,411)	-
- Impairment of plant and equipment	-	(1,260)
- Depreciation	(47,628)	(78,235)
Attributable to discontinued operations	(171,596)	-
- Carrying amount at end of financial year	-	181,712
Motor Vehicles:		
- Carrying amount at beginning of financial year	2,287	2,287
- Additions	2,222	-
- Disposals	-	(462)
- Depreciation	(455)	(1,254)
Attributable to discontinued operations	(4,054)	-
- Carrying amount at end of financial year	-	571
Plant and equipment attributable to discontinued operations	757,680	-
TOTAL PLANT AND EQUIPMENT	-	804,305

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

11) INTANGIBLE ASSETS AND GOODWILL

	Consolidated				
	Development Costs	Intellectual Property	Goodwill	Computer Software	Total
	\$	\$	\$	\$	\$
At 30 June 2018					
Cost (gross carrying amount)	-	-	1,924,068	-	1,924,068
Accumulated amortisation	-	-	-	-	-
	-	-	1,924,068	-	1,924,068
Intangible assets attributable to discontinued operations	302,873	-	-	766	303,639
Net carrying amount	302,873	-	1,924,068	766	2,227,707
Year ended 30 June 2018					
At 1 July 2017, net of accumulated amortisation	514,295	-	1,924,068	970	2,439,333
Additions/Disposals	24,394	-	-	45	24,439
Impairment	-	-	-	-	-
Amortisation	(235,816)	-	-	(249)	(236,065)
	302,873	-	1,924,068	766	2,227,707
Attributable to discontinued operations	302,873	-	-	766	303,639
At 30 June 2018, net of accumulated amortisation	-	-	1,924,068	-	1,924,068
At 30 June 2017					
Cost (gross carrying amount)	4,062,958	991,153	1,924,068	4,690	6,982,869
Accumulated amortisation	(3,548,662)	(991,153)	-	(3,720)	(4,543,536)
Net carrying amount	514,295	-	1,924,068	970	2,439,333
At 1 July 2016, net of accumulated amortisation	746,006	-	1,924,068	1,319	2,671,393
Additions	22,485	-	-	(264)	22,220
Impairment	(708)	-	-	-	(708)
Amortisation	(253,488)	-	-	(85)	(253,573)
At 30 June 2017, net of accumulated amortisation	514,295	-	1,924,068	970	2,439,333

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 2018. 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 2018, 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 did not recognise any impairments in the 2018 financial year (2017: \$708). The impairment loss in 2017 related to small projects on complimentary products to our locator beacon products 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 2018 and 2017 financial year.

12) INVESTMENT IN OTHER BUSINESSES

	Consolidated	
	2018	2017
	\$	\$
Investment in Jaxsta Holdings Pty Ltd	1,500,000	500,000
Investment on other businesses	<u>1,500,000</u>	<u>500,000</u>

In May 2017, the Company made a \$500,000 investment in Jaxsta Holdings Pty Ltd (Jaxsta) for a 3.33% equity position and had incremental investments in the 2017 financial year to bring the total to \$1,500,000. Mobilarm will also have the right to invest a further \$1,500,000 directly for a further 10.00% equity.

On 15 May 2018 Mobilarm has entered into a Share Purchase Agreement for 100% of the equity of Jaxsta. The transaction was approved by shareholders on 17 August 2018. Please refer to note 30 for the status of the acquisition of Jaxsta.

13) TRADE AND OTHER PAYABLES

	Consolidated	
	2018	2017
	\$	\$
Trade creditors	116,140	769,836
Customer deposits	-	131,300
Current tax liabilities	8,546	529,576
Other creditors and accruals	40,573	204,104
	<u>165,259</u>	<u>-</u>
	1,457,619	-
	<u>1,622,878</u>	<u>1,634,815</u>

Trade Payables

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

Customer Deposits

A customer deposit of \$131,300 from previous years was recognised as miscellaneous income in 2018 as the company has not had further claims to it by its customer.

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.

14) INTEREST BEARING LOANS AND BORROWINGS

	Consolidated	
	2018	2017
	\$	\$
CURRENT		
Convertible Notes (i)	1,974,228	1,858,361
Convertible Notes (ii)	2,126,653	1,738,994
	<u>4,100,881</u>	<u>3,597,355</u>
Finance Leases	4,350	2,364
	<u>4,105,213</u>	<u>3,599,719</u>
Interest bearing loans and borrowings from discontinued operations	327,658	-
Total	<u><u>4,432,889</u></u>	<u><u>3,599,719</u></u>
NON CURRENT		
Convertible Notes (ii)	-	-
Finance leases	-	-
Total	<u><u>-</u></u>	<u><u>-</u></u>

The Company entered into various interest bearing loans for working capital purposes. The terms of each loan are described below.

- (i) The Company entered into a convertible note, with an interest rate of 6%. The note is convertible by the noteholder upon giving the Company thirty days notice at the lower of \$0.04 per share or the price of any new Entitlements Issue, currently \$0.007 per share. The note can be converted by the Company at the expiration date at a price that equals 80% of the trailing 30 day VWAP at the time of expiry. The Company expanded this note with a second tranche of \$700,000 in March 2017. These convertible notes expires on 7 November 2018.
- (ii) 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 October 2018. The convertible notes are secured by the assets of the Company.

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

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

15) PROVISIONS

		Consolidated	
		2018	2017
		\$	\$
CURRENT	(a)		
Employee entitlements		54,190	78,683
Warranty provision		-	5,567
		<u>54,190</u>	<u>84,250</u>
NON-CURRENT			
Employee entitlements	(b)	<u>37,410</u>	<u>50,119</u>
(a) Movement in employee entitlement provisions			
	Current	Non-Current	Total
At 1 July 2017	78,683	50,119	128,802
Additions	24,019	5,647	29,666
Utilised	(48,512)	(18,356)	(66,868)
	<u>54,190</u>	<u>37,410</u>	<u>91,600</u>
Employee entitlement provisions from discontinued operations	43,922	18,356	62,278
At 30 June 2018	<u>98,112</u>	<u>55,766</u>	<u>153,878</u>
	Current	Non-Current	Total
At 1 July 2016	76,519	57,016	133,535
Additions	37,842	-	37,842
Utilised	(35,668)	(6,897)	(42,565)
At 30 June 2017	<u>78,683</u>	<u>50,119</u>	<u>128,802</u>

16) CONTRIBUTED EQUITY

		Consolidated	
		2018	2017
		\$	\$
Issued and paid up capital:			
498,119,559 (2017 – 493,119,559) ordinary shares fully paid.		30,601,809	30,601,809
		30,601,809	30,601,809
	2018	2017	
	No. of shares	No. of shares	
Reconciliation of Contributed Equity			
Equity at beginning of year	493,119,559	493,119,559	30,601,809
Conversion of performance share rights	5,000,000	-	-
Equity at end of the year	498,119,559	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.

	June 2018	June 2017
	\$	\$
Stock options	1,442,163	1,264,471
Performance share rights	439,386	381,350
Reserves	1,881,549	1,645,821

Options	June 2018		June 2017	
	Number	\$	Number	\$
Movement in options on issue				
Balance at beginning of year	29,670,487	1,264,471	29,670,487	959,856
Options cancelled – Employee Stock Option Plan (i)	-	-	-	-
Options issued – Directors Compensation (ii)	-	177,692	-	304,615
Options cancelled – Directors Compensation (ii)	(29,670,487)	-	-	-
Options cancelled – Capital Raising	-	-	-	-
Balance at end of the year	-	1,442,163	29,670,487	1,264,471

- (i) There are no outstanding options issued under the employee stock option plan as at 30 June 2018.
- (ii) 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 person acquires voting power in at least 50.1% or more of the issued Shares;
- a person acquires the power to direct or cause the direction of management or policies of the Company;
- a person directly or indirectly acquires all or substantially all of the business and assets of the Group; or
- 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 stock options were extended at the annual general meeting of shareholder on the 29th of November 2014, extending the term to 31 January 2018. The Group recognised a stock option expense of \$177,692 during the year (2017: \$304,615) in relation to this award. These options have lapsed as of 31 January 2018.

Performance Share Rights	June 2018		June 2017	
	Number	\$	Number	\$
Movement in options on issue				
Balance at beginning of year	13,000,000	381,350	16,000,000	289,421
Performance share rights issued	-	58,036	-	91,929
Performance share rights converted	(5,000,000)	-	-	-
Performance share rights forfeited	(2,500,000)	-	(3,000,000)	-
Balance at end of the year	5,500,000	439,386	13,000,000	381,350

The Company granted 11,000,000 performance share rights in 2013 to employees, 9,000,000 of these remain valid as of 30 June 2018. The Company granted a further 7,000,000 performance share rights in February 2016 to employees, 5,500,000 of these remain valid as of 30 June 2018. 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, as defined in this note, the performance share rights automatically vest.

17) ACCUMULATED LOSSES

	Consolidated	
	2018	2017
	\$	\$
Accumulated losses at the beginning of the financial year	(27,740,691)	(26,810,634)
Net loss for the year	(974,475)	(930,057)
Accumulated losses at the end of the financial year	(28,715,166)	(27,740,691)

18) RESERVES

	Consolidated	
	2018	2017
	\$	\$
Share based payment Reserve		
Balance at the beginning of the financial year	1,645,821	1,249,277
Issuance and amortisation of performance share rights	58,036	91,929
Issuance and amortisation of share options issued	177,692	304,615
Balance at the end of the financial year	1,881,549	1,645,821
Currency revaluation Reserve		
Balance at the beginning of the financial year	(227,128)	(71,545)
Change in currency reserve for the year	112,886	(155,583)
Balance at the end of the financial year	(114,242)	(227,128)
Balance at the end of the financial year	1,767,307	1,418,693

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.

19) 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	
	2018	2017
	\$	\$
Within one year	199,023	173,607
After one year but not more than five years	468,420	565,006
More than five years	-	34,106
	667,443	772,719

The Group has entered into financial lease commitments on certain motor vehicles and office equipment with a carrying amount of \$20,363 (2017: \$56,511). These leases expire within 1 to 2 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	
	2018	2017
	\$	\$
Within one year	-	-
Unexpired interest	-	-
After one year but not more than five years	-	-
Unexpired interest	-	-
More than five years	-	-
	-	-

The Group has termination benefits relating to the termination payments to KMPs if their contracts are terminated under certain conditions. The gross commitment is \$475,000.

The Group has no other commitments or contingencies.

20) NOTES TO STATEMENT OF CASH FLOWS

		Consolidated	
		2018	2017
		\$	\$
20(a)	Reconciliation of cash		
	Cash balance comprises:		
	- cash on hand	59	253
	- cash at banks	151,626	742,490
	Cash at banks and on hand	151,685	742,743
	- cash at banks attributable to discontinued operations	228,777	-
	Closing cash balance	380,462	742,743
20(b)	Reconciliation of loss from ordinary activities after tax to the net cash activities		
	Operating loss after tax	(974,475)	(930,057)
	Amortisation	236,066	253,573
	Depreciation	292,389	188,114
	Share based compensation	235,729	396,544
	Impairment of assets under customer rental	-	7,709
	Impairment of capitalised development costs	-	708
	Write-down of inventories	177,424	221,548
	Provision for doubtful debts	(4,433)	(4,207)
	Borrowing costs	89,853	259,538
	Foreign currency translation	44,558	(155,583)
	Miscellaneous income	(131,300)	-
	Other	(27,784)	(40,185)
	Changes in Assets and Liabilities		
	(Increase) in Trade and other receivables	(1,001,927)	(64,209)
	Decrease/(Increase) in Inventories	(179,320)	158,668
	Decrease in Prepayments	88,113	32,698
	Decrease/(Increase) in Development costs	(24,440)	(22,220)
	Increase/(Decrease) in Trade and other payables	72,313	(81,412)
	Increase/(Decrease) in Provision for employee entitlements	16,939	(4,596)
	Increase/(Decrease) in Provision for warranty	2,571	(42,905)
	Net cash flows provided/(used) in operating activities.	(1,087,724)	173,726

21) EARNINGS PER SHARE

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

	Consolidated	
	2018	2017
	\$	\$
Losses used in calculating loss per share		
For basic loss per share		
Net loss attributable to ordinary equity holders	(974,475)	(930,057)
Weighted average number of shares	Number	Number
Weighted average number of ordinary shares outstanding during the year for basic earnings/(loss) per share	494,831,888	493,119,559
Weighted average number of ordinary shares adjusted for the effect of dilution	494,831,888	493,119,559
Basic earnings per share (cents per share)	(0.2)	(0.2)
Diluted earnings per share (cents per share)	(0.2)	(0.2)

The number of potential ordinary shares not considered dilutive is 5,500,000.

22) SEGMENT INFORMATION

The Group 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	
	2018	2017
	%	%
Highest volume customer for the year	17.0	7.2
Second highest volume customer for the year	13.0	6.4
Third highest volume customer for the year	7.6	5.9
Fourth highest volume customer for the year	7.0	5.4
Fifth highest volume customer for the year	5.9	5.0
Sixth highest volume customer for the year	5.2	-
All customers above 3% of sales	55.7	41.6
Total sales for customers under 3%	44.3	58.4

Revenue by geographic area

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

	Consolidated	
	2018	2017
	\$	\$
Australia	318,235	407,928
North America	1,003,875	307,106
Europe	3,627,740	3,773,412
Other foreign countries	570,015	482,114
Total revenue	5,519,865	4,970,560

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	
	2018	2017
	\$	\$
Australia	3,462,826	3,477,673
United Kingdom	1,022,561	1,265,965
United States	-	-
Total non-current assets	4,485,387	4,743,638

23) KEY MANAGEMENT PERSONNEL COMPENSATION

Key management personnel during the year were:

Name	Title
Sir Tim McClement	Independent Chairman
Mr. Ken Gaunt	Chief Executive Officer & Executive Director
Mr. Jorge Nigaglioni	Chief Financial Officer & Executive Director
Mr. Robert Gaunt	Chief Operating Officer
Mr. James Garbutt	Quality Manager
Mr. Ryan Pettit	Marine Safety Advisor
Mr. Mark Swale	Development Manager
Mr David Sanderson	Fulfilment Manager

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 2018								
Total Compensation	1,018,253	-	-	69,929	3,870	212,652	-	1,464,928
30 June 2017								
Total Compensation	932,799	-	-	54,862	6,579	353,006	-	1,347,246

Shareholdings

Number of Shares held by Directors and Specified Executives:

	Balance 1 July 2017	Issued as remuneration	Options exercised	Conversion of Performance Shares	Net change other	Balance 30 June 2018
Directors						
Sir Tim McClement	1,000,000	-	-	-	-	1,000,000
Ken Gaunt	68,715,026	-	-	-	-	68,715,026
Jorge Nigaglioni	1,501,781	5,000,000	-	-	-	6,501,781
Specified Executives						
Robert Gaunt	1,000,000	-	-	-	-	1,000,000
James Garbutt	-	-	-	-	-	-
Mark Swale	-	-	-	-	-	-
Ryan Pettit	1,000,000	-	-	-	-	1,000,000
Dave Sanderson	-	-	-	-	-	-

	Balance 1 July 2016	Issued as remuneration	Options exercised	Conversion of Performance	Net change other	Balance 30 June 2017
Directors						
Sir Tim McClement	1,000,000	-	-	-	-	1,000,000
Ken Gaunt	68,715,026	-	-	-	-	68,715,026
Jorge Nigaglioni	1,501,781	-	-	-	-	1,501,781
Specified Executives						
Robert Gaunt	1,000,000	-	-	-	-	1,000,000
James Garbutt	-	-	-	-	-	-
Mark Swale	-	-	-	-	-	-
Ryan Pettit	1,000,000	-	-	-	-	1,000,000
Dave Sanderson	-	-	-	-	-	-

Number of Share Options held by Directors and Specified Executives:

	Balance 1 July 2017	Awarded	Exercised	Lapsed	Balance 30 June 2018	Vested	Not Vested	Balance 30 June 2018
Directors								
Sir Tim McClement (i)	-	-	-	-	-	-	-	-
Ken Gaunt (i)	29,670,487	-	-	(29,670,487)	-	-	-	-
Jorge Nigaglioni	-	-	-	-	-	-	-	-
Specified Executives								
Robert Gaunt	-	-	-	-	-	-	-	-
James Garbutt	-	-	-	-	-	-	-	-
Mark Swale	-	-	-	-	-	-	-	-
Ryan Pettit	-	-	-	-	-	-	-	-
Dave Sanderson	-	-	-	-	-	-	-	-

	Balance 1 July 2016	Awarded	Exercised	Lapsed	Balance 30 June 2017	Vested	Not Vested	Balance 30 June 2017
Directors								
Sir Tim McClement (i)	-	-	-	-	-	-	-	-
Ken Gaunt (i)	29,670,487	-	-	-	29,670,487	-	29,670,487	29,670,487
Jorge Nigaglioni	-	-	-	-	-	-	-	-
Specified Executives								
Robert Gaunt	-	-	-	-	-	-	-	-
James Garbutt	-	-	-	-	-	-	-	-
Mark Swale	-	-	-	-	-	-	-	-
Ryan Pettit	-	-	-	-	-	-	-	-
Dave Sanderson	-	-	-	-	-	-	-	-

See note 16 for description of terms of these options.

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

	Balance 1 July 2017	Awarded	Exercised	Lapsed	Balance 30 June 2018	Vested	Not Vested	Balance 30 June 2018
Directors								
Sir Tim McClement	-	-	-	-	-	-	-	-
Ken Gaunt	-	-	-	-	-	-	-	-
Jorge Nigaglioni (i)	5,000,000	-	5,000,000	-	-	-	-	-
Specified Executives								
Robert Gaunt (i)	-	-	-	-	-	-	-	-
James Garbutt (i)	500,000	-	-	-	500,000	-	500,000	500,000
Mark Swale (i)	1,000,000	-	-	-	1,000,000	-	1,000,000	1,000,000
Ryan Pettit (i)	-	-	-	-	-	-	-	-
Dave Sanderson	-	-	-	-	-	-	-	-

	Balance 1 July 2016	Awarded	Exercised	Lapsed	Balance 30 June 2017	Vested	Not Vested	Balance 30 June 2017
Directors								
Sir Tim McClement	-	-	-	-	-	-	-	-
Ken Gaunt	-	-	-	-	-	-	-	-
Jorge Nigaglioni (i)	5,000,000	-	-	-	5,000,000	-	5,000,000	5,000,000
Specified Executives								
Robert Gaunt (i)	-	-	-	-	-	-	-	-
James Garbutt (i)	500,000	-	-	-	500,000	-	500,000	500,000
Mark Swale (i)	1,000,000	-	-	-	1,000,000	-	1,000,000	1,000,000
Ryan Pettit (i)	-	-	-	-	-	-	-	-
Dave Sanderson	-	-	-	-	-	-	-	-

See note 14 for description of terms of these performance share rights.

24) 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:

	2018	2017
	\$	\$
Expense arising from equity-settled share-based payment transactions	235,728	396,544
Benefit realised from forfeited equity-settled share-based payment transactions	-	-
Expense arising from cash-settled share-based payment transactions	-	-
Total expense arising from share-based payment transactions	235,728	396,544

The share-based payment plans are described below. The Directors options lapsed during 2018. Other than the Director options, there have been no cancellations or modifications to any of the plans during 2018 and 2017.

Employee share option plan (ESOP)

All share options granted to employees lapsed during the year ended 30 June 2018. 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.

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

No share options were issued under the plan during the year.

Performance share rights plan (PSP)

Performance share rights are granted to senior executives to align the long term the participants to the long term interests of shareholders. This plan will lapse if unvested on the year ended 30 June 2018.

25) EMPLOYEE ENTITLEMENTS AND SUPERANNUATION COMMITMENTS

	2018	2017
	\$	\$
Employee Entitlements		
The aggregate employee entitlement liability is comprised of:		
Accrued wages, salaries and on costs	24,105	18,628
Provisions (current)	98,112	78,683
Provisions (non- current)	55,766	50,119
	177,983	147,430
No. of Employees: 24 (2017: 23)		

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 allow our staff full discretion on selecting their superannuation 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.

26) RELATED PARTY DISCLOSURES

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

SIR TIM MCCLEMENT

Sir Tim McClement earned chairman's fees of \$105,528 during 2018. 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 \$187,949 during 2018. 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 \$275,000 paid to Blazzed Pty Ltd during 2018. Any other transactions throughout the year relate to reimbursements for expenses incurred by Mr. Gaunt or his related entities on behalf of the Group.

JAXSTA HOLDINGS PTY LIMITED

The Company has entered into a secured loan agreement with Jaxsta Holdings Pty Limited (Jaxsta) in order to provide cash flow during the near term without committing to exercise the Company's Option Agreement. The loan facility is for a value of up to \$1,500,000 to be drawn up until the 31st October 2018, of which the Company has provided \$1,015,000. The loan facility is interest free until the final draw down date at which time it accrues at an interest rate of 7% per annum. The Company has a charge over the Company's assets to secure the loan.

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

27) 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.

Risk Exposures and Responses

Interest rate risk

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

	2018 \$	2017 \$
Financial Assets		
Cash and cash equivalents	151,685	742,743
	151,685	742,743

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 2018, 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) 2018 \$	Higher/ (Lower) 2017 \$	Higher/ (Lower) 2018 \$	Higher/ (Lower) 2017 \$
Financial Assets				
+0.5% (50 basis points)	1,902	3,714	-	-
-0.5% (50 basis points)	(1,902)	(3,714)	-	-

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 2018, the Group had the following exposure to foreign currency

	2018 \$	2017 \$
Financial Assets		
Cash and cash equivalents	380,463	742,743
Trade and other receivables	2,077,044	1,059,950
	<u>2,457,507</u>	<u>1,802,693</u>
Financial Liabilities		
Trade and other payables	856,005	769,836
	<u>856,005</u>	<u>769,836</u>
Net Exposure	<u>1,601,502</u>	<u>1,032,857</u>

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) 2018 \$	Higher/ (Lower) 2017 \$	Higher/ (Lower) 2018 \$	Higher/ (Lower) 2017 \$
Net Exposure				
5% increase in FX rate	63,966	41,450	-	-
5% decrease in FX rate	(70,699)	(45,813)	-	-

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 44% (2017: 25%) 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's 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 2018.

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 2018					
Trade and other payables	1,185,093	-	-	1,185,093	1,185,093
Convertible Notes & Other	4,433,672	-	332,790	4,433,672	4,433,672
Hire purchase liability	-	-	-	-	-
Net Maturity	5,618,765	-	332,790	5,618,765	5,618,765
Year ended 30 June 2017					
Trade and other payables	1,109,446	-	-	1,109,446	1,109,446
Convertible Notes & Other	3,597,355	-	-	3,597,355	3,597,355
Hire purchase liability	-	-	2,364	2,364	2,364
Net Maturity	4,706,801	-	2,364	4,709,165	4,709,165

* 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 2018, 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) 2018 \$	Higher/ (Lower) 2017 \$	Higher/ (Lower) 2018 \$	Higher/ (Lower) 2017 \$
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.

28) 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).

The Company has entered into a transaction to sell MRT as disclosed in Note 3. The amount of Goodwill will be adjusted based on the final settlement of the transaction.

Reconciliation of Goodwill

	\$
Carrying amount at beginning of financial year	1,924,068
Carrying amount at end of financial year	<u>1,924,068</u>

29) CONTINGENT LIABILITIES

As at reporting date there were no contingent liabilities.

30) SUBSEQUENT EVENTS

On 17 August 2018, the Company held a meeting of the shareholders of Mobilarm in which the sale of MRT and acquisition of Jaxsta were approved by shareholders. The terms of the sale were announced to the market on 23 May 2018 and further details were included in the Notice of Meeting issued on 16 July 2018.

- 1) Resolution 1 related to the sale of MRT which was approved by shareholders. See Note 3 for details on the results of MRT.
- 2) The acquisition of Jaxsta included various resolutions, all of which were approved and are listed below:
 - 3) • Resolution 2: Change of Nature and Scale of Activities - Acq. Jaxsta Holdings
 - 4) • Resolution 3: Consolidation of Capital
 - 5) • Resolution 4: Issue of Shares on conversion of Convertible Note
 - 6) • Resolution 5: Approval for the Acq. Of a Relevant interest in the Company by Jaxsta
 - 7) • Resolution 6: Capital Raising
 - 8) • Resolution 7: Election of Director - Ms Jacqueline Louez Schoorl
 - 9) • Resolution 8: Election of Director - Ms Laura Inman
 - 10) • Resolution 9: Election of Director - Ms Linda Jenkinson
 - 11) • Resolution 10: Election of Director - Mr Brett Cottle
 - 12) • Resolution 11: Adoption of Employee Incentive Scheme
 - 13) • Resolution 12: Change of Company Name
 - 14) • Resolution 13: Replacement of Constitution
 - 15) • Resolution 14: Non-Executive Directors' remuneration

The Company issued the Prospectus for the offer on 7 September 2018 and is expecting to complete the offer and re-listing by the 15 October 2018.

As of the date of this report, only resolution 3 has been completed, as such, unless stated otherwise, the share figures in this report are shown on a consolidated basis. All figures as of 30 June 2018 are on a pre-consolidation basis.

Other than the events listed above, there have been no other events since the end of the financial year that affect the results as at and for the year ended 30 June 2018.

**Independent Auditor's Report
To the Members of Mobilarm Limited**

REPORT ON THE AUDIT OF THE FINANCIAL REPORT

Opinion

We have audited the financial report of Mobilarm Limited ("the Company") and its controlled entities ("the Group"), which comprises the consolidated statement of financial position as at 30 June 2018, 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, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the Group's financial position as at 30 June 2018 and of its financial performance for the year then ended; and
- b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* ("the Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Material Uncertainty Related to Going Concern

Without modifying our opinion, we draw attention to the following matter. As a result of the matters disclosed in Note 2 "Going Concern" of the financial report. The Group has incurred a net loss after tax for the year ended 30 June 2018 of \$974,475 (2017: \$930,057) and experienced net cash outflows from operating activities of \$1,087,724 (2017: \$173,726 inflows). As at 30 June 2018, the Group had net assets of \$3,653,950 (2017: \$4,279,811).

There is material uncertainty whether the Group can 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 ability of the Group to continue as a going concern is dependent upon the Group being successful in one or more of the following areas: completing the sale of the subsidiary company, Marine Rescue Technology Limited, and acquisition of Jaxsta, meeting the company's projected sales targets, and an equity raising.

**Independent Auditor's Report
To the Members of Mobilarm Limited**

REPORT ON THE AUDIT OF THE FINANCIAL REPORT

Opinion

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- a) giving a true and fair view of the Group's financial position as at 30 June 2018 and of its financial performance for the year then ended; and
- b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

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We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

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There is material uncertainty whether the Group can 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 ability of the Group to continue as a going concern is dependent upon the Group being successful in one or more of the following areas: completing the sale of the subsidiary company, Marine Rescue Technology Limited, and acquisition of Jaxsta, meeting the company's projected sales targets, and an equity raising.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matter	How our audit addressed the key audit matter
Discontinued Operations (Note 3) (AASB 5) The Group has reported an Asset Held for Sale at 30 June 2018, of its subsidiary company Marine Rescue Technology Limited. This area is a key audit matter due to material nature of the transactions and the sale of the core business of the Group.	Audit procedures include amongst others the following: • assessing managements basis of valuation of the Asset Held for Sale; • reviewing management's assessment of the fair value of the company; • review sales and purchase agreements; and • assessing the adequacy of the related disclosures within the financial statements.
Intangible Assets - Impairment Testing (Note 11) (AASB 136) The Group has reported Intangible assets of \$1,924,818 at 30 June 2018 (2017:\$2,439,333) This area is a key audit matter due to management assessment and judgement applied in preparing a value-in use model to satisfy the impairment test. Forecasting future cash flows and applying an appropriate discount rate inherently involve a high degree of estimation and judgement by management.	Audit procedures include amongst the following: • assessing the key assumptions for long term growth in forecast cash flows by comparing them to historical results; • testing the mathematical accuracy of the cash flow model; • performing sensitivity analysis in relation to key assumptions including discount rate, growth rate and terminal value; and • assessing the adequacy of the related disclosures within the financial statements.

Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2018, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors 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 gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON THE REMUNERATION REPORT

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 12 to 22 of the directors' report for the year ended 30 June 2018.

In our opinion, the Remuneration Report of Mobilarm Limited for the year ended 30 June 2018 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 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.

Walker Wayland Audit (WA) Pty Ltd

WALKER WAYLAND AUDIT (WA) PTY LTD

Richard Gregson

Richard Gregson CA
Director
Level 3, 1 Preston Street, COMO WA 6152

Dated this 28th day of September 2018

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. This table reflects the ordinary shares post consolidation as approved by shareholders on 17 August 2018.

Shareholder	Ordinary Shares Held	% Ownership
BLAZZED PL	6,650,367	13.35%
GLENEAGLE SEC NOM PL	6,580,470	13.21%
JUNIOR JAY PL	3,906,974	7.84%
NEWD CORP PL	3,379,941	6.79%

Unmarketable Parcels

The Company has 143 shareholders with unmarketable parcels of 10,000 shares or less, totalling 160,124 ordinary shares. The ASX listing define an unmarketable parcel as those with a market value of less than \$500.

TOP 20 SHAREHOLDERS

As of 28 September 2018

Shareholder	Ordinary Shares Held	% Ownership
BLAZZED PL	6,650,367	13.4%
GLENEAGLE SEC NOM PL	6,580,470	13.2%
JUNIOR JAY PL	3,906,974	7.8%
NEWD CORP PL	3,379,941	6.8%
CITICORP NOM PL	2,131,854	4.3%
HASLER GARY DARREN	1,725,190	3.5%
GREYWOOD HLDGS PL	1,490,000	3.0%
VALUE NOM PL	1,347,247	2.7%
TUBBY INV PL	1,066,000	2.1%
DUTCH INK 2010 PL	973,698	2.0%
SCOTT KURTIS ADAM	678,400	1.4%
VERHEGGEN MELANIE T	629,902	1.3%
HAYNES CHRISTINE ANN	600,000	1.2%
VERHEGGEN DAMON	527,425	1.1%
VERHEGGEN SASHA THERESE	527,425	1.1%
HSBC CUSTODY NOM AUST LTD	500,001	1.0%
COURSCOTT PL	477,000	1.0%
STONEFIELD DVLMTS PL	433,334	0.9%
ASGARD CAP MGNT LTD	402,477	0.8%
GAUNTSWOOD PL	400,001	0.8%
Top 20	34,427,706	69.1%
Total	49,812,106	100.0%

Distribution of shareholders and shareholdings as at 28 September 2018

Size of Holding	Shareholder Numbers	%	Share Numbers	%
1-1000	58	11.2%	29,393	0.1%
1001-5000	170	32.7%	470,185	0.9%
5001-10000	75	14.4%	587,897	1.2%
10001-100000	155	29.8%	5,553,295	11.1%
Over 100,000	62	11.9%	43,171,336	86.7%
Total	520	100.0%	49,812,106	100.0%

Registered Address	Shareholder Numbers	%
Australia	48,867,551	98.1%
Hong Kong	398,437	0.8%
British Virgin Islands	300,000	0.6%
United Kingdom	201,000	0.4%
United States	28,770	0.1%
New Zealand	9,807	0.0%
Papua New Guinea	6,541	0.0%
Total	49,812,106	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
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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 3,
1 Preston Street
Como WA 6152

BANKERS

National Australia Bank

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