

ASX ANNOUNCEMENT AND MEDIA RELEASE

ASX CODE: [MBO](#)

Half Yearly Report

Date: 27 February 2015

Mobilarm business transition on track for record year with 68% increase in revenue and H1 EBIT profit

- **First half revenues up 68% to A\$3.7million**
- **Order book remains on track for record year**

Global marine safety equipment provider Mobilarm Limited (ASX: MBO) today announced encouraging first half results, on the back of the revised business approach undertaken since 2013. The new strategy of rental contracts with annual recertification for their rescue hardware and a refocused sales methodology has seen a 68% increase in revenues to A\$3.7million over the previous corresponding period.

The Group continues to build its order book and now has an in excess of A\$5.1million contracted during the first half across its product lines. The strength of this operating result has allowed the Group to book an EBIT profit for the first half of Financial Year 2015.

MBO is now well funded due in part to the successful completion of an A\$2 million convertible note issue to a range of high net worth investors in February. While new opportunities across various geographic and product segments ensure the second half looks very promising and remains on target to achieve record order levels by year end.

Mobilarm CEO Ken Gaunt highlighted: "Our new approach has been shown to work. We are seeing increased acceptance across all segments and this is now translating into financial results. As we build on our existing momentum, 2015 and 2016 look very exciting for MBO."

Mobilarm CFO Jorge Nigaglioni commented: "The continued growth in sales translated to an EBIT profit for the period. The funding received in January will allow us to aggressively pursue growth whilst undertaking some long term cost saving initiatives to further improve our margin realised on every sale."

-Ends-

Further details

Ken Gaunt

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Chief Executive Officer

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Mobilarm Limited (ASX: MBO) and its 100% owned subsidiary MRT (UK) is involved in the development, manufacturing and sale of a Man Overboard Safety Systems provided to the offshore oil & gas industries, commercial marine industries, defence, and government & regulatory agencies internationally. MBO currently operates in the UK, Australia, Nigeria and USA.

Rule 4.2A.3

Appendix 4D

Half-year report

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

Name of entity: Mobilarm Limited

ABN: 15 106 513 580

- 1. Reporting period (“current period”):** Half-year ended 31 December 2014
Previous corresponding period Half-year ended 31 December 2013

2. Results for announcement to the market

			31 December 2014	31 December 2013
			\$A'000	\$A'000
2.1	Revenue	up 68% to	\$3,705	\$2,209
2.2	Loss from ordinary activities after tax attributable to members	down 20% to	(\$265)	(\$330)
2.3	Net loss for the period attributable to members	down 20% to	(\$265)	(\$330)

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

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

2.6 Brief explanation of figures (if necessary):

+ See chapter 19 for defined terms.

3. Net tangible assets

	31 December 2014	31 December 2013
	\$/cents	\$/cents
Net tangible asset backing per ordinary share	\$0.00	\$0.00

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

4.1 Name of the entity

N/A

4.2 Date of the gain or loss of control

N/A

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

N/A

5. Dividends

Amount per security

Nil

Total dividends paid on all securities during the financial year

Nil

+ See chapter 19 for defined terms.

7. Auditor's review report

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

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

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

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



Sign here:

Director

Date: 27 February 2015

Print name:

Ken Gaunt

REVIEW OF OPERATIONS

Mobilarm Limited (“the Company”) and its consolidated entities (“the Group”) had a record setting first half. Its continued focus on expanding its rental and service portfolio has yielded increased sales and recurring revenues and cash flows. We had various key wins and milestones during the period including:

- We grew our rental book to \$3.1M during the period. Our rental solution continues to provide our customers with the peace of mind of the most comprehensive solution for their needs. This is also providing the Group with longer term cash flows.
- We launched the world’s first IECEx zone 1 maritime survivor locator beacon, the sMRT V100X. We also launched the sMRT Danbuoy to provide a solution for fixed platforms or other vessels such as cruise ships that require flexible solutions.
- We have increased our service capabilities and are pushing the boundary on the level of customer service required in the industry.
- We continue to innovate in every facet of the business to deliver what our customers require.

We have recently raised a further \$2 million to improve our efficiencies and grow our rental portfolio. Our rental program is effective but requires this initial up front cash investment that will be returned over the life of the rental. The quicker we grow our rental book the quicker we can fund operations from our rental portfolio. These actions will assist our continued improvement to our long term financial results. We are committed to carrying the momentum from the last 18 months and deliver increasing shareholder returns.



Ken Gaunt
Chief Executive Officer

Perth, Western Australia
27 February 2015

DIRECTORS' REPORT

The Directors present their half year report of the Group, being Mobilarm Limited and its consolidated entities, for the half year ended 31 December 2014.

Directors

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

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

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

Principal Activities

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

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

Dividends

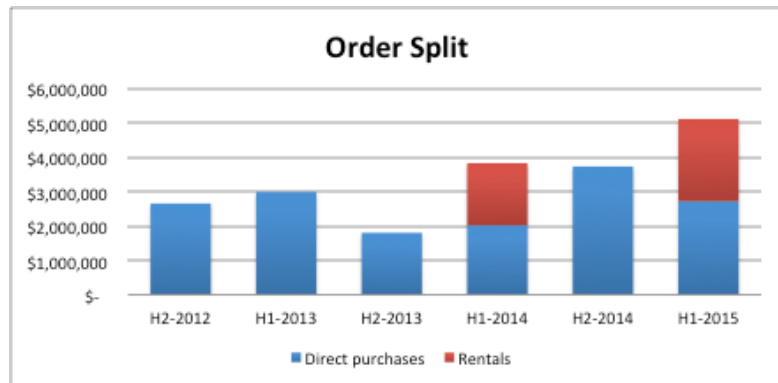
No dividends were paid or declared for the half year.

Results for Announcement to the Market

Operations of the Group

The Group received orders of \$5,106,588 in the half year ended 31 December 2014 (2013: \$3,826,831), a 33% increase. The orders were \$2,718,762 (2013: \$2,019,552) on direct purchases and \$2,002,350 (2013: \$1,807,279) on rentals. The Group was able to realise revenues of \$3,704,740 in the period as compared to \$2,205,147 in the half year ended 31 December 2013, an increase of 68%.

The Group has increased its rental order book to a balance of \$3,126,337 to be recognised as revenue over the next 60 months. The Group had income of \$39,127 before providing for income tax for the half year ending 31 December 2014 (2012: Loss of \$330,290). The improvement in operating income is a result of increased revenues. The loss of the Group after providing for income tax for the half year ending 31 December 2014 was \$264,973 (2013: Loss of \$330,290). The loss was due to recognizing a deferred tax liability on its operations in the United Kingdom.



	FY 2015	FY 2014
Outright Purchases	\$2,718,762	\$2,019,552
Rentals	2,002,350	1,807,279
Service Orders	385,876	-
Total	\$5,106,588	\$3,826,831



The Group's operating expenses increased to \$2,919,308 in the half year ended 31 December 2014 as compared to \$2,147,755 in the half year ended 31 December 2013, an increase of 36%. The increase came from a less favourable British Pound to Australian Dollar

exchange rate, increased sales commissions from increased sales and increases in our sales team and an increased capacity for service in our Beverley facility.

Financial Position of the Group

The Group ended December 2014 with net assets of \$5,575,898, compared to net assets of \$5,666,639 at June 2014. The decrease in financial position is mostly due to the increased payment of our operating expenses during the period.

On the asset side, the Group has decreased its current assets by \$637,783 from June 2014 to December 2014, mostly due to the aforementioned expenses. Non-current assets increased by \$382,071 due to growth in our pool of assets under rental contracts to customers during the quarter.

Business strategy for future financial years

The Group will continue to pursue its growth strategy of becoming the world's largest provider of Man Overboard solutions and emergency beacons. The Group plans to increase market share through organic growth during the next financial year.

The Group continues to focus on expanding its rental and service offerings, in conjunction with developing new products and solutions to customers. This has increased our orders and revenues over the last two years and the Group will push these into new geographies.

Further information on likely developments in the operations of the Group and the expected results of those operations in future financial years has not been included in this report because disclosure of the information would likely result in unreasonable prejudice to the Group.

Net Tangible Asset

The Group had a net tangible asset of \$2,375,761 (December 2013: \$2,654,280). The net tangible asset backing per weighted average share is \$0.01 (December 2013: \$0.01).

Changes in the State Of Affairs

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

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

The auditor's independence declaration for the half year ended 31 December 2014 has been received and can be found on page 6.

Significant events subsequent to balance date

- The Company sold its remaining securities under a convertible note agreement. The final proceeds on the sale were \$774,391. This brings the total and final balance of the agreement to \$971,526. The convertible note expires on the 7th of March 2015 and carries an interest rate of 6.0%. 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. 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 noteholder has extended the expiration date by mutual consent to the 7th of March 2016.
- The Company entered into various convertible note agreements for a total of \$2,000,000. The convertible notes expire in 18^t months from the issue date and carry an interest rate of 12.0%. The notes is convertible by the noteholder upon giving the Company five days notice at \$0.06 per share. Three of the convertible notes, totalling \$1,500,000 are secured under a general security deed holding first priority against the assets, undertakings and unpaid capital of the Company.

Other than the event stated above, no other events or circumstances have arisen that would require disclosure in the financial report.

Signed in accordance with a resolution of the Directors.




Ken Gaunt
Chief Executive Officer
Perth, Western Australia
27 February 2015

MOBILARM LIMITED ACN 106 513 580

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

I declare that, to the best of my knowledge and belief, during the half-year ended 31 December 2014 there has been no contraventions of;

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



Richard Gregson
Walker Wayland Audit (WA) Pty Ltd

RICHARD GREGSON CA
For and on behalf of
Walker Wayland Audit (WA) Pty Ltd
Chartered Accountants
Level 2, 129 Melville Parade
COMO
WA 6152

Dated this 27th day of February 2015

DIRECTORS' DECLARATION

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

- (a) The financial statements and notes of the consolidated entity are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of financial position of the consolidated entity as at 31 December 2014 and the performance for the half year ended on that date; and
 - (ii) complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001; and
- (b) Subject to the matter disclosed in Note 2 to the financial statements, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors



Ken Gaunt
Director

Perth, Western Australia
27 February 2015

CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE HALF YEAR ENDED 31 DECEMBER 2013

	31 December 2014	31 December 2013
	\$	\$
Revenue		
Sale of goods	3,351,297	2,188,533
Portion of rentals recognised as revenue	353,443	16,614
	3,704,740	2,205,147
 Cost of units sold	 693,406	 389,760
Depreciation of units under rental	60,854	1,897
	754,260	391,657
 Interest income	 2,150	 3,975
Other income	5,805	-
	7,955	3,975
 Employee benefits	 1,170,091	 1,012,763
Share based compensation expense	123,493	90,564
Depreciation and amortisation	265,379	177,720
Advertising	37,043	27,757
Accountancy	26,516	16,725
Audit and tax	28,430	26,100
Freight and cartage	88,322	(267)
External consultants and contractors	219,384	129,846
Rental	91,857	75,387
Travel and accommodation	248,290	190,380
Allowance for doubtful debts	26,316	(3,103)
Payroll tax	-	2,720
Legal fees	57,551	47,689
Telephone and internet charges	42,265	40,491
Insurance	27,743	41,025
Printing, postage and stationery	24,825	65,238
Motor vehicles	43,113	43,500
Finance costs	89,897	83,738
Rates & land taxes	19,859	35,466
Repairs and maintenance	38,732	25,678
Foreign exchange loss/(gain)	(42,674)	(232,381)
Other expenses	292,876	250,719
	2,919,308	2,147,755
Operating expenses		
	39,127	(330,290)
Profit/(Loss) before income tax		

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

	31 December 2014	31 December 2013
	\$	\$
Profit/(Loss) before income tax brought forward	39,127	(330,290)
Income tax expense/(benefit)	304,100	-
Loss from operations after income tax	(264,973)	(330,290)
Other comprehensive income		
Foreign currency translation reserve movement	50,745	-
Total comprehensive loss for the period	(214,228)	(330,290)
Basic earnings/(loss) per share (cents per share)	(0.00)	(0.00)
Diluted earnings/(loss) per share (cents per share)	(0.00)	(0.00)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION **AS AT 31 DECEMBER 2014**

	<i>Note</i>	31 December 2014	30 June 2014
		\$	\$
CURRENT ASSETS			
Cash and cash equivalents		299,819	842,229
Restricted cash		48,217	48,217
Short-term investments		540,036	698,979
Trade and other receivables	3	1,619,954	1,590,210
Inventories		1,156,325	1,174,063
Other current assets		348,202	296,638
TOTAL CURRENT ASSETS		4,012,553	4,650,336
NON-CURRENT ASSETS			
Plant and equipment	4	1,059,769	623,887
Intangible assets and goodwill	5	3,200,137	3,253,948
TOTAL NON-CURRENT ASSETS		4,259,906	3,877,835
TOTAL ASSETS		8,272,459	8,528,171
CURRENT LIABILITIES			
Trade and other payables	6	1,773,773	1,775,768
Interest bearing loans and borrowings	7	745,010	896,134
Provisions		132,468	153,018
TOTAL CURRENT LIABILITIES		2,651,251	2,824,920
NON-CURRENT LIABILITIES			
Provisions		41,978	30,294
Interest Bearing loans and borrowings	7	3,332	6,318
TOTAL NON-CURRENT LIABILITIES		45,310	36,612
TOTAL LIABILITIES		2,696,561	2,861,532
NET ASSETS		5,575,898	5,666,639
EQUITY			
Contributed equity	8	29,806,076	29,804,298
Accumulated Losses	9	(25,138,907)	(24,873,934)
Reserves	10	908,729	736,275
TOTAL EQUITY		5,575,898	5,666,639

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE HALF YEAR ENDED 31 DECEMBER 2014

	31 December 2014	31 December 2013
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	3,284,491	2,556,754
Payments to suppliers and employees	(4,201,069)	(3,493,201)
Interest received	2,150	3,895
Interest costs	(2,963)	(8,317)
R&D tax rebate	320,917	319,423
NET CASH FLOWS USED IN OPERATING ACTIVITIES	(596,474)	(621,446)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for plant and equipment	(31,744)	(40,753)
Payment for research & development	(102,855)	(287,034)
NET CASH FLOWS USED IN INVESTING ACTIVITIES	(134,599)	(327,787)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from borrowings	140,456	-
Proceeds from share issues	-	878,061
Costs of share issues	-	(10,000)
NET CASH FLOWS PROVIDED BY FINANCING ACTIVITIES	140,456	868,061
NET INCREASE/(DECREASE) IN CASH HELD	(590,617)	(81,172)
CASH AT THE BEGINNING OF THE PERIOD	890,436	637,289
CASH AT THE END OF THE PERIOD	299,819	556,117

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE HALF YEAR ENDED 31 DECEMBER 2014

	Issued Capital \$	Accumulated Losses \$	Share Based Payment Reserve \$	Foreign Currency Translation Reserve \$	Total Equity \$
At 1 July 2013	27,790,295	(24,810,542)	335,187	-	3,314,940
Net loss for the period	-	(330,290)	-	-	(330,290)
Other comprehensive income	-	-	-	-	-
Total comprehensive loss for the period	-	(330,290)	-	-	(330,290)
Transactions with owners in their capacity as owners					
Issue of equity	1,300,000	-	-	-	1,300,000
Cost of equity issue	(10,000)	-	-	-	(10,000)
Share based payments – Performance Shares Rights	-	-	35,459	-	35,459
Share based payments – Performance Shares	5,333	-	-	-	5,333
Share based payments – Employee Stock Options	-	-	49,772	-	49,772
As at 31 December 2013	29,085,628	(25,140,832)	420,418	-	4,365,214
At 1 July 2014	29,804,298	(24,873,934)	505,648	230,627	5,666,639
Net loss for the period	-	(264,973)	-	-	(264,973)
Other comprehensive income	-	-	-	50,745	50,745
Total comprehensive loss for the period	-	(264,973)	-	50,745	(214,228)
Transactions with owners in their capacity as owners					
Share based payments – Performance Shares Rights	-	-	35,458	-	35,458
Share based payments – Performance Shares	1,778	-	-	-	1,778
Share based payments – Employee Stock Options	-	-	86,251	-	86,251
As at 31 December 2014	29,806,076	(25,138,907)	627,357	281,372	5,575,898

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2014

1 CORPORATE INFORMATION

The financial report of Mobilarm Limited (the "Company") and its consolidated entities ("the Group") for the half year ended 31 December 2014 was authorised for issue in accordance with a resolution of directors on 27 February 2015.

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

This general purpose half year financial report for the half year ended 31 December 2014 has been prepared in accordance with AASB 134 Interim Financial Reporting and the Corporations Act 2001. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

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

It is recommended that the half year financial report be read in conjunction with the annual financial report for the year ended 30 June 2014 and considered together with any public announcements made by the Company during the half year ended 31 December 2014 in accordance with the continuous disclosure obligations of the ASX listing rules.

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

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

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

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

(b) New and amending Accounting Standards and Interpretations

There have been no new standards issued since 30 June 2014 that required implementation as of the beginning of the financial year that have not been applied by the Group.

(c) Going Concern

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

The Group has incurred a net loss after tax for the half year ended 31 December 2014 of \$264,973 (31 December 2013: \$330,290) and experienced net cash outflows from operating activities of \$596,474 (31 December 2013: \$621,496). As at 31 December 2014, the Group had net assets of \$5,575,898 (30 June 2014: \$5,569,048). As at 31 December 2014, the Group had accumulated losses of \$25,138,907 (30 June 2014: \$25,140,832).

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

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

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

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

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

3 TRADE AND OTHER RECEIVABLES

	Consolidated	
	31 December 2014	30 June 2014
	\$	\$
Trade debtors	1,657,563	1,337,387
Less: allowance for impairment provision	(70,624)	(98,774)
	1,586,939	1,238,613
Sub-Total		
Goods and services tax	33,006	12,682
Value added tax	11	-
Sundry receivables	(2)	17,998
R & D Rebate	-	320,917
	1,619,954	1,590,210
Total		

4 PLANT AND EQUIPMENT

	Consolidated	
	31 December 2014	30 June 2014
	\$	\$
Units under Customer Rental		
At cost	850,966	375,171
Accumulated amortisation	(87,872)	(24,214)
	763,094	350,957
Plant and equipment		
At cost	879,076	806,205
Less: Accumulated depreciation	(589,557)	(541,217)
	289,519	264,988
Motor vehicles		
At cost	16,876	16,052
Accumulated amortisation	(9,720)	(8,110)
	7,156	7,942
TOTAL PLANT AND EQUIPMENT	1,059,769	623,887
Reconciliation		
Reconciliation of carrying values for each class of plant and equipment are set out below:		
Units under Customer Rental:		
- Carrying amount at beginning of the reporting period	350,957	-
- Additions	472,991	375,121
- Disposals	-	-
- Depreciation	(60,854)	(24,214)
- Carrying amount at end of the reporting period	763,094	350,957
Plant and Equipment:		
- Carrying amount at beginning of the reporting period	264,988	218,746
- Additions	57,926	126,547
- Disposals	-	-
- Depreciation	(33,395)	(80,305)
- Carrying amount at end of the reporting period	289,519	264,988
Motor Vehicles:		
- Carrying amount at beginning of the reporting period	7,942	10,420
- Additions	-	-
- Disposals	-	-
- Depreciation	(786)	(2,478)
- Carrying amount at end of the reporting period	7,156	7,942
TOTAL PLANT AND EQUIPMENT	1,059,769	623,887

5 INTANGIBLE ASSETS AND GOODWILL

	Development Costs	Intellectual Property	Goodwill	Computer Software	Total
	\$	\$	\$	\$	\$
As at 31 December 2014					
Cost	4,074,677	923,919	1,924,068	6,390	6,929,054
Accumulated Amortisation	(2,801,165)	(923,919)	-	(3,833)	(3,728,917)
Net Carrying Amount	1,273,512	-	1,924,068	2,557	3,200,137
As at 30 June 2014	\$	\$	\$	\$	\$
Cost	3,872,873	923,919	1,924,068	-	6,720,860
Accumulated Amortisation	(2,542,993)	(923,919)	-	-	(3,466,912)
Net Carrying Amount	1,329,880	-	1,924,068	-	3,253,948
Half year ended 31 December 2014					
At 1 July 2014, net of accumulated amortisation	1,329,880	-	1,924,068	-	3,253,948
Additions	169,319	-	-	6,390	175,709
Amortisation	(225,687)	-	-	(3,833)	(229,520)
At 31 December 2014, net of accumulated amortisation	1,273,512	-	1,924,068	2,557	3,200,137

Development costs

Development costs have been capitalised at cost. The intangible asset has been assessed as having a finite life and is amortised using the straight line method over a period of 5-10 years. If an impairment indicator arises, the recoverable amount is estimated and an impairment loss is recognised to the extent that the recoverable amount is lower than the carrying value.

Intellectual property

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

Patents and licenses costs

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

Goodwill

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

6 TRADE AND OTHER PAYABLES

	Consolidated	
	31 December 2014	30 June 2014
	\$	\$
Trade creditors	1,112,626	1,341,740
Customer deposits	152,225	152,229
Other creditors and accruals	508,922	281,799
Total	1,773,773	1,775,768

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

7 INTEREST BEARING LOANS AND BORROWINGS

	Consolidated	
	31 December 2014	30 June 2014
	\$	\$
CURRENT		
Convertible Note (i)	197,135	197,135
Credit facility (i)	537,651	698,999
Finance leases	10,224	-
Total	745,010	896,134
	31 December 2014	30 June 2014
	\$	\$
NON-CURRENT		
Finance leases	3,332	6,318
Total	3,332	6,318

- (i) The Company entered into a credit facility with a shareholder for the value of an equity investment in another entity. As the Company sells the equity investment, it recognises the proceeds as a convertible note, with an interest rate of 6% and convertible at a price of \$0.04 cents. The convertible note expires on 28 March 2015. As at 31 December 2014, the Company had sold \$197,135 and recognised it as a convertible note. As at 30 June 2014, \$56,688 of the funds realized from the sale had cleared with \$140,447 reflected as a receivable in transit. The remaining value of the investment is recognised as a credit facility at its current market value of \$698,999.

8 CONTRIBUTED EQUITY

	31 December 2014	30 June 2014
	\$	\$
Issued and paid up capital		
350,085,416 (30 June – 350,085,416) ordinary shares fully paid.	29,806,076	29,626,815
Nil (30 June – 333,334) performance shares	-	177,483
	<u>29,806,076</u>	<u>29,804,298</u>
	No. of shares	\$
Reconciliation of Contributed Equity		
Opening balance at 1 July 2013	299,560,681	27,623,480
Issue of ordinary shares (1)	32,500,000	1,300,000
Performance shares class B	-	125,927
Cost of share issue	-	(10,000)
Closing balance at 31 December 2013	332,060,681	29,039,406
Opening balance at 1 January 2014	332,060,681	29,039,406
Currency revaluation	-	(7,654)
Conversion of Convertible Notes (2)	18,024,735	720,989
Closing balance at 30 June 2014	350,085,416	29,752,741
Opening balance at 1 July 2014	350,085,416	29,804,298
Performance shares class C	-	1,778
Closing balance at 31 December 2014	350,085,416	29,806,076

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

- (1) The Company completed an entitlements issue in September 2013 for 32,500,000 ordinary shares at a price of \$0.04 per share.
- (2) The Company entered into credit facility with its director Ken Gaunt for up to \$1,000,000 on 8 March 2013. The facility was purchased by another party in July 2013 and changed into a convertible loan. The balance of the facility was converted on 28 June 2014 at the conversion price of \$0.04 per share for a total of 18,024,735 shares.

8 CONTRIBUTED EQUITY (continued)

	31 December 2014		30 June 2014	
	Number	\$	Number	\$
Performance Shares				
Movement in performance shares class C on issue				
Balance at beginning of period	333,334	\$51,556	333,334	\$40,888
Share based payment expense for the period	-	1,777	-	10,668
Shares lapsed during the year	(333,334)	(53,333)	-	-
Balance at end of the period	-	\$ -	333,334	\$51,556

Performance class C shares convert to ordinary shares on a 1 for 1 basis upon the Company reaching a market capitalisation of \$100 million dollars based on the five day weighted average share price on the ASX. All remaining shares in this class lapsed on the 28th of August 2014.

9 ACCUMULATED LOSSES

	31 December 2014	30 June 2014
	\$	\$
Accumulated losses at the beginning of the financial period	(24,873,934)	(24,810,542)
Net loss for the period	(264,973)	(63,392)
Accumulated losses at the end of the financial period	(25,138,907)	(24,873,934)

10 RESERVES

	31 December 2014	30 June 2014
	\$	\$
Share based payment Reserve	627,357	505,648
Currency revaluation Reserve	281,372	230,627
Reserves	908,729	736,275

	31 December 2014	30 June 2014
	\$	\$
Share based payment reserve		
Balance at the beginning of the financial year	505,648	335,187
Issuance and amortisation of performance share rights	86,251	70,917
Issuance and amortisation of share options issued	35,458	99,544
Balance at the end of the financial year	627,357	505,648

Options	December 2014	\$	June 2014	\$
	Number		Number	
Movement in options on issue				
Balance at beginning of year	68,178,820	405,182	71,345,471	305,638
Options issued – Capital Raising	-	-	20,000,000	-
Options issued – Employee Stock Option Plan	-	-	-	-
Options cancelled – Employee Stock Option Plan	-	-	-	-
Options issued – Directors Compensation	-	86,251	-	99,544
Options cancelled – Capital Raising	15,000,000	-	(23,166,651)	-
Balance at end of the year	53,178,820	491,433	68,178,820	405,182

Performance share rights	December 2014	\$	June 2014	\$
	Number		Number	
Movement in options on issue				
Balance at beginning of year	11,000,000	100,466	11,000,000	29,549
Share rights issue	-	35,458	-	70,917
Balance at end of the year	11,000,000	135,924	11,000,000	100,466

11 COMMITMENTS AND CONTINGENCIES

Operating lease commitments

The Group has entered into commercial leases as follows.

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

Future minimum rentals payable under non-cancellable operating leases as at 31 December are as follows:

	31 December 2014	30 June 2014
	\$	\$
Within one year	263,208	255,089
After one year but not more than five years	709,507	656,661
More than five years	422,783	475,258
	1,395,498	1,387,008

The Group entered into a new lease for office in Australia. The lease agreement is for a term of 2 years, The lease has rental payment of \$38,940 per annum.

12 SEGMENT INFORMATION

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

13 CONTINGENT LIABILITIES

As at reporting date there were no contingent liabilities.

14 RELATED PARTY TRANSACTIONS

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

Sir Tim McClement received director fees of \$62,955. Any other transactions throughout the year relate to reimbursements for expenses incurred by Sir Tim McClement or his related entities on behalf of the Group.

Ken Gaunt received a salary and directors fee of \$120,000 for the six month period and is paid to himself and to Blazzed Pty Ltd, accordingly. Any other transactions throughout the year relate to reimbursements for expenses incurred by Mr. Gaunt or his related entities on behalf of the Group.

Jorge Nigaglioni received a salary of \$90,000 for the six month period. A related party of Mr. Nigaglioni was paid \$3,287 for recruitment services provided to the Group. Any other transactions throughout the period relate to reimbursements for expenses incurred by Mr. Nigaglioni or his related entities on behalf of the Group.

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

15 SUBSEQUENT EVENTS

- The Company sold its remaining securities under a convertible note agreement. The final proceeds on the sale were \$774,391. This brings the total and final balance of the agreement to \$971,526. The convertible note expires on the 7th of March 2015 and carries an interest rate of 6.0%. 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. 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 noteholder has extended the expiration date by mutual consent to the 7th of March 2016.
- The Company entered into various convertible note agreements for a total of \$2,000,000. The convertible notes expire in 18^t months from the issue date and carry an interest rate of 12.0%. The notes is convertible by the noteholder upon giving the Company five days notice at \$0.06 per share. Three of the convertible notes, totalling \$1,500,000 are secured under a general security deed holding first priority against the assets, undertakings and unpaid capital of the Company.

Other than the event stated above, no other events or circumstances have arisen that would require disclosure in the financial report.

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

Report on the Half-year Financial Report

We have reviewed the accompanying half-year financial report of Mobilarm Limited, which comprises the consolidated statement of financial position as at 31 December 2014, the consolidated statement of profit and loss and other comprehensive income, the consolidated statement of changes in equity, and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility for the Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-yearly financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410: *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of Mobilarm Limited's financial position as at 31 December 2014 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Mobilarm Limited, ASRE 2410 requires that we comply with ethical requirements relevant to the audit of the annual financial report.

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

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Mobilarm Limited, would be in the same terms if provided to the directors as at the time of this auditor's review report.

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

Conclusion

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

- (i) giving a true and fair view of Mobilarm Limited's financial position as at 31 December 2014 and of its performance for the half-year ended on that date; and
- (ii) complying with AASB 134: *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Inherent Uncertainty Regarding Continuation as a Going Concern

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



Walker Wayland Audit (WA) Pty Ltd

RICHARD GREGSON CA
For and on behalf of
Walker Wayland Audit (WA) Pty Ltd
Chartered Accountants
Level 2, 129 Melville Parade
COMO
WA 6152

Dated this 27th day of February 2015

CORPORATE DIRECTORY

DIRECTORS

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

COMPANY SECRETARY

Mr. David McArthur	Company Secretary
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KEY EXECUTIVES

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

REGISTERED OFFICE

2/33 Roberts Street
Osborne Park WA 6017

PRINCIPLE PLACE OF BUSINESS

2/33 Roberts Street
Osborne Park WA 6017

CONTACT DETAILS

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

SHARE REGISTRY

Security Transfer Registrars Pty Ltd
770 Canning Highway
Applecross WA 6153

LAWYERS TO THE COMPANY

Steinepreis Paganin
Level 4, The Reads Building
16 Milligan Street
Perth WA 6000

AUDITORS

Walker Wayland Audit (WA) Pty Ltd
Level 2,
129 Melville Parade
Como WA 6152

BANKERS

National Australia Bank

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