



MOBILARM®

ALWAYS ON WATCH

ACN 106 513 580

**AN OFFER OF 20,000,000 SHARES AT A PRICE
OF \$0.20 PER SHARE TO RAISE \$4,000,000**

PROSPECTUS

IMPORTANT NOTE This Offer should be considered speculative. This is an important document that you should read in its entirety. If you do not understand it, you should consult your professional advisor without delay.

CORPORATE DIRECTORY

Directors

Brenton Andrew Scott Executive Chairman
Lindsay Neal Lyon Chief Executive Officer
Richard Milton Parish Non-Executive Director
Christian Lange Non-Executive Director

Company Secretary

Gabriel Mario Chiappini

Chief Financial Officer

Jorge Rafael Nigaglioni

Registered Office

Mobilarm Limited
768 Canning Highway
Applecross Western Australia 6153
Tel: +61 8 9315 3511
Fax: +61 8 9315 3611
Email: info@mobilarm.com
Web: www.mobilarm.com

Mailing Address

Mobilarm Limited
PO Box 1533
Applecross WA 6953

Share Registry

Security Transfer Registrars Pty Ltd
770 Canning Highway
Applecross Western Australia 6153

Auditor

Ernst & Young
"The Ernst & Young Building"
11 Mounts Bay Road
Perth Western Australia 6000

Patents and Trade Mark Attorneys, IP Lawyers

Griffith Hack
Level 19, 109 St Georges Terrace
Perth Western Australia 6000

Level 3, 509 St Kilda Road
Melbourne Victoria 3004

Solicitors

Price Sierakowski Corporate
Level 24, 44 St Georges Terrace
Perth Western Australia 6000

Independent Accountant

Ernst & Young
"The Ernst & Young Building"
11 Mounts Bay Road
Perth Western Australia 6000

ASX CODE: MBO

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IMPORTANT INFORMATION

Important Notice

This Prospectus is dated 15 April 2010 and was lodged with the Australian Securities and Investment Commission ("ASIC") on that date. ASIC and ASX Limited ("ASX") take no responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

Mobilarm Limited ("Mobilarm" or "the Company") will apply for the Shares offered by this Prospectus to be listed for quotation by ASX within seven (7) days following the date of this Prospectus. No Shares will be issued on the basis of this Prospectus later than thirteen (13) months after the date of this Prospectus.

Any investment in the Company should be considered speculative. Before deciding to invest in Mobilarm, potential investors should read the entire Prospectus and consider the risk factors that could affect the performance of the Company. In particular, applicants should refer to the risk factors contained in Section 4.

Potential investors should carefully consider these factors in light of personal circumstances (including financial and taxation issues) and seek professional advice from a stockbroker, accountant or other independent financial advisor before deciding to invest.

Timetable

Lodgement Date	15 April 2010
Exposure Period ends (unless extended by ASIC)	22 April 2010
Opening Date	23 April 2010
Closing Date	21 May 2010
Dispatch of Statements of Shareholding	28 May 2010
Expected date for Shares to commence trading on ASX	4 June 2010

These dates are indicative only and may be varied. Mobilarm reserves the right to vary the Opening Date and the Closing Date without prior notice, which may have a consequential effect on the other dates. Applicants are therefore urged to lodge their Application Form as soon as possible.

Electronic Prospectus

This Prospectus (excluding the Application Form during the Exposure Period) may be viewed in electronic form online at the Company's website, www.mobilarm.com.

The information on www.mobilarm.com does not form part of this Prospectus.

This Offer is available to persons receiving an electronic version of this Prospectus in Australia. Persons who receive the electronic version should ensure that they download and read the entire Prospectus. A paper copy of the Prospectus may be obtained free of charge during the Offer Period by contacting the Company via email at info@mobilarm.com.

Offer Restrictions

The Offer constituted by this Prospectus in electronic or paper form is available to Australian residents. The distribution of this Prospectus (in electronic or paper form) in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on, and observe, any such restrictions. Failure to comply with such restrictions may constitute a violation of applicable securities laws. This Prospectus does not constitute an offer or invitation in any jurisdiction in which, or any person whom, it would be unlawful to make such an offer or invitation.

Application Form

Applications may be made on completed Application Forms attached to or accompanying the Prospectus. The Corporations Act prohibits any person from passing the Application Form to any other person unless it

is attached to, or accompanied by, a complete and unaltered version of the Prospectus.

The Application Form included in this Prospectus contains a declaration that the investor has personally received the complete and unaltered Prospectus prior to completing the Application Form. Applications under the offer must be made by completing a paper or electronic copy of the Application Form included in this Prospectus.

Exposure Period

In accordance with Chapter 6D of the Corporations Act, this Prospectus is subject to an Exposure Period of seven (7) days from the date of this Prospectus. This period may be extended for a further seven (7) days by ASIC. The purpose of the Exposure Period is to enable the Prospectus to be examined by market participants prior to the raising of funds. If this Prospectus is found to be deficient, applications received during the Exposure Period will be dealt with in accordance with section 724 of the Corporations Act. Applications received during the Exposure Period will not be processed until after the expiry of the Exposure Period and receive no preference.

Privacy Notice

If you apply for Shares, you will provide personal information to the Company and the Share Registry. The Company and the Share Registry collect, hold and use your personal information in order to assess your Application, service your needs as an investor, provide facilities and services that you request and carry out appropriate administration.

Corporations and tax laws require some of the information to be collected. If you do not provide the information requested, your application may not be able to be processed efficiently, or at all.

The Company and the Share Registry may disclose your personal information for purposes related to your investment to their agents and service providers including those listed below or as otherwise authorised under The Privacy Act 1988 (Cth) ("Privacy Act"); -

- The Share Registry for ongoing administration of the register; and
- The printers and mailing house for the purposes of preparation and distribution of Holding Statements and for handling of mail.

Under the Privacy Act, you may request access to your personal information held by (or on behalf of) the Company or the Share Registry. You can request access to your personal information by writing to the Company through the Share Registry at; -

Security Transfer Registrars Limited
PO Box 535
Applecross WA 6953

Disclaimer

No person is authorised to give any information or to make any representation in relation to the Offer which is not contained in this Prospectus. Any information or representation not contained in this Prospectus may not be relied upon as having been authorised by the Company Directors.

Neither the Company nor any other person guarantees the performance of the Shares offered pursuant to this Prospectus, the performance of the Company or the return on any investment.

Definitions and Glossary

Certain terms and abbreviations used in this Prospectus have defined meanings which are explained in the Definitions and Glossary in Section 10. The financial amounts in this Prospectus are expressed in Australian dollars (\$) unless stated otherwise. References to time are to Western Standard Time (WST) unless stated otherwise.

LETTER FROM THE CHAIRMAN



“Resources are focused on the profitable and safety conscious offshore oil and gas industry, marine defence forces and commercial marine operators.

These are markets that place a high value on employee safety and where company directors are highly cognitive of the liabilities involved in failing to proactively manage the reduction of risk in the workplace.”

Brenton A Scott
Executive Chairman



Dear Investor,

On behalf of the Board of Directors of the Company, I am pleased to offer you the opportunity to become a Shareholder in Mobilarm Limited.

Mobilarm, with its experienced management team is a recognised leader and innovator in the development of marine safety solutions that can prevent fatalities in man overboard events, which are the number one cause of fatalities in the marine environment.

The Company markets and sells a range of commercial products and services that provide man overboard detection and alerting, in-water tracking and personnel locating through wireless sensor networking technology, (Mobilarm Crewsafe) and its innovative Personal Locator Beacon (PLB) technology (Mobilarm V100).

The Company's resources are focused on the profitable and safety conscious offshore oil and gas industry, marine defence forces and commercial marine operators. These are markets that place a high value on employee safety and where company directors are highly cognitive of the liabilities involved in failing to proactively manage the reduction of risk in the workplace.

The Company has entered into a contract with the U.S. Defence Department to deliver test articles of its V200 submariner PLB and engineering services. This exciting opportunity demonstrates Mobilarm's technology capabilities in delivering best in class marine safety solutions to global defence markets.

The prevention of man overboard fatalities using technology is a significant emerging product category worldwide. There is growing attention from international regulatory authorities towards mandating man overboard technology use in commercial operations, which has already occurred in some EU countries, and Western Australia has issued a draft code of practice for man overboard prevention.

Mobilarm is seeking to raise \$4.0 million through the issue of 20,000,000 fully paid Ordinary Shares at an issue price of \$0.20 each. The purpose of the Offer under this Prospectus is to drive organic growth by broadening the Company's direct and indirect international sales channels, modifying existing products to meet the specified requirements of the defence market, and pursuing strategic acquisitions.

On behalf of the Directors, I invite you to consider this opportunity to be part of Mobilarm's future. This Prospectus contains detailed information about the Offer and the nature of the expanding global market for marine safety technology and how Mobilarm intends to capture the premiums on offer. I encourage you to read it carefully.

I look forward to welcoming you as a Shareholder of Mobilarm Limited.

Yours faithfully

Brenton A Scott
Executive Chairman

An aerial photograph showing three large offshore supply vessels, likely FPSOs, operating in the ocean. The vessels are dark-colored with white superstructures and are moving through the water, leaving white wakes. The sky is overcast and grey.

“The safer we become, the more efficient we become... so literally, the safer the better.”

P F Tali, CEO, Saipem May 2009

KEY INVESTMENT RISKS

The Company is subject to a number of risks including the following key risks:

- Unproven product sales history
- Limited operational history
- Increased competition from new and existing competitors
- Regulatory approval of technology in countries other than Australia
- Ability to manage growth in identified markets
- Ability to protect intellectual property rights

Refer to Section 4 for a description of risk factors that could affect the business, financial condition or results of operations of Mobilarm. Prospective Applicants should read the entire Prospectus before applying for Shares under the Offer.



KEY INVESTMENT HIGHLIGHTS

- MOBILARM SOLUTIONS ADDRESS THE SINGLE LARGEST CAUSE OF FATALITIES IN THE MARINE ENVIRONMENT**
 Mobilarm enables directors and officers of commercial marine businesses to reduce company and personal liabilities by mitigating risk in their workplace
- MOBILARM HAS BEEN AWARDED A SOLE SOURCE CONTRACT WITH THE U.S. NAVY SEA SYSTEMS COMMAND**
 The U.S. Navy has entered into a contract with Mobilarm to supply Personal Locator Beacon test articles and engineering services
- THE MOBILARM V100 HAS BEEN SUCCESSFULLY TESTED IN THE NORTH SEA OFFSHORE OIL AND GAS ENVIRONMENT**
 Trials confirmed that the V100 provided superior data for Search and Rescue than previously banned 121.5 MHz Personal Locator Beacons
- AN EXISTING ORDER BOOK AND A SALES PIPELINE OF ADVANCED SALES PROSPECTS WITH GLOBAL BRANDS**
 Sales and installations on commercial vessels and facilities, including BHP Mitsubishi Alliance, Neptune Marine Services, Bhagwan Marine, Darwin Port Corporation and NSW Marine Area Command
- REVENUES TO BE DRIVEN THROUGH EXPANSION OF SALES CHANNELS INTO CLEARLY IDENTIFIED GLOBAL MARKETS**
 The Company will focus on the profitable and safety conscious offshore oil and gas, defence, commercial marine and commercial fishing industries
- OVER \$15M INVESTED SINCE 2003 IN DEVELOPING UNIQUE AND PROPRIETARY PATENT PENDING TECHNOLOGY**
 A new product category with growing attention from international regulatory authorities to mandate man overboard technology, as has already occurred in some EU countries

KEY INVESTMENT HIGHLIGHTS (CONTINUED)



The U.S. Department of the Navy issued a Sources Sought announcement in March 2009 seeking companies that could provide a Very High Frequency (VHF) Enabled Personal Location Device for Submarine Escape.

In July 2009, the U.S. Navy confirmed that Mobilarm's submission was the only one selected. The department responsible for issuing the Sources Sought requested Foreign Comparative Testing Funding to assist with the modification of Mobilarm's current V100 product to meet their requirements for a Personal Locator Beacon for submarine escape survival.*

In April 2010, the U.S. Navy entered into a Sole Source contract with Mobilarm to supply Personal Locator Beacon test articles and engineering services due for delivery in late May 2010.

* See Section 4.17 for a discussion of the risk associated with the proposed U.S. Navy transaction.

In July 2009, with the assistance of oil and gas offshore service provider Bond Helicopters, offshore testing was carried out with the Mobilarm V100 in the North Sea oil and gas fields.

The purpose of the testing was to confirm the Mobilarm V100 device's performance and suitability as an alternative to the banned analogue 121.5 MHz Personal Locator Beacons (PLB) previously employed by helicopter operators in the region during personnel transportation to and from offshore platforms. The tests were aimed at confirming the Mobilarm V100's ability to resolve the safety issues surrounding the use of Personal Locator Beacons as identified in the Air Accident Investigation Branch (AAIB) report following two helicopter ditchings and sixteen fatalities in early 2009.

The successful trials confirmed that the Mobilarm V100 provided superior Search and Rescue (SAR) information over the older analogue 121.5 MHz PLB technology. SAR assets were able to detect the Mobilarm V100 at distances of 17 nautical miles and clearly define each device as an individual signal (simulating a casualty), thus enabling the SAR assets to plan the recovery of downwind casualties first. It was confirmed that the use of the Mobilarm V100 would enable faster recovery of casualties in the harsh North Sea environment, where time in the water is a major deciding factor between life and death.

DETAILS OF THE OFFER

1

THIS SECTION PROVIDES AN OVERVIEW OF THE OFFER. IT IS INTENDED THAT THIS SECTION BE READ IN CONJUNCTION WITH THE REMAINDER OF THE PROSPECTUS.

DETAILS OF THE OFFER

1.1 Description of the Offer

The Offer consists of an offer which is open to the general public.

By this Prospectus, the Company offers 20.0 million Shares at an Offer Price of \$0.20 per Share to raise funds of \$4.0 million.

The minimum subscription for this Prospectus is \$4.0 million (\$4,000,000). No Shares will be allotted or issued until the Offer has reached its minimum subscription. If the minimum subscription of the Offer has not been achieved within three (3) months after the date of this Prospectus, Applications will be treated in accordance with section 724 of the Corporations Act. All Application Monies will be refunded without interest in accordance with the Corporations Act. Oversubscriptions will not be accepted.

Applications under the Offer must be for a minimum of 10,000 Shares (\$2,000) and then in increments of 1,000 Shares (\$200). No brokerage, stamp duty or other costs are payable by applicants. Refer to Section 1.2 below for payment and lodgement details.

The Shares to be issued pursuant to this Prospectus are of the same class and will rank equally in all respects with the Existing Shares in the Company. The rights and liabilities attaching to Shares are further described in Section 8.2 of the Prospectus.

Prospective applicants should refer to the Application Form in this Prospectus for further details and instructions on how to apply for Shares.

1.2 Payment and Lodgement Details

The Application Form should be completed in accordance with the instructions set out on the back of the form and must be accompanied by a cheque or payment in Australian dollars for the full amount of the application, being \$0.20 per Share.

Cheques must be made payable to "Mobilarm Share Subscription Account" and should be crossed "Not Negotiable". All Applications Monies will be paid into a trust account.

Applicants are urged to lodge their Application Forms at the following address as soon as possible after the Opening Date, as the Offer may close early without notice.

By post to:

**Security Transfer Registrars Pty Ltd
PO Box 535
Applecross WA 6953**

By delivery to:

**Security Transfer Registrars Pty Ltd
770 Canning Highway
Applecross WA 6153**

Completed Application Forms and cheques must be received before 5:00pm WST on the Closing Date.

A completed and lodged Application Form for Shares, together with a cheque or payment for the Application Monies, constitutes a binding and irrevocable offer to subscribe for the number of Shares specified in each Application Form. The Application Form does not need to be signed to be valid. If the Application Form is not completed correctly or if the accompanying payment is for the wrong amount, it may be treated by the Company as invalid.

The Directors' decision as to whether to treat such an application as valid, and how to construe, amend or complete the Application Form, is final. However an Applicant will not be treated as having applied for more Shares than is indicated by the amount of the cheque for the Application Monies.

1.3 Offer Restrictions

The Offer constituted by this Prospectus in electronic or paper form is available to Australian residents. The distribution of this Prospectus (in electronic or paper form) in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on, and observe, any such restrictions. Failure to comply with such restrictions may constitute a violation of applicable securities laws.

This Prospectus does not constitute an offer or invitation in any jurisdiction in which, or any person whom, it would be unlawful to make such an offer or invitation.

1.4 Arrangement with Brokers

The Offer is not underwritten. The Company reserves the right to pay a lodgement fee of five (5) percent on all Applications lodged bearing a licensed broker. The Company also reserves the right to engage a Sponsoring Broker to the Offer after the date of this Prospectus on the terms set out in Section 3.

1.5 Purpose of the Offer

The principal purpose of the Offer is to; -

- Expand the Company's sales and distribution capabilities worldwide;
- Provide working capital for the business;
- Increase production and inventory levels for its existing product;
- Augment the Company's product management and development capabilities;
- Acquire other complementary safety products and/or technology to augment the product portfolio offering;
- Develop the Company's submariner PLB project and advance the state of the current product portfolio; and
- Meet costs associated with the Offer, including costs of listing on ASX.

1.6 Proposed Application of Funds Raised

Mobilarm Limited is seeking to raise \$4.0 million under the Offer. The Company intends to apply the funds raised from the Offer over the next two years as follows:

	YEAR 1 \$	YEAR 2 \$
Expenses of the Offer including Broker Fees	376,000	-
Sales Channel Development	400,000	900,000
Product Marketing and Development	250,000	200,000
Submariner Personal Locator Beacon Project (U.S. Navy Submariner Version)	250,000	-
Legal, Regulatory and Patent Application and Acquisition	50,000	100,000
Product and Service Enhancements	324,000	450,000
Inventory, Production and Manufacturing	500,000	200,000
TOTAL	2,150,000	1,850,000
	4,000,000	

The Directors are satisfied that upon completion of the Offer, the Company will have sufficient capital to meet its stated objectives.

The use of further equity funding or share placements will be considered by the Directors where additional funds are required to support the Company's ongoing activities and operations.

DETAILS OF THE OFFER (CONTINUED)

1.7 Capital Structure

Set out in the table below is a summary of the capital structure of the Company before and after completion of the Offer.

	Number of Shares	% Interest and Proportion of Voting Rights in Company
Ordinary Shares currently on issue (i)	134,108,744	83.4
Conversion of Performance Shares class A after completion of the offer*	6,666,666	4.1
Shares to be issued under the offer	20,000,000	12.5
Ordinary Shares at completion of the offer	160,775,410	100.0
Performance Shares currently on issue	13,000,000	
Conversion of Performance Shares class A after completion of the offer*	(6,666,666)	
Performance Shares* at completion of the offer	6,333,334	0.0**
Total Shares outstanding at completion of the offer***	167,108,744	100.0
(i) Ordinary Shares on issue at 31 January 2010	124,993,744	
Shares issued prior to the issue of this Prospectus	9,115,000	
Total Shares outstanding prior to the offer***	134,108,744	

* See descriptions below, including amounts that convert to ordinary Shares on ASX conditional listing

** Performance Shares do not have voting rights until they convert to ordinary Shares. See description of Performance Shares below for the milestones to convert to ordinary Shares

*** See all Pro Forma transactions and descriptions in Section 5

Performance Shares on Issue

The Company has the following Performance Shares approved by Shareholders at the Company's General Meeting on 28 August 2009 and issued to Executives for past contributions, and to drive future Shareholder value, convertible to fully paid Ordinary Shares on the achievement of specific milestones below; -

- Performance Shares Class A - 6,666,666 vest upon the Company obtaining conditional approval to be admitted to the ASX. These have been allocated to Executives for the achievement of past performance including the execution of the Company's business strategy over the past three (3) years leading up to the Company's initial public offering. These securities will be escrowed for two (2) years.
- Performance Shares Class B - 3,166,666 that vest upon the Company achieving a market capitalisation of \$65.0 million based on the 20-day weighted average Share price on ASX (equivalent to a compound annual growth rate of 26 percent over three [3] years). These securities expire in three (3) years from listing date if the milestone is not achieved. These securities will be escrowed for two (2) years.
- Performance Shares Class C - 3,166,668 that vest upon the Company achieving a market capitalisation of \$100.0 million based on the 20-day weighted average share price on ASX (equivalent to a compound annual growth rate of 27 percent over five [5] years). These securities expire in five (5) years from listing date if the milestone is not achieved. These securities will be escrowed for two (2) years.

The entitlement of a holder to convert a Performance Share to an Ordinary Share will lapse and be forfeited in the event that the holder is no longer employed by the Company, or an officer or director of the Company at the time the relevant milestone is reached.

Options

The Company reserves the right to issue up to 5,823,262 Options if it appoints a Sponsoring Broker to the Offer after the date of this Prospectus. These Options will form part of the capital raising costs at an exercise price of \$0.20, expiring in three (3) years from the time of issue. This issue has been reflected as a Pro Forma adjustment in the amounts outlined in Section 5. The Options will be unlisted and are otherwise issued on terms and conditions consistent with the ASX Listing Rules.

The Company also has 3,448,000 Options issued as part of previous capital raisings. These Options are at an exercise price of \$0.20, expiring in three (3) years from ASX listing.

1.8 Allocation and Allotment of Shares

The Directors reserve the right to reject any application or to allot a lesser number of Shares than that applied for. If the number of Shares allocated is less than that applied for, or no allotment is made, the surplus Application Monies will be promptly refunded without interest.

Subject to ASX granting approval for quotation of the Shares, the allotment of Shares will occur as soon as practicable after the Offer closes. All Shares issued pursuant to the Offer will rank *pari passu* in all respects with the Existing Shares of the Company. Statements of shareholding will be dispatched as required by ASX. It is the responsibility of applicants to determine their allocation prior to trading in the Shares.

Applicants who sell the Shares before they receive their statement of shareholding will do so at their own risk.

1.9 Application Monies to be Held in Trust

The Application Monies for Shares to be issued pursuant to the Offer will be held in a separate bank account on behalf of applicants until the Shares are allotted. If the minimum subscription of the Offer is not fully subscribed within a period of three (3) months from the date of this Prospectus, the Application Monies will be refunded in full without interest, and no Shares will be allotted pursuant to this Prospectus.

All interest earned on Application Monies (including those which do not result in allotment of Shares) will be retained by the Company.

1.10 ASX Listing

The Company will apply to ASX no later than seven (7) days from the date of this Prospectus for ASX to admit the Company to the official list of ASX and grant official quotation to the Shares issued pursuant to this Prospectus.

If the Shares are not admitted to quotation within three (3) months after the date of this Prospectus, no Shares will be issued and Applications will be dealt with in accordance with Section 724 of the Corporations Act. Application Monies will be refunded in full without interest in accordance with the Corporations Act.

Neither ASX nor ASIC takes responsibility for the contents of this Prospectus. The fact that ASX may grant official quotation to the Shares issued pursuant to this Prospectus is not to be taken in any way as an indication by ASX as to the merits of the Company or the Shares.

1.11 Restricted Securities

Pursuant to ASX Listing Rules, securities issued to promoters and seed capitalists may have escrow restrictions placed on them. Such securities may be required to be held in escrow for up to twenty four (24) months from listing and may not be transferred, assigned or otherwise disposed of during that period. A total of 34,171,960 Shares on issue as at the date of this Prospectus may be subject to the restricted securities provisions as follows; -

- 12,398,142 Shares may be escrowed for a period of twelve (12) months from their respective issue dates: and
- 21,773,819 Shares may be escrowed for a period of twenty four (24) months from the date of quotation of the Company's Shares.
- Additionally, up to 9,271,262 Options outstanding will be escrowed for a period of twenty four (24) months from the date of quotation of the Company's Shares.

Escrow agreements in relation to the above Shares will be entered into in accordance with ASX Listing Rules. ASX may determine further escrow restrictions once Mobilarm Limited lodges its application for quotation of the Shares.

This is an estimate only as ASX may impose escrow restrictions on a smaller or larger number of Shares.

1.12 CHESS and Issuer Sponsorship

The Company will apply to CHESS (Clearing House Electronic Sub-register System). The Company will operate an electronic CHESS sub-register and an electronic issuer sponsored sub-register. These two sub-registers will make up the Company's register of Shares. The Company will not issue certificates to Shareholders. Rather, holding statements (similar to bank statements) will be dispatched to Shareholders as soon as practicable after allotment.

Holding statements will be sent either by CHESS (for Shareholders who elect to hold Shares on the CHESS sub-register) or by the Company's Share Registry (for Shareholders who elect to hold their Shares on the issuer sponsored sub-register).

The statements will set out the number of Shares allotted under the Prospectus and provide details of a Shareholder's Holder Identification Number (for Shareholders who elect to hold Shares on the CHESS sub-register) or Shareholder Reference Number (for Shareholders who elect to hold their Shares on the issuer sponsored sub-register).

Updated holding statements will also be sent to each Shareholder following the month in which the balance of their shareholding changes, and also as required by ASX Listing Rules or the Corporations Act.

DETAILS OF THE OFFER (CONTINUED)

1.13 Investment Risks

As with any share investment, there are risks associated with investing in Mobilarm Limited. The principal risks that could affect the financial and market performance of the Company are detailed in Section 4 of this Prospectus. The Shares on offer under this Prospectus should be considered speculative. Accordingly, before deciding to invest in Mobilarm Limited, applicants should read this Prospectus in its entirety and should consider all factors in light of their individual circumstances and seek appropriate professional advice.

1.14 Dividend Policy

Shares issued pursuant to this Prospectus will rank equally for dividends with all existing Shares from allotment. The Directors consider it unlikely that the Company will be in a position to pay dividends in the foreseeable future.

1.15 Withdrawal

The Company reserves the right not to proceed with the Offer at any time before the issue of Shares to successful Applicants. If the Offer does not proceed, Application Monies will be refunded. No interest will be paid on any Application Money refunded as a result of the withdrawal of the Offer.

1.16 Enquiries in Relation to the Offer

This Prospectus provides important information for potential investors in the Company and should be read in its entirety. After reading the Prospectus, prospective applicants who have any questions about any aspect of an investment in Mobilarm should consult their stockbroker, solicitor, accountant or independent financial advisor.

Questions relating to the Offer can be directed to the Company on (08) 9315 3511.

THE BUSINESS

2

THE INFORMATION PROVIDED IN THIS SECTION IS IN SUMMARY FORM ONLY. INVESTORS SHOULD READ THE REMAINDER OF THIS PROSPECTUS WHICH CONTAINS MORE DETAILED INFORMATION BEFORE MAKING A DECISION TO APPLY FOR SHARES.

COMPANY OVERVIEW

- Founded in 2003, Mobilarm is an established Perth-based technology company providing market leading marine safety solutions
- Solutions address identified workplace risks in the safety-focused commercial marine workplace, offshore oil and gas and defence markets
- Second generation wireless sensor networking technology and patent pending Very High Frequency radio Personal Locator Beacons
- Experienced management team and board, relative to business and target markets
- A business model with annuity service and maintenance based revenue streams

2.1 Background

Headquartered in Perth, Western Australia, Mobilarm Limited is a developer of electronic marine safety solutions that protect and save the lives of employees who make their living from working on or near water. The commercial marine workplace has a number of identified risks to employee safety that do not occur in traditional places of employment, with workers often facing harsh environmental factors aboard an unsteady working platform.

Fatalities and injuries in the commercial marine workplace result from a number of causes relating to fatigue, equipment usage or failure, vessel hazards and collisions, as well as man overboard events, which, despite adherence to strict safety routines and operating procedures, are still the single largest cause of marine fatalities.¹

While documented procedures exist to recover a man overboard when the event is witnessed, there have been few solutions, until now, that adequately address the challenge of automatically alerting the captain and/or crew when a worker falls overboard unseen. Such immediate warning that a man overboard event has occurred is critical to the safety of the stricken mariner, since his or her chances of survival are directly related to the length of time in the water; quick response and rescue greatly reduce the likelihood of a fatality.

Mobilarm was founded in 2003 with the goal of creating a technology-based solution for automatically detecting man overboard events. It has since developed leading edge crew location monitoring and alerting systems that provide a new level of safety and security aboard commercial vessels and on marine facilities such as wharves and jetties, offshore drilling platforms and Floating Production Storage and Off-loading units (FPSO).

The Company addresses the automatic detection and alerting challenge through solutions that utilise wireless sensor networking technology, Very High Frequency (VHF) radio and Global Positioning Systems (GPS). The Company complements its customer offerings with risk assessment and safety services to educate customers in the best safety methodologies and to provide ongoing certification of these critical safety solutions.

2.2 Research and Development

The Company introduced its first generation of man overboard technology - MOBi-lerT - in 2005. MOBi-lerT was targeted at the recreational marine market and won various industry related awards, including the prestigious Safety at Sea Award at the 2005 Seatrade Awards, the Australian Design Mark in the Sport and Leisure category at the 2006 Australian Design Awards and the Western Australia WorkSafe Award in 2004.

Following the MOBi-lerT launch the Company received an increasing level of enquiries from commercial marine operators regarding the product's applicability to this market segment's needs. Occupational Health and Safety (OH&S) concerns and the potential of the Company's technologies to remove risks from the workplace were driving these commercial enquiries. Subsequent research allowed the Company to re-evaluate the performance and functionality of the recreationally designed MOBi-lerT product, in respect to the specific needs of users in the commercial marine segments.

The Company transferred the knowledge and experience gained in the design of the recreational product development to the identified needs of the commercial customers and for the medium term has exited the non-safety focused recreational market.

The Directors consider that the Company's research shows that Occupational Health and Safety is a major driver of buyer behaviour in all commercial marine industries. It is an employer's duty to provide a safe working environment for employees and failing to do so can lead to significant liability for individuals and directors, as well as for entire companies.

The Company's management continues to focus resources on the commercial marine environment, where employee safety and risk management is a significant priority, in order to grow its addressable market.

1. National Marine Safety Committee Incident Data Analysis 2005-2006, Top 10 Incident Types in Fatalities

Collectively, these investments resulted in the introduction of a family of products that can be implemented as a complete solution or individually, as illustrated below.



THE BUSINESS (CONTINUED)

2.3 The Market

Mobilarm's target markets for personnel tracking, locating and event detection (including man overboard events) is made up of three major segments: offshore oil and gas, commercial marine, and defence.

Mobilarm has focused its resources on customers in these well qualified segments where the immediate need, willingness and financial resources exist to adopt the Company's safety solutions.

Past

- Bluewater fishing
- Yachts and sailing craft
- Small leisure boats



Present

- Offshore Oil and Gas
- Commercial Marine
- Defence



Future

- Gas Detection
- Bio-Metric Monitoring
- SAR Integration



OUR VISION

Mobilarm is one of the world's leading brands in marine safety solutions that protect and save lives.

Our vision will be achieved when automated crew safety systems are mainstream equipment and marine-based employees do not consider working without one.

As a result, man overboard events will no longer be the leading cause of marine fatalities.



OFFSHORE OIL AND GAS

2.3.1 Offshore Oil and Gas

The offshore oil and gas industry is the primary market for the Company's solutions. Safety is the principal concern in every aspect of the offshore oil and gas industry's activities and this segment has the willingness and operating margins to make safety a priority. The global oil and gas industry includes 6 out of the 10 most profitable companies in the world. The top 20 companies in the sector, based on revenues, have in excess of 2.8 million employees worldwide. The top 5 companies generate in excess of \$275,000 of after tax profits from each employee.²

The offshore oil and gas sector is growing. The number of Floating Production Storage and Offloading (FPSO) units worldwide has increased from 100 in August 2004 to 116 in August 2007. A further 51 were under construction or conversion/modification in 2007.³ The number of offshore oil and gas rigs internationally (excluding Russia and the US) has grown at a compound annual growth rate of 6 percent since 2004,⁴ while in Australia the number has risen by 32 percent on average per annum.⁵

In addition to mobile drilling units, 298 platform rigs are deployed worldwide.

TABLE 1: OFFSHORE PLATFORM RIGS

Area	Platform Rig Fleet Total	Contracted/ Working	Contracted Fleet Utilization Rate
U.S. Gulf of Mexico	53	24/15	45.3%
Europe/ Mediterranean*	107	104/25	97.2%
Worldwide*	298	239/128	80.2%

SOURCE: ODS-PETRODATA

*As of 31 December 2009 (updated quarterly). Note that not every contracted unit is actually working.

- Fortune Global 500 (2010) Retrieved 12 March 2010 from <http://money.cnn.com/magazines/fortune/global500/2009/>
- Abstract from Synovate Market Research Report March 2008, Mustang Engineering, BHP Billiton (2007 and 2004): Worldwide Survey of Floating Production, Storage and Offloading Units
- Abstract from Synovate Market Research Report March 2008, Baker Hughes (2008): International Oil Rig Count
- Abstract from Synovate Market Research Report March 2008, Baker Hughes (2008): Baker Hughes Rotary Rigs by State

In the UK alone, the oil and gas industry provides employment for approximately 380,000 people.⁶ Of these, about 18,000 people are potential users of Mobilarm solutions in that they work offshore on a regular basis on fixed production platforms, mobile drilling rigs, or FPSOs.⁷ Similarly, the Australian petroleum industry is a substantial, vibrant and growing part of the national economy. This industry generates over \$15 billion each year in oil and natural gas production⁸ and based on APPEA data, total taxation payments made by the industry over the last five years have averaged around \$6 billion per annum.⁹ Over 15,000 people are employed directly and it is estimated that more than 30,000 jobs are created in suppliers, contracting and support companies.¹⁰

In order to transport oil from the wells to refineries and from there to distribution centres, the oil and gas industry relies on 11,092 oil and chemical tankers.¹¹ In addition, service and support vessels transport around 300,000 tonnes each of cargo offshore and dispose of 35,000 tonnes of waste from the offshore platforms annually.¹² Crew aboard such vessels are also potential users of the Company's solutions.

As of 22 January 2010, 577 of the 751 mobile offshore drilling units worldwide were under contract, 298 platform rigs were deployed¹³ and 121 offshore units, including jackup rigs, semi submersibles, drill ships and tenders, were under construction¹⁴ all of which are potential customers for sensor networking technology and man overboard alerting solutions.

A typical large offshore oilfield platform complex houses a staff of about 100 men and women.¹⁵ One major UK operator transports more than 5,000 people every month to and from their offshore installations,¹⁶ and in total, just under 50,000 individuals travelled offshore in the UK in 2007.¹⁷ The transfer of employees from land to offshore platforms is a major area of safety concern, since the remote locations of many platforms often require personnel to be transferred via helicopter. Although offshore oil and gas companies adhere to stringent safety standards for accident prevention and for ensuring the safety of personnel in the event of an emergency, workplace accidents do occur, sometimes tragically resulting in fatalities. Mobilarm's technologies assist these operators to mitigate workplace risks faced by offshore employees.

In February 2009 a Eurocopter Super Puma helicopter ditched in the North Sea during a routine transfer of personnel from an offshore platform. Although all 18 people were rescued safe and well, investigations by the UK Air Accidents Investigation Branch (AAIB) found that interference from the existing analogue 121.5 MHz Personal Locator Beacons (PLBs) worn by passengers had effectively switched off the "smart" long range rescue beacons that were fitted to the helicopter's life rafts. This could have impacted the effectiveness of the search and rescue operation.¹⁸ A second helicopter ditching occurred on 1 April 2009 approximately 35 miles off the coast of Scotland in which 14 passengers and 2 crew tragically lost their lives.

As a result, the UK Civil Aviation Authority (CAA) instructed offshore helicopter operators within the UK to stop carrying PLBs in 'standby' mode during personnel transfers because of the risk of them being accidentally switched on, interfering with the aircraft's safety systems and shutting down its long-range beacons. Following this instruction, it was agreed that the carriage of PLBs offshore would be temporarily halted until a solution to the issue could be found.

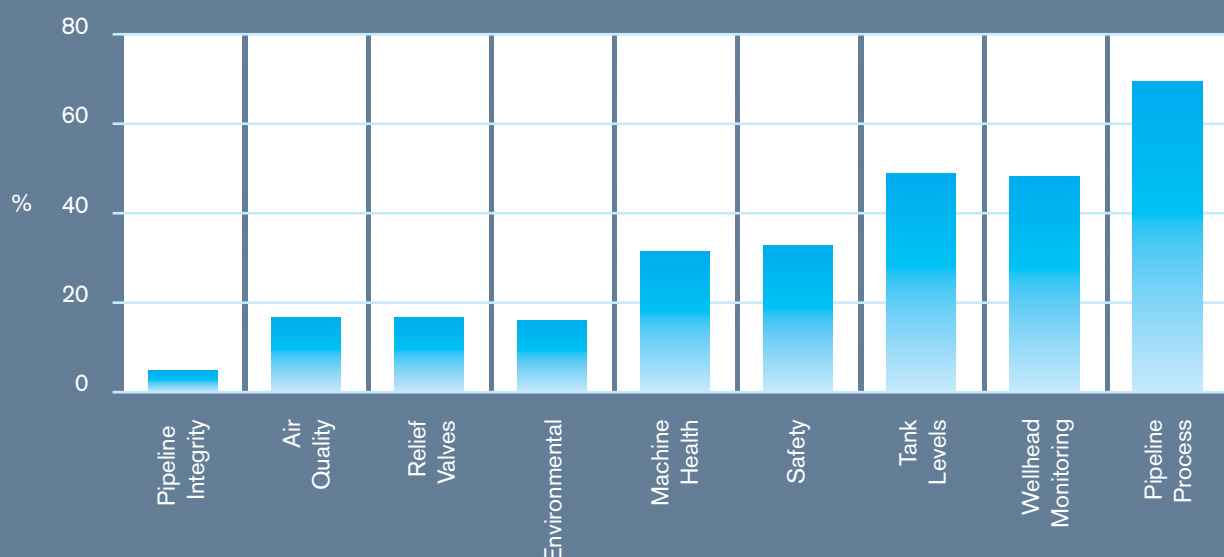
The phased reintroduction of new personal locator beacons for use by the UK offshore oil and gas industry began in early February 2010.¹⁹

Offshore testing of the Mobilarm V100 digital Personal Locator Beacon was successfully conducted (in July 2009) in the North Sea oil and gas fields in conjunction with Bond Helicopters, in order to verify and confirm the Mobilarm V100's ability to resolve the safety issues identified with analogue 121.5 MHz Personal Locator Beacons.²⁰ The test results demonstrated that the Mobilarm V100 technology delivered a significant improvement in offshore personnel in-water tracking that not only successfully meets the safety needs of the North Sea offshore oil and gas industry, but has the potential to set a new global benchmark in offshore search and rescue using Personal Locator Beacons.

Additionally, wireless sensor networks, such as the Mobilarm Crewsafe system, are being deployed by oil and gas companies to provide features such as personnel tracking, hazardous material monitoring and health monitoring, among others. On World Inc. estimates that the global market for sensor network technologies used in the oil and gas industry will increase.²¹ That includes all sensor network applications, including asset management and safety. Table 2 opposite shows a list of applications currently used by oil and gas companies in their operations.

6. Oil Careers Ltd (2010) Retrieved 3 February 2010 from <http://www.oilcareers.com/content/career/FAQ.asp>
7. Ibid
8. resourcechannel.com.au (2010) The Big Picture Retrieved 12 March 2010 from http://www.theresourcechannel.com.au/files/theresou/uploads/Guide%20-%20The%20Big%20Picture_0.pdf
9. Australian Petroleum Production Exploration Association (2010) Key Statistics 2009
10. resourcechannel.com.au (2010) The Big Picture Retrieved 12 March 2010 from http://www.theresourcechannel.com.au/files/theresou/uploads/Guide%20-%20The%20Big%20Picture_0.pdf
11. Equasis (2007) The World Merchant Fleet
12. Oil and Gas UK (2010) Retrieved 12 March 2010 from http://www.oilandgasuk.co.uk/publications/Production/Working_Offshore.cfm
13. ODS Petrodata (2010) Retrieved 22 January 2010 from http://www.ods-petrodata.com/odsp/weekly_rig_count.php
14. Rigzone (2010) Retrieved 22 January 2010 from http://www.rigzone.com/data/advanced_search.asp
15. Oil and Gas UK (2010) Retrieved 12 March 2010 from http://www.oilandgasuk.co.uk/publications/Production/Working_Offshore.cfm
16. Ibid
17. Oil and Gas UK (2008) 2007 UKCS Workforce Demographics
18. Oil and Gas UK (2009) PLB Issues Briefing Note
19. Oil and Gas UK (2010) Press release 4 February 2010 Personal locator beacons to be back in use from Monday, 8 February 2010
20. Mobilarm Ltd (2009) Summary of Results of Digital VHF PLB Trials Conducted in the North Sea by British Petroleum, Bond Helicopters and Mobilarm
21. OnWorld Inc (2008) Retrieved 12 March 2010 from <http://www.onworld.com/wsn/oil&gas.htm>

TABLE 2: CURRENT WIRELESS SENSOR NETWORK APPLICATIONS IN THE OIL AND GAS INDUSTRY



SOURCE: ON WORLD INC.

“Irrespective of the oil price or economic situation, our commitment to safety will always remain our number one priority.”

Malcolm Webb,
Chief Executive of Oil & Gas UK, 5 August 2009.

DEFENCE

2.3.2 Defence Forces

Defence is a major segment of the world marine market and therefore a key focus for Mobilarm. The Company's planned entry into this market is through a relationship with the United States Navy, which has come about through their selection of Mobilarm's technology via a competitive Sources Sought submission.

This submission followed a formal presentation by Mobilarm in January 2009 to the NATO Submarine Survival Working Group in Amsterdam, The Netherlands, on invitation by the U.S. Navy. Mobilarm presented to this working group alongside its competitors, Sea Marshall (UK) and Briartek (USA). In March 2009 the U.S. Department of the Navy issued a Sources Sought announcement seeking companies that could provide a Very High Frequency (VHF) Enabled Personal Location Device for Submarine Escape. In July 2009, the U.S. Navy confirmed that Mobilarm's submission was the only one selected.

The U.S. Department of Defense for Submarine Escape and Rescue has awarded Foreign Comparative Testing (FCT) funding to Mobilarm Limited for the co-development and supply of test articles and engineering services of this submariner VHF personal location device for adoption by the U.S. Navy.

The formal announcement by Naval Sea Systems Command (NAVSEA) was posted on the Federal Business Opportunities website, www.fedbizopps.gov, on 8 January 2010. The announcement stated NAVSEA's intention to "issue a sole source contract to MobileArm [sic] Limited, located in Perth, Australia, for the purchase of ten (10) test articles and an Option for an additional fifteen (15) test articles of the Very High Frequency (VHF) Position Indicating Radio Beacons (VPIRB) V200 model personal locator devices and associated design agent engineering services."²² Mobilarm is the only company known to NAVSEA that is currently able to meet the U.S. Navy's technical and schedule requirements in the timeframe required to meet their operational needs.

Mobilarm presented the prototype to delegates at the NATO Submarine Escape Equipment panel meeting in the United Kingdom on 27 January 2010.

In April 2010, the U.S. Navy entered into a Sole Source contract with Mobilarm to supply Personal Locator Beacon test articles and engineering services due for delivery in late May 2010. Refer to Section 3.4 for details of this contract. The supplier of the U.S. Navy's Submarine Escape and Survival Suits, to which the new submarine VHF Personal Locator Beacon would be attached during submarine escape, has sold approximately 28,000 of these suits worldwide. The Company anticipates that the product designed to U.S. Navy Submarine Survival specification will be made commercially available to all participating NATO countries, and will also be applicable to the broader professional dive market.

It is equally anticipated that a modified version of the submariner device would also be as applicable to worldwide defence force's surface fleets and auxiliary military uses.

The United States Defense Direct Budget for 2010 is US\$533.8 billion.²³ SIPRI estimates that the United States accounted for 48 percent of the global military spending in 2008.²⁴

As of 11 March 2010, the U.S. Navy had approximately 329,733 personnel on active duty and 104,131 (as at 10 January 2010) in the Ready Reserve.²⁵ The U.S. Navy is comprised of 286 deployable battle force ships across its surface and subsea fleets, including 71 submarines.²⁶ The Los Angeles class submarine, which comprises approximately two thirds of the submarine fleet, carries a complement of 143 naval personnel. The new Virginia class submarines carry a complement of 134 naval personnel.²⁷

22. Federal Business Opportunities (2010, 8 January). 58--Very High Frequency (VHF) Position Indicating Radio Beacons (VPIRB) Solicitation Number: N0002410R6403 Retrieved 21 January 2010, from https://www.fbo.gov/index?s=opportunity&mode=form&id=98f19960aa26e4d58212b8df9f80cd82&tab=core&_cview=0&cck=1&au=&ck=

23. United States Department of Defense (May 2009) Fiscal Year 2010 Budget Request Summary Justification

24. Center for Arms Control and Non-Proliferation (20 February 2008) U.S. Military Spending vs. the World 2008 Retrieved 12 March 2010 from <http://www.globalissues.org/article/75/world-military-spending#InContextUSMilitarySpendingVersusRestoftheWorld>

25. United States Navy (2010) Retrieved 12 March 2010 from http://www.navy.mil/navydata/navy_legacy_hr.asp?id=146

26. Ibid

27. United States Navy (2010) Retrieved 12 March 2010 from http://www.navy.mil/navydata/fact_display.asp?cid=4100&tid=100&ct=4

TABLE 3: MILITARY SPENDING IN 2008

COUNTRY	US\$ BILLIONS	% OF TOTAL	RANK
United States	711	48.27	1
China	121.9	8.28	2
Russia	70	4.75	3
United Kingdom	55.4	3.76	4
France	54	3.67	5
Japan	41.1	2.79	6
Germany	37.8	2.57	7
Italy	30.6	2.08	8
Saudi Arabia	29.5	2.00	9
South Korea	24.6	1.67	10
India	22.4	1.52	11
Australia	17.2	1.17	12
Brazil	16.2	1.10	13
Canada	15	1.02	14
Spain	14.4	0.98	15

SOURCE: U.S. Military Spending vs. the World, Center for Arms Control and Non-Proliferation, February 22, 2009



Table 4 below shows commissioned submarine figures for NATO member countries and other key world defence forces.

TABLE 4: COMMISSIONED SUBMARINES BY COUNTRY

COUNTRY	COMMISSIONED SUBMARINES
United States of America ²⁸	71
Japan ²⁹	18
United Kingdom ³⁰	15
France ³¹	10
Germany ³²	10
Australia ³³	6
Spain ³⁴	4
South Africa ³⁵	3
Portugal ³⁶	1

28. United States Navy (2010) Retrieved 12 March 2010 from <http://www.nvr.navy.mil/nvrships/FLEET.HTM>

29. Wikipedia (2010) Retrieved 3 February 2010 from http://en.wikipedia.org/wiki/Japan_Maritime_Self-Defense_Force#Submarines_.28SS.29

30. Royal Navy (2010) Retrieved 3 February 2010 from <http://www.royalnavy.mod.uk/operations-and-support/submarine-service/submarine-faqs/>

31. Marine Nationale (2010) Retrieved 3 February from http://www.defense.gouv.fr/marine_uk/enjeux_defense/marine_et_culture/the_submarine_forces

32. Deutsche Marine (2010) Retrieved 3 February 2010 from http://www.marine.de/portal/a/marine/kcxml/04_Sj9SPykssy0xPLMnMz0vM0Y_QjzKLNzKODzIIBMbB2d5mlfqRcNGglFR9X4_83FR9b_0A_YLciHJHR0VFAOJ77vU!delta/base64xml/L3dJdyEvd0ZNQUFzQUMvNEIVRS82XzlX1FUNG!!

33. Royal Australian Navy (2010) Retrieved 3 February 2010 from http://www.navy.gov.au/Current_Submarines

34. Armada Española (2010) Retrieved 3 February 2010 from http://www.armada.mde.es/ArmadaPortal/page/Portal/ArmadaEspañola/buques_submarinos/prefLang_en/01_s70-05_unidades-01_galerna_es

35. South African Navy (2010) Retrieved 3 February 2010 from <http://www.navy.mil.za/equipment/submarines.htm>

36. Marinha Portuguesa (2010) Retrieved 3 February 2010 from <http://www.marinha.pt/pt/amarinha/meiosoperacionais/subsubsuperficie/submarinos/pages/nrbarracuda.aspx>



"If we have the technology to design a better man overboard alert system, there's no reason why we shouldn't deploy it across the Navy."

Glenn Nye, United States House of Representatives Member, 11 July 2009.





COMMERCIAL MARINE

2.3.3 Commercial Marine

Commercial fishing is an excellent example of where Mobilarm's products and services can make a dramatic improvement to the safety of employees. Fishing has the highest death rate of any industry; the average fatality rate for fishers in the United States is on average 160 per 100,000 workers. In Australia, the fatality rate for fishers is 143 per 100,000 compared with 8.1 per 100,000 nationally.³⁷ The ILO's Occupational Health and Safety Branch estimates that fishing has a worldwide fatality rate of 80 per 100,000 workers or approximately 24,000 deaths per year.³⁸

According to a U.S. study, the commercial water transport industry has the fifth highest death rate of any industry with a lifetime risk of fatal injury being 16.3 percent.³⁹

The commercial marine segment also covers marine transport, both port-to-port (large cargo vessels) and within each distribution centre (tugs and port facilities). These market segments have varying needs based on the size and number of vessels and/or facilities in operation and the extent of safety equipment and regimes currently in use.

According to Equasis, there were approximately 71,929 commercial ships operating across the World in 2007, as displayed in Table 5 opposite.⁴⁰ These ships are spread across various industries, used for differing operations and therefore have varied requirements for crew safety and security.

Draft Code of Practice MAN OVERBOARD: PREVENTION AND RESPONSE

The Commission of Occupational Safety and Health in Western Australia has recently issued a draft code of practice for public comment with a view of making recommendations to the Minister for Commerce in Western Australia regarding its adoption under the Occupational Safety and Health Act of 1984.

The Commission's objective is to promote comprehensive and practical preventive strategies that improve the working environment of Western Australians, particularly in relation to man overboard incidents (MOB).

It is intended that the code (which is pending the Minister's consideration and approval) will provide a general guidance for all commercial fishing industry vessels in Western Australia on the management of occupational safety and health issues relevant to the prevention of and response to MOB incidents.

The draft code refers to MOB alarm systems and personal beacons and highlights various measures that can be put in place to ensure there is an immediate alarm when someone has fallen overboard, including requiring crew to wear a personal beacon. The Company's Crewsafe system is specifically referred to in an Appendix to the draft code as an alarm system which is currently available to the market.⁴¹


TABLE 5: WORLD FLEET – TOTAL NUMBER OF SHIPS BY TYPE AND SIZE 2007

SHIP TYPE	SMALL (1)		MEDIUM (2)		LARGE (3)		VERY LARGE (4)		TOTAL	
General Cargo Ships	5,113	20.0%	13,153	36.5%	200	2.7%	-	0.0%	18,466	25.7%
Specialised Cargo Ships	29	0.1%	183	0.5%	36	0.5%	1	0.0%	249	0.3%
Container Ships	1	0.0%	2,320	6.4%	1,445	19.3%	543	18.6%	4,309	6.0%
Ro-Ro Cargo Ships	35	0.1%	975	2.7%	559	7.5%	63	2.2%	1,632	2.3%
Bulk Carriers	430	1.7%	3,399	9.4%	2,867	38.4%	792	27.2%	7,488	10.4%
Oil and Chemical Tankers	2,072	8.1%	6,101	16.9%	1,847	24.7%	1,072	36.8%	11,092	15.4%
Gas Tankers	50	0.2%	913	2.5%	174	2.3%	223	7.7%	1,360	1.9%
Other Tankers	158	0.6%	222	0.6%	5	0.1%	-	0.0%	385	0.5%
Passenger Ships	3,371	13.2%	2,609	7.2%	252	3.4%	103	3.5%	6,335	8.8%
Offshore Vessels	1,262	4.9%	3,063	8.5%	49	0.7%	110	3.8%	4,484	6.2%
Service Ships	1,879	7.4%	2,250	6.2%	38	0.5%	7	0.2%	4,174	5.8%
Tugs	11,115	43.6%	840	2.3%	-	0.0%	-	0.0%	11,955	16.6%
TOTAL	25,515	100%	36,028	100%	7,472	100%	2,914	100%	71,929	100%

SOURCE: EQUASIS

37. Food and Agriculture Organization of the United Nations (2005-2010) Fisheries and Aquaculture Department Fisheries Issues Risks of fishing. Retrieved 12 March 2010 from <http://www.fao.org/fishery/topic/12383/en>
38. International Labour Office Geneva (13-17 December 1999) Safety and Health in the Fishing Industry Report for discussion at the Tripartite Meeting on Safety and Health in the Fishing Industry
39. American Journal of Industrial Medicine (1997) Working lifetime risk of occupational fatal injury
40. Equasis (2007) The World Merchant Fleet
41. Government of Western Australia Department of Commerce (August 2009) Draft Code of Practice Man overboard: Prevention and response

2.4 Board of Directors

The Directors of the Company collectively have significant experience in the resources and corporate sectors. Brief summaries of the Directors profiles are set out below.

BOARD OF DIRECTORS



Brenton Scott
Executive Chairman



Lindsay Lyon
Chief Executive Officer



Christian Lange
Non-Executive Director

Brenton Scott's career includes 14 years as an accounting professional where he was a partner at Walker Wayland Perth, and later formed Scott Partners where he was the Managing Partner. Following a successful venture in the childcare market, Brenton accepted the role as the Chief Financial Officer for Electronic Banking Solutions Limited (EBS) which grew to become the largest independent deployer of ATM machines in Australia. EBS was successfully on-sold to Cashcard Australia Limited who in turn was acquired by the U.S. company First Data International.

Brenton is currently the Managing Director of Cruisers Yachts Australia and the Executive Chairman of Mobilarm, where he is also a founding Shareholder. Brenton holds a Bachelor of Business degree and is a member of the Institute of Chartered Accountants in Australia.

Lindsay Lyon has over 25 years of experience as an entrepreneur and executive in the technology industry. His career includes 13 years with Hewlett-Packard, where he was responsible for the Australian commercial business, Asia Pacific consulting Partner at Siebel Systems, co-founder of Opdicom Pty Ltd and previous to Mobilarm, the founder and Executive Chairman of Datacatch Pty Ltd, a software storage company.

Lindsay holds a Masters of Marketing from Melbourne University, a Diploma in Electronic Engineering, an Electrical Trade Certificate, and has attended the Hewlett-Packard INSEAD Executive Management Program in France.

Christian Lange was formerly Vice President for the global oilfield services group, Schlumberger Limited. In a 16 year career with Schlumberger, Christian held a range of senior executive positions responsible for operations, capital markets, marketing, business strategy and general management.

Over his career, Christian has lived and worked in the Middle East, Europe, North and South America as well as Asia Pacific. As a former Managing Director and Chief Executive Officer of SDS Corporation Limited, Christian successfully executed company restructure and turnaround strategies. Christian is the Chief Executive Officer and Managing Director for the ASX-listed company Neptune Marine Services Limited (ASX: NMS).



Rick Parish
Non-Executive Director

Rick Parish founded Marine and Offshore Group Pty Ltd in 1997 after a successful career in safety training, spanning more than 20 years in a variety of specialist areas including the military, maritime industries, emergency services and offshore oil and gas. He is responsible for all aspects of corporate strategy development, strategic alliance and joint venture development and has been instrumental in developing the global safety training company that is M&O today.

Rick's experience in safety training started when he was a training specialist with the Special Air Services Regiment (SAS) of the Australian Army which led to his appointment as Manager of Pararescue Training with the National Safety Council of Australia, a position that he held for 5 years. Rick then established his own safety training consultancy business in 1990, which operated profitably until it was sold in 1995. During this time Rick gained valuable international experience which was built upon when Tidewater Port Jackson Marine contracted him as their Safety and Training Manager in 1995.

COMPANY SECRETARY



Gabriel Chiappini
Company Secretary

Gabriel Chiappini is company secretary for a number of ASX listed companies, is a Chartered Accountant and member of the Australian Institute of Company Directors. Gabriel graduated from Edith Cowan University in 1990 with a Bachelor of Business, majoring in Finance and Accounting, and has worked predominantly in London and Perth with experience in the property, investment banking and biotechnology sectors.

Gabriel serves as Company Secretary for Avita Medical Ltd (ASX:AVH), AWH Corporation Ltd (ASX:AWL), Interstaff International Ltd (ASX:ITS), Katana Capital Ltd (ASX:KAT) and Neptune Marine Services Ltd (ASX:NMS)

CHIEF FINANCIAL OFFICER



Jorge Nigaglioni
Chief Financial Officer

Jorge Nigaglioni has over 14 years of experience in accounting and finance roles in both public and private companies. In his last two years at PricewaterhouseCoopers he was involved in auditing and consulting for startup companies. As a Controller at Agilent Technologies, he was involved in turning around two divisions to profitability. Jorge has worked with startup companies and has been CFO in a NASDAQ Bulletin Board listed company.

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

THE BUSINESS (CONTINUED)

2.4.1 Membership of the Board

The membership of the Board, its activities and composition is subject to periodic review. The criteria for suitable candidates for the Board will be based on their experience, background and other factors affecting the Company's business.

2.4.2 Composition of the Board

The current Board comprises two Executive Directors and two Non-executive Directors. The Board seeks to nominate persons for appointment to the Board who have the qualifications, experience and skills to augment the capabilities of the Board.

2.4.3 Appointments to Other Boards

Directors are required to take into consideration any conflicts when accepting appointments to other Boards.

2.4.4 The Role of the Board

The Board is responsible for; -

- Setting and reviewing strategic direction and planning;
- Reviewing financial and operational performance;
- Identifying principal risks and reviewing risk management strategies; and
- Considering and reviewing significant capital investments and material transactions.

In exercising its responsibilities, the Board recognises that there are many stakeholders in the operations of the Company, including employees, Shareholders, co-ventures, the government and the community.

The Board has delegated responsibility for the business operations of the Company to the Chief Executive Officer and the management team. The management team, led by the Chief Executive Officer, is accountable to the Board.



2.4.5 Corporate Governance

The Board is committed to principles of best practice in Corporate Governance. The Board has relied on the ASX Corporate Governance Council's Revised Corporate Governance Principles and Recommendations in formulating its Corporate Governance policies and practices. The Company's Corporate Governance policy is available on the Company's website.

Principle 1 – Lay solid foundations for management and oversight

The Board and management have agreed on their respective roles and responsibilities and the functions reserved to the Board and Management. The Board has established and adopted a Board Charter for this purpose. The Board has also established a Nomination and Remuneration Committee which, among other functions, will evaluate the performance of senior executives.

Principle 2 – Structure the Board to add value

The Board ultimately takes responsibility for Corporate Governance, and will be accountable to the Shareholders for the performance of the Company. The functions and responsibilities of the Board are set out in the Company's Constitution and the Corporations Act.

Principle 3 – Promote ethical and responsible decision making

All Directors, managers and employees are expected to act with the utmost integrity and objectivity, striving at all times to enhance the reputation and performance of the Company. The Board has established a Code of Conduct to guide the Directors, the Chief Executive Officer and other key executives. The Company's share trading policies are included in the Company's Code of Conduct, which is available on the Company's website.

Principle 4 – Safeguard integrity in financial reporting

The Directors require the Chief Executive Officer and external company auditors to state in writing to the Board that the Company's financial reports present a true and fair view, in all material respects, of the Company's financial condition and operational results and are in accordance with relevant accounting standards. The Board has established an Audit Committee.

Principle 5 – Make timely and balanced disclosure

The Directors are committed to keeping the market fully informed of material developments to ensure compliance with ASX Listing Rules and the Corporations Act.

The Directors have established written policies and procedures to ensure compliance with the disclosure requirements of ASX Listing Rules and to ensure accountability at a senior management level.

Principle 6 – Respect the rights of Shareholders

The Directors intend to establish a communications strategy to promote effective communication with Shareholders and encourage effective participation at general meetings. As well as ensuring timely and appropriate access to information for all investors via announcements to ASX, the Company will ensure that all relevant documents are released on the Company's website.

Principle 7 – Recognise and manage risk

The Company's Audit Committee is establishing policies on risk oversight and management, risk management and internal control systems, including non-financial risks, which must be approved by the Board. The Committee must regularly report to the Board on compliance with any risk and audit policies and protocols in place at the time.

Principle 8 – Remunerate fairly and responsibly

The Board has provided disclosure in relation to the Company's remuneration policies in this Prospectus to enable investors to understand; -

- a) The costs and benefits of those policies; and
- b) The link between remuneration paid to the Directors and key executives and corporate performance.

Further disclosure will be given to investors annually in accordance with ASX Listing Rules and the Corporations Act. The Board has also established a Nomination and Remuneration Committee.

SUMMARY OF PRODUCTS AND SERVICES

2.5 Summary of Products and Services

Mobilarm marine safety solutions enable employers to remove significant identified risks from the marine workplace and reduce the likelihood of related fatalities.

The solutions provide for increased safety of individuals at work in the form of personal duress alarms, man overboard detection alarms and in-water tracking. In addition, the solution provides a level of security through crew location monitoring and paging, safety equipment and rescue asset management, and a command centre control of vessel and personnel safety.

Future versions of the products are planned to incorporate biometric monitoring and gas detection.

2.5.1 Mobilarm Crewsafe

Crewsafe is a wireless sensor network of routers and transceivers that keep crew in constant communication with their vessel or facility. Every crew member wears a compact transceiver - called a Tag - which transmits a unique signal every second to the Crewsafe network. Any crew member wearing a Tag who falls overboard will disconnect from the network and subsequently cause Crewsafe to automatically raise the alarm.

Crewsafe logs a position waypoint on the vessel's chart plotter or GPS within 4 seconds of the loss of signal and sounds an alarm throughout the vessel just 4 seconds later. The system components easily interface with other safety systems on board, such as external sirens, emergency lights and engine shut-off and will trigger these devices in an emergency to make crew fully aware of the situation and take immediate action. The entire network is managed from a single point of command with either the Windows®-based Crewsafe Management System (CMS) or the stand-alone Crewsafe Display Console.

CMS is an intuitive user interface to control all aspects of the Crewsafe network through a marine-grade, dedicated touch screen display. In addition to monitoring crew safety and reporting alarms, CMS provides a comprehensive safety and security platform for the entire crew and vessel. The user can monitor network health and performance, page individuals or groups of workers, log information such as vessel details, safety equipment and personnel files, produce automated reminders and warnings when equipment needs servicing or replacing and access comprehensive medical fact sheets (provided courtesy of the St John Ambulance Organisation).

2.5.2 Mobilarm V100

The Mobilarm V100 is a fully automated digital Personal Locator Beacon (PLB) designed to provide a quick and effective rescue in a man overboard emergency. The V100 is the first GPS-enabled device that automatically transmits a man overboard distress call and provides essential in-water tracking data to all VHF DSC or VHF radio equipped vessels within range.



All DSC messages automatically indicate the identity and position of the sender, as well as the priority and purpose of the call. On receiving a DSC distress call, the DSC equipment will automatically sound an alarm which must be manually acknowledged by the radio operator, making it impossible to miss or ignore. The Mobilarm V100 uses this existing VHF radio infrastructure to signal that a man overboard incident has occurred. Since the probability of survival is directly related to the length of time in the water, alerting the people in the best position to rescue the man overboard – the crew aboard the parent vessel and other vessels in the vicinity – will ensure the casualty is recovered as quickly as possible.

The Mobilarm V100 uses the VHF band to broadcast the distress call as a DSC data message and as a synthesized voice message, therefore the only equipment required to receive the MAYDAY is a VHF DSC or VHF radio. All marine search and rescue authorities and all SOLAS commercial vessels are equipped with VHF DSC radios and many recreational vessels have a VHF radio on board. This ensures that distress calls can be simultaneously received by multiple persons aboard a wide range of vessels. Once the VHF DSC and VHF voice distress calls have been received, the radio operator should follow normal acknowledgement and response procedures to recover the casualty or assist in the search and rescue operation.

2.5.3 Submariner VHF Enabled Personal Locator Beacon (V200)

The design of the submariner VHF enabled PLB is derived from the Mobilarm V100, with specific modification to suit the subsea environment. One critical modification is for the device to withstand depths of 300 metres below sea level. The Company will also modify the product to conform to all the necessary military specifications. The Company is working to complete this product by late May 2010 at which time the U.S. Navy will commence product testing and evaluation. This development will also serve to commercialise the device for the commercial and recreational dive market.



2.5.4 Safety Services

The Company intends to complement its product offering with additional marine safety services to augment its current core capabilities and product offering.

By implementing marine safety consulting, training and auditing services, along with additional marine safety products such as sea survival equipment, Mobilarm expects to see organic growth from existing and new customers. Strategic alliance partners are assisting Mobilarm in this endeavour and a number of potential acquisition targets have been identified, which, if they proceed, will further enhance Mobilarm's brand position and market reach.

The safety services include the following areas; -

- System installation and support
- Safety management systems
- Man overboard training
- Safety change management
- Safety site audits
- Emergency response planning and training
- Safety culture methodologies
- Risk assessment

The sensor network solution requires installation, which may be performed by the Company or one of its authorised service providers. For larger customers, further customisation and design engineering of the product may be necessary, which will be fully project managed by Mobilarm.

As a safety product, it is paramount that the product works when needed. The Company will offer maintenance certification of its products to ensure that they remain operational throughout the life of the product and beyond its standard warranty. This additional cost service will assure customers of the product's readiness in an emergency and provide greater peace of mind for each individual user.

Overall, Mobilarm's products and services will advance on the limitations of currently available marine safety solutions, and provide employers with the most comprehensive safety and security systems to reduce and mitigate risk in the workplace.

THE BUSINESS (CONTINUED)

2.6 Competitive Landscape

Over the years there have been a number of attempts to solve the automatic man overboard detection challenge with varying outcomes. Detection is crucial in a man overboard event as the chances of survival are directly related to the time the casualty is in the water - time to recovery is critical. The most important factors in preventing a fatality are; -

- Immediate notification of the event, especially if the event has not been witnessed;
- Immediate communication with the asset in the best position to effect a rescue; and
- Reliable in-water tracking to find and rescue the casualty.

The most common methodologies used today are Personal Locator Beacons (PLBs) and sensor networks.

2.6.1 Personal Locator Beacons

Personal Locator Beacons (PLBs) are designed to provide an alert to a rescue asset and to provide location information of the person in the water. There are three primary sets of technology for PLBs:

- a) Those using 121.5 MHz radio frequency
- b) Those using 406 MHz radio frequency
- c) Those using Very High Frequency (VHF) radio

2.6.2 121.5 MHz PLBs

This has been the most popular method to date. This technology was based on detection by both the COSPAS-SARSAT satellite network and radio directional finding equipment, though COSPAS-SARSAT monitoring ceased in February 2009.

121.5 MHz direction finding is still supported on most Search and Rescue (SAR) retrieval assets. The use of 121.5 MHz direction finding beacons requires the vessel operator to install a receiver for detecting the event; the PLB communicates a signal back to the vessel to raise the alarm, and then the dedicated radio directional finding (DF) equipment is used to locate the distressed mariner.

One of the limitations in using 121.5 MHz is its ability to distinguish between signals from multiple casualties in the water. The need for additional radio directional finding equipment is also an added expense to the solution.

COMPETITIVE LANDSCAPE



2.6.3 406 MHz PLBs

Manufacturers of vessel 406 MHz Emergency Position Indicator Radio Beacons (EPIRBs) have adapted these products for personal use in the marine and land based environment. These “personal EPIRBs”, known as 406 PLBs or 406 MHz Beacons, are an excellent solution for single handed marine operations where there are no other crew members to return to pick up the man overboard. 406 PLBs transmit their emergency signal via the COSPAS-SARSAT satellite network directly to the land-based SAR authorities. There are a number of established brands in this category including ACR and McMurdo.

One of the limitations of 406 PLBs is time to rescue. When activated, a 406 PLB transmits a coded radio signal, either with or without GPS data depending on the beacon type, which is picked up by satellites. The signal is relayed to a ground station that passes it, via an appropriate Mission Control Centre, to the national authority responsible for the region where the beacon signal originated from. The national authority then relays the data to a SAR agency to act upon. Using additional data included in the signal, the SAR agency must verify the alert as genuine before dispatching any rescue assets.

Although this sequence of relayed messages and phone calls may be relatively swift, the time to coordinate and dispatch helicopters or other assets to reach the remote or offshore location can add precious minutes, even hours, to the rescue operation. Bad weather or poor light can also severely hamper rescue efforts.

In addition, the SAR false alert rate in 2006 for 406 MHz Beacons was 97.1 percent⁴² and although a good proportion of false alerts are resolved by phone or radio before rescue assets are deployed, 3 out of 10 false alerts result in long, arduous and unnecessary searches, costing tens of thousands of dollars and potentially jeopardising genuine search and rescue efforts.⁴³

42. ICAO/IMO (10 to 14 September 2007) Joint Working Group on Harmonization of Aeronautical and Maritime Search and Rescue
43. Ibid

2.6.4 VHF PLBs

The latest stand-alone product in the man overboard detection market is the VHF PLB. This device can be automatically activated when submerged in water and manually activated. On activation the VHF PLB automatically transmits a man overboard distress alert using the VHF marine radio band to all receivers in VHF range, with the exact GPS coordinates of the casualty and a unique identifier.

The message is transmitted on the marine emergency channels, including DSC (Digital Selective Calling) on channel 70. This feature is critical as it automatically plots the coordinates received in the alert into a chart plotter, allowing rescuers to easily identify and track single or multiple casualties, and successfully plan and execute the rescue with the minimum of delay. Having DSC-capable VHF radio on board is a legal requirement for Safety of Life at Sea (SOLAS) regulated commercial vessels.

As VHF PLB use standard VHF and GPS technology, there is no requirement to fit vessels with specific receiving and directional finding technology, nor is any special training required.

It should be noted that a VHF PLB such as the Mobilarm V100 falls more under the Marine Survivor Locator System (MSLS) category than the PLB category, as it has been specifically designed to address the man overboard detection and tracking challenge.

2.6.5 Wireless Sensor Networks

Whilst the PLB technology described above addresses the core problem, all of the PLBs have a common single failure mode; the systems require the signal or alert to be successfully transmitted to the casualty's vessel, nearby vessels, rescue assets or a land based SAR facility. If the device is carried too low on a person's body, it will be underwater when the person falls overboard. This makes it impossible for the device to obtain a GPS fix or to transmit the emergency signal since transmission will not travel through water. If the device is not manually activated, the battery is flat or the unit is damaged, no alert will be raised, or in harsher terms, if the device fails, it will “fail-dead”.

In contrast, wireless sensor networking technology has now been successfully adapted to address the automatic detection challenge. These systems work by creating a fully meshed wireless network on the vessel. In the event of a crew member falling overboard, he or she disconnects from the network, which triggers the system to alarm, thus virtually guaranteeing an alert on board. Each crew member wears a small transceiver – a Tag - which sends a regular RF (radio frequency) signal to the network to keep them connected to it; RF cannot transmit through water, so if the network ceases to receive the RF signal from the transceiver, it raises the alarm.

The other advantage of these wireless man overboard systems, such as Mobilarm Crewsafe, is that they provide much more functionality than just man overboard alerting. Additional features on the Tags include a strobe light for visual identification at night and vibration motors for alerting in noisy work environments, manual duress alarms, individual or group paging and the ability to use the system to generate a vessel-wide general alarm or muster. The only vendor other than Mobilarm in the wireless category is Raymarine, a recreationally focused brand offering a proprietary basic system called Lifetag.



MARKETING AND DISTRIBUTION STRATEGY

- New product category requiring early adopter and segment focused investment in awareness and education
- Proactive collaboration with international government and regulatory bodies to drive new levels of marine safety standards
- Proprietary product integration across the marine industry building barriers to entry and long term competitive advantage
- Direct sales approach supported by the strategic development of international channels

2.7 Marketing and Distribution Strategy

The use of technology for personnel monitoring, locating and tracking as well as for man overboard detection is a relatively new category of products and services. Because of this, Mobilarm's marketing investment is focused on education and awareness of tightly defined market segments. As the penetration of the market segments identified as early adopters of safety technology increases, the investment in broader market education will increase. To support this strategy Mobilarm has invested in in-house marketing personnel who specialise in public relations, education and communication.

To support education of market segments the Company has also targeted the attendance and presentation of papers at key conferences and trade shows such as;

- Offshore Technology Conference (Houston, TX);
- Offshore Europe (Aberdeen, Scotland);

And guest presenting at:

- American Waterways Operators National Safety Conference (Chicago, IL);
- Tugnology Conference (Amsterdam, The Netherlands);
- NATO Submarine & Survival Conference (Amsterdam, The Netherlands and Cape Town, South Africa); and
- NATO Submarine Escape Equipment panel meeting (Gosport, United Kingdom)

Considerable traction has been made and will continue to be made by supporting the relative industry regulatory bodies, government and commercial regulatory organisations that set marine safety standards. These organisations include the Australian Maritime Safety Authority (AMSA),

WorkSafe Australia, Maritime and Coastguard Agency (MCA) in the UK, National Offshore Petroleum Safety Authority (NOPSA) and the American Waterways Operators (AWO).

Mobilarm's involvement with these organisations assists in establishing the Company's brand as a leader in the field of man overboard standards, and builds barriers to entry. In Australia, the technology and methodology deployed in Mobilarm's V100 product has been adopted by Standards Australia. WorkSafe in Western Australia recently released a working document for the commercial fishing industry that specifically mentions the use of technology to prevent fatalities resulting from undetected man overboard events. The Spanish government has mandated the use of technology to address this safety issue in the commercial fishing industry.

The proprietary integration of Mobilarm's technologies into existing marine infrastructure and suppliers is also building barriers to entry. For example the Company has worked with C-MAP (a Boeing Company) to integrate the Crewsafe man overboard system into chart plotters supporting the C-MAP operating system. A number of similar integration opportunities exist which are being worked on, including the integration of the V100 into Personal Floatation Devices (PFD) that will provide the Company with long term competitive advantages.

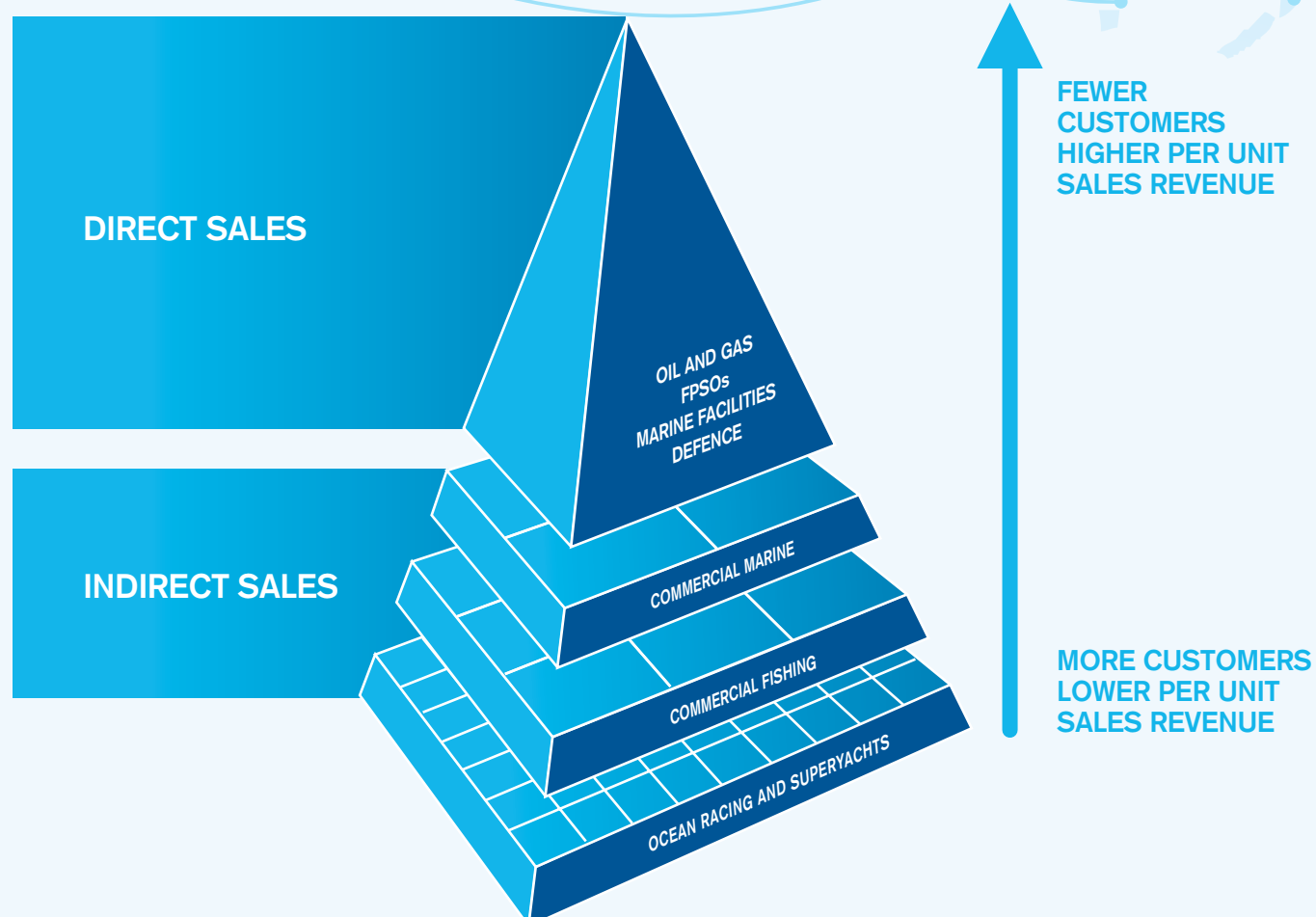
Distribution of the products in the initial phase will be primarily direct, as depicted in the Route to Market diagram opposite. Part of this capital raising is aimed at expanding the direct sales capabilities and reach internationally.

There exists in the medium to longer term opportunity to expand through both wholesale and reseller channels. The Company has made excellent progress in building international channels and has signed a reseller agreement with Radio Holland Group based in Rotterdam. Radio Holland can provide Mobilarm with sales, service and support into some sixty countries across the globe.

“A market segment is a group of customers who reference each other when making a buying decision.”

Geoffrey A Moore, Crossing the Chasm

2.8 Route to Market





PRODUCT DEVELOPMENT AND MANUFACTURING

2.9 Product Development and Manufacturing

The Company's strategic plan includes enhancements to its current technologies and the ongoing investigation into new and emerging market needs. The focus is on maximising Shareholder return by ensuring the development of new products and services that have large addressable market potential, high margins commensurate with high technology innovations, and that provide the Company with a sustainable competitive advantage.

Product development efforts in fiscal year 2010/11 and funded through this raising will be on the completion of the submariner version of the Mobilarm V100 (the V200) to the specifications of the U.S. Navy Sources Sought with test articles targeted for delivery in late May 2010. The project will modify the existing V100 product to survive an underwater escape from a submarine or dive environment. It is intended to also introduce a version of this submariner product into the professional dive segment through new international channels.

Further market research investments are also expected to be made into sensor wireless networking with the aim of confirming a five year product road map that will seek to position the Company as a world leader in offshore sensor networks for personnel safety. Software applications and sensor networking management platforms are expected to form a core component of the Company's development investments and future revenue streams. Integration between the Company's beacon products and wireless products is seen as a priority.

Manufacturing is not considered a core capability or a current investment within the Company, and as such the Company has adopted a manufacturing partnering strategy with one of the world's leading contract manufacturers, Sanmina Inc. As a tier one contract manufacturer, Sanmina fully understands the requirement for a tight integration with the product development cycle, quality, cost efficiency and our customer requirements.

Mobilarm's customers, in particular the offshore oil and gas industry, require products to be intrinsically safe in order to be used in dangerous environments. As a marine safety company it is imperative that Mobilarm can assure that safety is achieved through quality manufacturing. Through leveraging Sanmina's access to world-class manufacturing facilities and processes, the Company is provided with a global footprint to deliver quality products as required by its customers. The first volume production run of the V100 is scheduled with Sanmina for late April 2010.

SUMMARY OF MATERIAL CONTRACTS

3

THIS SECTION CONTAINS A SUMMARY OF THE CONTRACTS TO WHICH THE COMPANY IS A PARTY THAT MAY BE MATERIAL OR OTHERWISE MAY BE RELEVANT TO A POTENTIAL INVESTOR IN THE COMPANY.

THE WHOLE OF THE PROVISIONS OF THE AGREEMENTS ARE NOT REPEATED IN THIS PROSPECTUS.

SUMMARY OF MATERIAL CONTRACTS

3.1 Sanmina Manufacturing Agreement

The Company has entered into a Letter of Agreement (LOA) with Sanmina-SCI Corporation and its subsidiaries and affiliates, (collectively "Sanmina-SCI"). The Company and Sanmina-SCI are presently establishing a business relationship under which Sanmina-SCI will procure components, parts and raw material, and manufacture, assemble, test, inspect, configure and ship the Company's products at the prices agreed upon between the parties. This LOA is for the purpose of authorising Sanmina-SCI to begin work immediately in lieu of a fully negotiated manufacturing services agreement.

3.2 Executive Director Employment Agreements

The Company has employment and service contracts with its directors and key executives.

3.2.1 Directors

Brenton Andrew Scott, Executive Chairman/Director - The Company has an employment agreement with Mr. Scott for his services as Executive Chairman/Director for a term of two (2) years from 31 August 2009. The agreement provides for an annual salary of \$180,000, plus a bonus at the discretion of the Board of Directors. The agreement contains a non-competitive clause for a period of two (2) years on any business similar in nature to the business of the Company. In the case of termination by the Company, other than specific circumstances set out in the agreement, the Company may, at its option, terminate the employment of the Executive Chairman/Director forthwith and, in that event, it shall, subject to the Corporations Act and the Listing Rules, pay the Executive Chairman/Director the Remuneration Package at that time for three (3) months.

Lindsay Neal Lyon, Chief Executive Officer - The Company has an employment agreement with Mr. Lyon for his services as Chief Executive Officer for a term of two (2) years from 31 August 2009. The agreement provides for an annual salary of \$285,000, plus a bonus at the discretion of the Board of Directors. The agreement contains a non-competitive clause for a period of two years on any business similar in nature to the business of the Company. In the case of termination by the Company, other than specific circumstances set out in the agreement, the Company may, at its option, terminate the employment of the Chief Executive Officer forthwith and, in that event, it shall, subject to the Corporations Act and the Listing Rules, pay the Chief Executive Officer the Remuneration Package at that time for six (6) months.

Christian Lange, Non Executive Director - The Company has entered into an engagement letter with Mr. Lange for his appointment as Non-Executive Director. The annual director fees payable under this agreement are \$30,000.

Richard Milton Parish, Non Executive Director - The Company has entered into an engagement letter with Mr. Parish for his appointment as Non-Executive Director. The annual director fees payable under this agreement are \$30,000.

3.2.2 Executive Management

Jorge Rafael Nigaglioni, Chief Financial Officer - The Company has an employment agreement with Mr. Nigaglioni for his services as Chief Financial Officer for a term of two (2) years from 31 August 2009. The agreement provides for an annual salary of \$180,000, plus a bonus at the discretion of the Board of Directors. The agreement contains a non-competitive clause for a period of two (2) years on any business similar in nature to the business of the Company. In the case of termination by the Company, other than specific circumstances set out in the agreement, the Company may, at its option, terminate the employment of the Chief Financial Officer forthwith and, in that event, it shall pay the Chief Financial Officer the Remuneration Package at that time for three (3) months.

3.3 Sponsoring Broker Agreement

The Company reserves the right to enter into a mandate with a Sponsoring Broker after the lodgement of this Prospectus.

The fees which may be payable to the Sponsoring Broker in connection with the IPO will be as follows; -

- A five (5) percent Placement Fee to be based on total funds raised in the Offer;
- An entitlement to Options of up to 5,823,262, with an exercise price of \$0.20 expiring in three (3) years. The Options will be unlisted and are otherwise issued on terms and conditions consistent with the ASX Listing Rules.

3.4 U.S. Navy Contract

On 12 April 2010, Mobilarm entered into a contract issued under RFP number N00024-10-R-6403 with the United States Department of the Navy for the delivery of ten (10) test articles of its V200 Personal Locator Beacon to be delivered in May 2010 along with engineering services and technical support with a further option for an additional fifteen (15) test articles after October 2010 and further engineering services and technical support. The pricing of the individual items under contract are as follows:

Base purchase

- Item No. 0001: 10 Test Articles US\$20,000
- Item No. 0002: Engineering/Technical Support US\$57,780

Option 1

- Item No. 0003: 15 Test Articles US\$30,000

Option 2

- Item No. 0004: Engineering/Technical Support US\$299,600

Total committed amounts are US\$77,780 with a further option for US\$329,600.

RISK FACTORS

4



RISK FACTORS

4.1 Introduction

Potential investors in the Company should be aware that subscribing for Shares involves a number of risks. The risk factors outlined in this section and elsewhere in this Prospectus should be carefully considered before any application for Shares is made. This section identifies the major areas of risk associated with an investment in Mobilarm Limited, but should not be taken as an exhaustive list of the risk factors to which the Company and its Shareholders are exposed.

While the Directors commend the Offer, potential investors must make their own assessment of the likely risks and determine whether an investment in Mobilarm Limited is appropriate to their own circumstances.

Prospective Applicants should read the entire Prospectus and seek professional advice from an accountant, stockbroker, lawyer or other professional advisor prior to investing in the Company.

4.2 Nature of Investment

The Shares to be issued pursuant to this Prospectus should be considered speculative. They carry no guarantee as to payment of dividends, return of capital or the market value of the Shares. An Investor may not be able to recoup all or any of his initial investment. More specifically the risks are that; -

- The price at which the Shareholder is able to trade the Shares is less than the price paid due to changes in market circumstances;
- The Shareholder is unable to sell the Shares;
- The Company fails to generate sufficient profit in order to pay dividends; and
- The Company is placed in receivership or liquidation, making it reasonably foreseeable that Shareholders could receive none, or only some of their initial investment.

4.3 Commercialisation Risks

There is no guarantee that the target market will accept the Company's products as the leading marine safety solution for reducing risk in offshore and commercial marine environments.

The Mobilarm V100 product relies on using Very High Frequency and Digital Selective Calling technology, the use of which is regulated by various countries. Approval to sell this product in Europe and the United States is currently being sought. Should the Company be unsuccessful in securing those approvals, it would severely limit the Company's ability to generate profitable levels of business.

4.4 Competition Risk

The Company will be competing in a market where technological advancements and future technologies to save lives of mariners may emerge. These advancements coupled with the response from existing and new competitors can affect the Company's financial returns. Competition and new technologies which are constantly evolving can reduce product prices and profit margins, decrease the financial returns of products and render the high costs of research and development obsolete.

4.5 Intellectual Property

The Company regards its copyrights, patent applications, trademarks, trade secrets, know-how and similar intellectual property as critical to its success. While the Company will use all reasonable endeavours to patent its Intellectual Property rights, the steps that the Company takes to protect these rights may be inadequate or the patent application made by the Company may not be granted at all or in the terms sought by Mobilarm. This would adversely affect the Company's ability to commercialise its products and would therefore adversely affect the value of the Shares. The unauthorised use or disclosure of its proprietary technology may have an adverse effect on the operations and financial performance of the Company.

The Company's intellectual property rights are discussed in greater detail in Section 7.

4.6 Non-Compliance Risk

The Company issued a prospectus on 5 October 2009 to raise up to \$6,000,000 ("Previous Offer"). The Previous Offer was subject to and conditional on the Company being admitted to ASX. The Company did not meet the requirements to be admitted to ASX within three (3) months of the date of the prospectus and all funds invested under the Offer were refunded in full to investors. During the offer period, the Company used funds raised under the Offer to pay its ASX Listing Fees and other Company expenses in breach of section 722 of the Corporations Act, which provides that if a person offers securities for issue or sale under a disclosure document, the person must hold all application money received from applicants under the disclosure document in trust until the securities are issued or the money is returned to the applicants. The Company has disclosed the breach to ASIC. The maximum penalty which may be imposed against the Company in respect of the breach is \$10,000 (being \$2,500 per breach). Since the Previous Offer, the Company has since implemented additional corporate governance procedures to ensure that it complies with all such obligations in the future.

4.7 Stock Market Fluctuation

The value of Shares will be determined by the share market. Share market fluctuations in Australia and in other stock markets around the world may negatively affect the value of the Company's quoted securities, regardless of the Company's operating performance.

Share market conditions are affected by many factors including, but not limited to, the following; -

- General economic outlook;
- Interest rates and inflation rates;
- Exchange rate fluctuations;
- Changes in investor sentiment toward particular market sectors;
- The demand for, and supply of, capital;
- Terrorism or other hostilities; and
- Other factors beyond the control of the Company.

Such events are unpredictable and their impact on individual companies or markets is beyond the control of the Company.

4.8 Exchange Rate Risk

The local currencies in the countries in which the Company seeks to sell its products and services may fluctuate in value in relation to other currencies. Such fluctuations may affect the cost of the Company's product sold and the value of its local currency profits. The Company currently operates in Australia, but its manufacturing partner Sanmina works on a United States dollar basis. The Company may expand to other countries and may then have an increased risk of exposure of its business to currency fluctuation.

4.9 Insurance Risks

The Company intends to adequately insure its operations in accordance with industry practice. However, in certain circumstances, the Company's insurance may not be of a nature or level to provide adequate insurance cover. The occurrence of an event that is not covered or fully covered by insurance could have a material adverse effect on the business, financial condition and results of the Company.

4.10 No Profit to Date

The Company has recently released its current products to market but has yet to generate profit from its operations. This limited history makes it difficult for potential investors to evaluate the business.

The Company must market and sell its products to generate sufficient revenues to overcome the operating costs. This includes replacing currently available technologies that already service the addressable market. The Company's proposed operations are subject to all of the risks inherent in the unforeseen costs, expenses, challenges, complications and delays frequently encountered in connection with the formation of any new business. The risk exists that the Company may never overcome such obstacles to financial success, despite its best efforts. There can be no assurance that the Company's efforts will be successful or result in profits, or that Investors will not lose their entire investment.

4.11 Future Capital Needs

The Directors expect that the proceeds of the Offer will provide sufficient capital resources to enable the Company to achieve its initial business objectives. However, if further borrowing or capital raising is required by the Company to support its ongoing activities and operations, there can be no assurance that such borrowing or capital raising will be available on satisfactory terms or at all. Any inability to obtain funding could adversely affect the business and financial condition of the Company and consequently its performance. A failure to meet cash calls could result in default in obligations. Any such future capital raising could result in dilution to existing Shareholders at the time of issuance.

RISK FACTORS (CONTINUED)

4.12 Economic and Government Risks

The future viability of the Company is also dependent on a number of other factors affecting performance of all industries including, but not limited to, the following; -

- General economic conditions in Australia and its major trading partners;
- Changes in government policies, taxation and other laws;
- The strength of the equity and share markets in Australia and throughout the world, and in particular investor sentiment towards the commodities (resources) sector;
- Movement in, or outlook on, interest rates and inflation rates;
- Natural disasters, social upheaval or war in Australia or overseas.

4.13 Key Personnel

The Company relies on a number of key employees and consultants. There is a risk that the Company may fail to attract, retain or develop key employees or consultants and this would adversely affect the development of the Company.

4.14 Marketing Risks

The Company is reviewing the potential of its technology in Australia, the United States and Europe. There can be no assurance that these markets will be established successfully and the failure to do so could have a material adverse effect on the Company's business, financial condition and results of operations.

4.15 Legal Risks

The introduction of new legislation or amendments to existing legislation by governments, developments in existing common law, or the respective interpretation of the legal requirements in any of the legal jurisdictions which govern the Company's operations or contractual obligations, could impact adversely on the assets, operations and, ultimately, the financial performance of the Company and its Shares.

4.16 Unforeseen Expenditure Risk

Expenditure may need to be incurred that has not been taken into account in the preparation of this Prospectus. Although the Company is not aware of any such additional expenditure requirements, if such expenditure is subsequently incurred, this may adversely affect the expenditure proposals of the Company.

4.17 U.S. Navy Risk

There is no certainty that the U.S. Navy's testing and evaluation of the V200 submariner PLB will be successful, or that the U.S. Navy will ultimately enter into an agreement with the Company to purchase commercial quantities of the Company's products.

FINANCIAL INFORMATION

5

FINANCIAL INFORMATION

5.1 Introduction

This section contains the following financial information for the Company prepared by the Directors:

5.1.1 Historical Financial Information

- The Historical Statement of Comprehensive Income for the period from 1 July 2009 to 31 January 2010, the Historical Statement of Financial Position as at 31 January 2010, the Historical Statement of Changes in Equity for the period from 1 July 2009 to 31 January 2010 and the Historical Statement of Cash Flows for the period from 1 July 2009 to 31 January 2010; and
- The Historical Statement of Comprehensive Income for the year ended 30 June 2009, the Historical Statement of Financial Position as at 30 June 2009, the Historical Statement of Changes in Equity for the year ended 30 June 2009 and the Historical Statement of Cash Flows for the year ended 30 June 2009,

(collectively the "Historical Financial Information").

5.1.2 Pro Forma Financial Information

- Pro Forma Statement of Financial Position as at 31 January 2010 which assumes completion of the transactions set out in Note 2 to the Historical and Pro Forma Financial Information as at that date ('Pro Forma Statement of Financial Position').

The Directors are responsible for the inclusion of all financial information in this Prospectus. The Historical Financial Information and the Pro Forma Statement of Financial Position have been reviewed by Ernst & Young whose Independent Accountant's Report is contained in Section 6.

5.2 Basis of Preparation and Presentation of the Historical Financial Information and Pro Forma Statement of Financial Position

The Historical Financial Information as at 30 June 2009 and for the year then ended has been extracted from the audited financial statements of the Company for the year ended 30 June 2009, which were audited by Ernst & Young and on which a modified audit opinion was issued. Except to reflect the impact of new and amending Accounting Standards and Interpretations effective from 1 July 2009 as disclosed in Note 1 to the Historical and Pro Forma Financial Information ("Note 1"), no adjustments have been made to the audited financial statements.

The Historical Financial Information as at 31 January 2010 and for the period then ended has been derived from the Company's underlying books and records.

The Pro Forma Statement of Financial Position has been based on the Historic Statement of Financial Position of the Company as at 31 January 2010.

As set out in Note 2 to the Historical and Pro Forma Financial Information ("Note 2"), Pro Forma adjustments have been made to the Historic Statement of Financial Position of the Company as at 31 January 2010 to compile the Pro Forma Statement of Financial Position of the Company at that date.

The Pro Forma Statement of Financial Position has been presented on the basis of a \$4 million subscription for 20,000,000 ordinary shares to be issued under the offer.

The financial information set out in the Prospectus has been prepared in accordance with the accounting policies of the Company and the recognition and measurement principles (but not all the disclosure requirements) prescribed by Australian Accounting Standards and other pronouncements of the Australian Accounting Standards Board. The financial information contained in this Prospectus is presented in an abbreviated form and does not contain all the disclosures required by the Australian Accounting Standards applicable to annual reports prepared in accordance with the Corporations Act.

The financial information in this section should be read in conjunction with; -

- The summary of significant accounting policies and additional financial disclosures set out in Note 1;
- The Pro Forma adjustments set out in Note 2;
- The risk factors set out in Section 4 of this Prospectus; and
- Other information contained within this Prospectus.

Investors should also note that the audited financial statements of the Company for the year ended 30 June 2009 are available on the Company's website at www.mobilarm.com.

5.3 Directors' Forecasts

It was determined by the Directors not to include forecast information.

5.4 Historical Statement of Comprehensive Income

	Period from 1 July 2009 to 31 January 2010 \$	Year ended 30 June 2009 \$
Revenue		
Sale of goods	129,820	69,039
Interest	723	16,601
Rental income	38,825	63,836
	169,368	149,476
Other income	-	42,981
Changes in inventories of finished goods and work in progress	(54,746)	(76,302)
Raw materials and consumables purchased	-	(30,206)
Employee benefits	(1,215,485)	(1,777,781)
Share based payments	(1,078,571)	-
Depreciation and amortisation	(235,026)	(431,784)
Advertising	(64,962)	(129,605)
Audit and tax	(35,000)	(45,000)
Accountancy	(37,155)	(95,469)
Freight and cartage	(9,989)	(20,716)
External consultants and contractors	(437,340)	(604,438)
Rental	(119,864)	(197,009)
Travel and accommodation	(160,003)	(230,078)
Allowance for doubtful debts	(31,114)	(19,188)
Payroll tax	(30,001)	(55,191)
Legal fees	(236,359)	(72,343)
Telephone and internet charges	(19,665)	(27,820)
Insurance	(59,361)	(29,915)
Printing, postage and stationery	(32,088)	(9,168)
Motor vehicles	(561)	(2,924)
Finance costs	(197,947)	(192,965)
Foreign exchange (loss)/gain	42,377	(196,189)
Writedown of available-for-sale investments	-	(169,945)
Loss arising on modification of the terms of conversion price of convertible notes	(298,179)	-
Other expenses	(170,575)	(340,861)
Loss before income tax	(4,312,246)	(4,562,440)
Income tax benefit	32,991	297,589
Loss after income tax from continuing operations	(4,279,255)	(4,264,851)
Other comprehensive income		
Changes in fair value at available-for-sale investments, net of tax	-	(94,533)
Total comprehensive loss for the period	(4,279,255)	(4,359,404)

FINANCIAL INFORMATION (CONTINUED)

5.5 Historical and Pro Forma Statement of Financial Position

	Note	Historical as at 30 June 2009 \$	Historical as at 31 January 2010 \$	Pro Forma as at 31 January 2010 \$
CURRENT ASSETS				
Cash	3	104,263	420,411	5,778,718
Trade and other receivables		301,254	73,770	73,770
Inventories		97,014	55,091	55,091
Prepayments		18,563	50,758	50,758
TOTAL CURRENT ASSETS		521,094	600,030	5,958,337
NON-CURRENT ASSETS				
Plant and equipment		135,691	96,942	96,942
Intangible assets		429,838	732,034	732,034
TOTAL NON-CURRENT ASSETS		565,529	828,976	828,976
TOTAL ASSETS		1,086,623	1,429,006	6,787,313
CURRENT LIABILITIES				
Trade and other payables		490,226	671,824	671,824
Interest bearing loans and borrowings	4	2,657,323	3,182	3,182
Provisions		133,661	151,964	151,964
TOTAL CURRENT LIABILITIES		3,281,210	826,970	826,970
NON-CURRENT LIABILITIES				
Provisions		14,102	-	-
Interest bearing loans and borrowings		7,594	7,516	7,516
Deferred tax liability		32,991	-	-
TOTAL NON-CURRENT LIABILITIES		54,687	7,516	7,516
TOTAL LIABILITIES		3,335,897	834,486	834,486
NET ASSETS/(LIABILITIES)		(2,249,274)	594,520	5,952,827
EQUITY				
Contributed equity	5	9,192,597	16,468,937	22,225,875
Accumulated losses	7	(11,595,162)	(15,874,417)	(16,729,236)
Reserves	6	153,291	-	456,188
TOTAL SHAREHOLDERS (DEFICIT) /EQUITY		(2,249,274)	594,520	5,952,827

5.6 Historical Statement of Changes in Equity

	Issued Capital \$	Accumulated Losses \$	Available- for-Sale Reserve \$	Convertible Note Reserve \$	Total Equity \$
At 1 July 2008	8,219,919	(7,330,311)	94,553	-	984,161
Net loss for the year	-	(4,264,851)	-	-	(4,264,851)
Other comprehensive income	-	-	(94,553)	-	(94,553)
Total comprehensive loss for the period	-	(4,264,851)	(94,553)	-	(4,359,404)
Transactions with owners in their capacity as owners					
Issue of equity	972,678	-	-	-	972,678
Equity component of convertible notes, net of tax	-	-	-	153,291	153,291
As at 30 June 2009	9,192,597	(11,595,162)	-	153,291	(2,249,274)
Net loss for the period	-	(4,279,255)	-	-	(4,279,255)
Other comprehensive income	-	-	-	-	-
Total comprehensive loss for the period	-	(4,279,255)	-	-	(4,279,255)
Transactions with owners in their capacity as owners					
Issue of equity	1,731,825	-	-	-	1,731,825
Issuance of Shares in lieu of director fees payable	80,657	-	-	-	80,657
Share based payments – Ordinary Shares	170,333	-	-	-	170,333
Share based payments – Performance Shares	920,238	-	-	-	920,238
Conversion of convertible notes	4,373,287	-	-	(153,291)	4,219,996
As at 31 January 2010	16,468,937	(15,874,417)	-	-	549,520

FINANCIAL INFORMATION (CONTINUED)

5.7 Historical Statements of Cash Flows

	Period from 1 July 2009 to 31 January 2010 \$	Year Ended 30 June 2009 \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	91,928	134,389
Export market development grant	-	401,276
Payments to suppliers and employees	(2,130,890)	(3,922,718)
Interest received	723	16,601
Payment for research and development	(486,137)	(817,493)
Rental income and recoveries	42,707	70,831
Interest and other borrowing costs paid	(197,947)	(192,961)
R&D tax rebate	288,098	288,864
NET CASH FLOWS USED IN OPERATING ACTIVITIES	(2,391,518)	(4,021,211)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for plant and equipment	(10,683)	(56,355)
Purchase of intangible assets	(1,818)	(11,112)
NET CASH FLOWS USED IN INVESTING ACTIVITIES	(12,501)	(67,467)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from / (Repayment of) borrowings – related parties	266,667	430,000
Lease and hire purchase repayments	(26,325)	(140,402)
Proceeds from return of deposit on equipment lease	-	193,023
Proceeds from issue of convertible notes	808,000	1,958,160
Proceeds from Share issue	1,671,825	972,678
NET CASH FLOWS PROVIDED BY FINANCING ACTIVITIES	2,720,167	3,413,459
NET INCREASE/(DECREASE) IN CASH HELD	316,148	(675,219)
CASH AT THE BEGINING OF THE FINANCIAL PERIOD	104,263	779,482
CASH AT THE END OF THE PERIOD	420,411	104,263

NOTES TO THE HISTORICAL AND PRO FORMA FINANCIAL INFORMATION

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted by the Company in preparing the Historical Financial Information at 31 January 2010 and the Pro Forma Statement of Financial Position are set out below.

Except as otherwise stated, the accounting policies and methods of computation are the same as those adopted in the financial statements of the Company for the year ended 30 June 2009.

The financial information has been prepared on a historical cost basis, except for available-for-sale investments, which have been measured at fair value. The financial information is presented in Australian dollars.

Adoption of new and amending Accounting Standards and Interpretations

From 1 July 2009 the Company has adopted all Australian Accounting Standards and Interpretations effective for periods on or after 1 July 2009, including:-

a) AASB 101 Presentation of Financial Statements (Revised)

The revised Standard separates owner and non owner changes in equity. The statement of changes in equity includes only details of transaction with owners, with non owner changes in equity presented in a reconciliation of each component of equity and included in the new statement of comprehensive income. The statement of comprehensive income presents all items of recognised income and expenses, either in one single statement, or in two linked statements. The Company has elected to prepare one statement. The revised standard has been applied to the 30 June 2009 Historical Financial Information presented for comparative purposes.

b) AASB 123 Borrowing Costs (Revised)

The revised AASB 123 requires capitalisation of borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. The Company's previous policy was to expense borrowing costs. In accordance with the transitional provisions of the amended AASB 123 the Company has adopted the standard on a prospective basis. Therefore borrowing costs are capitalised on qualifying assets with a commencement date on or after 1 July 2009. The Company has no qualifying assets and has therefore not capitalised any borrowing costs during the current period. Accordingly, the change in policy had no impact on the financial position or performance of the Company.

The Company has not elected to early adopt any new accounting standards and interpretations.

Going Concern

The directors have prepared the Historical Financial Information of Mobilarm 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 period from 1 July 2009 to 31 January 2010 of \$4,279,255 (year ended 30 June 2009: \$4,264,851) and experienced net cash outflows from operating activities of \$2,391,518 for the period from 1 July 2009 to 31 January 2010 (year ended 30 June 2009: \$4,021,211). As at 31 January 2010, the Company's current liabilities exceed current assets by \$226,940 (as at 30 June 2009: \$2,760,116). The directors have reviewed the business outlook and the assets and liabilities of the Company and are of the opinion that the use of the going concern basis of accounting is appropriate as they believe the Company will continue to be successful in securing additional funds through debt or equity issue as and when the need to raise working capital arises.

The Company is lodging this Prospectus for an Initial Public Offering ("IPO") and expects listing into the Australian Stock Exchange ("ASX") in June 2010. The expected placement is for \$4,000,000 of capital funds to be used to accelerate the sales capacity of the Company on a worldwide basis. The ability of the Company to continue as a going concern is reliant on the successful IPO to raise \$4,000,000. The Company would need to raise funds via other means if the IPO is not successful.

The Historical Financial Information does not include any adjustments relating to the recoverability and classification of recorded asset amounts, or to the amounts or classification of liabilities that might be necessary should the Company not be able to continue as a going concern.

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.

Significant accounting judgements

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

Judgements about the generation of future taxable profits and repatriation on retained earnings depend on management's estimates of future cash flows. These depend on estimates of future cash sales, cost of sales, operating costs, capital expenditure, dividends and other capital management transactions. Judgements are also required about the application of income 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.

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 Company 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 sub-lease of the Company's rented premises is accounted for on a straight-line basis over the lease term. Contingent rental income is recognised as income in the periods in which it is earned.

Government grants

Government grants are recognised when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income over the periods necessary to match the grant on a systematic basis to the costs that it is intended to compensate. When the grant relates to an asset, the fair value is credited against the capitalised cost of the asset recognised.

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. The Company 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).

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 Company 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 profit or loss.

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 Company 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.

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.

Trade and other receivables

Trade receivables, which generally have 30-90 day terms, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts. An allowance for doubtful debts is made when there is objective evidence that the Company will not be able to collect the debts. Bad debts are written off when identified.

Inventories

Inventories 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:

- Raw materials – purchase cost on a first-in, first-out basis; and
- 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 recognised 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.

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 Company 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 Company 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.

When the Company has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Company's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration received that the Company could be required to repay.

When continuing involvement takes the form of a written and/or purchased option (including a cash-settled option or similar provision) on the transferred asset, the extent of the Company's continuing involvement is the amount of the transferred asset that the Company may repurchase, except that in the case of a written put option (including a cash-settled option or similar provision) on an asset measured at fair value, the extent of the Company's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

(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 profit or loss.

Impairment of available-for-sale investments

If there is objective evidence that an available-for-sale investment is impaired, an amount comprising the difference between its cost (net of any principal repayment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to the Statement of Comprehensive Income. Reversals of impairment losses for equity instruments classified as available-for-sale are not recognised in profit. Reversals of impairment losses for debt instruments are reversed through profit or loss if the increase in an instrument's fair value can be objectively related to an event occurring after the impairment loss was recognised in profit or loss.

Foreign currency translation

Both the functional and presentation currency of the Company is Australian dollars ("A\$"). 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 Statement of Financial Position date. All exchange differences in the financial report are taken to profit or loss.

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 Statement of Financial Position date.

Deferred income tax is provided on all temporary differences at the Statement of Financial Position 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 Statement of Financial Position 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 Statement of Financial Position 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 Statement of Financial Position 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.

Other taxes

Revenues, expenses and assets are recognised net of the amount of GST except:-

- When the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST 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 included.

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

Cash flows are included in the Statement of Cash Flows on a gross basis and the GST 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.

Property, plant and equipment

Plant and equipment is stated at 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 in the appropriate line item by nature.

(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 profit or loss in the year the asset is derecognised.

Investments and other financial assets

Financial assets in the scope of AASB 139 Financial Instruments: Recognition and Measurement 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 Company determines the classification of its financial assets after initial recognition and, when allowed and appropriate, re-evaluates this designation at each financial year-end.

All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date that the Company commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets under contracts that require delivery of the assets within the period established generally by regulation or convention in the marketplace.

(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 profit or loss 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 profit or loss.

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.

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 profit or loss in the expense category consistent with the function of the intangible asset.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level. Such intangibles are not amortised. The useful life of an intangible asset with an indefinite life is reviewed each reporting period to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for as a change in an accounting estimate and is thus accounted for on a prospective basis.

Research and development costs

Research costs are expensed as incurred. An intangible asset arising from development expenditure on an internal project is recognised only when the Company 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 Company's intangible assets is as follows:

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

Development Costs
Useful lives: Finite (5 years)
Amortisation method used: Amortised over the period of expected future sales from the related project on a straight-line basis
Internally generated or acquired: Internally generated
Impairment testing: Annually for assets not yet available for use and more frequently when an indication of impairment exists. The amortisation method is reviewed at each financial year-end

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

Impairment of assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company 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.

Trade and other payables

Trade payables and other payables are carried at amortised costs and represent liabilities for goods and services provided to the Company prior to the end of the financial year that are unpaid and arise when the Company becomes obliged to make future payments in respect of the purchase of these goods and services.

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 profit or loss when the liabilities are derecognised.

Convertible notes

The component of any 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 a convertible note, 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 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 instrument is recognised as an expense in profit and loss.

Transaction costs are apportioned between the liability and equity components of the convertible note based on the allocation of proceeds to the liability and equity components when the instruments are first recognised.

Provisions

Provisions are recognised when the Company 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 Company 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.

Employee leave benefits

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

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

(ii) Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

Share-based payment transactions

The Company provides benefits to directors, employees and consultants in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares ("equity-settled transactions").

The cost of these equity-settled transactions with directors, employees and consultants (for awards granted after 7 November 2002 that were unvested at 1 January 2005) is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using the Black-Scholes model for options issued and a Monte Carlo model for performance shares issued.

In valuing equity-settled transactions, no account is taken of any performance conditions, other than (if applicable):

- Non-vesting conditions that do not determine whether the Company receives the services that entitle the employees to receive payment in equity or cash, and
- Conditions that are linked to the price of the shares of the Company ("market conditions").

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 ("vesting period"), ending on the date on which the relevant employees become fully entitled to the award ("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; and (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 credit 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 or non-vesting condition is considered to vest irrespective of whether or not that market condition or non-vesting is fulfilled, provided that all other conditions are satisfied.

If a non-vesting condition is within the control of the Company or the employee, the failure to satisfy the condition is treated as a cancellation. If a non-vesting condition within the control of neither the Company nor employee is not satisfied during the vesting period, any expense for the award not previously recognised is recognised over the remaining vesting period, unless the award is forfeited.

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 modification of the original award, as described in the previous paragraph.

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

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.

2) PRO FORMA ADJUSTMENTS

The Pro Forma Statement of Financial Position of the Company as at 31 January 2010 has been prepared as if the following proposed and actual transactions had taken place as at 31 January 2010:

- The receipt of \$1,785,307 from the issue of 8,863,711 Ordinary Shares as part of a pre initial public offering raising post 31 January 2010 (\$51,000 had already been received before 31 January 2010 on which 255,000 shares were yet to be issued as at that date);
- The receipt of \$4,000,000 in proceeds from the issue of 20,000,000 shares at \$0.20 each as contemplated by this Prospectus;
- Vesting of 6,666,666 Performance Shares assuming admission to the ASX and the issue of 6,666,667 Ordinary Shares on conversion of the Performance Shares. Of the total grant date fair value of \$1,066,667 (\$0.16 per Performance Share), \$761,905 has been expensed during the period ended 31 January 2010, with the remaining expense of \$304,762 recognised on admission to the ASX as a proforma adjustment;
- Payment of estimated capital raising costs of \$222,826 which are to be offset against issued share capital. In addition, estimated Initial Public Offering costs of \$153,174 have been expensed.

Total cash costs arising from the initial public offering and capital raising are estimated to be \$376,000;

- Issuance of 5,823,262 Options at a strike price of \$0.20 per Share for capital raising costs and assistance with the initial public offering. Of the valuation of \$456,188 based on the offer price of \$0.20 per share, \$396,883 has been expensed and \$59,305 offset against issued share capital.

3) CASH AND CASH EQUIVALENTS

	Historical as at 31 January 2010 \$	Note	Pro Forma as at 31 January 2010 \$
Cash at bank	420,411		5,778,718
Reconciliation of Pro Forma adjustments			
Historical balance as at 31 January 2010			420,411
Pro Forma adjustments			
Funds raised before this prospectus		2 (a)	1,734,307
Funds raised from the issue of 20,000,000 Shares @ \$0.20		2 (b)	4,000,000
Capital raising costs under this prospectus		2 (d)	(376,000)
Pro Forma balance as at 31 January 2010			5,778,718

4) INTEREST BEARING LOANS AND BORROWINGS – CURRENT

For the period of 1 July 2009 to 31 January 2010, interest bearing loans and borrowings decreased significantly as a result of the following:

- The Company received \$1,074,667 from the issue of convertible notes with a conversion price of \$0.15 (post consolidation) per Share, convertible at the earlier of the Company receiving ASX conditional listing or a voluntary conversion by the noteholder. Of the proceeds received, \$230,001 was allocated to the Convertible Note Reserve in equity representing the holders' conversion option.
- The Company amended the terms of \$1,067,063 worth of convertible notes on issue at 30 June 2009 to change the conversion price from \$0.21 to \$0.165 (post consolidation) per Share in exchange for an automatic conversion to equity at the time the Company received conditional ASX listing approval. The Company recognised an expense of \$298,179 for this modification to the terms
- Additionally the terms of the convertible notes with a conversion price of \$0.15 (post consolidation) per Share were amended to an automatic conversion to equity at the time the Company received conditional ASX listing approval.
- The Company incurred \$184,966 of interest on all the convertible notes during the period.
- The Company converted all of its outstanding convertible notes upon receipt of ASX conditional listing on 28 December 2009 and issued 26,778,960 Ordinary Shares in settlement of the convertible note debt and interest accrued on these notes.

FINANCIAL INFORMATION (CONTINUED)

5) CONTRIBUTED EQUITY

	Number of Shares	Historical as at 31 January 2010 \$	Note	Pro Forma as at 31 January 2010 \$
Ordinary Shares		15,497,699		21,000,875
Proceeds from Shares to be issued		51,000		-
Performance Shares		920,238		1,225,000
Contributed Equity		16,468,937		22,225,875

Reconciliation of Pro Forma Adjustments to Contributed Equity

Ordinary Shares

Historical balance as at 31 January 2010	124,993,744			15,497,699
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Pro Forma adjustments

Funds raised before this prospectus	8,860,000	2 (a)	1,734,307
Shares issued on proceeds received before 31 January 2010	255,000	2 (a)	51,000
Funds raised from the issue of 20,000,000 Shares @ \$0.20	20,000,000	2 (b)	4,000,000
Conversion of Performance Shares	6,666,666	2 (c)	-
Capital raising costs under this prospectus		2 (d)	(222,826)
Capital raising costs on issue of Options		2 (e)	(59,305)
Pro Forma balance as at 31 January 2010	160,775,410		21,000,875

Proceeds from Shares to be Issued

Historical balance as at 31 January 2010	255,000		51,000
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Pro Forma adjustments

Shares issued on proceeds received before 31 January 2010	255,000	2 (a)	(51,000)
Pro Forma balance as at 31 January 2010	-		-

Performance Shares

Historical balance as at 31 January 2010			
Performance Shares class A	6,666,666		761,905
Performance Shares class B	3,166,666		105,555
Performance Shares class C	3,166,668		52,778
	13,000,000		920,238

Pro Forma adjustments

Vesting and Conversion of Performance Shares	(6,666,666)	2 (c)	304,762
Pro Forma balance as at 31 January 2010	6,333,334		1,225,000

Details of the terms of the Performance Shares are outlined in Section 1.7 of this Prospectus. The fair value of the Performance Shares class A, which assume to vest on the admission of the Company to the ASX, is \$0.16 per Performance Share.

For the period of 1 July 2009 to 31 January 2010, contributed equity has significantly increased as a result of the following:

	Ordinary Shares	Performance Shares (All Classes)	Contributed Equity \$
Balance as at 1 July 2009	264,425,398	-	9,192,597
Share based payments	2,415,000	-	157,000
Issuance of shares to directors in lieu of directors fees*	1,613,135	-	80,657
Issuance of shares for funds raised during the period of 1 July 2009 to 28 August 2009, net of capital raising costs	870,000	-	43,500
Consolidation of Capital on a 1 for 3 basis*	(179,549,126)	-	
Performance Shares awarded as share based payments*	-	13,000,000	920,238
Share based payments	66,666	-	13,333
Issuance of shares as a facility fee for a letter of credit	300,000	-	60,000
Issuance of shares on conversion of convertible notes and settlement of interest	26,778,960	-	4,373,287
Issuance of shares for funds raised during the period of 29 August 2009 to 31 January 2010, net of capital raising costs	8,073,711	-	1,628,325
Balance as at 31 January 2010	124,993,744	13,000,000	16,468,937

* These transactions were approved at a general meeting of shareholders on 28 August 2009.

FINANCIAL INFORMATION (CONTINUED)

6) RESERVES

	Number of Options	Historical as at 31 January 2010 \$	Note	Pro Forma as at 31 January 2010 \$
Option reserve		-		456,188
Reconciliation of Pro forma adjustments to Reserves				
Historical balance as at 31 January 2010				-
Pro Forma adjustments				
Option reserve for capital raising costs issued	5,823,262		2 (e)	456,188
Pro Forma balance as at 31 January 2010				456,188

Options issued are exercisable two (2) years after listing at a strike price of \$0.20 per share.

7) ACCUMULATED LOSSES

	Historical as at 31 January 2010 \$	Note	Pro Forma as at 31 January 2010 \$
Accumulated losses as at 31 January 2010	(15,874,417)		(16,729,236)
Reconciliation of Pro Forma adjustments to Accumulated Losses			
Historical balance as at 31 January 2010			(15,874,417)
Pro Forma adjustments			
Vesting of Performance Shares class A		2 (c)	(304,762)
Capital raising costs under this prospectus		2 (d)	(153,174)
Capital raising costs on issue of Options		2 (e)	(396,883)
Pro Forma balance as at 31 January 2010			(16,729,236)

8) SUBSEQUENT EVENTS

Other than the Pro Forma adjustments, there are no matters or circumstances that have arisen since 31 January 2010 which significantly affect or may significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company.

9) COMMITMENTS

	31 January 2010 \$	30 June 2009 \$
Operating lease commitments		
Not longer than 1 year	302,518	223,542
Longer than 1 year and not longer than 5 years	55,886	186,285
Longer than 5 years	-	-
	358,404	409,827

Finance lease and hire purchase commitments

The Company has entered into financial lease commitments on certain motor vehicles and computer software with a carrying amount of \$10,698 (2009: \$12,820). These leases expire within 1 to 5 years. These leases have an option to purchase at the end of their term. There are no restrictions placed on the lessee by entering into these leases.

Future minimum amounts payable under non-cancellable finance leases as at 31 January 2010 and 30 June 2009 are as follows:

	2010 \$	2009 \$
Within one year	5,176	5,176
Unexpired interest	(1,147)	(1,478)
After one year but not more than five years	7,338	10,498
Unexpired interest	(669)	(1,377)
More than five years	-	-
	10,698	12,820

10) RELATED PARTY TRANSACTIONS

(a) The Directors of Mobilarm Limited during the financial period were:

Mr Brenton Scott

Mr Lindsay Lyon

Mr Richard Parish

Mr Christian Lange

Mr Andrew Hill (resigned 31 August 2009)

Mr Kathal Spence (resigned 31 August 2009)

(b) The following related party transactions occurred during the financial period 1 July 2009 to 31 January 2010:

Mr Brenton Scott received Chairman fees of \$90,000 during the period. Mr Scott received consulting fees for capital raising efforts of \$42,675. Mr. Scott received 10,480,176 shares during the period as part of funds contributed in placements of convertible notes and equity capital. Funds contributed were on the same terms as those granted to other equityholders and convertible noteholders. Mr Scott was granted 1,000,000 Performance Shares Class A, 500,000 Performance Shares Class B and 500,000 Performance Shares Class C during the period, approved by shareholder vote on 28 August 2009. Mr Scott received a facility fee of 300,000 shares for securing a letter of credit arrangement for the Company. Any other transactions throughout the period relate to reimbursements for expenses incurred by Mr Scott or his related entities on behalf of the Company.

Mr Lindsay Lyon received a salary of \$175,752 during the period. Mr Lyon was granted 4,000,000 Performance Shares Class A, 1,666,667 Performance Shares Class B and 1,666,667 Performance Shares Class C during the period, approved by shareholder vote on 28 August 2009. Any other transactions throughout the period relate to reimbursements for expenses incurred by Mr Lyon or his related entities on behalf of the Company.

Mr Andrew Hill received a salary of \$32,234 through 31 August 2009. Mr Hill resigned as Director of the Company on 31 August 2009, but continues as an employee of the Company. Mr Hill was granted 1,333,333 Performance Shares Class A, 666,666 Performance Shares Class B and 666,667 Performance Shares Class C during the period, approved by shareholder vote on 28 August 2009. Any other transactions throughout the period relate to reimbursements for expenses incurred by Mr Hill or his related entities on behalf of the Company.

Mr Richard Parish accumulated director's fees of \$17,500 during the period. Mr Parish also received 200,000 shares in exchange for \$30,000 of accumulated director's fees from the prior year, approved by shareholder vote on 28 August 2009.

Mr Christian Lange accumulated director's fees of \$17,500 during the period. Mr Lange also received 200,000 shares in exchange for \$30,000 of accumulated director's fees from the prior year, approved by shareholder vote on 28 August 2009.

Mr Kathal Spence accumulated director's fees of \$5,000 during the period. Mr Spence resigned as a Director on 31 August 2009. Mr Spence also received 137,712 shares in exchange for \$20,657 of accumulated director's fees from the prior year, approved by shareholder vote on 28 August 2009.

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

INDEPENDENT ACCOUNTANT'S REPORT

6

INDEPENDENT ACCOUNTANT'S REPORT



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15 April 2010

The Directors
Mobilarm Limited
768 Canning Highway
APPLECROSS WA 6153

Dear Sirs

Independent Accountant's Report

1. Introduction

We have prepared this Independent Accountant's Report ("Report") at the request of the Directors of Mobilarm Limited, hereafter referred to as the Company, for inclusion in a Prospectus to be dated on or about 15 April 2010 relating to the offer by the Company of 20,000,000 ordinary shares at an issue price of \$0.20 per Share, before capital raising costs.

Expressions defined in the Prospectus have the same meaning in this Report.

2. Scope

We have been requested to prepare an Independent Accountant's Report covering the following financial information:

Historical Financial Information

- ▶ The Historical Statements of Financial Position as at 30 June 2009 and the Historical Statement of Comprehensive Income, the Historical Statement of Changes in Equity and the Historical Statement of Cash Flows for the year ended 30 June 2009; and
- ▶ The Historical Statement of Financial Position as at 31 January 2010 and the Historical Statement of Comprehensive Income, the Historical Statement of Changes in Equity and the Historical Statement of Cash Flows for the period ended 31 January 2010, as set out in Section 5 of the Prospectus

(Collectively called "Historical Financial Information".)

Pro Forma Financial Information

- ▶ Pro Forma Statements of Financial Position as at 31 January 2010 which assumes completion of the transactions as at that date as set out in Section 5 of the Prospectus (the "Pro Forma Statements of Financial Position")

The Historical Financial Information as at 30 June 2009 and for the year then ended has been extracted from the audited financial statements of the Company which were audited by Ernst and Young and on which a modified audit opinion was issued. Except to reflect the impact of new and amending Accounting Standards and Interpretations effective from 1 July 2009 as disclosed in Note 1 to the Historical and Pro Forma Financial Information set out in Section 5 of the Prospectus, no adjustments have been made to the audited financial statements.

The Directors have prepared and are responsible for the Historical Financial Information and the Pro Forma Statements of Financial Position.

We disclaim any responsibility for any reliance on this report or on the financial information to which it relates for any purposes other than that for which it was prepared. This report should be read in conjunction with the full Prospectus.

Liability limited by a scheme approved
under Professional Standards Legislation



Review of Historical Financial Information

We have conducted an independent review of the Historical Financial Information in order to state whether on the basis of the procedures described, anything has come to our attention that would cause us to believe that the Historical Financial Information is not presented fairly, in all material respects, in accordance with the measurement and recognition requirements (but not all the disclosure requirements) of applicable Accounting Standards and other mandatory professional reporting requirements in Australia.

Our review has been conducted in accordance with Australian Auditing Standards applicable to review engagements and has been limited to reading of relevant Board minutes, inquiries of management personnel, analytical procedures applied to the financial data and certain limited verification procedures. These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than that given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion on the Historical Financial Information.

Review of Pro Forma Statement of Financial Position

We have conducted an independent review of the Pro Forma Statement of Financial Position in order to state whether on the basis of the procedures described, anything has come to our attention that would cause us to believe that:

- a. The Pro Forma Statement of Financial Position has not been prepared on the basis of the assumptions set out in Section 5 of the Prospectus; and
- b. The Pro Forma Statement of Financial Position has not been prepared applying the measurement and recognition requirements (but not all the disclosure requirements) of applicable Accounting Standards and other mandatory professional reporting requirements in Australia as if the Pro Forma transactions referred to above had occurred as at 31 January 2010.

Our review has been conducted in accordance with Australian Auditing Standards applicable to review engagements and has been limited to reading of relevant Board minutes, reading of contracts and other legal documents, inquiries of management personnel and analytical procedures applied to the financial data. We have also determined whether the Pro Forma transactions form a reasonable basis for the preparation of the Pro Forma Statement of Financial Position. These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than that given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion on the Pro Forma Statement of Financial Position.

3. Review Statements

Historical Financial Information

Based on our review, which was not an audit, nothing has come to our attention which would cause us to believe the Historical Financial Information of the Company as set out in Section 5 of the Prospectus is not presented fairly, in all material respects, in accordance with the measurement and recognition requirements (but not all the disclosure requirements) of applicable Accounting Standards and other mandatory professional reporting requirements in Australia, including the financial position of Company as at 31 January 2010 and 30 June 2009, and its performance as represented by the results of its operations and its cash flows for the period ended 31 January 2010 and the year ended 30 June 2009.

Inherent Uncertainty Regarding Continuation as a Going Concern

Without qualification to the review statement expressed above, attention is drawn to the following matter. As a result of the matters described in Note 1 to the Historical and Pro Forma Financial Information set out in Section 5 to the Prospectus, there is significant uncertainty whether the Company will be able to continue as a going concern and therefore whether it will be able to pay its debts as and when they become 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 Historical Financial Information 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 Company not continue as a going concern.



Pro Forma Statement of Financial Position

Based on our review, which was not an audit, nothing has come to our attention which would cause us to believe the Pro Forma Statement of Financial Position as set out in Section 5 of the Prospectus:

- a. Has not been prepared on the basis of the assumptions as set out in Section 5 of the Prospectus of the Company as at 31 January 2010; and
- b. Has not been prepared applying the measurement and recognition requirements (but not all the disclosure requirements) of applicable Accounting Standards and other mandatory professional reporting requirements in Australia as if the Pro Forma transactions set out in Section 5 had occurred on that date.

4. Subsequent Events

Apart from the matters dealt with in the Pro Forma financial information and having regard to the scope of our Report, to the best of our knowledge and belief, no material transactions or events outside the ordinary business of the Company subsequent to 31 January 2010 have come to our attention which require comment on or adjustment to, the information referred to in our Report or that would cause such information to be misleading or deceptive.

5. Disclosure

Ernst & Young does not have any pecuniary interests that could reasonably be regarded as being capable of affecting its ability to give an unbiased opinion in this matter. Ernst & Young provides audit and tax services to the Company, and will receive a professional fee for the preparation of this Report.

Consent to the inclusion of the Independent Accountant's Report in the Prospectus in the form and context in which it appears, has been given. At the date of this Report, this consent has not been withdrawn.

Yours faithfully

A stylized signature of Ernst & Young, written in a cursive script.

Ernst & Young

A handwritten signature of C B Pavlovich, written in a cursive script.

C B Pavlovich
Partner
Perth

INTELLECTUAL PROPERTY REPORT

7



INTELLECTUAL PROPERTY REPORT

GRIFFITH HACK
LAWYERS

GH

12 February 2010

Mr Jorge Nigaglioni
Financial Controller
Mobilarm Limited
768 Canning Highway
APPLECROSS WA 6153

Dear Mr Nigaglioni

MOBILARM LIMITED: Intellectual Property Report
Our Ref: RAB:EJS:L70705

1. INTRODUCTION

Griffith Hack was engaged to prepare this Report by Mobilarm Limited ("Mobilarm") for inclusion in a Prospectus to be lodged at the Australian Securities & Investments Commission.

1.1 Executive Summary

This Report provides details of certain pending patent and trade mark applications and registered trade marks currently owned by Mobilarm.

1.2 Report Scope

This Report sets out details of the various patent applications, trade mark applications and trade mark registrations, in the name of Mobilarm, as well as their status as at the date indicated in the Report. The Report is subject to the limitations and qualifications set out in Section 5 of this Report and in particular, the limited sources of information described in Section 5.1 of this Report.

2. INTELLECTUAL PROPERTY

2.1 Meaning of Intellectual Property

Intellectual Property may be regarded as an exclusive right in relation to a new product, process, trade mark, design or plant variety or an original work in the fine arts such as a literary, artistic, musical or dramatic work. We have not been requested to provide any report on Mobilarm's copyright nor any of its protectable confidential information.

2.2 Patents

Patents are a form of intellectual property that cover inventions and provide a monopoly in exchange for an inventor's full disclosure of his or her invention to the public. Patents may be granted in respect of new or improved products and methods in almost all areas of scientific, commercial and industrial activities.

A patent provides protection for novel (new), inventive (non-obvious) and useful inventions. As there is no such thing as a world patent, patents must be separately obtained in each country in which protection is required. In many countries the test for patentability can be different from that in Australia. A patent has a finite term, typically 20 years (subject to payment of renewal fees), and provides the owner with a period in which others may be excluded from commercially exploiting an invention that is covered by the claims of the granted patent.

Commercialisation of patented products and processes may require any party other than the patent owner wishing to use such developments to obtain a licence subject to payment of royalties.

MELBOURNE

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Affiliated Griffith Hack Patent and Trade Mark Attorneys

2.3 Inventorship and Ownership

Typically, a patent for an invention may only be granted to the inventor or inventors or to a person who has entitlement to the invention by way of assignment or other means. We are unaware of any adverse issues regarding the ownership or entitlement of Mobilarm to the patent application set out in section 3.1 below.

2.4 Process for Obtaining Patent Protection

In most countries, the process of obtaining patent rights begins with the submission of a patent application including a patent specification describing the invention. A patent specification generally consists of a description of the invention and a series of "claims" which define the scope of protection sought.

Once the initial application has been filed, further applications in other overseas countries may be filed within twelve (12) months. This is facilitated by an International Treaty called the Paris Convention which provides that the filing of an initial patent application establishes a "priority date" for the invention in all other countries party to the Convention including countries such as the United States, Japan and Australia as well as jurisdictions such as the European Union and Eurasia.

The priority date is the date at which the invention covered by the initial application and any subsequent foreign applications lodged in accordance with the Paris Convention are assessed for novelty and obviousness.

Any public disclosure made after the priority date is not taken into consideration when assessing inventiveness of the invention, unless the disclosure was made in a patent application claiming an earlier priority date, in which case it can be taken into consideration for novelty purposes.

The filing of further patent applications in overseas countries may be pursued individually or in some instances by filing an application with a regional patent office empowered to act for a number of countries, such as the European Patent Office or the African Regional Industrial Property Organisation. Under such regional systems, a single application is filed and one or more countries covered by the system "designated" for protection. Alternatively, separate national filings or regional filings may be delayed by filing an International application under the Patent Cooperation Treaty (PCT), the PCT providing for the filing of a single international patent application which has the same effect as national applications.

The national or regional applications progress under the jurisprudence and legislation of each country or region to ensure compliance with the requirements of the patent law of the country or region concerned. In most jurisdictions, such as Australia, Europe, United States and Japan, examination by the relevant local patent office comprises a search carried out through documents in the field of technology to which the invention pertains as it existed at the priority date of the application.

This establishes what is referred to as the "state of the art." The patent application is then measured against the state of the art and an assessment is made as to whether the invention described in the application is novel, inventive and useful in view of the state of the art. The time required to complete the process of examination differs from country to country and the scope or protection may differ depending on the law of each country.

Once a patent has been granted, renewal fees are payable for each country or region.

It should be noted that grant of a patent does not guarantee that the patent is valid or enforceable, and Griffith Hack provides no assurance that any patents which may be granted to Mobilarm are necessarily valid or enforceable in any jurisdiction.

Notwithstanding validity or enforceability, once a patent has been granted, prima facie, the proprietor has the exclusive right to use the patented invention. This means that the proprietor can decide to exclusively use the invention and/or prevent others from using it. Alternatively they can allow others to use the invention under terms of a licence agreement. Enforcement of patent rights varies from country to country. The remedies for unauthorised use (infringement) usually available to the patent owner are an injunction to prevent further infringement of the patent, the payment of monetary damages or an account of profits, and in many countries except the USA, costs. In several countries, the patent owner can also file a criminal complaint against the infringer.

2.5 Trade Marks

Trade marks are a form of intellectual property used to distinguish the goods and services of one trader from those of another. A trade mark can be a word, phrase, letter, number, sound, smell, shape, logo, picture, aspect of packaging or a combination of these. Trade marks are typically an important component of an intellectual property portfolio. Like patents, they are essentially national rights and, to obtain protection in any jurisdiction, it is necessary to file an application for registration of the relevant right in that jurisdiction. Alternatively, an International Application might be filed under the terms of the Madrid Agreement.

A registered trade mark gives the owner the legal right to use, license or sell it in relation the goods and services for which it is registered. Remedies available to a trade mark owner for infringement of their trade mark by a third party vary from country to country but usually include the payment of monetary damages or an account of profits, equitable remedies such as an injunction and bars to importation of infringing goods.

2.6 Process for obtaining Trade Mark Protection

In order to obtain registration of a trade mark in Australia (unregistered trade marks are also capable of protection if a reputation can be established) an application is submitted to IP Australia. The trade mark is identified clearly in the application as are the goods and/or services in respect of which registration is sought. The application will also have a priority date that is relevant for the purposes of its eligibility for registration in the event of a conflict with another trade mark.

The trade mark application is then examined to see if it meets the requirements for registration. This process often involves correspondence between the examiner and the applicant which will involve clarification of the application and the provision of any necessary evidence (usually of prior use) from the applicant. If accepted, the application is published and a period of time is then available for opposition to the registration. If there is no successful opposition to the accepted mark, it will be registered.

Registration is initially for ten years and is renewable for further periods of 10 years upon payment of renewal fees.

2.7 Dealings with Intellectual Property

Patent applications, trade mark applications and registered trade marks are assets in the category of personal property and are capable of sale, transfer, licence, recordal of legal interests, or the like.

3. MOBILARM INTELLECTUAL PROPERTY PORTFOLIO AS AT 12 FEBRUARY 2010

3.1 Mobilarm Patent Applications

Provisional Patent entitled "Location Device" (Australian Patent Application No. 2007905890 filed 26 October 2007)

Named Inventor: Lindsay Lyon

Assignees: This provisional patent application names Mobilarm Limited as the applicant.

Overview:

This invention relates to a location device for providing the location of a person, animal or other object, particularly in an emergency or distress situation.

The location device according to the invention comprises a location detection processor for providing position data in relation to the location of the device, a voice synthesiser for receiving the data and converting the data to a voice signal and a transmitter for receiving the voice data from the synthesiser and for transmitting the voice data as an over the air voice message. The invention enables any person with a tunable radio transmitter to pick up the voice signal from the device and hear the exact latitude and longitude location of the device in plain language, voice message transmission. The likelihood of the distress message being picked up by someone in the vicinity is therefore greatly increased thereby also increasing the likelihood of quickly rescuing the person, animal or object wearing the location device. In one embodiment of the invention the location detection processor comprises a global positioning satellite device.

Status:

This provisional patent application forms the basis of the international PCT application (priority document) subsequently filed on 17 September 2008 with the International Bureau of the World Intellectual Property Organisation ("WIPO") and discussed below.

International PCT Patent Application entitled "Location Device" (WO2009/052546 filed 17 September 2008)

Named Inventor: Lindsay Lyon

Assignees: This application names Mobilarm Limited as the applicant.

Overview:

Mobilarm Limited currently holds an International patent application No. PCT/AU2008/001376 (the "International Application") which was filed on 17 September 2008 claiming priority in accordance with the Paris Convention from the earlier filed Australian provisional patent application No. 2007905890 filed on 26 October 2007 discussed above. The International Application designates a large number of countries and states.

The International Application is directed to a "location device" for use in assisting a person associated with a marine vessel to be located when the person has fallen overboard from the vessel. The system comprises multiple location devices, in the example described in the form of wearable pendants, each of which is worn by a person on a marine vessel, and a base station disposed on the vessel. Each of the pendants includes a GPS device arranged when activated to produce information indicative of the position of the pendant, a voice synthesiser arranged to convert the position information to voice signals, and a transmitter arranged to transmit an RF signal including the voice signals.

During use, a relatively short range communication is sent between each of the pendants and the base station to confirm that the wearers of the pendants are within close proximity to the base station. When a failure in communication occurs between a pendant and the base station or an emergency communication is otherwise generated at a pendant, the wearer of the pendant is assumed to be overboard.

When an overboard situation is determined, the pendant generates the position information using the pendant GPS, converts the position information to voice signals and transmits the voice signals using RF communication. In this way, any RF receiver, such as located on a neighbouring vessel, is able to receive a distress signal in the form of a verbal message including the spoken GPS location of the pendant.

The broadest claim of the International Application (claim 1) currently defines the invention as a location device arranged to be worn by a person on a marine vessel which provides position information, converts the position information into a voice signal and transmits the voice signal as an over-the-air message when the marine location device is activated by receiving an indication that the person is not onboard the vessel. It is common for patent claims to be drafted initially with a broad scope, then to subsequently narrow the scope as required when the state of the art becomes better known. This ensures that an appropriate scope of protection is obtained for the invention concerned.

In accordance with the PCT procedure, an International Search Report ("ISR") was issued on 21 October 2008 citing some relevant documents. In response to the ISR, a Demand for International Preliminary Examination was filed including amendments to address the documents cited in the ISR and requesting the issue of a clear International Preliminary Examination Report ("IPER"). Such a report has since been received. In particular the IPER indicates that the invention defined in the claims is considered to define subject matter which is novel and inventive in view of the documents cited in ISR. This clear IPER will facilitate examination and decrease the costs of amendment when the International Application enters the national phase in various of the designated countries in the next stage of the PCT procedure over the next few months.

Status:

Clear IPER received. International Application to enter national phase in designated countries by 26 April/May 2010.

Provisional patent entitled "An emergency warning device" (Australian Patent Application No. 2009905478 filed 9 November 2009)

Named Inventors: Peter Bettonvil; Greg Cook; Andrew Hill; Simon McNamara

Assignees: The provisional patent application names Mobilarm Limited as the applicant.

Overview:

This invention is directed towards an emergency warning device aimed at improving transmission efficiency and reducing device power wastage.

Status:

Filed 9 November 2009.

3.2 Trade Mark Portfolio

Set out in Table 6 below are details of trade mark applications and trade mark registrations which make up the trade mark portfolio recorded as owned by Mobilarm, on which we have been asked to report.

The information concerning the status of the trade mark applications is based on information obtained from the applicable trade mark office as at the date of the Report.

This overview of the trade mark portfolio is not to be taken as a definition of the scope of the trade mark portfolio and merely serves to provide a general outline of the trade marks to which the trade mark portfolio relates.

TABLE 6: DETAILS AND STATUS OF THE TRADEMARKS

MARK	COUNTRY/REGION	APPLICATION REGISTRATION NUMBER	FILING DATE	STATUS
ALWAYS ON WATCH	Australia	1199413	18/09/07	Registered
ALWAYS ON WATCH	Canada	1387740	17/03/08	Under examination
ALWAYS ON WATCH	Madrid Protocol (Designated Countries: European Community; Japan and USA)	960724	17/03/08	Registered
ALWAYS ON WATCH	European Community	960724	17/03/08	Designated
ALWAYS ON WATCH	Japan	960724	17/03/08	Published
ALWAYS ON WATCH	USA	3658188	17/03/08	Registered
ALWAYS ON WATCH	New Zealand	786112	18/03/08	Registered
	Australia	1221122	25/01/08	Registered
	New Zealand	783351	29/01/08	Registered
CREWSAFE	Australia	1193243	16/08/07	Registered
CREWSAFE	Canada	1383171	12/02/08	Accepted
CREWSAFE	Madrid Protocol (Designated countries: European Community; Japan; USA)	959404	11/02/08	Registered
CREWSAFE	European Community	959404	11/02/08	Registered
CREWSAFE	Japan	959404	11/02/08	Registered
CREWSAFE	USA	3705418	11/02/08	Registered
CREWSAFE	New Zealand	774137	17/08/08	Registered
I-LERT	Australia	974419	16/10/03	Registered
MOBILARM	Australia	1193240	16/08/07	Registered
MOBILARM	Canada	1383167	12/02/08	Accepted
MOBILARM	Madrid Protocol (Designated countries: European Community; Japan; USA)	959403	11/02/08	Registered
MOBILARM	European Community	959403	11/02/08	Designated
MOBILARM	Japan	959403	11/02/08	Registered
MOBILARM	USA	3708788	11/02/08	Registered
MOBILARM	New Zealand	774135	17/08/07	Registered

MARK	COUNTRY/REGION	APPLICATION REGISTRATION NUMBER	FILING DATE	STATUS
MOBILERT	Australia	1193241	16/08/07	Registered
MOBILERT	Canada	1383169	12/02/08	Accepted
MOBILERT	Madrid Protocol (Designated countries: European Community; Japan; USA)	963308	11/02/08	Registered
MOBILERT	European Community	963308	11/02/08	Registered
MOBILERT	Japan	963308	11/02/08	Registered
MOBILERT	USA	3708800	11/02/08	Registered
MOBILERT	New Zealand	774136	17/08/07	Registered
MOBILERT	Australia	960173	03/07/03	Registered
MOBILERT	Madrid Protocol (Designated countries: Germany, Spain, France, United Kingdom, Greece Singapore)	810708	15/07/03	Registered
MOBILERT	Germany	810708	15/07/03	Registered
MOBILERT	Spain	810708	15/07/03	Registered
MOBILERT	France	810708	15/07/03	Registered
MOBILERT	United Kingdom	810708	15/07/03	Registered
MOBILERT	Greece	810708	15/07/03	Registered
MOBILERT	Singapore	810708	15/07/03	Registered
MOBILERT	New Zealand	682303	14/07/03	Registered
MOBILERT	United States of America	2973620	13/08/03	Registered
ONIX	Australia	1193245	16/0/07	Registered
SITESAFE	Australia	1193244	16/08/07	Registered
SITESAFE	New Zealand	774138	17/08/07	Registered

3.3 Trade Marks - Australia

In respect of the Australian registered trade marks, Griffith Hack has no knowledge of any concerns or complaints raised by any third parties and no knowledge that use of the trade marks in Australia would breach any other party's intellectual property rights.

3.4 Trade Marks - Canada

The Canadian Associates have reported that trade mark application numbers 1383167, 1383169, and 1383171 have been allowed and that Notice of Allowances had been issued for each of the marks. A Declaration of Use stating that the applicant has commenced use of the trade marks in Canada needs to be filed by 12 February 2011.

Application number 1387740 is still undergoing examination however the Associates have advised that at this stage, the Examiner has not cited any confusingly similar trade marks against it. Once this application is approved, it will be advertised for opposition by any third parties.

The Canadian Associates have no knowledge of any complaints from third parties alleging that the applications infringe their intellectual property rights in Canada.

3.5 Trade Marks - Japan

The Japanese Associates have reported in respect of the Japanese phase of international trade mark registration 960724 "ALWAYS ON WATCH" that:

- The application will be granted in Japan in the future;
- They have no knowledge of competing applications;
- They have no knowledge of concerns or complaints raised by any third parties in Japan; and
- The Examiner did not cite any prior trade marks, therefore they do not believe that the trade mark is in breach of any other party's intellectual property rights in Japan.

In respect of Japanese registrations 959404, 959403 and 963308 Griffith Hack has no knowledge of any concerns or complaints raised by any third parties or that use of the trade marks would breach any other party's intellectual property rights in Japan.

3.6 Trade Marks - United States of America

In respect of the United States registered trade marks, Griffith Hack has no knowledge of any concerns or complaints raised by any third parties or that use of the trade marks would breach any other party's intellectual property rights in the USA.

3.7 Trade Marks - New Zealand

In respect of New Zealand registered trade marks 774135, 774136, 774137, 774138, 774139, 783351 and 786112 Griffith Hack has no knowledge of any concerns or complaints raised by any third parties or that use of the trade marks would breach any other party's intellectual property rights in New Zealand.

4. FURTHER ISSUES

4.1 Enforceability

Once a patent has been granted or a trade mark registered, the owner may initiate infringement proceedings against an alleged infringer of the property. Trade Mark and patent infringement proceedings cannot be initiated on the basis of a pending application. Filing an application does not mean that one is free to commercialise the invention, as it is possible that the intellectual property rights or common law rights of other parties may be infringed by doing so. As at 12 February 2010 we are not aware of an application or registered trade mark referred to in this Report being the subject of any opposition or litigation. We have not however conducted an infringement search in order to attempt to identify rights of other parties.

4.2 Validity of the Patent Applications

The ultimate validity of the claims of a patent cannot be guaranteed and can be challenged:

- a) During examination;
- b) In opposition proceedings once the application has been examined and found allowable;
- c) In court during revocation proceedings brought by a third party, or
- d) During infringement proceedings initiated against an alleged infringer by the patentee.

As the patent rights set out in section 3.1 are still pending patent applications and likely to undergo examination, it cannot be assumed that these applications or any applications stemming from them will proceed to grant or, if grant is achieved, that the claims will remain in their present form. It is possible, for example, that the scope of the claims of the patent applications may be restricted during examination of the application.

4.3 Rights of Third Parties to Patent

Important to note is that there are legal mechanisms by which third parties can bring evidence that they have a sole or joint entitlement to an invention and any patent application or patent obtained for that invention. We are unaware of the existence of any such third party in relation to the international application set out in section 3.1.

It is possible that the technology in respect of which the patent applications have been filed falls within the scope of, and may thus infringe, a patent of a third party. We have not conducted any searches or taken any other steps to identify any patents which may be infringed by the exploitation of the product referred to in the international application the subject of this report.

To the best of our knowledge, to date, there has been no third party challenge to the validity or ownership of the international application.

4.4 Rights of Third Parties to Trade Mark

Our investigations of the records of the Australian Trade Marks Office indicates that each of the Australian trade mark registrations record Mobilarm Limited as the owner of the trade mark. There are mechanisms by which third parties can bring evidence that they are the owner of a trade mark and any trade mark obtained for that mark. We are unaware of the existence of any such third party in relation to the trade marks set out in section 3.2. Further our investigations have not identified any third party, whether that party be a mortgagee, licensee or otherwise, having recorded any right, title or interest in or to any of the Australian trade marks in the trade mark portfolio.

A trade mark may be granted even though the trade mark may infringe a trade mark of a third party. We have not conducted any searches or taken any steps to identify any trade marks which may be infringed by the use of the trade marks referred to in the trade mark portfolio the subject of this Report.

To the best of our knowledge, to date, there has been no third party challenge to the registrability or ownership of any of the registered trade marks or trade mark applications referred to in this Report.

5. LIMITATIONS AND QUALIFICATIONS

5.1 Information Sources

In preparing this Report, in addition to reviewing our internal databases, we conducted searches of the appropriate national and international patent and trade mark office records and, where appropriate, liaised with our foreign patent and trade mark attorney associates.

The information concerning the international patent application is based on information obtained from WIPO including the specification for the patent application and the International Search Report dated 1 October 2008.

The information contained in the trade mark portfolio is correct as at 12 February 2010.

5.2 Jurisdictional Requirements

Each jurisdiction has its own laws and particular requirements that need to be met for the grant and maintenance of a patent or registration of a trade mark.

Accordingly, the assessment of patentability and trade mark registrability varies from jurisdiction to jurisdiction, and inventions and marks which may be granted and registrable in one jurisdiction may be excluded from grant and registration in another. Moreover, the different jurisdictional requirements may result in variation of the scope of patent and trade mark protection obtained for the same patent or trade mark in different jurisdictions.

The outcome of examination of a patent and trade mark application by the office of one jurisdiction is not binding on the office of any other jurisdiction. The examination of patent and trade mark applications occurs at different times in different jurisdictions. As such, there is always a risk that a patent or trade mark may be granted on a patent or trade mark application in one jurisdiction, and that a third party patent or trade mark may be subsequently cited during examination of another patent or trade mark application that has been filed elsewhere.

5.3 Patentability search limitations

A patentability search, such as international searches carried out under the PCT procedure, cannot be guaranteed to locate all prior art that may exist which is potentially relevant to the assessment of novelty and inventive step of a claimed invention. Such searches are generally computer based searches and are dependent on the database search and the coverage provided by the databases used. All patentability searches are subject to the accuracy of records as well as the indexing and classification of the subject matter comprising the records. The scope of each search is also dependent on the search strategy utilised and, for example, the keywords selected for the search.

Further, non-provisional patent applications are not normally published until at least 18 months from the earliest applicable priority date. Accordingly, a patentability search would not normally identify any third party patent applications potentially relevant to the assessment of patentability that have a priority date which is less than 18 months prior to the date of the patentability search.

5.4 Publication in the United States

Prior to 29 November 2000, publication in the United States of America did not occur until the time of grant of the patent in that jurisdiction. Non-provisional United States of America patent applications having a filing date on or after 29 November 2000 are now supposed to be published 18 months after the priority date of the application. However, the applicant of a non-provisional United States of America patent application can request that the application not be published if the invention to which the application relates has not, and will not, be subject of a patent application filed in another jurisdiction in which patent applications are published 18 months from the priority date. We have also noted that there is a significant backlog in the publication of applications by the United States Patent and Trade Mark Office.

5.5 Patentability of an invention

Besides documentary prior art, public use of an invention and non-confidential oral disclosures before the priority date of a patent application may also be relevant to the assessment of patentability of the invention to which the patent application relates. As patentability searches are conducted on published documents, they would not locate such other forms of prior art disclosures.

Commercialisation or secret use of an invention in a jurisdiction by, or with the authority of, a patent applicant (or their predecessor in title) before the priority date of a patent application that has been filed in the jurisdiction by the applicant in respect of the invention, can also be relevant to the patentability of the invention and the validity of any patent that may ultimately be granted on the application. Such commercial exploitation or secret use would not normally be identified by documentary patentability searches of publicly accessible databases.

5.6 Entitlement to claimed priority date

In Australia, for subject matter contained in a non-provisional patent application to be entitled to the priority date established by a corresponding priority patent application or provisional patent application there must be a real and reasonably clear disclosure of the subject matter in the priority application. Subject matter disclosed in a non-provisional patent application that is not contained in a corresponding priority application is generally only entitled to the filing date of the non-provisional application as a priority date.

INTELLECTUAL PROPERTY REPORT (CONTINUED)

5.7 Renewal Fees

Our investigations of the records of the various trade mark offices indicate that the earliest renewal due is for New Zealand Trade Mark Registration 682303 which is due by 14 July 2010. The rest of the registrations are due for renewal in 2013, 2015, 2017 and 2018. At the time of preparing this Report, no renewal fees are currently due.

5.8 Independence

Griffith Hack has no interest in Mobilarm other than fees for professional services. Griffith Hack has had no involvement in the preparation of the Prospectus by Mobilarm other than the preparation of this Report. Griffith Hack is therefore considered independent of Mobilarm for the purpose of preparing this Report.

5.9 Qualifications

Griffith Hack is a firm of patent and trade mark attorneys and lawyers that provide advice in relation to all aspects of intellectual property including patents, trade marks, industrial designs and plant breeders rights. Griffith Hack has extensive experience in protecting and defending intellectual property rights and commercialising products and services. Griffith Hack provides a comprehensive intellectual property service through its patent and trade mark attorney practices, law firm, licensing consultancy and through its partnership in a major international renewal service.

The persons responsible for preparing this Report are Russell Berry, Partner and Eliza Saunders, Associate.

Yours faithfully

GRIFFITH HACK



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ADDITIONAL INFORMATION

8



ADDITIONAL INFORMATION

8.1 Incorporation

Mobilarm Limited was incorporated on 30 September 2003 for the purposes of developing and producing electronic marine safety products but as at the date of this Prospectus has no history of profitability.

8.2 Rights and Liabilities Attaching to Shares

The following is a general description of the more significant rights and liabilities attaching to the Shares. This summary is not exhaustive. Full details of provisions relating to rights attaching to the Shares are contained in the Corporations Act, ASX Listing Rules and the Company's Constitution, a copy of which is available for inspection at the Company's registered office during normal business hours.

8.2.1 Ranking of Shares

At the date of this Prospectus, all Ordinary Shares are of the same class and rank equally in all respects. Specifically, the Shares issued pursuant to this Prospectus will rank equally with existing Ordinary Shares.

The Company has Performance Shares that convert into Ordinary Shares upon the realisation of milestones. Refer to section 1.7 for the Performance Shares milestones. The rank and rights of Performance Shares are different than the Company's Ordinary Shares.

8.2.2 Dividend Rights

Subject to any special rights (at present there are none), any Dividends that may be declared by the Company are payable on all Shares in proportion to the amount paid up.

Performance Shares are not entitled to any dividends.

8.2.3 Variation of Rights

The rights attaching to the Shares may only be varied by the consent in writing of the holders of three-quarters of the Shares, or with the sanction of a special resolution passed at a General Meeting.

8.2.4 Transfer of Shares

Subject to the Company's Constitution, the Corporations Act or any other applicable laws of Australia and ASX Listing Rules, the Shares are freely transferable. The Directors may refuse to register a transfer of Shares only in limited circumstances, such as where the Company has a lien on those Shares.

Performance Shares are not transferable.

8.2.5 General Meetings

Each Shareholder is entitled to receive notice of, and to attend and vote at, General Meetings of the Company and to receive all notices, accounts and other documents required to be furnished to Shareholders under the Company's Constitution, the Corporations Act and ASX Listing Rules.

8.2.6 Voting Rights

Subject to any special rights or restrictions (at present there are none), at any meeting each member present in person or by proxy has one vote on a show of hands, and on a poll has one vote for each Share held.

Performance Shares do not have voting rights until they convert into Ordinary Shares.

8.2.7 Unmarketable Parcels

The Company's Constitution provides for the sale of unmarketable parcels subject to any applicable law and provided a notice is given to the minority Shareholders stating that the Company intends to sell their relevant Shares unless an exemption notice is received by a specified date.

8.2.8 Rights on Winding Up

If the Company is wound up, the liquidator may, with the sanction of a special resolution;

- Divide among the Shareholders the whole or any part of the Company's property; and
- Decide how the division is to be carried out between the Shareholders.

Subject to any special rights (at present there are none), any surplus assets on a winding up are to be distributed to Shareholders in proportion to the number of Shares held by them irrespective of the amounts paid or credited as paid.

8.3 Employee Share Option Plan

The Company adopted an employee share option plan ("Plan") in a General Meeting held on 18 December 2008. The material terms of the Plan are summarised below; -

- a) The objectives of the Plan are to incentivise and reward employees and officers for their contributions to the Company, attract and retain a high standard of managerial and technical personnel for the benefit of the Company and establish a method by which employers and officers can participate in the future growth and profitability of the Company;
- b) The Directors will not offer Shares or Options if the total number of Shares issued under the Plan, including Shares the subject of Options issued under the Plan, when aggregated with Shares and Options issued under the Plan within the previous five (5) years, would exceed five (5) percent of the total number of issued Shares in the Company as at the time of the proposed Offer;
- c) Full time and part time officers and employees are eligible to participate in the Plan. Participation will be solely determined by the Board;
- d) Each Option will be issued free of consideration and will entitle the holder to subscribe for one (1) Share at the Exercise Price determined by the Directors in their absolute discretion, provided that the Exercise Price is not less than the average market price of the Shares on ASX on the five (5) trading days prior to the offer;
- e) Options may not be exercised within one (1) year of the issue or until the expiry of a period of twelve (12) months from the period of the listing of the Company on ASX, whichever is the later;
- f) The Options are not transferable except in specified limited circumstances. There are no participating rights or entitlements inherent in the Options and the Option holders will not be entitled to participate in any new issue or bonus issue of Shares which may be offered by the Company from time to time;

- g) In the event of any re-organisation (including consolidation, subdivision, reduction of capitalisation) of the issue of the Company, the Options are to be re-organised in a manner required by ASX Listing Rules;
- h) In the event of a pro-rata or bonus entitlement, the Options will be dealt with in accordance with ASX Listing Rules;
- i) Application will not be made for quotation of the Options on ASX. Application will be made for quotation of any Shares issued on the exercise of the Options;
- j) Except in certain specified limited circumstances, if an eligible employee or officer voluntarily resigns or is dismissed from employment with the Company, any Options issued to that person under the Plan will automatically lapse and are forfeited, subject to the Directors determining that the relevant employee or officer may have a period of one (1) year to exercise the Options from the termination of employment.

8.4 Continuous Disclosure Obligations

On being admitted to ASX, the Company will be a "disclosing entity" for the purposes of Part 1.2A of the Corporations Act. As such, it will be subject to regular reporting and disclosure obligations which require it to disclose to ASX any information which it is, or becomes, aware of concerning the Company and which a reasonable person would expect to have a material effect on the price or value of the securities of the Company. These documents will also be made available on the Company's website.

ADDITIONAL INFORMATION (CONTINUED)

8.5 Interests of Directors

Other than as set out below or elsewhere in this Prospectus no Director has or has had, within two (2) years before lodgement of this Prospectus with ASIC; -

- Any interest in the formation or promotion of the Company or in any property acquired or proposed to be acquired by the Company in connection with its formation or promotion or in connection with the Offer, or in the Offer;
- No amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any Director, either to induce him to become, or to qualify him as a Director, or otherwise, for services rendered by him in connection with the formation or promotion of the Company or the Offer; and
- Brenton Scott has received 10,718,292 Ordinary Shares during the period as part of funds contributed in placements of convertible notes and equity capital and 300,000 Shares as part of a security arrangement for a standby letter of credit arrangement. Brenton also received \$116,092 in fees for capital raising efforts. Any other transactions throughout the period relate to reimbursements for expenses incurred by Brenton or his related entities on behalf of the Company.

8.5.1 Shareholding Qualifications

The Directors are not required to hold any shares under the constitution of the Company.

8.5.2 Directors' Security Holdings

Set out in Table 7 below are details of the Directors' relevant interests in the Shares and Performance Shares of the Company as at the date of this Prospectus.

8.5.3 Directors' Remuneration

The Company's Constitution provides that each Director is entitled to such remuneration from the Company as the Directors decide, but the total amount provided to all Non-Executive Directors must not exceed in aggregate the amount fixed by the Company in a General Meeting. The aggregate remuneration for all Non-Executive Directors has been set at an amount of \$200,000 per annum. The Directors have resolved that Executive Chairman's fees will be \$180,000 per annum and Non-Executive Directors fees will be \$30,000 per annum, exclusive of statutory superannuation contributions. The remuneration of the Executive Directors will be fixed by the Board via service agreements, details of which are provided in

Section 3 of this Prospectus. Non-Executive Directors Christian Lange and Richard Parish received 200,000 shares at a deemed issue price of \$0.20 per share in settlement of directors fees for the year ended 30 June 2009.

8.6 Controlling Entities

Director Brenton Scott will have, on completion of the Offer, a relevant interest of approximately 19.2 percent. Mr. Scott does not intend to subscribe for additional shares under the Offer. No other person will have a relevant interest of greater than 20 percent on completion of the Offer. Mr. Scott's intentions in respect of the Company are consistent with the objectives contained in this Prospectus. Set out in Table 8 opposite are details of the top 20 Shareholders as at the date of this Prospectus.

8.7 Interests of Experts and Advisers

Other than as set out below or elsewhere in the Prospectus, no expert promoter, underwriter or any other person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus, nor any firm in which any of those persons is or was a partner nor any company in which any of those persons is or was associated with has or has had within two years before lodgement of the Prospectus with ASIC; -

- Any interest in the formation or promotion of the Company or in any property acquired or proposed to be acquired by the Company in connection with its formation or promotion or in connection with the Offer, or in the Offer; and
- Not recorded any amounts or benefits or has not agreed to be paid benefits for services rendered by such persons in connection with the formation or promotion of the Company or the Offer.

Griffith Hack has prepared the independent Intellectual Property Report which is included as part of this Prospectus. Total fees payable to Griffith Hack for work done in relation to this Prospectus are approximately \$5,000.

Price Sierakowski Corporate have acted as Solicitors to the Issue. Total fees payable to Price Sierakowski Corporate for work done in relation to the Issue are approximately \$35,000.

Ernst & Young has prepared the Independent Accountants Report which is included as part of this Prospectus. Total fees payable to Ernst & Young for work done in relation to this Prospectus are approximately \$35,000.

TABLE 7: DIRECTORS' SECURITY HOLDINGS

Interests of the Directors and their Related Parties	Number of Shares*	% of Existing Shares	% of Pro Forma Shares**	Number of Performance Shares		
				Class A	Class B	Class C
Brenton Andrew Scott	30,839,197	21.9	19.2	1,000,000	500,000	500,000
Lindsay Neal Lyon	4,000,000	2.8	2.5	4,000,000	1,666,667	1,666,667
Richard Milton Parish	676,190	0.5	0.4	-	-	-
Christian Lange	200,000	0.1	0.1	-	-	-
TOTAL	35,715,387	25.3	22.2	5,000,000	2,166,667	2,166,667

See Performance Share details in Section 1.7

* Includes the conversion of Performance Shares class A

The Company reserves the right to enter into a mandate with a Sponsoring Broker after the lodgement of this Prospectus. Total fees payable to the Sponsoring Broker in relation to this Prospectus may be up to approximately \$200,000. There are additional fees that may also be payable in the form of up to 5,823,262 Options at a strike price of \$0.20 that expire in three (3) years. See full details of these fees in Section 3.

8.8 Consents

The following written consents have been given in accordance with the Corporations Act with respect to the issue of this Prospectus in both paper and electronic form:

- Griffith Hack has given and has not before lodgement of this Prospectus withdrawn, its written consent to be named in this Prospectus as Patents and Trade Mark Attorneys, IP Lawyers and to the inclusion of the Intellectual Property Report in Section 7 of this Prospectus in the form and context in which it is included, together with all references to that report in this Prospectus. Griffith Hack has not authorised or caused the issue of this Prospectus and takes no responsibility for any part of this Prospectus other than its report and any references to it.
- Price Sierakowski Corporate has given, and has not before lodgement of this Prospectus withdrawn its written consent to be named in this Prospectus as Solicitors to the Issue in the form and context in which it is included. Price Sierakowski Corporate has not authorised or caused the issue of this Prospectus and takes no responsibility for any part of this Prospectus other than any references to it.

- Ernst & Young have given and have not before lodgement of this Prospectus withdrawn, their written consent to be named in this Prospectus as Independent Accountant and to the inclusion of the Independent Accountant's Report in Section 6 of this Prospectus in the form and context in which it is included, together with all references to them and to that report in this Prospectus. Ernst & Young have not authorised or caused the issue of this Prospectus and take no responsibility for any part of this Prospectus other than their report and any references to it.
- Security Transfer Registrars has given, and has not before lodgement of this Prospectus withdrawn its written consent to be named in this Prospectus as the Share Registry in the form and context in which it is named, together with all references to it in this Prospectus. Security Transfer Registrars has had no involvement in the preparation of any part of this Prospectus other than being named as Share Registry. Security Transfer Registrars has not authorised or caused the issue of this Prospectus and takes no responsibility for any part of this Prospectus other than the references to it.

There are a number of persons referred to elsewhere in this Prospectus who have not made statements included in this Prospectus nor are there any statements made in this Prospectus on the basis of any statements made by those persons. These persons did not consent to being named in this Prospectus and did not authorise or cause the issue of this Prospectus.

TABLE 8: TOP 20 SHAREHOLDERS

Shareholder	Number of Shares	% of Total Shareholding
Jayden Holdings Pty Ltd	14,691,352	10.4
Blazed Pty Ltd	13,114,696	9.3
Jayden Investments Pty Ltd	9,147,845	6.5
Cruisers Yachts Australia Pty Ltd	6,650,000	5.0
Macquarie Investment Management Ltd	6,595,237	4.7
Ona Investments Pty Ltd	4,000,000	2.8
Asiana Properties Ltd	3,984,365	2.8
FMM Australia Pty Ltd	3,933,332	2.8
Tansearch Pty Ltd	3,349,999	2.4
Howson, Bronte	3,316,741	2.4
Collins Industries Pty Ltd	3,177,777	2.3
Gaunstwood Pty Ltd	2,500,000	1.8
Scott, Kurtis Adam	2,399,999	1.7
Collins, Russell	2,380,952	1.7
Hill, Andrew	1,999,999	1.4
Bridgelane Pty Ltd	1,500,000	1.1
Bond Street Custodians Limited	1,500,000	1.1
Maffett, Andrew	1,471,553	1.0
Ecko Investments Pty Ltd	1,250,000	0.9
Twynam Agricultural Group Pty Ltd	1,250,000	0.9
Top 20 Shareholders	88,213,847	62.9
All Shareholders prior to the Offer*	140,775,410	100.0

* Includes Performance Shares class A

ADDITIONAL INFORMATION (CONTINUED)

8.9 Expenses of the Offer

The expenses of the Offer are expected to comprise the following estimated costs and are exclusive of any GST payable by the Company:

EXPENSES OF THE OFFER \$	
Broker fees	200,000
Professional consultant fees	75,000
Listing fees	66,000
Other Expenses	35,000
Total Estimated Expenses	376,000

8.10 Electronic Prospectus

Pursuant to Class Order 00/044, ASIC has exempted compliance with certain provisions of the Corporations Act 2001 to allow distribution of an electronic Prospectus and electronic Application Form on the basis of a paper Prospectus lodged with ASIC, and the publication of notices referring to an electronic Prospectus or electronic Application Form, subject to compliance with certain conditions.

If you have received this Prospectus as an electronic Prospectus, please ensure that you have received the entire Prospectus accompanied by the Application Form. If you have not, please email the Company at info@mobilarm.com and the Company will send you, free of charge, either a paper copy or a further electronic copy of the Prospectus or both. Alternatively, you may obtain a copy of the electronic Prospectus from the Company's website at www.mobilarm.com. The information on www.mobilarm.com does not form part of this Prospectus.

The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement Prospectus or if any of those documents were incomplete or altered.

8.11 Privacy Disclosure

The Company collects information about each Applicant provided on an Application Form for the purposes of processing the Application, and, if the Application is successful, to administer the Applicant's security holding in the Company. By submitting an Application Form, each Applicant agrees that the Company may use the information provided by an Applicant on the Application Form for the purposes set out in this privacy disclosure statement and may disclose it for those purposes to the Share Registry, the Company's related bodies corporate, agents, contractors and third party service providers, including mailing houses and professional advisors, and to ASX and regulatory authorities.

If an Applicant becomes a Shareholder, the Corporations Act requires the Company to include information about the Shareholder, (including name, address and details of the securities held) in its public register. The information contained in the Company's public register must remain there even if that person ceases to be a Shareholder. Information contained in the Company's register is also used to facilitate

distribution payments and corporate communications (including the Company's financial results, annual reports and other information that the Company may wish to communicate to its security holders) and compliance by the Company with legal and regulatory requirements.

If you do not provide the information required on the Application Form, the Company may not be able to accept or process your Application. An Applicant has the right to gain access to the information that the Company holds about that person subject to certain exemptions under law. A fee may be charged for access. Access requests must be made in writing to the Company's registered office.

8.12 Forecasts

Mobilarm Limited is seeking to develop and produce electronic marine safety products. The Company does not have a significant operating history. Given the early stages of the Company's operation, there are significant uncertainties associated with forecasting future revenue. On this basis, the Directors believe that reliable forecasts cannot be prepared and accordingly have not included such forecasts in this Prospectus.

8.13 Litigation

To the Directors' knowledge there is no litigation against the Company or initiated by the Company as at the date of this Prospectus and, other than as set out below, nor is any such litigation contemplated.

The Company has received a demand for payment of an invoice in an amount of \$193,400 plus GST from Carmichael Corporate Pty Ltd and DJ Carmichael Pty Ltd (together "DJC"). The invoice relates to a mandate between the Company and DJC entered into in connection with a prospectus previously issued by the Company dated on or about 5 October 2009. The Company disputes that any amount is payable to DJC pursuant to the invoice or mandate at all. If DJC commences proceedings against the Company, the Company intends to vigorously defend such proceedings, as it considers the claim has no merit.

8.14 Taxation Implications

It is the responsibility of all persons to satisfy themselves of the particular taxation treatment that applies to them in relation to the Offer, by consulting their own professional tax advisers. Neither the Company nor any of its Directors or officers accepts any liability or responsibility in respect of the taxation consequences of the matters referred to above.

DIRECTORS' AUTHORISATION

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DIRECTORS' AUTHORISATION

The Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with section 720 of the Corporations Act, each Director has consented to the lodgement of this Prospectus with ASIC and has not withdrawn that consent.

Signed for and on behalf of Mobilarm Limited



Brenton Andrew Scott

Executive Chairman

15 April 2010

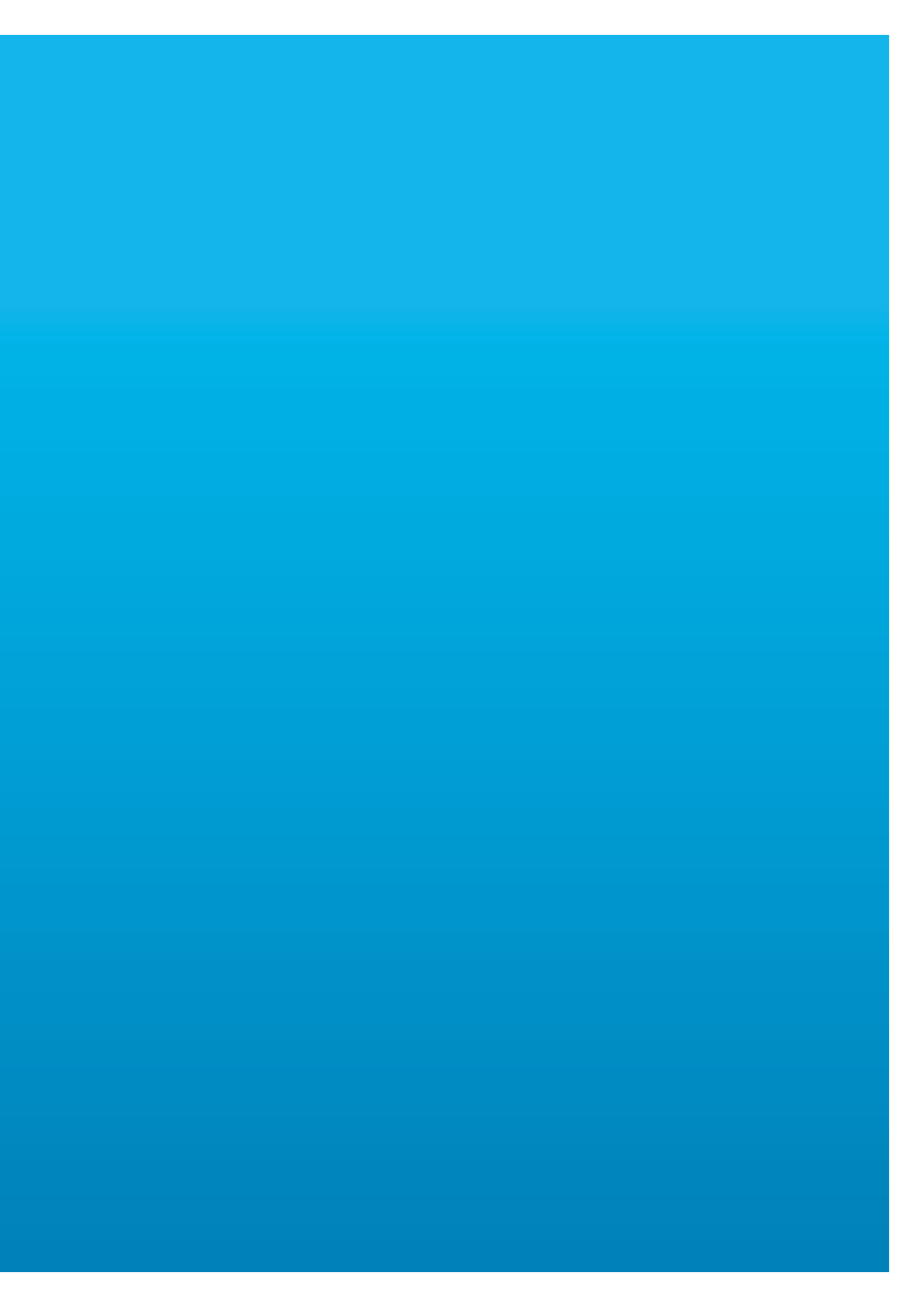
DEFINITIONS AND GLOSSARY

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DEFINITIONS AND GLOSSARY

Applicant	A person who applies for Shares in accordance with this Prospectus
Application	A valid application for Shares offered under this Prospectus
Application Form	A public application form attached to, and forming part of, this Prospectus
Application Money	The amount of money in Australian dollars and cents payable per Share pursuant to this Prospectus
ASIC	Australian Securities and Investments Commission
ASX	ASX Limited (ABN 98 008 624 691) or Australian Securities Exchange
ASX Listing Rules	The official listing rules of ASX
AUD\$, A\$ or \$	Australian dollars
Board	The Board of Directors of Mobilarm
Broker	Any ASX participating organisation
CFO	Chief Financial Officer of the Company
CHESS	Clearing House Electronic Sub-register System
Closing Date	Closing date of the Offer unless otherwise varied by the Company
Company	Mobilarm Limited (ACN 106 513 580)
Company Secretary	The company secretary of the Company
Constitution	The constitution of the Company
Corporations Act	The Corporations Act 2001
COSPAS-SARSAT	Satellite network that detects emergency signals transmitted on 406 MHz
Definitions and Glossary	This glossary of terms
DSC	Digital Selective Calling
Directors	The Directors of Mobilarm
Executive Chairman	Brenton Andrew Scott
Existing Shareholder	Those persons or entities who are Shareholders of the Company prior to lodgement of this Prospectus
Existing Shares	The 134,108,744 Shares in the Company on issue as at the date of this Prospectus
Exposure Period	The period during which the Company cannot process applications as described in Section 727(3) of the Corporations Act
FPSO	Floating Production, Storage and Offloading unit
HIN	Holder Identification Number
Holding Statements	Holding Statements for Shares under CHESS
Issue or Offer	The offer of 20.0 million Shares at \$0.20 per Share pursuant to this Prospectus
Listing	The quotation of the Company's Shares on the Official List
Listing Date	The date on which Listing first occurs
MHz	Megahertz
MOB	Man overboard
Mobilarm or the Company	Mobilarm Limited ACN 106 513 580
MSLD or MSLS	Marine Survivor Locating Device or System
New Shares	20.0 million Shares issued pursuant to this Prospectus at \$0.20 per Share
Offer or Issue	The offer of 20.0 million Shares at \$0.20 per Share pursuant to this Prospectus
Offer Period	The period between the Opening Date and the Closing Date
Offer Price	\$0.20 per Share
Official List	The official list of the ASX
Opening Date	The commencement date of the Offer
Option	An option to subscribe for a Share
PLB	Personal Locator Beacon
Prospectus	This Prospectus and any other supplementary or replacement Prospectuses
Restricted Securities	Shares classified by ASX as being subject to the restriction provision of the Listing Rules of ASX
SOLAS	Safety of Life at Sea
Share	An ordinary Share in the capital of Mobilarm
Share Registry	Security Transfer Registrars Pty Ltd ABN 95 008 894 488
Shareholder	A holder of a Share
Sources Sought	Notices in FedBizOpps that survey the market to determine if there are potential contractors that can satisfy government requirements.
WST	Western Standard Time (Perth, Western Australia local time)



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