



MOBILARM®

ALWAYS ON WATCH

ACN 106 513 580

2010

FINANCIAL REPORT

INDEX

REVIEW OF OPERATIONS	1
DIRECTOR'S REPORT	3
AUDITOR'S INDEPENDENCE DECLARATION	12
DIRECTORS' DECLARATION	13
REMUNERATION REPORT	14
CORPORATE GOVERNANCE STATEMENT	26
STATEMENT OF COMPREHENSIVE INCOME	40
STATEMENT OF FINANCIAL POSITION	42
STATEMENT OF CASH FLOWS	43
STATEMENT OF CHANGES IN EQUITY	44
NOTES TO THE FINANCIAL STATEMENTS	45
INDEPENDENT AUDITOR'S REPORT	93
CORPORATE DIRECTORY	95

REVIEW OF OPERATIONS

Over the past twelve months the management team has successfully completed the transition of the Company from a recreationally focused business to a commercial market focused business. Here there is clear recognition by the customer of the marine workplace risk and the possibility of a Man Overboard fatality, and thus a need for our solutions. The Company estimates that the emerging global market for Man Overboard and emergency beacon solutions is in excess of \$200M with high double digit growth rates.

We have significantly improved the depth of the management team, rounding out the team's overall capabilities to execute on our growth strategy. In the process, the Company has implemented new cloud computing information technology infrastructure and new management reporting systems which lower operating costs, enable the business to scale quickly and to deliver industry leading margins as we expand our global footprint and product lines.

Over the same period we have completed the core product development and commenced installations of our feature-rich Crewsafe wireless network and our market leading Mobilarm V100 VHF Man Overboard beacon solutions. The Company successfully transferred the majority of its manufacturing to its contract manufacturer, Sanmina-SCI. Sanmina-SCI is one of the world's largest contract manufactures and while this move importantly lowers the Company's Cost Of Goods Sold (COGS), this move will provide virtually unlimited flexibility to scale to meet global demand and delivers a product to market with the highest levels of quality.

Offshore Oil & Gas

Offshore Oil & Gas is a high growth segment with a very strong focus and investment in personnel safety. Our customers in this segment continue to test our technology in the harshest of operating environments in the world. Trials with companies such as BHP and BondHelicopters continue to validate our products' ability to outperform all existing technology in alerting, locating and tracking people lost at sea.

The Company has secured a number of early successes in this segment. Of note we have successfully delivered a \$258,366 order of 250 x V100 beacon products to the BMA Haypoint loading facility in the fourth quarter. Other successful small pilot orders in this segment include Bhagwan Marine, Neptune Geomatics, Saipem, FMG and Transocean to name a few.

Commercial Marine

In September 2009 the government of Western Australia issued a draft code of practice regarding Man Overboard for commercial fishing and this policy was formally released to industry in August 2010. These actions follow in the steps of other countries such as Spain which mandated the use of Man Overboard technology for commercial fishing vessels. The Spanish mandate resulted in the purchase and implementation of 38,000 emergency beacons for Spanish fishing fleet in the 2008/2009 period.

Mobilarm is well placed for a similar but smaller exercise being conducted in neighbouring Portugal, who have specified Mobilarm-type VHF beacons, and the Company has also commenced discussions in Spain for the longer term, but eventual, replacement of the older beacon technology currently in use.

Government & Regulatory

Emerging product category marketing is about focusing on segments where the value proposition resonates strongly and here the Company has successfully found strong interest from maritime pilots. As maritime pilots transfer to and from their vessels to ships, the risk of a Man Overboard event is high.

Mobilarm's solutions remove or significantly mitigate this risk and have now been adopted to date by the Darwin Port Authority, Broome Port Authority and Geraldton Port Authority, with a very full sales pipeline resulting from these early successes. This is a large segment internationally and to support our focus here the Company is a key sponsor at the 2010 International Maritime Pilots Association Congress.

Defence

The down side of the defence segment is the long sales cycles, with the upside potential being the high sales value and the high barriers to entry once the business is secured.

Following a long evaluation process, in July 2009, the United States Navy confirmed that Mobilarm's submission was the only one selected in their Sources Sought tender. The Company was awarded with a Foreign Comparative Testing (FCT) funding to assist with the modification of Mobilarm's current V100 product to meet their requirements for a Maritime Survivor Locating Device for submarine escape and abandonment.

The Company delivered the first V200 submariner test product to the US Navy on schedule in May 2010. The Navy has since successfully completed depth testing to 450 metres and further field testing is scheduled for FY2011.

The Company expects that on successful testing the US Navy and other NATO countries will move to volume procurement during late FY2011 and into FY2012. As a result of this business, Mobilarm is now in advanced discussions with a number of Navies for Man Overboard solutions on surface vessels, an international market significantly larger than the submarine market.

Summary

We recognise that there is clearly considerably more work to be done over the coming years to achieve our growth objectives of becoming a profitable international leader in Man Overboard and emergency beacon solutions. To achieve these goals we have assembled an exceptional team of committed employees who are focused on achieving the financial objectives required to deliver your Shareholder returns.

I'd like to take this opportunity on behalf of the Shareholders and Mobilarm Board of Directors to thank our employees for their commitment. We look forward to rapidly changing the financial fortunes of the company and the continued growth of the business in financial year 2011 and beyond.



Lindsay Lyon
Chief Executive Officer

Perth, Western Australia
22 October 2010

DIRECTORS' REPORT

The Directors present their report together with the financial report of Mobilarm Limited ("the Company") for the year ended 30 June 2010 and the auditor's report thereon.

Directors

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

Mr. Brenton Scott	- Executive Chairman
Mr. Lindsay Lyon	- Chief Executive Officer
Mr. Andrew Hill*	- General Manager Professional Services
Mr. Christian Lange	- Non Executive Director
Mr. Rick Parish	- Non Executive Director
Mr. Kathal Spence**	- Non Executive Director

* Resigned as Director on 31 August 2009, continues as General Manager Professional Services in the Company.

**Resigned as Director on 31 August 2009.

Mr. Brenton Scott

Mr. Scott holds a Bachelor of Business degree and is a member of the Institute of Chartered Accountants in Australia. Mr. Scott spent 14 years in the accounting profession. He spent 10 of these as a partner of firstly Walker Wayland, Perth then Scott Partners, in which he was the Managing Partner. Mr. Scott then became the Chief Financial Officer of Electronic Banking Solutions Limited (EBS) which was a large independent deployer of ATM machines in Australia. A few years later, EBS merged with Cashcard Australia Limited who in turn was recently acquired by the US company First Data International. Mr. Scott is currently the Managing Director of Cruisers Yachts Australia and the Executive Chairman of Mobilarm.

Mr. Lindsay Lyon

Mr. Lyon has over 25 years of experience as an entrepreneur and executive in the technology and marine industries. Mr. Lyon's 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. Mr. Lyon 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.

Mr. Christian Lange

Mr. Lange was formerly Vice President for the global oilfield services group, Schlumberger Limited. In a 16 year career with Schlumberger, Mr. Lange held a range of senior executive positions responsible for operations, capital markets, marketing, business strategy and general management. In his most recent Vice President's position in New York and Paris with Schlumberger, Mr. Lange was responsible for the group's key capital markets, investor relations and merger and acquisitions advice. Mr. Lange has also held senior management positions in operations, marketing and business strategy for the Middle East, North Africa and South America. As a former Managing Director and Chief Executive Officer of SDS Corporation Limited, Mr. Lange successfully executed company restructure and turnaround strategies. Mr. Lange is Director and Chief Executive Officer for the ASX-listed company Neptune Marine Services (ASX: NMS) since 28 February 2006 and was a non executive director of Surtron Technologies until he resigned on 27 June 2010.

Mr. Rick Parish

Mr. 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. Mr. Parish'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. Mr. Parish then established his own safety training consultancy business in 1990, which operated profitably until it was sold in 1995. During this time Mr. Parish gained valuable international experience which was built upon when Tidewater Port Jackson Marine contracted him as their Safety and Training Manager in 1995.

Mr. Andrew Hill (resigned 31 August 2009)

Mr. Hill has been managing the product and sales development of Mobilarm from its inception. He has 20 years of extensive experience in product development, engineering, manufacturing and production. Previous successful development projects have ranged from electronic data logging equipment for the oil and gas exploration industry to large scale sales and project management of complex communication infrastructure equipment at Scitec Australia. Mr. Hill holds a Diploma in Electronic Engineering and over the years has received various national awards in product development and project management.

Mr. Kathal Spence (resigned 31 August 2009)

Mr. Spence is a Chartered Accountant and Registered Company Auditor with over 20 years experience in Public Practice and as a director on several boards in varied industries ranging from technology to mining. He currently runs a Chartered Accounting practice, Port Accounting, and is on the boards of several propriety companies. Mr. Spence holds a Bachelor of Business (Majoring in Accounting and Law) and a Post Graduate Diploma in Business (Major in Technological Entrepreneurship) from Curtin University. Mr. Spence has a proven track record in taking start up companies to commercialisation.

Directors Meetings

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

Director	Number of Meetings Attended	Number of meetings held during the time the Director held office.	Number of audit committee meetings held during the time the Director held office.	Number of remuneration committee meetings held during the time the Director held office.	Number of nomination committee meetings held during the time the Director held office.
Mr. Brenton Scott	7	8	-	-	-
Mr. Christian Lange	6	8	-	-	-
Mr. Rick Parish	5	8	-	-	-
Mr. Kathal Spence	2	2	-	-	-
Mr. Andrew Hill	2	2	-	-	-
Mr. Lindsay Lyon	8	8	-	-	-

Committee Membership

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

Director	Audit Committee	Remuneration Committee	Nomination Committee
Mr. Brenton Scott	X	X	X
Mr. Lindsay Lyon	-	-	-
Mr. Christian Lange	-	X	X
Mr. Rick Parish	X	-	-
Mr. Andrew Hill	-	-	-
Mr. Kathal Spence	-	-	-

Interest in the shares of the company and related corporations

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

Director	Ordinary Shares* **	Performance Class B	Performance Class C	Stock Options
Mr. Brenton Scott	30,839,176	500,000	500,000	100,000
Mr. Lindsay Lyon	4,000,000	1,666,667	1,666,667	Nil
Mr. Christian Lange	200,000	Nil	Nil	Nil
Mr. Rick Parish	676,190	Nil	Nil	Nil
Mr. Andrew Hill	3,333,333	666,666	666,667	Nil
Mr. Kathal Spence	5,547,031	Nil	Nil	Nil

* After 1 for 3 consolidation

** Includes the conversion of Performance Class A shares

Company Secretary

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

Mr. Gabriel Chiappini

Mr. Chiappini held the position of Company Secretary at the date of this report. Mr. Chiappini was appointed Company Secretary on 18 January 2010. He is currently company secretary for various ASX listed companies. Mr. Chiappini is a Chartered Accountant and member of the Australian Institute of Company Directors. He graduated from Edith Cowan University in 1990 with a Bachelor of Business majoring in Accounting and Finance.

Principal Activities

The principal activities of the company during the financial year were the development, manufacturing and sale of a Man Overboard Safety Systems.

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

Dividends

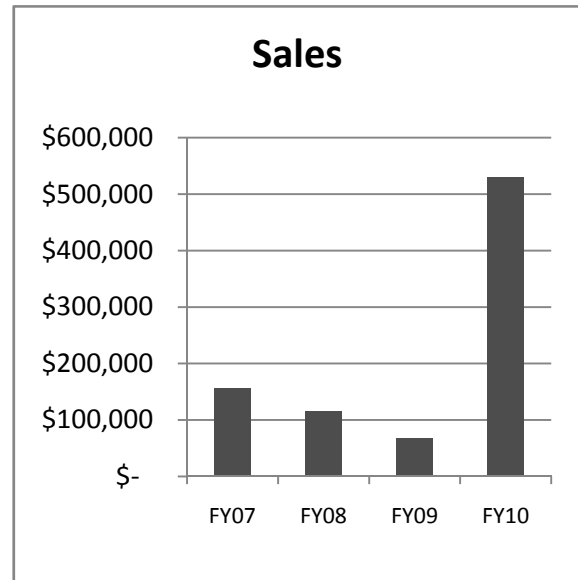
No dividends were paid or declared for the financial year.

Operating Results for the Year

Operations of the Company

The loss of the company after providing for income tax amounted to \$(6,208,022) (2009: Loss of \$4,264,851). The Company increased sales to \$530,704 in FY10 as compared to \$69,039 in FY09, an increase of 669%. This is the effect of the transition from the recreational Mobilert product line to the Crewsafe and V100 commercial product lines.

The Company's operating expenses increased to \$7,180,707 in FY10 as compared to \$4,754,898 in FY09, an increase of 51%. This resulted in a net loss for the year of \$6,208,022 as compared to a loss of \$4,264,852 in FY09, an increase of 46%. The Company had various one time and non-cash transactions in FY10 that increased the net loss. On a normalised basis, the Company had a net loss of \$3,159,690 in FY10 versus a net loss of \$3,211,901 in FY09, an improvement of 2%. The table below summarises the transactions affecting the results in FY10 and FY09.



	2010 \$	2009 \$
Profit/(Loss) after income tax from continuing operations	\$ (6,208,022)	\$ (4,264,852)
less:		
No- cash items		
Share based compensation expense	1,375,888	-
Depreciation and amortisation	415,562	431,784
Impairment of available-for-sale investments	-	169,945
Impairment of capitalised development costs	59,511	-
Variation of convertible note terms	298,179	-
Subtotal	(4,058,882)	(3,663,123)
Non-recurring items		
IPO and other capital raising costs	479,656	62,068
Finance Costs (convertible notes)	198,550	192,965
Regulatory certifications	290,520	-
Subtotal	(3,090,156)	(3,408,090)
Foreign exchange (loss)/gain	(69,534)	196,189
Normalised recurring cash based loss	\$ (3,159,690)	\$ (3,211,901)

The Company put in place its performance share plan in FY10 which resulted in the recognition of \$1,205,555 of amortised costs. The plan was approved by shareholders on 28 August 2009.

The Company also incurred a further \$170,333 in share based payments to employees and suppliers.

The Company had various capital raises in both FY10 and FY09, which resulted in various legal, accounting, broker and consulting fees amounting to \$479,656 in FY10 as compared to \$62,068 in FY09.

The Company also carried convertible notes during both years, which were converted to ordinary shares in FY10. In order to convert, the Company amended the terms of various convertible notes and recognised an expense of \$298,179.

Lastly, the Company engaged consultants and legal assistance in the United States, the United Kingdom and Europe in order to obtain regulatory approvals for the use of the V100 in those markets. Once all approvals are obtained the V100 will be sold without barriers in those markets.

After the elimination of the items above, the ongoing loss from the Company improved by \$155,867 in FY10 mostly due to its increased sales.

Financial Position of the Company

The Company ended FY10 with net assets of \$685,379, compared to a net liability of \$2,249,273 in FY09. The improvement in financial condition is mostly due to the conversion of the convertible notes in FY10 which removed the offsetting liability.

On the asset side, the Company has improved its current assets by \$281,591 from FY10 to FY09, mostly due to an increase in receivables from sales generated in the fourth quarter. Non-current assets increased by \$232,707 due to capitalised R&D costs from the Company's US Navy project.

On the liability front, the Company improved its current liability position by \$2,402,339 due to the conversion of the convertible notes into ordinary shares.

Business strategy for future financial years

The Company will continue to pursue its growth strategy of becoming the world's largest provider of Man Overboard solutions and emergency beacons. The Company plans to increase market share through organic growth and acquisitions during the next financial year. Additional operational and market penetration information has been included in the operations report.

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

Net Tangible Asset/(Liability)

The Company had a net tangible liability of \$30,860 (2009: Liability of \$2,679,111). The net tangible liability per weighted average share is \$0.000 (2009: Liability of \$0.036).

Changes in the State Of Affairs

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

Likely Developments and Expected Results

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

Environmental Regulation and Performance

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

Directors' Benefits

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

13,000,000 Performance Shares were granted to certain directors and officers of the Company as part of their compensations during the financial year. Please refer to the Remuneration Report for details on the Performance Share plan and grants.

No options were granted over unissued shares or interests during or since the financial year by the company to directors or any of the five most highly remunerated officers as part of their remuneration.

Share Options and Unissued Shares

As at the date of this report, there were 6,616,000 options issued.(3,448,000 as at the reporting date).

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

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

As at the date of this report, there were 3,666,666 Performance Shares Class B and 3,666,668 Performance Shares Class C on issue. Refer to the remuneration report for further details of the Performance Shares outstanding.

Indemnification and Insurance of Directors and Officers

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

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

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

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

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

The auditor's independence declaration is set out on page 8 and forms part of the directors' report for the year ended 30 June 2010.

Non-Audit Services

The following non-audit services were provided by the entity's auditor, Ernst & Young. The directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act. The nature and scope of each type of non-audit service provided means that auditor independence was not compromised.

Ernst & Young received or are due to receive the following amounts for the provision of non-audit services:

Tax compliance services	\$15,029
Other Services*	\$79,450

*This includes work on the independent accountants reports for two prospectuses filed during the year. See note 3 of the financial statements.

Significant events subsequent to balance date

Since the end of the financial year;

- The Company entered into a \$5,000,000 equity drawdown facility that can be used by the Company to secure additional funds once the Company is listed on the ASX. Please refer to note 27 of the financial statements for terms of the facility.
- As a consequence of the signing of the equity drawdown, the Company filed a supplementary prospectus on the 14 July 2010, extending its IPO offer to the 14 August 2010. The Company completed its offer with proceeds of \$2,383,400. The Company listed on the ASX on 21 September 2010.
- As a result of the Company obtaining conditional ASX listing on 25 August 2010, 6,666,666 Performance Shares class A were converted into ordinary shares.

Signed in accordance with a resolution of the Directors.

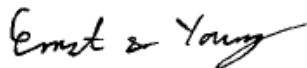


Brenton A Scott
Executive Chairman

Perth, Western Australia
22 October 2010

Auditor's Independence Declaration to the Directors of Mobilarm Limited

In relation to our audit of the financial report of Mobilarm Limited for the financial year ended 30 June 2010, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

A handwritten signature in cursive script that reads 'Ernst & Young'.

Ernst & Young

A handwritten signature in cursive script, likely belonging to C B Pavlovich.

C B Pavlovich
Partner
Perth
22 October 2010

DIRECTORS' DECLARATION

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

- (a) the financial statements and notes set out on pages 40 to 91 are in accordance with the Corporations Act 2001, including:
 - i) giving a true and fair view of the company's financial position as at 30 June 2010 and the performance for the year ended on that date; and
 - ii) complying with Australian Accounting Standards (including Australian Accounting Interpretations) and the Corporations Regulations 2001;
- (b) the financial statements and notes also comply with International Financial Reporting Standards as disclosed in note 2;
- (c) subject to the matter disclosed in note 2 to the financial statements, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors



Brenton A Scott
Executive Chairman

Perth, Western Australia

22 October 2010

REMUNERATION REPORT

This remuneration report for the year ended 30 June 2010 outlines the remuneration arrangements of the Company.

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

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

The remuneration report is presented under the following sections:

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

1 Individual key management personnel disclosures

Details of KMP including the top five remunerated executives of the Company are set out below.

Key Management Personnel

Directors

Mr. Brenton Scott	Chairman (Executive)
Mr. Lindsay Lyon	Chief Executive Officer
Mr. Christian Lange	Director (non-executive)
Mr. Rick Parish	Director (non-executive)
Mr. Kathal Spence	Director (non-executive) – resigned 31 August 2009

Executives

Mr. Andrew Hill	Chief Operations Officer – resigned as Director on 31 August 2009, but remained as General Manager Professional Services
Mr. Gabriel Chiappini	Company Secretary
Mr. Jorge Nigaglioni	Chief Financial Officer

Other KMPs

Mr. Anthony Borger	National Sales Manager
Mr. Peter Bettonvil	R&D Manager

Mr. Borger has left the Company as of 2 July 2010. There have been no other changes to Key Management Personnel after reporting date and before the date the financial report was authorised for issue.

2 Remuneration at a glance

Executive packages restructured during FY 2010

The board assessed its remuneration policy as part of the preparation for the Company's IPO and entered into new employment agreements with its key executives in August 2009. This resulted in a more consistent pay structure and benefits for executives. The Company created the Performance Share Compensation plan to align performance to both company and shareholder metrics (see further discussion in the Variable remuneration — long-term incentives (LTI) section).

Remuneration strategy under review

The Company has completed its listing on the Australian Stock Exchange on 21 September 2010, and as part of this change, the Company will be undertaking a review of its executive remuneration strategy to ensure the approach balances the needs from the business, shareholders and other stakeholders. The Company expects that any changes resulting from this review will be implemented during the financial year commencing 1 July 2010.

3 Board oversight of remuneration

Remuneration committee

During FY 2010, the Board in its entirety acted as the remuneration committee. The remuneration committee is responsible for making recommendations to the board on the remuneration arrangements for non-executive directors and executives. The Board appointed a chairman for its remuneration committee during the financial year.

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

During the year the entire board acted as the remuneration committee, although the Board elected a Chairman for the committee as it looks to segregate the function to independent non-executive

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

Remuneration approval process

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

Remuneration strategy

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

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

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

Remuneration structure

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

4 Non-executive director remuneration arrangements

Remuneration policy

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

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

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

The board approved an aggregate fee pool of \$200,000 per year for the Non Executive Director pool in September 2009 and will seek shareholder ratification at the 2010 AGM. The increase was set to accommodate any corporate governance requirements as part of the Company's listing on the ASX.

Structure

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

Each non-executive director receives a base fee of \$30,000 per annum for being a director of the Company.

The remuneration of non-executive directors for the year ended 30 June 2010 and 30 June 2009 is detailed in table 1 and 2 respectively of this report.

5 Executive remuneration arrangements

Remuneration levels and mix

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

The CEO's remuneration mix comprises 52% fixed remuneration as a proportion of total remuneration, 0% STI on target and 48% LTI. Executives' remuneration mix ranges from 64%-82% fixed remuneration as a proportion of total remuneration, 0% STI on target, and 36%-18% LTI.

Structure

In the 2010 financial year, the executive remuneration framework consisted of the following components:

- Fixed remuneration; and
- Variable remuneration

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

Remuneration Component	Vehicle	Purpose	Link to Performance
Fixed remuneration	Represented by total employment cost (TEC) Comprises base salary, superannuation contributions and other benefits	Set with reference to role, market and experience Executives are given the opportunity to receive their fixed remuneration in a variety of forms including cash and fringe benefits such as motor vehicles. It is intended that the manner of payment chosen will be optimal for the recipient without creating undue cost for the Company.	No link to company performance
STI component	None	None	None
LTI component	Awards are made in the form of performance shares or stock options	Rewards executives for their contribution to the creation of shareholder value over the longer term	Vesting of awards is dependent on Mobilarm Limited's targeted performance goal

Fixed remuneration

With the exception of Mr. Nigaglioni, executive contracts of employment do not include any guaranteed base pay increases. Mr. Nigaglioni's contract included a guaranteed increase at the one year anniversary that occurred on 9 February 2010. The contract contains no other guaranteed pay increases.

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

Variable remuneration — short-term incentive (STI)

The Company does not currently operate an STI program. The board has discussed the potential for such a program to drive Company performance in key performance factors, but no program has been put in place.

Variable remuneration — long-term incentives (LTI)

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

LTI – Share Options

Structure

LTI awards are made under the performance share plan (PSP) and/or the employee stock option plan (ESOP). The Company has not issued any options under its ESOP.

LTI awards to executives are made under the performance share plan and are delivered in the form of performance shares. Each performance share entitles the holder to one fully paid ordinary share in the Company. The number of performance shares issued is based on the executive's target LTI. The performance shares will vest over a period of three years subject to meeting performance measures, with no opportunity to retest.

Performance measure to determine vesting

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

The milestone for each class is as follows:

Performance Share Class	Performance Share Milestone
A	ASX conditional listing
B	\$65 million market capitalisation
C	\$100 million market capitalisation

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

Termination and change of control provisions

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

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

LTI awards for 2009 financial year

No options or shares were granted under the employee share option plan during FY 2009

6 Company performance and the link to remuneration

Company performance and its link to long-term incentives

The financial performance measure driving LTI is the Company's ASX listing and market capitalisation. The Company did not complete its IPO capital raising before the end of FY 2010 as such, the performance criteria was not present. The Company listed on the ASX on 22 September 2010 and will track performance against that metric from that point onwards.

7 Executive contractual arrangements

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

Chief Executive Officer

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

Under the terms of the present contract as approved by shareholders on 28 August 2009:

- The CEO receives fixed remuneration of \$285,000 per annum.
- The CEO is eligible to participate in Mobilarm Limited's Performance Share plan on terms determined by the board.

The CEO's termination provisions are as follows:

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

Other KMP

All other KMP have rolling contracts.

Standard KMP termination provisions are as follows:

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

Remuneration of key management personnel and the five highest paid executives of the Company:

Table 1: Remuneration for the year ended 30 June 2010

	Short-term benefits				Post employment		Long-term benefits		Share-based		Termination payments	Total	Performance related
	Salary and fees	Cash bonus	Non-monetary benefits	Other	Super-annuation	Retirement benefits	Cash incentives	Long service leave	Options	Shares			
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	%
NON-EXECUTIVE DIRECTORS													
C. Lange	30,000	-	-	-	-	-	-	-	-	-	-	30,000	-
R. Parish	30,000	-	-	-	-	-	-	-	-	-	-	30,000	-
K. Spence	5,000	-	-	-	-	-	-	-	-	-	-	5,000	-
Total non-executive directors	65,000	-	-	-	-	-	-	-	-	-	-	65,000	
EXECUTIVE DIRECTORS													
B. Scott	165,000	-	-	42,750*	74,443	-	-	-	-	183,333	-	465,526	49
L. Lyon	285,596	-	-	-	25,704	-	-	3,440	-	700,000	-	1,014,740	69
Total executive directors	450,596	-	-	42,750	100,147	-	-	3,440	-	883,333	-	1,480,266	
OTHER EXECUTIVE KEY MANAGEMENT PERSONNEL													
A. Hill	167,615	-	-	-	15,085	-	-	9,564	-	244,444	-	436,709	56
G. Chiappini	13,999	-	-	-	-	-	-	-	-	-	-	13,989	-
J. Nigaglioni	160,731	-	-	-	14,466	-	-	1,346	-	77,778	-	254,320	31
P. Bettonvil	129,808	-	-	-	11,683	-	-	227	-	-	-	141,718	-
A. Borger	100,000	-	-	-	9,000	-	-	-	-	-	-	109,000	-
Total executive KMP	572,154	-	-	-	50,234	-	-	11,137	-	322,222	-	955,735	
TOTALS	1,087,749	-	-	42,750	150,381	-	-	14,577	-	1,205,555	-	2,501,012	

* Mr Scott earned additional fees as part of his fundraising activities.

Table 2: Remuneration for the year ended 30 June 2009

	Short-term benefits				Post employment		Long-term benefits		Share-based		Termination payments	Total	Performance related
	Salary and fees	Cash bonus	Non-monetary benefits	Other	Super-annuation	Retirement benefits	Cash incentives	Long service leave	Options	Shares			
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	%
NON-EXECUTIVE DIRECTORS													
C. Lange	-	-	-	-	-	-	-	-	-	30,000	-	30,000	-
R. Parish	-	-	-	-	-	-	-	-	-	30,000	-	30,000	-
K. Spence	9,343	-	-	-	-	-	-	-	-	20,657	-	30,000	-
Total non-executive directors	9,343	-	-	-	-	-	-	-	-	80,657	-	90,000	
EXECUTIVE DIRECTORS													
B. Scott	120,000	-	-	60,500	-	-	-	-	-	-	-	180,500	34
L. Lyon	285,596	-	-	-	25,704	-	-	11,125	-	-	-	322,425	-
Total executive directors	405,596	-	-	60,500	25,704	-	-	11,125	-	-	-	502,925	
OTHER EXECUTIVE KEY MANAGEMENT PERSONNEL													
A. Hill	167,615	-	-	-	15,085	-	-	-	-	-	-	182,700	-
G. Chiappini	0	-	-	-	-	-	-	-	-	-	-	-	-
J. Nigaglioni	54,231	-	-	-	4,881	-	-	169	-	-	-	59,281	-
P. Bettonvil	0	-	-	-	0	-	-	-	-	-	-	-	-
A. Borger	34,231	-	-	-	3,081	-	-	-	-	-	-	37,312	-
Total executive KMP	256,077	-	-	-	23,047	-	-	169	-	-	-	279,293	
TOTALS	671,016	-	-	60,500	48,751	-	-	1,294	-	80,657	-	872,218	

* Mr Scott earned additional fees as part of his fundraising activities.

8 Equity instruments

Table 3: Performance shares awarded and vested during the year

	Awarded Number	Award date	Fair value per share at award (note 22)	Terms and Conditions for each Grant				Vested	
				Milestone	Expiry Date	First conversion date	Last conversion date	Number	%
Performance Shares Class A									
EXECUTIVE DIRECTORS									
B. Scott	1,000,000	28-Aug-09	0.16	ASX conditional listing	27-Aug-12	25-Aug-10	27-Aug-12	0	0%
L. Lyon	4,000,000	28-Aug-09	0.16	ASX conditional listing	27-Aug-12	25-Aug-10	27-Aug-12	0	0%
OTHER KEY MANAGEMENT PERSONNEL									
A. Hill	1,333,333	28-Aug-09	0.16	ASX conditional listing	27-Aug-12	25-Aug-10	27-Aug-12	0	0%
G. Chiappini	-	-	-	-	-	-	-	-	-
J. Nigaglioni	333,333	28-Aug-09	0.16	ASX conditional listing	27-Aug-12	25-Aug-10	27-Aug-12	0	0%
P. Bettonvil	-	-	-	-	-	-	-	-	-
A. Borger	-	-	-	-	-	-	-	-	-
TOTAL	6,666,666							0	

Table 4: Value of performance shares/options awarded, exercised and lapsed during the year

	Value of performance shares granted during the year [^]	Value of performance shares converted during the year	Value of performance shares lapsed during the year	Remuneration consisting of performance shares during the year
	\$	\$	\$	%
B. Scott	320,000	-	-	49
L. Lyon	1,173,333	-	-	69
A. Hill	426,667	-	-	57
G. Chiappini	-	-	-	0
J. Nigaglioni	160,000	-	-	31
P. Bettonvil	-	-	-	0
T. Borger	-	-	-	0

[^] For details on the valuation of the performance shares, including models and assumptions used, please refer to note 22.

The Performance Class A Shares have converted as at 25 August 2010 when the Company received ASX conditional listing. There were no alterations to the terms and conditions of the performance shares awarded as remuneration since their award date.

Signed in accordance with a resolution of the Directors.



Brenton A Scott
Executive Chairman

Perth, Western Australia
 22 October 2010

CORPORATE GOVERNANCE STATEMENT

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

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

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

Principle	Corporate Governance Best Practice Recommendation	Compliance	How We Comply
Principle 2 - Structure the Board to add value			
2.1	A majority of the board should be independent directors	-	The current board is 50% independent. We are in the process of identifying and engaging an independent chairman.
2.2	The chairperson should be an independent director	N	The Chairman, Mr. Scott does not meet the Governance Council's independence criteria, however the board believes that Mr. Scott will at all times act independently and discharge his duties for the benefit of all shareholders. Mr. Scott is not strictly independent due to his significant shareholding in Mobilarm.
2.3	The roles of the chairperson and CEO should be separate.	Y	They are separate, Brenton Scott Chairman and Lindsay Lyon CEO
2.4	The board should establish a nomination committee	Y	Mr. Rick Parish has been appointed to form and establish the nomination committee and act as its chair.
2.5	Companies should disclose the process for evaluating the performance of the board, its committees and its individual directors	Y	Documented in HR policy and employment contracts
2.6	Provide the information indicated in Guide to Reporting on Principle 2		
2.6.1	The skills, expertise and experience relevant to the position of director held by each director in office at the date of the annual report	Y	Provided in the annual report
2.6.2	The names of the directors considered by the Board to be independent directors and the Company's materially thresholds	Y	Provided in the annual report
2.6.3	A statement as to whether there is a procedure agreed by the Board of directors to take independent professional advice at the expense of the Company	Y	Individual directors have the right in connection with their duties and responsibilities as directors to seek independent professional advice at the Company's expense. The engagement of an outside adviser is subject to prior approval of the Chairman and this will not be withheld unnecessarily. If appropriate, any advice so received will be made available to all Board members.
2.6.4	The Board should state its reasons if it considers a director to be independent notwithstanding that the director does not meet the definition of independence contained in the ASX Guidelines	Y	Refer above at 2.2
2.6.5	The period of office held by each director in office at the date of the annual report	Y	Provided in the annual report
2.6.6	The names of members of the nomination committee and their attendance at meetings of the committee	Y	Provided in the annual report
2.6.7	Whether a performance evaluation for the	Y	An evaluation of the Board, its committees and

Principle	Corporate Governance Best Practice Recommendation	Compliance	How We Comply
	Board, its committees and directors has taken place in the reporting period and whether it was in accordance with the process disclosed		directors was undertaken and was in accordance with the process disclosed at 2.5.
2.6.8	An explanation of any departure from recommendations 2.1, 2.2, 2.3, 2.4 and 2.5 The following material should be made publicly available, ideally on the Company's website in a clearly marked corporate governance section: A description of the procedure for the selection and appointment of new directors to the board; The charter of the nomination committee, or a summary of the role, rights and responsibilities and membership requirements for the committee; and The nomination committee's policy for the appointment of directors.	N N N	Refer to comments at 2.1 and 2.2 Refer 2.4 - The Board informally reviews the skill set of and market expectations for its directors on a regular basis and considers these factors when appointing / re-electing directors. The Board invites persons with relevant industry experience and financial experience to assist it in its appointment of directors.
Principle 3 - Promote ethical and responsible decision making			
3.1	Establish a code of conduct to guide the directors, the chief executive officer (or equivalent), the chief financial officer (or equivalent) and any other key executives as to:	Y	All Directors, managers and employees are expected to act with the utmost integrity and objectivity, striving at all times to enhance the reputation and performance of the 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.
3.1.1	the practices necessary to maintain confidence in the company's integrity	Y	
3.1.2	the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders	Y	
3.1.3	the responsibility and accountability of individuals for reporting and investigating reports of unethical practices	Y	
3.2	Companies should establish a policy concerning trading company securities by directors, officers and employees and disclose that policy or a summary of that policy.	Y	The Company has established a policy concerning trading company securities by directors, officers and employees.

Principle	Corporate Governance Best Practice Recommendation	Compliance	How We Comply
3.3	Provide the information indicated in Guide to Reporting on Principle 3		
3.3.1	An explanation of any departure from recommendations 3.1, 3.2 and 3.3 The following material should be made publicly available, ideally on the Company's website in a clearly marked corporate governance section: a) any applicable code of conduct or a summary of its main provisions b) the trading policy or summary of its main provisions	Y Y Y	Not applicable The Code of Conduct is available on the Company's website. The Share Trading Policy is available on the Company's website.
Principle 4 - Safeguard integrity in financial reporting			
4.1	The Board should establish an audit committee.	Y	The Board has established an Audit Committee which operates under a charter approved by the Board. The committee provides the Board with additional assurances regarding the reliability of financial information for inclusion in financial reports.
4.2	Structure the audit committee so that it consists of: only non-executive directors, a majority of independent directors, an independent chairperson who is not the chairperson of the board and at least three members	N	The Board is of the view that given the size of the Company and its Board, it is not practical to have a majority of independent directors managing the Audit Committee with all Directors being committee members of the Audit and Risk Committee. The members of the audit committee are R Parish (committee chairman) and B Scott.
4.3	The audit committee should have a formal charter	Y	The audit committee has a formal charter. This will be made available on the Company's website.
4.4	Provide the information in the annual report: a) Details of the names and qualifications of those appointed to the audit committee and their attendance at meetings of the committee b) The number of meetings of the audit committee The following material should be made publicly available, ideally on the Company's website in a clearly marked corporate governance section: The audit committee charter b) Information on procedures for the selection and appointment of the external auditor, and for the rotation of external audit engagement partners	Y Y	Refer to director's report Refer to director's report. The audit committee charter will be made available on the Company's website The committee manages the relationship between the Company and external auditors on behalf of the Board. It recommends to the Board potential auditors for appointment, re-appointment or replacement, the terms of engagement and remuneration of the external auditor.

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

Principle	Corporate Governance Best Practice Recommendation	Compliance	How We Comply
Principle 7 - Recognise and manage risk			
7.1	Companies should establish policies on risk oversight and management of material risks and disclose a summary of these policies.	Y	Formal policies being drafted. To be reviewed at next board meeting.
7.2	The board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the Company's management of its material business risks.	Y	As part of the reporting process the Managing Director and Chief Financial Officer provide to the Board prior to the Board approving the annual and half-yearly accounts, a written statement that the integrity of the financial statements (as per ASX Recommendation 4.1) are founded on a system of risk management and internal compliance and control which implements the Board's policies and the Company's risk management and internal control system is operating efficiently and effectively in all material matters.
7.3	The board should disclose whether it has received assurance from the chief executive officer and chief financial officer that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.	Y	The Board will receive assurance from the Chief Executive Officer and Chief Financial Officer that the s295A declaration is founded on a sound system of risk management and internal control and the system is operating effectively in all material respects in relation to financial risks.
7.4	Provide the information indicated in Guide to Reporting on Principle 7		
7.4.1	An explanation of any departures from recommendations 7.1, 7.2, 7.3 and 7.4 and reasons for the departure		Not applicable
7.4.2	Whether the Board has received the report from management under recommendation 7.2	Y	The board has received the report
7.4.3	Whether the Board has received assurance from the Chief Executive Officer and Chief Financial Officer under recommendation 7.3 The following material should be made publicly available, ideally on the Company's website in a clearly marked corporate governance section: A summary of the Company's policies on risk oversight and management of material business risks	Y	The Board has received the assurance in accordance with recommendation 7.3 The charter of the Audit and Risk Committee will be made available on the Company's website in the Corporate Governance section.
Principle 8 - Remunerate fairly and responsibly			
8.1	The board should establish a remuneration committee	Y	Mr. Christian Lange has been appointed to form and establish the remuneration committee and act as its chair.
8.2	Clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives	Y	All functions formalised and documented in the employment agreement and board engagement.

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

Mobilarm Limited's corporate governance practices were in place throughout the year ended 30 June 2010.

Board Functions

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

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

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

To this end the board has established the following committees:

- Audit
- Nomination
- Remuneration

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

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

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

Other functions reserved to the board include:

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

Structure of the Board

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

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

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

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

Name	Position
Mr Christian Lange	Non-executive director
Mr. Rick Parish	Non-executive director

The board recognises the Corporate Governance Council's recommendation that the Chair should be an independent director. The board further recognises that given Mr. Scott's executive role, he does not meet the definition of independence.

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

Name	Term in office
Mr. Brenton Scott	7 years
Mr. Lindsay Lyon	3 years
Mr. Christian Lange	2 years
Mr. Rick Parish	2 years

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

Performance

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

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

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

Trading policy

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

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

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

Nomination committee

The board has established a nomination committee and a chair person to establish its role and responsibility. The committee has not met as of the date of this report. The board of directors as a whole acted as the Nomination committee during the period. The nomination committee comprises a non-executive director and the chairman of the board. The nomination committee comprised the following members throughout the year:

- Mr. Christian Lange (Committee Chairman)
- Mr. Brenton Scott

Audit committee

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

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

The members of the audit committee during the year were:

- Mr. Rick Parish (Committee Chairman) M.A.
- Mr. Brenton Scott

Qualifications of audit committee members

Mr. Rick Parish is a director in M&O Global since its founding in 1997 overseeing all aspects of the operation.

Mr. Brenton Scott has been a Chartered Accountant for 22 years and has served as an executive of the Company. Mr. Scott spent 14 years in the accounting profession. He spent 10 of these as a partner of firstly Walker Wayland, Perth then Scott Partners, in which he was the Managing Partner. Mr. Scott then became the Chief Financial Officer of Electronic Banking Solutions Limited (EBS) which was a large independent deployer of ATM machines in Australia.

Risk

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

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

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

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

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

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

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

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

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

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

CEO and CFO certification

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

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

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

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

Remuneration

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

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

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

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

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

The board is responsible for determining and reviewing compensation arrangements for the directors themselves, the CEO and executive team. The board has established a remuneration committee, comprising two directors. Members of the remuneration committee throughout the year were:

- Mr. Christian Lange (Committee Chairman)
- Mr. Brenton Scott

For additional details regarding the remuneration committee, including a copy of its charter, please refer to our website.

Shareholder communication policy

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

Mobilarm Limited is committed to:

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

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

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

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

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

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2010

	Note	2010 \$	2009 \$
Revenue			
Sale of goods		530,704	69,039
Interest		13,642	16,601
Rental income		66,556	63,836
		610,902	149,476
Other income	3(a)	4,108	42,981
Changes in inventories of finished goods and work in progress		62,965	(76,302)
Raw materials and consumables purchased		(322,605)	(30,206)
Employee benefits	3(d)	(2,264,724)	(1,777,781)
Share based compensation expense		(1,363,888)	-
Depreciation and amortisation	3(c)	(415,562)	(431,784)
Advertising		(114,340)	(129,605)
Audit and tax	3(f)	(140,479)	(45,000)
Accountancy		(12,919)	(95,469)
Freight and cartage		(16,768)	(20,716)
External consultants and contractors		(608,178)	(604,438)
Rental		(207,426)	(197,009)
Travel and accommodation		(261,001)	(230,078)
Allowance for doubtful debts	7	(10,659)	(19,188)
Payroll tax		(56,151)	(55,191)
Legal fees		(385,010)	(72,343)
Telephone and internet charges		(31,594)	(27,820)
Insurance		(67,661)	(29,915)
Printing, postage and stationery		(39,784)	(9,168)
Motor vehicles		(651)	(2,924)
Finance costs	3(b)	(198,550)	(192,965)
Foreign exchange (loss)/gain		69,534	(196,189)
Impairment of available-for-sale investments		-	(169,945)
Impairment of capitalised development costs		(59,511)	-
Variation of convertible note terms		(298,179)	-
Other expenses		(437,567)	(340,861)
Loss before income tax		(6,565,698)	(4,562,440)
Income tax benefit	4(a)	357,676	297,589
	15	(6,208,022)	(4,264,851)

	<i>Note</i>	2010 \$	2009 \$
Other comprehensive income			
Changes in value of available-for-sale investments, net of tax		-	(94,553)
Total comprehensive loss for the period		(6,208,022)	(4,359,404)
Basic earnings per share (cents per share)	19	(0.05)	(0.06)
Diluted earnings per share (cents per share)	19	(0.05)	(0.06)

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

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2010

	<i>Note</i>	2010	2009
		\$	\$
CURRENT ASSETS			
Cash and cash equivalents	18	106,411	104,263
Restricted cash	6	1,024,400	-
Trade and other receivables	7	609,741	301,254
Inventories	8	34,049	97,014
Other current assets		52,485	18,563
TOTAL CURRENT ASSETS		1,827,086	521,094
NON-CURRENT ASSETS			
Plant and equipment	9	81,997	135,691
Intangible assets	10	716,239	429,838
TOTAL NON-CURRENT ASSETS		798,236	565,529
TOTAL ASSETS		2,625,322	1,086,623
CURRENT LIABILITIES			
Trade and other payables	11	655,252	490,226
Other payable	6	1,024,400	-
Interest bearing loans and borrowings	12	3,501	2,657,323
Provisions	13	217,469	133,661
TOTAL CURRENT LIABILITIES		1,900,622	3,281,210
NON-CURRENT LIABILITIES			
Provisions	13	33,741	14,102
Interest Bearing loans and borrowings	12	5,580	7,594
Deferred tax liability	4(c)	-	32,991
TOTAL NON-CURRENT LIABILITIES		39,321	54,687
TOTAL LIABILITIES		1,939,943	3,335,897
NET ASSETS/(LIABILITIES)		685,379	(2,249,274)
EQUITY (SHAREHOLDERS DEFICIT)			
Contributed equity	14	18,488,563	9,192,597
Accumulated Losses	15	(17,803,184)	(11,595,162)
Reserves	16	-	153,291
TOTAL EQUITY/(SHAREHOLDER DEFICIT)		685,379	(2,249,274)

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

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2010

	<i>Note</i>	2010	2009
		\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		257,100	134,389
Export market development grant		-	401,276
Payments to suppliers and employees		(4,256,288)	(3,922,718)
Interest received		13,642	16,601
Payment for research & development	10	(680,496)	(817,493)
Rental income & recoveries		66,556	70,831
Interest and other borrowing costs paid		(198,550)	(192,961)
R&D tax rebate		288,098	288,864
NET CASH FLOWS USED IN OPERATING ACTIVITIES	18	(4,509,938)	(4,021,211)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for plant and equipment		(21,042)	(56,355)
Purchase of intangible assets	10	(5,808)	(11,112)
NET CASH FLOWS USED IN INVESTING ACTIVITIES		(26,850)	(67,467)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from / (Repayment of) borrowings – related parties		266,667	430,000
Lease and hire purchase repayments		(39,556)	(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		3,546,500	972,678
Costs of share issue		(42,675)	-
NET CASH FLOWS PROVIDED BY FINANCING ACTIVITIES		4,538,936	3,413,459
NET INCREASE/(DECREASE) IN CASH HELD		2,148	(675,219)
CASH AT THE BEGINNING OF THE FINANCIAL YEAR		104,263	779,482
CASH AT THE END OF THE FINANCIAL YEAR	18	106,411	104,263

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

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2010

	Attributable to equity holders of Mobilarm Limited				
	Issued Capital	Accumulate d Losses	Available for-Sale Reserve(N ote 16)	Convertible Note Reserve(No te 16)	Total Equity
	\$	\$	\$	\$	\$
COMPANY					
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	-	(6,208,022)	-	-	(6,208,022)
Other comprehensive income	-	-	-	-	-
Total comprehensive loss for the period	-	(6,208,022)	-	-	(6,208,022)
Transactions with owners in their capacity as owners					
Issue of equity	3,546,502	-	-	-	3,546,502
Costs of share issues	(42,675)	-	-	-	(42,675)
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	1,205,555	-	-	-	1,205,555
Equity portion of convertible notes issued	-	-	-	230,001	230,001
Conversion of convertible notes	4,335,594	-	-	(383,292)	3,952,302
As at 30 June 2010	18,488,563	(17,803,184)	-	-	685,379

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2010

1 CORPORATE INFORMATION

The financial report of Mobilarm Limited (the "Company") for the year ended 30 June 2010 was authorised for issue in accordance with a resolution of directors on 22 October 2010.

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

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

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

Going Concern

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

The Company has incurred a net loss after tax for the year ended 30 June 2010 of \$6,208,022 (2009: \$4,264,851) and experienced net cash outflows from operating activities of \$4,509,937 (2009: \$4,021,211). As 30 June 2010, the Company had net current liabilities of \$30,859 (2009: 2,760,116).

Subsequent to year end the Company has undertaken the following:

- An Initial Public Offering ("IPO") and listing on the Australian Stock Exchange ("ASX") on 22nd September 2010 for \$2,383,400. The capital funds are to be used to accelerate the sales capacity of the Company on a worldwide basis.
- A \$5,000,000 equity drawdown facility has been secured to source additional funding if required. Refer to note 27 for terms of the equity drawdown facility.

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

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

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

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

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

(a) Compliance Statement

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

(b) New Accounting Standards and Interpretations

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Company for the annual reporting period ended 30 June 2010. These are outlined in the table below:

Reference	Title	Summary	Application date of standard*	Impact on Company financial report	Application date for Company*
ASB 2009-5	Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 5, 8, 101, 107, 117, 118, 136 & 139]	The amendments to some Standards result in accounting changes for presentation, recognition or measurement purposes, while some amendments that relate to terminology and editorial changes are expected to have no or minimal effect on accounting except for the following: The amendment to AASB 117 removes the specific guidance on classifying land as a lease so that only the general guidance remains. Assessing land leases based on the general criteria may result in more land leases being classified as finance leases and if so, the type of asset which is to be recorded (intangible vs. property, plant and equipment) needs to be determined. The amendment to AASB 101 stipulates that the terms of a liability that could result, at anytime, in its settlement by the issuance of equity instruments at the option of the counterparty do not affect its classification. The amendment to AASB 107 explicitly states that only expenditure that results in a recognised asset can be classified as a cash flow from investing activities. The amendment to AASB 118 provides additional guidance to determine whether an entity is acting as a principal or as an agent. The features indicating an entity is acting as a principal are whether the entity: - has primary responsibility for providing the goods or service; - has inventory risk; - has discretion in establishing prices; - bears the credit risk.	1 January 2010	The Company does not have an impact from the implementation of this standard	1 July 2010

Reference	Title	Summary	Application date of standard*	Impact on Company financial report	Application date for Company*
AASB 2009-5 (cont.)	Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 5, 8, 101, 107, 117, 118, 136 & 139]	The amendment to AASB 136 clarifies that the largest unit permitted for allocating goodwill acquired in a business combination is the operating segment, as defined in IFRS 8 before aggregation for reporting purposes. The main change to AASB 139 clarifies that a prepayment option is considered closely related to the host contract when the exercise price of a prepayment option reimburses the lender up to the approximate present value of lost interest for the remaining term of the host contract. The other changes clarify the scope exemption for business combination contracts and provide clarification in relation to accounting for cash flow hedges.			
AASB 2009-8	Amendments to Australian Accounting Standards – Group Cash-settled Share-based Payment Transactions [AASB 2]	This Standard makes amendments to Australian Accounting Standard AASB 2 Share-based Payment and supersedes Interpretation 8 Scope of AASB 2 and Interpretation 11 AASB 2 – Group and Treasury Share Transactions. The amendments clarify the accounting for group cash-settled share-based payment transactions in the separate or individual financial statements of the entity receiving the goods or services when the entity has no obligation to settle the share-based payment transaction. The amendments clarify the scope of AASB 2 by requiring an entity that receives goods or services in a share-based payment arrangement to account for those goods or services no matter which entity in the group settles the transaction, and no matter whether the transaction is settled in shares or cash.	1 January 2010	The Company does not have an impact from the implementation of this standard	1 July 2010

Reference	Title	Summary	Application date of standard*	Impact on Company financial report	Application date for Company*
AASB 2009-9	Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards.	The amendments address the retrospective application of IFRSs to particular situations and are aimed at ensuring that entities applying IFRSs will not face undue cost or effort in the transition process. Specifically, the amendments: - exempt entities using the full cost method from retrospective application of IFRSs for oil and gas assets - exempt entities with existing leasing contracts from reassessing the classification of those contracts in accordance with IFRIC 4 Determining whether an Arrangement contains a Lease when the application of their national accounting requirements produced the same result.	1 January 2010	The Company does not have an impact from the implementation of this standard	1 July 2010
AASB 2009-10	Amendments to Australian Accounting Standards – Classification of Rights Issues [AASB 132]	The amendment provides relief to entities that issue rights in a currency other than their functional currency, from treating the rights as derivatives with fair value changes recorded in profit or loss. Such rights will now be classified as equity instruments when certain conditions are met.	1 February 2010	The Company does not have an impact from the implementation of this standard	1 July 2010

Reference	Title	Summary	Application date of standard*	Impact on Company financial report	Application date for Company*
AASB 9	Financial Instruments	AASB 9 includes requirements for the classification and measurement of financial assets resulting from the first part of Phase 1 of the IASB's project to replace IAS 39 Financial Instruments: Recognition and Measurement (AASB 139 Financial Instruments: Recognition and Measurement). These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. The main changes from AASB 139 are described below. Financial assets are classified based on (1) the objective of the entity's business model for managing the financial assets; (2) the characteristics of the contractual cash flows. This replaces the numerous categories of financial assets in AASB 139, each of which had its own classification criteria. AASB 9 allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument. Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases.	1 January 2013	The Company has not assessed the impact of this statement at this time	1 July 2013

Reference	Title	Summary	Application date of standard*	Impact on Company financial report	Application date for Company*
AASB 2009-11	Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12]	The revised Standard introduces a number of changes to the accounting for financial assets, the most significant of which includes: - two categories for financial assets being amortised cost or fair value - removal of the requirement to separate embedded derivatives in financial assets - strict requirements to determine which financial assets can be classified as amortised cost or fair value, Financial assets can only be classified as amortised cost if (a) the contractual cash flows from the instrument represent principal and interest and (b) the entity's purpose for holding the instrument is to collect the contractual cash flows - an option for investments in equity instruments which are not held for trading to recognise fair value changes through other comprehensive income with no impairment testing and no recycling through profit or loss on derecognition - reclassifications between amortised cost and fair value no longer permitted unless the entity's business model for holding the asset changes - changes to the accounting and additional disclosures for equity instruments classified as fair value through other comprehensive income	1 January 2013	The Company has not assessed the impact of this statement at this time	1 July 2013

Reference	Title	Summary	Application date of standard*	Impact on Company financial report	Application date for Company*
AASB 124 (Revised)	Related Party Disclosures (December 2009)	The revised AASB 124 simplifies the definition of a related party, clarifying its intended meaning and eliminating inconsistencies from the definition, including: - the definition now identifies a subsidiary and an associate with the same investor as related parties of each other; - entities significantly influenced by one person and entities significantly influenced by a close member of the family of that person are no longer related parties of each other; and - the definition now identifies that, whenever a person or entity has both joint control over a second entity and joint control or significant influence over a third party, the second and third entities are related to each other. A partial exemption is also provided from the disclosure requirements for government-related entities. Entities that are related by virtue of being controlled by the same government can provide reduced related party disclosures.	1 January 2011	The Company has not assessed the impact of this statement at this time	1 July 2011
AASB 2009-12	Amendments to Australian Accounting Standards [AASBs 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 and Interpretations 2, 4, 16, 1039 & 1052]	This amendment makes numerous editorial changes to a range of Australian Accounting Standards and Interpretations. In particular, it amends AASB 8 Operating Segments to require an entity to exercise judgement in assessing whether a government and entities known to be under the control of that government are considered a single customer for the purposes of certain operating segment disclosures. It also makes numerous editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of IFRSs by the IASB.	1 January 2011	The Company does not have an impact from the implementation of this standard	1 July 2011
AASB 2009-13	Amendments to Australian Accounting Standards arising from Interpretation 19 [AASB 1]	This amendment to AASB 1 allows a first-time adopter may apply the transitional provisions in Interpretation 19 as identified in AASB 1048.	1 July 2010	The Company has not assessed the impact of this statement at this time	1 July 2010

Reference	Title	Summary	Application date of standard*	Impact on Company financial report	Application date for Company*
AASB 2009-14	Amendments to Australian Interpretation – Prepayments of a Minimum Funding Requirement	These amendments arise from the issuance of Prepayments of a Minimum Funding Requirement (Amendments to IFRIC 14). The requirements of IFRIC 14 meant that some entities that were subject to minimum funding requirements could not treat any surplus in a defined benefit pension plan as an economic benefit. The amendment requires entities to treat the benefit of such an early payment as a pension asset. Subsequently, the remaining surplus in the plan, if any, is subject to the same analysis as if no prepayment had been made.	1 January 2011	The Company does not have an impact from the implementation of this standard	1 July 2011
AASB 2010-1	Amendments to Australian Accounting Standards- Limited Exemption from Comparative AASB 7 Disclosures for First-time Adopters	First-time adopters of Australian Accounting Standards are permitted to use the same transition provisions permitted for existing preparers of financial statements prepared in accordance with Australian Accounting Standards that are included in AASB 2009-2.	1 July 2010	The Company has not assessed the impact of this statement at this time	1 July 2010

Reference	Title	Summary	Application date of standard*	Impact on Company financial report	Application date for Company*
AASB 1053	Application of Tiers of Australian Accounting Standards	This Standard establishes a differential financial reporting framework consisting of two Tiers of reporting requirements for preparing general purpose financial statements: Tier 1: Australian Accounting Standards; and Tier 2: Australian Accounting Standards – Reduced Disclosure Requirements. Tier 2 comprises the recognition, measurement and presentation requirements of Tier 1 and substantially reduced disclosures corresponding to those requirements. The following entities apply Tier 1 requirements in preparing general purpose financial statements: for-profit entities in the private sector that have public accountability (as defined in this Standard); and the Australian Government and State, Territory and Local Governments. The following entities apply either Tier 2 or Tier 1 requirements in preparing general purpose financial statements: for-profit private sector entities that do not have public accountability; all not-for-profit private sector entities; and public sector entities other than the Australian Government and State, Territory and Local Governments.	1 July 2013	The Company has not assessed the impact of this statement at this time	1 July 2013
AASB 2010-2	Amendments to Australian Accounting Standards arising from reduced disclosure requirements	This Standard gives effect to Australian Accounting Standards – Reduced Disclosure Requirements. AASB 1053 provides further information regarding the differential reporting framework and the two tiers of reporting requirements for preparing general purpose financial statements.	1 July 2013	The Company has not assessed the impact of this statement at this time	1 July 2013

Reference	Title	Summary	Application date of standard*	Impact on Company financial report	Application date for Company*
AASB2010-3	Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 3, AASB 7, AASB 121, AASB 128, AASB 131, AASB 132 & AASB 139]	Limits the scope of the measurement choices of non-controlling interest at proportionate share of net assets in the event of liquidation. Other components of NCI are measured at fair value. Requires an entity (in a business combination) to account for the replacement of the acquiree's share-based payment transactions (whether obliged or voluntarily), i.e., split between consideration and post combination expenses. Clarifies that contingent consideration from a business combination that occurred before the effective date of AASB 3 Revised is not restated. Eliminates the requirement to restate financial statements for a reporting period when significant influence or joint control is lost and the reporting entity accounts for the remaining investment under AASB 139. This includes the effect on accumulated foreign exchange differences on such investments.	1 July 2010	The Company does not have an impact from the implementation of this standard	1 July 2010
AASB 2010-4	Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 1, AASB 7, AASB 101, AASB 134 and Interpretation 13]	Emphasises the interaction between quantitative and qualitative AASB 7 disclosures and the nature and extent of risks associated with financial instruments. Clarifies that an entity will present an analysis of other comprehensive income for each component of equity, either in the statement of changes in equity or in the notes to the financial statements. Provides guidance to illustrate how to apply disclosure principles in AASB 134 for significant events and transactions Clarify that when the fair value of award credits is measured based on the value of the awards for which they could be redeemed, the amount of discounts or incentives otherwise granted to customers not participating in the award credit scheme, is to be taken into account.	1 January 2011	The Company has not assessed the impact of this statement at this time	1 July 2011

Reference	Title	Summary	Application date of standard*	Impact on Company financial report	Application date for Company*
Interpretation 19	Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments	This interpretation clarifies that equity instruments issued to a creditor to extinguish a financial liability are “consideration paid” in accordance with paragraph 41 of IAS 39. As a result, the financial liability is derecognised and the equity instruments issued are treated as consideration paid to extinguish that financial liability. The interpretation states that equity instruments issued in a debt for equity swap should be measured at the fair value of the equity instruments issued, if this can be determined reliably. If the fair value of the equity instruments issued is not reliably determinable, the equity instruments should be measured by reference to the fair value of the financial liability extinguished as of the date of extinguishment.	1 July 2010	The Company has not assessed the impact of this statement at this time	1 July 2010

(c) 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.

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

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

(e) Operating segments

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

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

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

The Company does not currently have multiple segments, but will identify segments that meet the quantitative criteria if and when present.

(f) 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.

(iv) 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.

(g) 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.

(h) 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.

(i) 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.

(j) Inventories

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

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

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

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

(k) 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.

(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.

(l) 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.

(m) 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 reporting date.

All exchange differences in the financial report are taken to profit or loss.

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

(n) Income tax

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

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

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

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

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

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

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

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

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

(o) Other taxes

Revenues, expenses and assets are recognised net of the amount of GST 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.

(p) Property, plant and equipment

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

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

- Plant and equipment – 2.5 to 20 years

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

(i) Impairment

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

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

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

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

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

(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.

(q) 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.

(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.

(r) Intangible assets

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

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

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

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

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

(t) Impairment of non-financial 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.

(u) Trade and other payables

Trade payables and other payables are carried at amortised costs and due to their short-term nature they are not discounted. They represent liabilities for goods and services provided to the 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. The amounts are unsecured and are usually paid within 30 days of recognition.

(v) Interest-bearing loans and borrowings

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

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

Gains and losses are recognised in profit or loss when the liabilities are derecognised.

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

(i) Borrowing Costs

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

(w) Provisions

Provisions are recognised when the 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.

(x) 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 due 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 due 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.

(y) Contributed equity

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

(z) Earnings per Share

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

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

(aa) Shared based payments

(i) Equity settled transactions

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

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

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

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

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

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

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

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

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

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

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

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

(bb) Convertible notes

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

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

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

Interest on the liability component of the instruments is recognised as an expense in profit or loss.

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

3 REVENUE AND EXPENSES

	2010	2009
	\$	\$
3(a) Other income		
Government grants	-	27,653
Other	4,108	15,328
	4,108	42,981
3(b) Finance costs		
Interest – other parties	122,024	121,051
Interest – related parties	76,526	71,914
	198,550	192,965
3(c) Operating expenses		
Depreciation and amortisation		
Depreciation and amortisation of plant and equipment	77,746	107,018
Amortisation of intangible assets	337,816	324,766
	415,562	431,784
Inventory written off during the year	934	30,206
Doubtful debts	10,659	19,188
Minimum lease payments – operating leases	207,426	197,009
Provision for employee entitlements	357,306	242,635
3(d) Employee benefits expense		
Wages and salaries and on-costs	1,801,262	1,547,659
Director fees	230,000	110,000
Superannuation costs	233,462	120,122
	2,264,724	1,777,781
Share based payments	1,363,888	-
Total	3,628,612	1,777,781
3(e) Research and development costs		
Research and development costs charged directly to the Statement of Comprehensive Income		
Amortisation of capitalised development costs	337,816	309,443
3(f) Auditors' remuneration		
Amounts received or due and receivable by Ernst & Young Australia for:		
An audit of the financial report of the entity	46,000	35,000
Other services:		
- Independent Accountants report	79,450	-
- Other services – Tax (R & D Rebate)	15,029	10,000
	140,479	45,000

4 INCOME TAX

	2010	2009
	\$	\$
4(a) The major components of the current income tax benefit are:		
Current income tax	(1,648,290)	(1,372,832)
Current income tax change/(benefit) irrespective of prior year	(32,991)	(7,532)
Deferred tax	1,323,605	1,082,775
	(357,676)	(297,589)
4(b) A reconciliation between the income tax benefit and the product of accounting loss before income tax multiplied by the Company's applicable income tax rate is as follows: Prima facie income tax benefit calculated @ 30% (2009: 30%) on loss from ordinary activities	(1,969,709)	(1,368,732)
Add tax effect of:		
Non-deductible items	22	3,432
Share-based payments	409,166	-
R&D uplift	(54,778)	-
Prior year adjustment	(32,991)	(7,532)
Current year income tax expenses/(benefit)	(1,648,290)	(1,372,832)
Deferred tax assets not brought to account	1,615,299	1,365,300
Tax repayment on R&D tax offset	(324,685)	290,057
Income tax benefit	(357,676)	(297,589)
4(c) Deferred income tax		
Equity component of convertible notes	-	32,991
R&D expenditure	210,474	125,308
	210,474	158,299
Deferred tax liabilities offset by deferred tax assets	(210,474)	(125,308)
Net deferred tax liabilities	-	32,991
4(d) Deferred tax asset		
Provision for employee entitlements	58,570	33,803
Provision for doubtful debts	2,733	639
Accrued superannuation	13,912	10,526
Depreciable assets	229,596	246,948
Capital raising costs expensed	101,794	-
Tax losses	3,540,690	2,279,597
	3,947,295	2,571,513
Deferred tax assets not brought to account	(3,736,821)	(2,446,205)
	210,474	125,308
Deferred tax assets offset against deferred tax liabilities	(210,474)	(125,308)
Net deferred tax assets	-	-
4(e) Income tax losses		
Future income tax benefit arising from taxlosses not recognised at reporting date	3,232,479	2,330,822
	3,232,479	2,330,822

5 DIVIDENDS PAID AND PROPOSED

	2010	2009
	\$	\$
There were no dividends paid or declared for the financial year ended 30 June 2010 (30 June 2009: nil).	-	-
	<u>-</u>	<u>-</u>

6 RESTRICTED CASH

	2010	2009
	\$	\$
IPO proceeds received through 30 June	1,024,400	-
Other payable – shares to be issued	(1,024,400)	-
	<u>-</u>	<u>-</u>

The IPO proceeds were received under an offer with a minimum subscription. The Company recognized the restricted funds and liability until the funds met the minimum subscription. The Company met the minimum subscription after the reporting date and before the date of this report. See note 27.

7 TRADE AND OTHER RECEIVABLES

	2010 \$	2009 \$
Trade debtors	288,739	344
Less: allowance for impairment loss (a)	(9,109)	(2,131)
	279,630	(1,787)
Goods and services tax	6,192	34
Related party receivable (b)	-	10,000
Sundry receivables	-	4,909
R & D Rebate	323,919	288,098
	609,741	301,254

a) Allowance for impairment loss

Trade receivables are non-interest bearing and are generally on 30-60 day terms. A provision for impairment loss is recognised when there is objective evidence that an individual trade receivable is impaired. The company has recognized \$10,659 of impairment loss for the year ended 30 June 2010.

	2010 \$	2009 \$
Movement in allowance for impairment loss		
-balance at beginning of year	2,131	1,065
-amounts written off	(3,681)	(18,122)
-charge for the year	10,659	19,188
-balance at end of year	9,109	2,131

b) At 30 June 2010, the ageing analysis of trade receivables is as follows:

	Total	0-30 days	31-60 days	61-90 days PDNI*	61-90 days PDNI*	+91 days *PDNI	+91 days **CI
2010	288,739	202,076	78,965	7,698	-	-	-
2009	344	-	344	-	-	-	-

* Past due not impaired (PDNI)

**Considered impaired (CI)

i. Allowance for impairment loss

Receivables past due but not considered impaired are: \$7,698(2009: \$344). Payment terms on these amounts have not been re-negotiated however credit has been stopped until full payment is made. Each operating unit has been in direct contact with the relevant debtor and is satisfied that payment will be received in full.

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

ii. *Related party receivables*

There are no related party receivables as of 30 June 2010 (2009: \$10,000). For terms and conditions of related party transactions refer to note 23.

iii. *Fair value and credit risk*

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

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

iv. *Foreign exchange risk*

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

8 INVENTORIES

	2010	2009
At cost		
Raw materials and stores	31,249	28,744
Finished goods	2,800	68,270
Total inventories at lower of cost and net realisable value	<u>34,049</u>	<u>97,014</u>

Inventories recognised as an expense for the year ended 30 June 2010 totalled \$259,640 (2009: \$106,508) for the Company. Inventory write-downs recognised as an expense totalled \$934 (2009: \$30,206) for the Company.

9 PLANT AND EQUIPMENT

	2010 \$	2009 \$
Leasehold improvements		
At cost	109,362	109,362
Accumulated amortisation	(105,672)	(103,372)
	3,690	5,990
Plant and equipment		
At cost	843,140	822,097
Less: Accumulated depreciation	(769,151)	(701,033)
	73,989	121,064
Motor vehicles		
At cost	17,273	17,273
Accumulated amortisation	(12,955)	(8,636)
	4,318	8,637
TOTAL PLANT AND EQUIPMENT	81,997	135,691
Reconciliation		
Reconciliation of carrying values for each class of plant and equipment are set out below:		
Leasehold improvements:		
- Carrying amount at beginning of financial year	5,990	9,622
- Additions	-	-
- Amortisation	(2,300)	(3,632)
- Carrying amount at end of financial year	3,690	5,990
Plant and Equipment:		
- Carrying amount at beginning of financial year	121,064	208,063
- Additions	21,042	34,254
- Disposals	-	-
- Grant contribution	-	(22,102)
- Depreciation	(68,117)	(99,151)
- Carrying amount at end of financial year	73,989	121,064
Motor Vehicles:		
- Carrying amount at beginning of financial year	8,637	12,872
- Disposals	-	-
- Additions	-	-
- Depreciation	(4,319)	(4,235)
- Carrying amount at end of financial year	4,318	8,637

10 INTANGIBLE ASSETS

	Development Costs \$	Intellectual Property \$	Patents & Licenses \$	Computer Software \$	Total \$
At 30 June 2010					
Cost (gross carrying amount)	1,893,865	923,919	67,235	77,516	2,962,535
Accumulated amortisation	(1,192,284)	(923,919)	(67,235)	(64,581)	(2,248,019)
Net carrying amount	701,581	-	-	12,935	714,516
Incorporation cost					1,723
					716,239
Year ended 30 June 2010					
At 1 July 2009, net of accumulated amortisation	417,692	-	-	10,138	427,830
Additions	681,216	-	-	5,807	687,023
Grant contributions	-	-	-	-	-
Impairment	(59,511)	-	-	-	(59,511)
Amortisation	(337,816)	-	-	(3,010)	(340,826)
At 30 June 2010, net of accumulated amortisation	701,581	-	-	12,935	714,516
Incorporation cost					1,723
					716,239
At 30 June 2009					
Cost (gross carrying amount)	1,272,160	923,919	67,235	71,707	2,335,021
Accumulated amortisation	(854,467)	(923,919)	(67,235)	(61,569)	(1,907,190)
Net carrying amount	417,693	-	-	10,138	427,831
Incorporation cost					2,007
					429,838
At 1 July 2008, net of accumulated amortisation	288,816	-	-	14,350	303,166
Additions	817,493	-	-	11,112	828,605
Grant contributions	(379,174)	-	-	-	(379,174)
Impairment	-	-	-	-	-
Amortisation	((309,442)	-	-	(15,324)	(324,766)
At 30 June 2009, net of accumulated amortisation	417,693	-	-	10,138	427,831
Incorporation cost					2,007
					429,838

Development costs

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

Intellectual property

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

Patents and licenses costs

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

Impairment losses recognised

The Company impaired its Crewsafe development in the 2010 financial year for \$59,511. The impairment loss has been recognised in the statement of comprehensive income in the line item "Impairment of capitalised development costs". The Company continues to sell its Crewsafe products, but the sales have not achieved the forecasted levels. The Company will continue to monitor the performance versus plan to determine if further impairment is needed in the future. No impairment losses were recognised for continuing operation in the 2009 financial year. There were no reversals of impairment losses recognised, no impairment losses on revalued assets recognised nor any reversals of impairment losses on revalued assets recognised in the 2010 and 2009 financial year.

11 TRADE AND OTHER PAYABLES

	2010	2009
	\$	\$
Trade creditors	431,916	270,942
Other creditors and accruals	223,336	219,284
	<u>655,252</u>	<u>490,226</u>

Trade Payables

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

Other Payables

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

See note 24 for interest rate, foreign exchange and liquidity risk.

12 INTEREST BEARING LOANS AND BORROWINGS

	2010 \$	2009 \$
CURRENT		
Convertible notes (i)	-	2,222,097
Convertible notes from related parties (i) (ii)	-	430,000
	<u>-</u>	<u>2,652,097</u>
Finance Leases	3,501	5,226
	<u>3,501</u>	<u>2,657,323</u>
Convertible Notes		
Balance as at 1 July 2009	2,652,097	
Issue of convertible notes during the year	1,074,667	
Amendment of convertible note terms from \$0.21 to \$0.165	298,179	
Interest on convertible notes	195,053	
Conversion of Convertible notes	(4,219,996)	
Balance as at 30 June 2010	<u>-</u>	
(i) At 30 June 2009, there were 27 convertible notes on issue. The Company issued a further \$1,074,667 in convertible notes in financial year 2010 with a conversion price of \$0.15 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 \$195,053 of interest on all the convertible notes during the period. All outstanding notes were converted on 31 December 2009 in exchange for 26,915,999 ordinary shares.		
(ii) These notes were on the same terms as the notes to non-related parties, as described above.		
NON CURRENT		
Finance Leases	<u>5,580</u>	<u>7,594</u>

13 PROVISIONS

	2010	2009	
	\$	\$	
CURRENT			
Employee entitlements	217,469	133,661	
NON-CURRENT			
Employee entitlements	33,741	14,102	
Movement in Provisions			
	Current	Non-Current	Total
At 1 July 2009	133,661	14,102	147,763
Additions	337,668	19,639	357,307
Utilised	(253,860)	-	(253,860)
At 30 June 2010, net of accumulated amortisation	217,469	33,741	251,210

14 CONTRIBUTED EQUITY

			2010	2009
			\$	\$
Issued and paid up capital:				
134,108,744 (2009 – 264,425,398) ordinary shares fully paid.			17,283,008	9,192,597
13,000,000 performance shares			1,205,555	-
			<u>18,488,563</u>	<u>9,192,597</u>
	2010	2009	2010	2009
	No. of shares	No. of shares	\$	\$
Reconciliation of Contributed Equity				
Equity at beginning of year	264,425,398	211,175,399	9,192,597	8,219,919
Consolidation of Capital	(176,283,599)			
Issue of ordinary shares	17,641,568	53,249,999	3,546,502	972,678
Cost of share issue	-	-	(42,675)	-
Issuance of Shares in lieu of director fees payable	537,712	-	80,657	-
Share based payments - Ordinary Shares	871,666	-	170,333	-
Conversion of Convertible Notes	26,915,999	-	4,335,594	-
Equity at end of the year	<u>134,108,744</u>	<u>264,425,398</u>	<u>17,283,008</u>	<u>9,192,597</u>

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

	June 2010		June 2009	
	Number	\$	Number	\$
Performance Shares				
Movement in performance shares class A on issue				
Balance at beginning of period	-	-	-	-
Share issue	6,666,666	-	-	-
Share based payment expense for the period	-	\$888,889	-	-
Balance at end of the period	6,666,666	\$888,889	-	-
Movement in performance shares class B on issue				
Balance at beginning of period	-	-	-	-
Share issue	3,166,666	-	-	-
Share based payment expense for the period	-	\$211,111	-	-
Balance at end of the period	3,166,666	\$211,111	-	-
Movement in performance shares class C on issue				
Balance at beginning of period	-	-	-	-
Share issue	3,166,668	-	-	-
Share based payment expense for the period	-	\$105,555	-	-
Balance at end of the period	3,166,668	\$105,555	-	-
Total performance shares	13,000,000	1,205,555	-	-

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

Performance shares class B convert to ordinary shares on a 1 for 1 basis upon the Company reaching a market capitalisation of \$65 million dollars based on the five day weighted average share price on the ASX. The Company has amortised the Performance shares class B based upon the Company's financial plans to reach that milestone.

Performance shares class C convert to ordinary shares on a 1 for 1 basis upon the Company reaching a market capitalisation of \$100 million dollars based on the five day weighted average share price on the ASX. The Company has amortised the Performance shares class B based upon the Company's financial plans to reach that milestone.

	June 2010		June 2009	
	Number	\$	Number	\$
Movement in options on issue				
Balance at beginning of period	-	-	-	-
Option issue	3,448,000	-	-	-
Balance at end of the period	3,448,000	-	-	-

All options were issued as a free attaching option as part of the Company's capital raising in early 2010. All options are exercisable at \$0.20 per share and expire in three years.

15 ACCUMULATED LOSSES

	2010	2009
	\$	\$
Accumulated losses at the beginning of the financial year	(11,595,162)	(7,330,311)
Net loss for the year	(6,208,022)	(4,264,851)
Accumulated losses at the end of the financial year	(17,803,184)	(11,595,162)

16 RESERVES

	2010	2009
	\$	\$
Available-for-sale Reserve		
Balance at the beginning of the financial year	-	94,553
Remeasurement of financial instruments - gross	-	(135,076)
Tax effect of remeasurement	-	40,523
Transfer to income - gross	-	-
Tax effect of transfer to income	-	-
Balance at the end of the financial year	-	-
Convertible notes Reserve		
Balance at the beginning of the financial year	153,291	-
Equity portion of convertible notes issued	230,001	153,291
Conversion of notes into ordinary shares	(383,292)	-
Balance at the end of the financial year	-	153,291

Nature and purpose of reserve

(i) Available-for-sale reserve

This reserve records movement in the fair value of available-for-sale investments

(ii) Convertible note reserve

This reserve is used to record the equity portion of the convertible notes.

17 COMMITMENTS AND CONTINGENCIES

Operating lease commitments

The Company has entered into commercial leases as follows.

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

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

	2010	2009
	\$	\$
Within one year	251,433	223,542
After one year but not more than five years	-	186,285
More than five years	-	-
	251,433	409,827

The Company has entered into financial lease commitments on certain motor vehicles with a carrying amount of \$9,081 (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 30 June are as follows:

	2010	2009
	\$	\$
Within one year	5,176	5,176
Unexpired interest	(1,276)	(1,478)
After one year but not more than five years	6,506	10,498
Unexpired interest	(1,325)	(1,377)
More than five years	-	-
	9,081	12,820

The Company has no other commitments or contingencies.

18 NOTES TO STATEMENT OF CASH FLOWS

	2010	2009
	\$	\$
18(a) Reconciliation of cash		
Cash balance comprises:		
- cash on hand	201	505
- Cash at bank	106,210	103,758
Closing cash balance	<u>106,411</u>	<u>104,263</u>
18(b) Reconciliation of loss from ordinary activities after tax to the net cash flows from operating activities		
Operating loss after tax	(6,208,022)	(4,264,851)
Amortisation	337,816	309,443
Depreciation	77,746	122,342
Grant Monies Capitalised	-	401,276
Share based compensation	1,383,888	-
Impairment of capitalised development costs	59,511	-
Variation of convertible note terms	298,179	-
Interest converted into equity	140,358	-
Other	33,261	11,162
Provision for employee entitlements	103,447	34,135
Available-for-sale investments written off	-	169,945
Changes in Assets and Liabilities		
Trade and other receivables	(229,522)	16,629
Inventories	62,965	1,482
Prepayments	(33,922)	11,063
Development costs	(621,704)	(817,493)
Trade and other payables	86,061	(16,344)
Net cash flows used in operating activities.	<u>(4,509,938)</u>	<u>(4,021,211)</u>

19 EARNINGS PER SHARE

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

	2010 \$	2009 \$
Losses used in calculating loss per share		
For basic loss per share		
Net loss attributable to ordinary equity holders	(6,208,022)	(4,264,851)
Weighted average number of shares	Number	Number
Weighted average number of ordinary shares outstanding during the year for basic earnings/(loss) per share	116,899,114	73,872,925
Effect of dilution:		
Share options	-	-
Performance shares Class A	6,666,666	-
Convertible notes	-	5,574,799
Weighted average number of ordinary shares adjusted for the effect of dilution	<u>123,565,780</u>	<u>79,447,724</u>

*The Company consolidated its capital on a 1 for 3 basis in accordance with a shareholder resolution dated 28 August 2009. The EPS for 2009 was 0.02 per share on a pre consolidation basis.

The Company completed its IPO and listed on the ASX on 21 September 2010. As part of that transaction the Company issued a total of 11,917,000 shares and 3,168,000 share options as part of that transaction. The Company also converted 6,666,666 Performance Shares Class A into ordinary shares.

20 SEGMENT INFORMATION

The company operates solely in the development, manufacturing and sale of Man Overboard safety systems. The Company operates in one geographical location being Australia. The Company manages its operations internally as one segment under the management of the CEO.

Major customers

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

	2010 %	2009 %
Highest volume customer for the year	49.7	72.4
Second Highest volume customer for the year	16.3	15.9
Third Highest volume customer for the year	5.2	-
Fourth Highest volume customer for the year	5.1	-
All customers above 5% of sales	76.3	88.3
Total sales for customers under 5%	23.7	11.7

Segment revenue reconciliation to the statement of comprehensive income

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

	2010 \$	2009 \$
Australia	406,120	52,722
United States	96,516	3,477
Europe	24,187	11,292
Other foreign countries	3,881	1,548
Total revenue	530,704	69,039

21 KEY MANAGEMENT PERSONNEL COMPENSATION

Key management personnel during the year were:

Name	Title
Mr. Brenton Scott	Executive Chairman
Mr. Lindsay Lyon	Chief Executive Officer
Mr. Jorge Nigaglioni	Chief Financial Officer
Mr. Andrew Hill	General Manager Professional Services
Mr. Anthony Borger	National Sales Manager
Mr. Peter Bettonvil	R&D Manager

Directors and Executives	Primary			Post Employment		Equity	Other	TOTAL
	Salary & fees	Cash Bonus	Non Monetary benefits	Superannuation	Retirement benefits	Shares		
	\$	\$	\$	\$	\$	\$	\$	\$
30 June 2010								
Total compensation	1,087,749	-	-	150,391	14,577	1,205,555	42,750	2,501,012
30 June 2009								
Total compensation	671,016	-	-	48,751	1,294	80,657	60,500	872,218

Shareholdings

Number of Shares held by Directors and Specified Executives:

	Balance 1 July 2009	Issued as remuneration	Options exercised	Net change other*	Balance 30 June
Directors					
Brenton Scott	40,827,003	-	-	(10,987,824)	29,839,179
Christian Lange	-	200,000	-	-	200,000
Richard Parish	1,428,571	200,000	-	(952,381)	676,190
Kathal Spence	13,827,960	137,712	-	(8,418,643)	5,547,029
Lindsay Lyon	-	-	-	-	-
Specified Executives					
Jorge Nigaglioni	-	-	-	-	-
Andrew Hill	2,000,000	-	-	(1,333,334)	666,666
Peter Bettonvil					
Anthony Borger					
Gabriel Chiappini					

*The Company consolidated its capital on a 1 for 3 basis in accordance with a shareholder resolution dated 28 August 2009.

Number of Performance Shares held by Directors and Specified Executives:

	Balance 1 July 2009	Received as remuneration			Balance 30 June
		Performance Shares			
		Class A*	Class B	Class C	
Directors					
Brenton Scott	-	1,000,000	500,000	500,000	2,000,000
Christian Lange	-	-	-	-	-
Richard Parish	-	-	-	-	-
Kathal Spence	-	-	-	-	-
Specified Executives					
Lindsay Lyon	-	4,000,000	1,666,667	1,666,667	7,333,334
Jorge Nigaglioni	-	333,333	333,333	333,334	1,000,000
Andrew Hill	-	1,333,333	666,666	666,667	2,666,666

*The Company converted the Performance Shares Class A to ordinary shares upon receipt of conditional listing on 25 August 2010.

22 SHARE-BASED PAYMENT PLANS

Recognised share-based payment expenses

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

	2010	2009
	\$	\$
Expense arising from equity-settled share-	1,363,888	-
Expense arising from cash-settled	-	-
Total expense arising from share-based payment transactions	1,363,888	-

The share-based payment plans are described below. There have been no cancellations or modifications to any of the plans during 2010 and 2009.

Employee share option plan (ESOP)

Share options are granted to employees. The ESOP is designed to align participants' interests with those of shareholders by increasing the value of the Company's shares. Under the ESOP, the exercise price of the options is set at the market price of the shares on the date of grant. No options have been granted under the plan.

Performance share plan (PSP)

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

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

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

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

Summaries of shares granted under performance share plan arrangements:

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

	2010 Number	2009 Number
Outstanding at the beginning of the year	-	-
Granted during the year	13,000,000	-
Forfeited during the year	-	-
Exercised during the year	-	-
Expired during the year	-	-
Outstanding at the end of the year	13,000,000	-
Convertible at the end of the year	-	-

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

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

23 EMPLOYEE ENTITLEMENTS AND SUPERANNUATION COMMITMENTS

	2010 \$	2009 \$
Employee Entitlements		
The aggregate employee entitlement liability is comprised of :		
Accrued wages , salaries and on costs	-	-
Provisions (current)	217,469	133,661
Provisions (non- current)	33,741	14,102
	251,210	147,763

No. of Employees: 16 (2009: 15)

Superannuation Commitments

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

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

24 RELATED PARTY DISCLOSURES

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

Brenton Scott did not receive a salary but a chairman fee of \$165,000 was paid to Jayden Investment Trust. Brenton has received 9,722,220 shares during the year as part of funds contributed in placements of convertible notes and equity capital. Mr. Scott received 6,507,956 shares upon conversion of convertible notes on 31 December 2009 on the same terms as other noteholders. Mr. Scott also received \$42,675 in finder's fees for capital raising efforts. A payment of \$10,000 was made to Port Accounting on behalf of Mr. Scott in June 2009, this payment was repaid in July 2009. Any other transactions throughout the year relate to reimbursements for expenses incurred by Mr. Scott or his related entities on behalf of the Company.

Christian Lange earned director's fees of \$30,000 during 2010, of which \$25,000 were paid and \$5,000 were accrued as of 30 June 2010. Mr. Lange also received 200,000 ordinary shares in exchange for fees accrued in financial year 2009. The issuance of shares was approved by a vote of shareholders on 28 August 2009.

Richard Parish earned director's fees of \$30,000 during 2010, of which \$25,000 were paid and \$5,000 were accrued as of 30 June 2010. Mr. Parish also received 200,000 ordinary shares in exchange for fees accrued in financial year 2009. The issuance of shares was approved by a vote of shareholders on 28 August 2009.

Kathal Spence earned director's fees of \$5,000 during 2010, of which \$5,000 were accrued as of 30 June 2010. Mr. Spence also received 137,712 ordinary shares in exchange for fees accrued in financial year 2009 offset against fees owed to his firm. The issuance of shares was approved by a vote of shareholders on 28 August 2009. In addition to this his firm Port Accounting (Formerly Power Spence) was paid \$13,823 for accounting services during 2010. Mr. Spence received 800,000 shares upon conversion of convertible notes on 31 December 2009 on the same terms as other noteholders. Mr. Spence resigned from the board as of 31 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.

25 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

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

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

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

a) Risk Exposures and Responses

Interest rate risk

The company's exposure to variable interest rates is as follows

	2010 \$	2009 \$
Financial Assets		
Cash and cash equivalents	106,411	104,263
	106,411	104,263

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

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

At 30 June 2010, if interest rates had moved, as illustrated in the table below, with all other variables held constant, post tax profit and equity would have been affected as follows:

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

	Post Tax Profit 2010 \$	Higher/ (Lower) 2009 \$
Financial Assets		
+0.5% (50 basis points)	532	521
-0.5% (50 basis points)	(532)	(521)

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

Foreign currency risk

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

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

At 30 June 2010, the company had the following exposure to foreign currency

	2010	2009
	\$	\$
Financial Assets		
Cash and cash equivalents	422	3,954
Trade and other receivables	10,335	440
	<u>10,757</u>	<u>4,394</u>
Financial Liabilities		
Trade and other payables	190,616	190,754
	<u>190,616</u>	<u>190,754</u>
Net Exposure	<u>(179,859)</u>	<u>(186,360)</u>

The Company is primarily exposed to foreign currency risk against the US Dollar. The Company has small exposures against the Euro and the British Pound. A sensitivity analysis has been performed based on the foreign currency risk exposures in existence at the Statement of Financial Position date and the impact on post tax profit is not material due to the short term nature of the position and the foreign exchange rate between the Australian and US dollars since the Statement of Financial Position date and the date of this report.

Credit risk

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

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

The Company has been exposed to credit risk as the top four customers accounted for 76% (2009: 88%) The Company has commenced selling its products and aims to minimise concentrations of credit risk in relation to accounts receivable by undertaking transactions with a large number of customers within the resources, energy and infrastructure industries.

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

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

Liquidity risk

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

The table below reflects all contractually fixed pay-offs, repayments and interest resulting from financial liabilities as of 30 June 2010.

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

	6 months or less	6 months to 1 year	1 year to 5 years	Total Contractual Cash Flow	Total Carrying Amount
	\$	\$	\$	\$	\$
FINANCIAL LIABILITIES					
Year ended 30 June 2010					
Trade and other payables	576,287	-	-	576,287	576,287
Convertible Notes & Other	-	-	-	-	-
Hire purchase liability	2,588	2,588	6,506	11,682	9,081
Net Maturity	578,875	2,588	6,506	587,969	585,368
Year ended 30 June 2009					
Trade and other payables	490,226	-	-	490,226	490,226
Convertible Notes & Other	842,000	2,177,589	-	3,019,589	2,602,097
Hire purchase liability	2,588	2,588	10,357	15,533	12,820
Net Maturity	1,334,814	2,180,177	10,357	3,525,348	3,105,143

26 CONTINGENT LIABILITIES

As at reporting date there were no contingent liabilities.

27 SUBSEQUENT EVENTS

Since the end of the financial year the Company:

- Entered into a \$5,000,000 equity drawdown facility that can be used by the Company to secure additional funds once the Company is listed on the ASX.

Terms of the facility

Under the terms of the agreement the Company may issue a draw down notice to Equity Partners setting out the value of Shares which the Company intends to issue and allot to Equity Partners and a minimum threshold price at which the Purchaser cannot sell any Shares ("Drawdown Notice"). The Shares will be issued at ninety percent (90%) of the daily lowest volume weighted average price ("VWAP") for the fifteen (15) consecutive trading days after the issuance of the Drawdown Notice ("Pricing Period"), subject to that price not being less than threshold price referred to above.

On the date three business days after the expiry of the Pricing Period, Equity Partners shall be required to purchase from the Company the lesser of:

- the number of Shares not less than ten percent (10%) of the aggregate trading volume during the Pricing Period, excluding trades of more than 5,000 Shares, pre-arranged special crossings, off market transfers, abnormal trades in which Equity Partners had no opportunity to participate and any trading day during a Pricing Period with respect to which Equity Partners makes a Knockout Election (see definition below), the Shares trade below the minimum threshold price set out in the Drawdown Notice or the Shares are not trading on ASX; and

- o the number of Shares set forth in the relevant Draw Down Notice,

Provided in each case that if in the reasonable opinion of Equity Partners the market behaviour has not been regular with regard to the trading of the Shares, or if an event has occurred which results in or can reasonably be expected to result in any condition, circumstance, situation or effect on the business, properties, assets, operations, results of operations or financial condition of the Company that is material and adverse to the Company, which taken as a whole, would prohibit or otherwise interfere with the authority or ability of the Company to enter into and perform any of its obligations under the agreement ("Material Adverse Effect") during any Pricing Period, Equity Partners shall be entitled at its sole discretion to elect to treat such trading day during which such Material Adverse Effect continues and any other trading days during the relevant Pricing Period as a Knockout Day ("Knockout Election"). The volume on Knockout Days will be disregarded for purposes of the 10% calculation referred to above.

Notwithstanding any other provision of the agreement, Equity Partners will not be required to subscribe for Shares if as a result of the issue of the Shares, Equity Partners will acquire a greater than 4.99% relevant interest (as defined in the Corporations Act) in the Company.

- As a consequence of the signing of the equity drawdown, the Company filed a supplementary prospectus on the 14th of July, extending its IPO offer to the 14th of August. The Company completed its offer with proceeds of \$2,383,400. The Company listed on the ASX on 22 September 2010.
- As a result of the Company obtaining conditional ASX listing on 25 August 2010, 6,666,666 PerformanceShares class A were converted into ordinary shares.

Independent auditor's report to the members of Mobilarm Limited

Report on the Financial Report

We have audited the accompanying financial report of Mobilarm Limited, which comprises the statement of financial position as at 30 June 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 2, the directors also state that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Auditor's Responsibility

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

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

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

Independence

In conducting our audit we have met the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the directors' report. In addition to our audit of the financial report, we were engaged to undertake the services disclosed in the notes to the financial statements. The provision of these services has not impaired our independence.

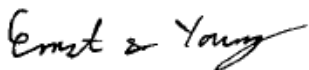
Auditor's Opinion

In our opinion:

1. the financial report of Mobilarm Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the financial position of Mobilarm Limited at 30 June 2010 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*.
2. the financial report also complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Inherent Uncertainty Regarding Continuation as a Going Concern

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

A stylized, handwritten signature of Ernst & Young.

Ernst & Young

A handwritten signature, likely of C B Pavlovich.

C B Pavlovich
Partner
Perth
22 October 2010

CORPORATE DIRECTORY

DIRECTORS

Mr. Brenton Scott	Executive Chairman
Mr. Lindsay Lyon	Chief Executive Officer
Mr. Christian Lange	Non Executive Director
Mr. Richard Parish	Non Executive Director

COMPANY SECRETARY

Mr. Gabriel Chiappini	Company Secretary
-----------------------	-------------------

REGISTERED OFFICE

768 Canning Highway
Applecross WA 6153

PRINCIPLE PLACE OF BUSINESS

768 Canning Highway
Applecross WA 6153

CONTACT DETAILS

Web: www.mobilarm.com
Tel: (08) 9315-3511
Fax: (08) 9315-3611

SHARE REGISTRY

Security Transfer Registrars Pty Ltd
770 Canning Highway
Applecross WA 6153

LAWYERS TO THE COMPANY

Price Sierakowski
Level 24, St. Martin's Tower
44 St. George's Terrace
Perth WA 6000

AUDITORS

Ernst and Young
11 Mounts Bay Road
Perth WA 6000

BANKERS

National Australia Bank

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



**For Mobilarm investor information, go online:
www.mobilarm.com/page/investors.html**



MOBILARM®
ALWAYS ON WATCH

TEL +61 8 9315 3511
FAX +61 8 9315 3611
WWW.MOBILARM.COM

MOBILARM LTD
PO BOX 1533 APPLECROSS 6953 WESTERN AUSTRALIA
INFO@MOBILARM.COM