

Rule 4.2A.3

Appendix 4D

Half-year report

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

Name of entity: Mobilarm Limited

ABN: 15 106 513 580

1. Reporting period (“current period”): Half-year ended 31 December 2011
Previous corresponding period: Half-year ended 31 December 2010

2. Results for announcement to the market

				31 December 2011	31 December 2010
				\$A'000	\$A'000
2.1	Revenue	up	838% to	\$2,439	\$260.1
2.2	Loss from ordinary activities after tax attributable to members	up	30% to	(\$1,712)	(\$2,429)
2.3	Net loss for the period attributable to members	up	30% to	(\$1,712)	(\$2,429)

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

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

2.6 Brief explanation of figures (if necessary):

+ See chapter 19 for defined terms.

3. Net tangible assets

	31 December 2011	31 December 2010
	\$/cents	\$/cents
Net tangible asset backing per ordinary share	\$0.00	\$0.00

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

4.1 Name of the entity

N/A

4.2 Date of the gain or loss of control

N/A

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

N/A

5. Dividends

Amount per security

Nil

Total dividends paid on all securities during the financial year

Nil

+ See chapter 19 for defined terms.

7. Auditor's review report

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

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

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

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

Sign here:

Director

Date: 29 February 2012

Print name:

Richard Allen

REVIEW OF OPERATIONS

Mobilarm Limited (“the Company”) and its consolidated entities (“the Group”) have completed a dynamic six months in which it focused on sales growth. The Group achieved record orders for the first six months of \$3,479,100. The half year orders represent a 498% increase over the prior corresponding period in FY2010. This translated into record revenues of \$2,439,269 for the half year and leaves the Group with a healthy backlog to commence the second half of its 2012 financial year.

This allowed the Group to reduce its operating loss from \$2,428,891 to \$1,712,261 in the period. The Group was still completing the Entitlements offer and the integration of the Marine Rescue Technologies Ltd acquisition. Mobilarm Limited also moved facilities during the half year to reduce costs and expand our service capabilities for our customers.

The Group is currently focused on its goal of achieving profitable levels of operations and has already implemented various changes to its corporate structure to reduce its costs. We are also investing in the future of our product families to make sure that we have products that address our key industry markets in a global basis.



Ken Gaunt
Chief Executive Officer

Perth, Western Australia
29 February 2012

DIRECTORS' REPORT

The Directors present their half year report of the Group, being Mobilarm Ltd and its consolidated entities, for the half year ended 31 December 2011.

Directors

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

Mr. Richard Allen	- Independent Chairman
Mr. Ken Gaunt*	- Chief Executive Officer
Mr. Brenton Scott**	- Non-Executive Director
Mr. Lindsay Lyon***	- Chief Executive Officer (previously)
Mr. Christian Lange****	- Non Executive Director (previously)
Mr. David Marshall*****	- Non Executive Director

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

* Appointed as Non-Executive Director on 1 September 2011. Appointed as Chief Executive Officer on 6 January 2012.

** Appointed as Managing Director on 31 August 2011. Resigned as Managing Director on 6 January 2012. Continues to be Non-Executive Director.

*** Resigned as Executive Director on 31 August 2011. Continued to be Chief Executive Officer until 5 January 2012, when he resigned.

**** Resigned as Non-Executive Director on 31 August 2011.

***** Appointed as Non-Executive Director on 23 January 2012.

Principal Activities

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

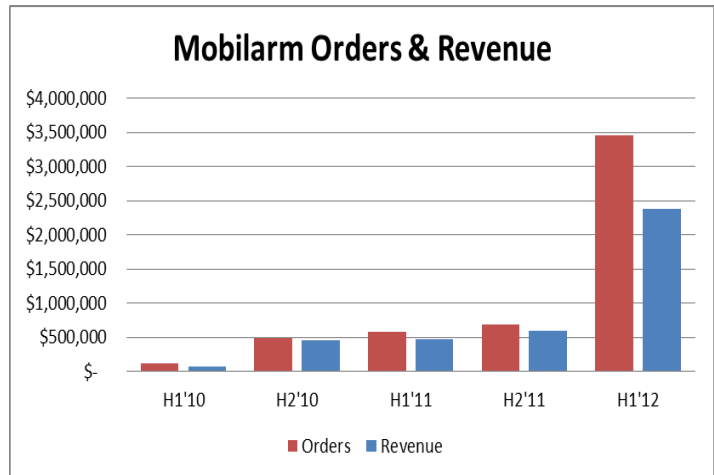
There were no other significant changes in the nature of the activities of the company during the half year.

Dividends

No dividends were paid or declared for the half year.

Operations of the Company

The Company received orders of \$3,479,100 in the half year ended 31 December 2011 (2010: \$608,338), a 472% increase. That helped the Company increase revenue to \$2,439,269 in the period as compared to \$260,141 in the half year ended 31 December 2010, an increase of 838%, mostly due to the inclusion of the Marine Rescue Technologies Ltd (MRT) acquisition. The loss of the company after providing for income tax amounted for the half year ending 31 December 2011 to \$1,712,261 (2010: Loss of \$2,428,891). The decrease in the loss was due to the increased sales volumes.



The Company's operating expenses increased to \$3,418,334 in the half year ended 31 December 2011 as compared to \$2,676,804 in the half year ended 31 December 2010, an increase of 28%. The increase came from the addition of the MRT operation that was acquired in June 2011. This resulted in a net loss for the half year of \$1,712,261 as compared to a loss of \$2,428,891 in the half year ended 31 December 2010, a decrease of 29%.

Financial Position of the Company

The Company ended December 2011 with net assets of \$3,093,024, compared to net assets of \$3,165,167 at June 2010. The deterioration in financial condition is mostly due to a delay in shipping certain customer orders. The Company has \$395,637 recorded as a liability for customer deposits on orders that will ship in the third quarter of financial year 2012.

On the asset side, the Company has decreased its non restricted current assets by \$1,524,168 from June 2011 to December 2011, mostly due to the receipt of funds from the Entitlements Offer receivable that was used to paydown current liabilities and all term debt held by the Company as at 30 June 2011. Non-current assets increased by \$96,204 due to a increase in the expenditure of our next generation Crewsafe product.

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 during the next financial year.

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

The Company had a net tangible asset of \$97,968 (December 2010: \$250,976). The net tangible asset per weighted average share is \$0.00 (2010: Asset of \$0.00).

Changes in the State Of Affairs

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

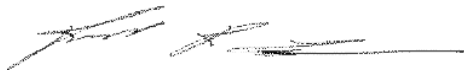
Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

The auditor's independence declaration is set out on page 5 and forms part of the directors' report for the year ended 31 December 2011.

Significant events subsequent to balance date

Since the end of the half year, no events or circumstances have arisen that would require disclosure in the financial report.

Signed in accordance with a resolution of the Directors.

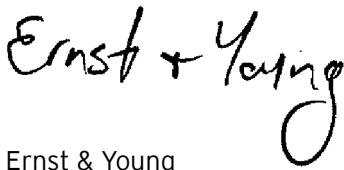


Richard Allen
Independent Chairman

Perth, Western Australia
29 February 2012

Auditor's Independence Declaration to the Directors of Mobilarm Limited

In relation to our audit of the financial report of Mobilarm Limited for the half-year ended 31 December 2011, 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 that reads 'P McIver'.

P McIver
Partner
Perth
29 February 2012

DIRECTORS' DECLARATION

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

In the opinion of the Directors:

- (a) The financial statements and notes of the consolidated entity are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of financial position of the consolidated entity as at 31 December 2011 and the performance for the half year ended on that date; and
 - (ii) complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001; and

- (b) Subject to the matter disclosed in Note 2 to the financial statements, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors



Richard Allen
Independent Chairman

Perth, Western Australia
29 February 2012

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 31 DECEMBER 2011**

	Consolidated	
	31 December 2011	31 December 2010
	\$	\$
Revenue		
Sale of goods	2,439,269	260,141
Interest	5,751	10,599
Rental income	19,465	37,990
	2,464,485	308,730
Other income – fair value movement on contingent consideration	79,963	-
Changes in inventories of finished goods and work in progress	(72,120)	60,817
Raw materials and consumables purchased	830,532	-
Employee benefits	1,672,605	1,194,802
Share based compensation expense	153,845	393,798
Depreciation and amortisation	182,547	221,956
Advertising	5,322	2,454
Accountancy	8,195	16,380
Audit and tax	57,476	16,094
Freight and cartage	22,718	9,223
External consultants and contractors	221,023	289,920
Rental	141,981	146,707
Travel and accommodation	170,092	63,161
Allowance for doubtful debts	26	-
Payroll tax	50,839	47,753
Legal fees	88,765	36,563
Telephone and internet charges	24,216	14,295
Insurance	25,106	11,986
Printing, postage and stationery	54,229	13,234
Motor vehicles	18,438	2,681
Finance costs	127,321	3,320
Foreign exchange loss/(gain)	67,748	(15,991)
Variation of convertible note terms	-	-
Other expenses	405,805	208,468
Loss before income tax	(1,712,261)	(2,428,891)
Income tax expense/(benefit)	-	-
Loss for the period carried forward	(1,712,261)	(2,428,891)

STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)
FOR THE HALF YEAR ENDED 31 DECEMBER 2011

	31 December 2011	31 December 2010
	\$	\$
Loss for the period brought forward	(1,712,261)	(2,428,891)
Other comprehensive income		
Exchange difference on translation of foreign operation	(6,804)	-
Total comprehensive loss for the period	(1,719,065)	(2,428,891)
Basic earnings/(loss) per share (cents per share)	(0.01)	(0.02)
Diluted earnings/(loss) per share (cents per share)	(0.01)	(0.02)

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

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2011

		Consolidated	
	<i>Note</i>	31 December 2011	30 June 2011
		\$	\$
CURRENT ASSETS			
Cash and cash equivalents		380,127	92,470
Restricted cash		305,174	201,087
Trade and other receivables	3	1,734,208	3,526,744
Inventories		517,171	589,291
Other current assets		97,730	44,899
TOTAL CURRENT ASSETS		3,034,410	4,454,491
NON-CURRENT ASSETS			
Plant and equipment		364,551	340,375
Intangible assets and goodwill	4	2,995,056	2,923,028
TOTAL NON-CURRENT ASSETS		3,359,607	3,263,403
TOTAL ASSETS		6,394,017	7,717,894
CURRENT LIABILITIES			
Trade and other payables	5	1,748,692	2,018,000
Customer deposits	5	395,637	-
Financial liability – Contingent Consideration	6	539,748	599,721
Other payable		-	62,500
Interest bearing loans and borrowings	7	1,163	1,236,446
Provisions		333,292	319,861
TOTAL CURRENT LIABILITIES		3,018,532	4,236,528
NON-CURRENT LIABILITIES			
Provisions		78,042	57,971
Interest Bearing loans and borrowings	7	24,504	29,833
Financial liability – Contingent Consideration	6	179,915	199,907
Deferred tax liability		-	28,488
TOTAL NON-CURRENT LIABILITIES		282,461	316,199
TOTAL LIABILITIES		3,300,993	4,552,727
NET ASSETS		3,093,024	3,165,167
EQUITY			
Contributed equity	8	26,619,089	24,990,901
Accumulated Losses	9	(23,750,400)	(22,038,139)
Reserves		224,335	212,405
TOTAL EQUITY		3,093,024	3,165,167

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

STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 31 DECEMBER 2011

	Consolidated	
	31 December 2011	31 December 2010
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	2,727,962	547,426
Payments to suppliers and employees	(4,293,668)	(2,385,242)
Interest received	5,750	10,593
Rental income & recoveries	21,412	47,889
Interest costs	(9,817)	(3,304)
R&D tax rebate	-	324,685
NET CASH FLOWS USED IN OPERATING ACTIVITIES	(1,548,361)	(1,457,953)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for plant and equipment	(12,850)	(1,596)
Payment for research & development	(180,484)	(256,727)
NET CASH FLOWS USED IN INVESTING ACTIVITIES	(193,334)	(258,323)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from / (Repayment of) borrowings – related parties	(929,144)	-
Proceeds from share issues	3,108,496	2,383,400
Costs of share issues	(150,000)	(184,285)
NET CASH FLOWS PROVIDED BY FINANCING ACTIVITIES	2,029,352	2,199,115
NET INCREASE/(DECREASE) IN CASH HELD	287,657	482,839
CASH AT THE BEGINNING OF THE PERIOD	92,470	106,411
CASH AT THE END OF THE PERIOD	380,127	589,250

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

STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2011

	Issued Capital	Accumulated Losses	Share Based Payment Reserve	Foreign Currency Translation Reserve	Total Equity
	\$	\$	\$	\$	\$
At 1 July 2010	18,488,563	(17,803,184)	-	-	685,379
Net loss for the period	-	(2,428,891)	-	-	(2,428,891)
Other comprehensive income	-	-	-	-	-
Total comprehensive loss for the period	-	(2,428,891)	-	-	(2,428,891)
Transactions with owners in their capacity as owners					
Issue of equity	2,383,400	-	-	-	2,383,400
Costs of share issues	(85,900)	-	-	-	(85,900)
Share based payments – Performance Shares	367,778	-	-	-	367,778
Share based payments – Employee Stock Options	-	-	26,020	-	26,020
As at 31 December 2010	21,153,841	(20,232,075)	26,020	-	947,786
At 1 July 2011	24,990,901	(22,038,139)	212,405	-	3,165,167
Net loss for the period	-	(1,712,261)	-	-	(1,712,261)
Other comprehensive income	-	-	-	(6,804)	(6,804)
Total comprehensive loss for the period	-	(1,712,261)	-	(6,804)	(1,719,065)
Transactions with owners in their capacity as owners					
Issue of equity	1,742,955	-	-	-	1,742,955
Costs of share issues	(249,878)	-	-	-	(249,878)
Share based payments – Performance Shares	135,111	-	-	-	135,111
Share based payments – Employee Stock Options	-	-	18,734	-	18,734
As at 31 December 2011	26,619,089	(23,750,400)	231,139	(6,804)	3,093,024

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 HALF YEAR ENDED 31 DECEMBER 2011

1 CORPORATE INFORMATION

The financial report of Mobilarm Limited (the “Company”) and its consolidated entities (“the Group”) for the half year ended 31 December 2011 was authorised for issue in accordance with a resolution of directors on 29 February 2012.

Mobilarm Limited is a Company limited by shares incorporated and domiciled 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

(a) Basis of Preparation

This general purpose condensed financial report for the half year ended 31 December 2011 has been prepared in accordance with AASB 134 Interim Financial Reporting and the Corporations Act 2001.

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

It is recommended that the half year financial report be read in conjunction with the annual financial report for the year ended 30 June 2011 and considered together with any public announcements made by the Company during the half year ended 31 December 2011 in accordance with the continuous disclosure obligations of the ASX listing rules.

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

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

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

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

(b) New and amending Accounting Standards and Interpretations

Since 1 July 2011, the Group has adopted all the amending Standards and Interpretations, mandatory for annual periods beginning on or after 1 July 2011 including:

- AASB 124 Related Party Disclosures

The revised AASB 124 simplifies the definition of a related party, clarifying its intended meaning and eliminating inconsistencies from the definition.

- AASB 2009-12 Amendments to Australian Accounting Standards

This amendment made numerous editorial changes to a range of Standards and Interpretations:

AASB 5, AASB 8, AASB 108, AASB 110, AASB 112, AASB 119, AASB 133, AASB 137, AASB 139, AASB 1023, AASB 1031, Interpretations 2, 4, 16, 1039 & 1052

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The amendments had no impact.

- AASB 2009-14 Amendments to Australian Interpretation – Prepayments of a Minimum Funding Requirement

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. The amendment had no impact.

- AASB 1054 Australian Additional Disclosures

This standard relocates all Australian specific disclosures from other standards to one place. The amendment had no impact.

- AASB 2010-4 Further amendments to Australian Accounting Standards arising from the annual improvements project.

This amendment affected the following standards:

AASB 1, AASB 7, AASB 101, AASB 134 & Interpretation 13

The amendment has no impact.

- AASB 2010-5 Amendments to Australian Accounting Standards

The standard makes numerous editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of IFRS by the IASB. These amendments have no major impact on the requirements of the amended pronouncements. The amendments affect the following standards:

AASB 1, AASB 3, AASB 4, AASB 5, AASB 101, AASB 107, AASB 112, AASB 118, AASB 119, AASB 121, AASB 132, AASB 133, AASB 134, AASB 137, AASB 139, AASB 140, AASB 1023, AASB 1038, Interpretations 112, 115, 127, 132 & 1042

The amendment has no impact.

- AASB 2010-6 Amendments to Australian Accounting Standards – Disclosures or Transfers of Financial Assets

The amendments increase the disclosure requirements for transactions involving transfers of financial assets. The amendment had no impact

- AASB 2011-1 Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence project

AASB 1, AASB 5, & AASB 107, AASB 108, AASB 121, AASB 132, AASB 134, Interpretations 2, 112 & 113. The amendment had no impact

The Group has not elected to early adopt any other new standards or amendments that are issued but not yet effective.

(c) Going Concern

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

The Group has incurred a net loss after tax for the half year ended 31 December 2011 of \$1,712,251,583 (31 December 2010: \$2,428,891) and experienced net cash outflows from operating activities of \$1,548,362

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(31 December 2010: \$1,457,953). As 31 December 2011, the Group had net current assets of \$15,878 (30 June 2011: \$217,963).

Subsequent to half year end the Company has undertaken the following:

- a reduction in corporate overheads from its Australian operations
- the Group completed a capital raising of \$1,999,866 on 28 February 2012. The capital raising was announced on 29 September 2011 and ratified at the annual general meeting of shareholders on 29 November 2011. The funds were raised at a price of \$0.05 per share with a free attaching option on 1 for 2 basis. The options are exercisable within two years of issue.

Notwithstanding the above, the ability of the Group 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 Group and believe that both of the above can be achieved.

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

3 TRADE AND OTHER RECEIVABLES

	Consolidated	
	31 December 2011	30 June 2011
	\$	\$
Trade debtors	915,159	1,032,848
Less: allowance for impairment loss	(7,769)	(10,892)
Sub-Total	907,390	1,021,956
Goods and services tax	184,128	66,931
Value added tax	66,983	46,232
Sundry receivables	(498)	-
Receivable from investor	-	1,815,420
R & D Rebate	576,205	576,205
Total	1,734,208	3,526,744

4 INTANGIBLE ASSETS AND GOODWILL

	Development Costs	Intellectual Property	Goodwill	Patents & Licenses	Software	Total
	\$	\$	\$	\$	\$	\$
As at 31 December 2011						
Cost	2,701,912	923,919	1,924,068	67,235	77,516	5,693,490
Accumulated Amortisation	(1,630,951)	(923,919)	0	(67,235)	(77,489)	(2,699,594)
Net Carrying Amount	1,070,961	-	1,924,068	-	27	2,995,056
As at 30 June 2011						
Cost	2,521,457	923,919	1,924,068	67,235	77,516	5,514,195
Accumulated Amortisation	(1,529,880)	(923,919)	0	(67,235)	(70,133)	(2,591,167)
Net Carrying Amount	991,577	-	1,924,068	-	7,383	2,923,028

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 has been fully amortised.

Patents and licenses costs

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

Goodwill

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

5 TRADE AND OTHER PAYABLES

	Consolidated	
	31 December 2011	30 June 2011
	\$	\$
Trade creditors	935,313	1,441,947
Other creditors and accruals	813,379	576,053
	1,748,692	2,018,000
Customer deposits	395,637	-
	395,637	-

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

6 FINANCIAL LIABILITY – CONTINGENT CONSIDERATION

In relation to the acquisition of MRT on 9 June 2011, the purchase price included a contingent equity consideration component, in the form of shares in the Company. This contingent consideration will be granted via the issue of up to 11,423,261 ordinary shares, subject to the following terms:

- 75% of the maximum number of shares will be issued if 2012 gross revenue achieved is GBP£1,600,000 (approximately AUD\$2,428,000); and
- 25% of the maximum number of shares will be issued if 2013 gross revenue achieved is GBP£2,000,000 (approximately AUD\$3,035,000); and
- Any excess over the target in each year can be applied to a shortfall in the other year; and
- Any shortfall against the target is a reduction in the number of shares to be issued. The minimum target needed to earn any deferred shares is GBP£3,066,000 (approximately AUD\$4,653,000).

The foreign exchange rate as at 31 December 2011 was AUD\$1.5177 for 1 GBP.

The contingent consideration has been recognised at fair value based on the share price of the Company at period end of \$0.063 (30 June 2011 \$0.070), and the maximum number of shares to be issued.

	\$
CURRENT	
At 1 July 2011	599,721
Fair value gain	(59,973)
At 31 December 2011	539,748
NON-CURRENT	
At 1 July 2011	199,907
Fair value gain	(19,992)
At 31 December 2011	179,915
Total	719,663

7 INTEREST BEARING LOANS AND BORROWINGS

	Consolidated	
	31 December 2011	30 June 2011
	\$	\$
CURRENT		
Term debt	-	541,979
Term debt from related party (i)	-	121,115
Term debt from related party (i)	-	207,074
Convertible note from related party (i)	-	362,777
	-	1,232,945
Finance Leases	1,163	3,501
Total	1,163	1,236,446
(a) Movement in Interest Bearing Liabilities and Borrowings		
Balance as at 1 July	1,236,446	
Interest on notes payables	43,861	
Repayment of notes payables	(929,144)	
Conversion of convertible loan to equity	(350,000)	
Balance as at 31 December 2011	1,163	
 (i) Refer to the annual financial report for the year ended 30 June 2011 for description of these related party transaction		
	31 December 2011	30 June 2011
	\$	\$
NON-CURRENT		
Finance Leases	24,504	29,833
Total	24,505	29,833

8 CONTRIBUTED EQUITY

	31 December 2011	30 June 2011
	\$	\$
Issued and paid up capital		
265,606,758 (30 June – 193,581,712) ordinary shares fully paid.	25,988,570	22,680,074
Nil (30 June – 36,308,406) ordinary shares to be issued under the Entitlements Offer	-	1,815,420
6,333,334 (30 June – 13,000,000) Performance shares	630,519	495,407
	26,619,089	24,990,901
	No. of shares	\$
Reconciliation of Contributed Equity		
Opening balance at 1 July 2010	134,108,744	17,283,008
Issue of ordinary shares	11,917,000	2,383,400
Cost of share issue	-	(85,900)
Conversion of Performance Shares Class A	6,666,666	1,066,666
Closing balance at 31 December 2010	152,692,410	20,647,174
Opening balance at 1 January 2011	152,692,410	20,647,174
Issue of ordinary shares	36,984,446	1,849,222
Cost of share issue	-	(12,799)
Share based payments – Ordinary Shares	3,904,856	196,477
	193,581,712	22,680,074
Shares to be issued for Entitlements Offer		1,815,420
Closing balance at 30 June 2011	193,581,712	24,495,494
Opening balance at 1 July 2011	193,581,712	24,495,494
Issue of ordinary shares	65,025,046	1,392,955
Cost of share issue	-	(249,879)
Conversion of Convertible Notes	7,000,000	350,000
Closing balance at 31 December 2011	265,606,758	25,988,570

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.

8 CONTRIBUTED EQUITY (continued)

	31 December 2011		30 June 2011	
	Number	\$	Number	\$
Performance Shares				
Movement in performance shares class A on issue				
Balance at beginning of period	-	-	6,666,666	\$888,889
Share issue	-	-	-	-
Share based payment expense for the period	-	-	-	177,777
Conversion into ordinary shares	-	-	(6,666,666)	(1,066,666)
Balance at end of the period	-	-	-	-
Movement in performance shares class B on issue				
Balance at beginning of period	3,166,666	309,628	3,166,666	211,111-
Share issue	-	-	-	-
Share based payment expense for the period	-	84,446	-	98,517
Balance at end of the period	3,166,666	394,074	3,166,666	309,628
Movement in performance shares class C on issue				
Balance at beginning of period	3,166,668	185,777	3,166,668	105,555
Share issue	-	-	-	-
Share based payment expense for the period	-	50,668	-	80,222
Balance at end of the period	3,166,668	236,445	3,166,668	185,777
Total performance shares	6,333,334	\$630,519	6,333,334	\$495,405

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

9 ACCUMULATED LOSSES

	31 December 2011	30 June 2011
	\$	\$
Accumulated losses at the beginning of the financial period	(22,038,139)	(17,803,184)
Net loss for the year	(1,712,261)	(4,234,955)
Accumulated losses at the end of the financial period	(23,750,400)	(22,038,139)

10 RESERVES

	31 December 2011	30 June 2011
	\$	\$
Share Option Reserve		
Balance at the beginning of the financial period	212,405	-
Share option expense amortised	18,734	212,405
Balance at the end of the financial period	231,139	212,405
Foreign Currency Translation Reserve		
Balance at the beginning of the financial period	-	-
Share option expense amortised	(6,804)	-
Balance at the end of the financial period	(6,804)	-

11 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 31 December are as follows:

	31 December 2011	30 June 2011
	\$	\$
Within one year	134,212	5,873
After one year but not more than five years	267,712	-
More than five years	-	-
	401,924	5,873

12 SEGMENT INFORMATION

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

13 CONTINGENT LIABILITIES

As at reporting date there were no contingent liabilities.

14 RELATED PARTY TRANSACTIONS

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

Brenton Scott did not receive a salary, but a chairman/director fee of \$110,000 was paid to Jayden Investment Trust. Mr Scott converted a convertible loan agreement with the Group for \$350,000 after shareholder approval at the annual meeting on 29 November 2011. The loan carried an interest rate of 15% per annum and a borrowing fee of 2.5%. Mr. Scott received \$34,928 in interest and fees during the half year ended 31 December 2011. Any other transactions throughout the year relate to reimbursements for expenses incurred by Mr. Scott or his related entities on behalf of the Group.

Christian Lange earned director's fees of \$10,000 during the half year ended 31 December 2011. Mr. Lange resigned from the board as of 31 August 2011.

Richard Allen earned chairman's fees of \$37,500 during the half year ended 31 December 2011, of which \$18,750 were accrued as of 31 December 2011. Mr. Allen provided a \$200,000 term loan to the Group. The loan carries an interest rate of 15% per annum if paid within 30 days and 18% if paid after 30 days. The loan also has a borrowing fee of \$4,500. This loan was repaid on 25 July 2011.

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

15 BUSINESS COMBINATIONS

Provisional accounting disclosed as at 30 June 2011 in relation to the acquisition of MRT on 9 June 2011, has been finalised during the period ended 31 December 2011. The balances have remained unchanged from the provisional accounting previously disclosed.

16 SUBSEQUENT EVENTS

Since the end of the half year the Company, no events or circumstances have arisen that would require disclosure in the financial report.

To the members of Mobilarm Limited

Report on the 31 December 2011 Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Mobilarm Limited, which comprises the statement of financial position as at 31 December 2011, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2011 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Mobilarm Limited and the entities it controlled during the half-year, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the Directors' Report.

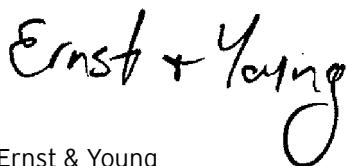
Conclusion

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

- a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2011 and of its performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Inherent Uncertainty Regarding Continuation as a Going Concern

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

A handwritten signature in black ink that reads 'Ernst & Young' in a cursive style.

Ernst & Young

A handwritten signature in black ink that reads 'Peter Mclver' in a cursive style.

Peter Mclver
Partner
Perth
29 February 2012

CORPORATE DIRECTORY

DIRECTORS

Mr. Richard Allen	Independent Chairman
Mr. Brenton Scott	Executive Director
Mr. Robert Ken Gaunt	Chief Executive Officer
Mr. David Marshall	Non Executive Director

COMPANY SECRETARY

Mr. David McArthur	Company Secretary
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KEY PERSONNEL

Mr. Jorge Nigaglioni	Chief Financial Officer
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REGISTERED OFFICE

38 Guthrie Street
Osborne Park WA 6017

PRINCIPLE PLACE OF BUSINESS

38 Guthrie Street
Osborne Park WA 6017

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

Cowell Clarke
Level 5, 63 Pirie Street,
Adelaide SA 5000 Australia

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.