

AND MEDIA RELEASE

Date: 31 August 2016

ASX
CODE:
MBO



MBO yields positive operating cash flow in FY2016

- **Operating cash flows for the year of \$0.5M**

Perth, Western Australia: Global marine safety equipment provider, **Mobilarm Limited (ASX: MBO)** ("The Company") today reported full year results for the year ended 30 June 2016. Mobilarm reported positive operating cash flows of \$498,168 on revenues of \$6,632,791.

Ken Gaunt, Mobilarm's Chief Executive Officer, commented: "The investment in our rental program helped yield positive cash flows this year and puts the company in a position to grow next year."

Mobilarm's Chief Financial Officer, Jorge Nigaglioni, commented: "The shift to our rental and service model, yielded \$2.9M in revenues during the year, stabilizing our year over year results. We aim to maximize the return of our investment in rental stock."

Ken Gaunt
Chief Executive Officer

Perth, Western Australia
31 August 2016

Further details

Ken Gaunt
Chief Executive Officer

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APPENDIX 4E

Full Year Report

30 June 2014

MOBILARM LIMITED

ACN 106 513 580

Results for announcement to the market

		June 2016	June 2015
Financial Results	Movement	\$	\$
Revenue from ordinary activities	-1%	6,632,791	6,692,065
Profit/(loss) from ordinary activities after tax attributable to members	-40%	(1,129,614)	(807,086)
Net profit/(loss) for the period attributable to members	-40%	(1,129,614)	(807,086)

Dividends	Amount per Ordinary Security	Franked amount per security
2014 dividend	Nil	-
2013 dividend	Nil	-

Record date for determining entitlements to interim dividends	N/A
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Net Tangible Asset/(Liability) Backing	June 2016	June 2015
Net tangible asset/(liability) backing per ordinary security – cents per share	0.0	0.1

MOBILARM LIMITED
PRELIMINARY STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2016

	Mobilarm Limited	
	Note	
	2016	2015
	\$	\$
Revenue		
Sale of goods & services	5,520,948	5,860,627
Rental revenue	1,111,843	831,438
	<u>6,632,791</u>	<u>6,692,065</u>
Cost of units sold	(1,467,154)	(1,328,590)
Depreciation of units under rental	(219,966)	(149,765)
	<u>(1,687,120)</u>	<u>(1,478,355)</u>
	<u>4,945,671</u>	<u>5,213,710</u>
Interest income	16,317	14,045
Other income	72,424	26,301
Employee benefits	(2,031,849)	(2,154,793)
Share based compensation expense	(413,394)	(332,018)
Depreciation and amortisation	(411,380)	(629,765)
Advertising	(29,219)	(81,009)
Audit and tax	(98,815)	(86,766)
Accountancy	(29,361)	(29,697)
Freight and cartage	(200,574)	(158,831)
External consultants and contractors	(358,257)	(486,019)
Rental	(213,166)	(180,478)
Travel and accommodation	(507,574)	(522,736)
Allowance for doubtful debts	8,354	48,055
Legal fees	(185,727)	(346,386)
Telephone and internet charges	(72,527)	(84,719)
Insurance	(102,730)	(61,360)
Printing, postage and stationery	(42,531)	(47,151)
Motor vehicles expenses	(96,520)	(93,005)
Finance costs	(461,878)	(247,296)
Property letting fees	(26,814)	(41,969)
Rates and land tax	(96,666)	(75,215)
Information technology costs	(122,628)	(80,425)
Foreign exchange (loss)/gain	(43,585)	241,945
Impairment of capitalised development costs	-	(4,395)
Impairment of units under rental	(150,546)	-
Other expenses	(390,506)	(439,870)
Loss before income tax (carried forward)	<u>(1,043,481)</u>	<u>(639,847)</u>
Income tax (expense)/benefit	(86,133)	(167,239)
Loss after income tax from continuing operations	<u>(1,129,614)</u>	<u>(807,086)</u>

Loss after income tax from continuing operations	(1,129,614)	(807,086)
Other comprehensive income		
Changes in value of available-for-sale investments, net of tax	(586,908)	284,736
Total comprehensive loss for the period	<u>(1,716,522)</u>	<u>(522,350)</u>
Basic earnings per share (cents per share)	(9) <u>(0.2)</u>	<u>(0.2)</u>
Diluted earnings per share (cents per share)	(9) <u>(0.2)</u>	<u>(0.2)</u>

MOBILARM LIMITED
PRELIMINARY STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2016

Mobilarm Limited			
	Note	2016	2015
		\$	\$
CURRENT ASSETS			
Cash and cash equivalents		2,374,025	1,487,957
Trade and other receivables		994,415	1,454,299
Inventories	(3)	2,003,610	2,465,568
Other current assets		596,942	770,782
TOTAL CURRENT ASSETS		5,968,992	6,178,606
NON-CURRENT ASSETS			
Plant and equipment	(4)	779,010	1,092,060
Intangible assets and Goodwill	(5)	2,671,393	3,001,681
Non-current financial assets	(6)	500,000	-
TOTAL NON-CURRENT ASSETS		3,950,403	4,093,741
TOTAL ASSETS		9,919,395	10,272,347
CURRENT LIABILITIES			
Trade and other payables		1,631,977	1,702,107
Interest bearing loans and borrowings	(7)	3,136,641	974,809
Provisions		124,854	158,722
TOTAL CURRENT LIABILITIES		4,893,472	2,835,638
NON-CURRENT LIABILITIES			
Provisions		57,016	39,281
Interest bearing loans and borrowings	(7)	-	2,040,886
TOTAL NON-CURRENT LIABILITIES		57,016	2,080,167
TOTAL LIABILITIES		4,950,488	4,915,805
NET ASSETS		4,968,907	5,356,542
EQUITY			
Contributed equity	(8)	30,601,809	29,686,317
Accumulated Losses		(26,810,634)	(25,681,020)
Reserves	(8)	1,177,732	1,351,245
TOTAL EQUITY		4,968,907	5,356,542

MOBILARM LIMITED
PRELIMINARY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2016

	Issued Capital	Accumulated Losses	Stock Option Reserve	Currency Translation Reserve	Total Equity
	\$	\$	\$	\$	\$
As at 30 June 2014	27,790,295	(24,873,934)	335,187	-	3,314,940
Net loss for the period	-	(807,086)	-	-	(807,086)
Other comprehensive income	-	-	-	284,736	284,736
Total comprehensive loss for the period	-	(807,086)	-	284,736	(522,350)
Transactions with owners in their capacity as owners					
Costs of share issues	(120,000)	-	-	-	(120,000)
Currency translation reserve	242	-	-	-	242
Share based payments – Performance Shares	1,777	-	-	-	1,777
Share based payments – Performance Shares Rights	-	-	84,776	-	84,776
Share based payments – Stock Options	-	-	245,458	-	245,458
As at 30 June 2015	29,686,317	(25,681,020)	835,882	515,363	5,356,542
Net loss for the period	-	(1,129,614)	-	-	(1,129,614)
Other comprehensive income	-	-	-	(586,908)	(586,908)
Total comprehensive loss for the period	-	(1,129,614)	-	(586,908)	(1,716,522)
Transactions with owners in their capacity as owners					
Issue of equity	980,239	-	-	-	980,239
Costs of share issues	(64,500)	-	-	-	(64,500)
Currency translation reserve	(247)	-	-	-	(247)
Share based payments – Performance Shares Rights	-	-	309,216	-	309,216
Share based payments – Stock Options	-	-	104,179	-	104,179
As at 30 June 2016	30,601,809	(26,810,634)	1,249,277	(71,545)	4,968,907

MOBILARM LIMITED
PRELIMINARY STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2016

	Note	2016	2015
		\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		7,301,625	6,806,149
Payments to suppliers and employees		(6,723,409)	(8,965,819)
Interest received		16,317	14,045
Payment for research & development		(66,588)	(261,131)
R&D tax rebate		216,036	320,917
Interest and other borrowing costs paid		(245,813)	(64,131)
NET CASH FLOWS USED IN OPERATING ACTIVITIES		498,168	(2,149,970)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for plant and equipment		(12,589)	(35,366)
Payments for shares in other business		(500,000)	-
Term Deposit		-	48,217
NET CASH FLOWS PROVIDED/(USED) IN INVESTING ACTIVITIES		512,589	12,851
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings	(7)	-	2,902,847
Proceeds from share issues	(8)	980,239	-
Costs of share issue	(8)	(79,750)	(120,000)
NET CASH FLOWS PROVIDED BY FINANCING ACTIVITIES		900,489	2,782,847
NET INCREASE/(DECREASE) IN CASH HELD		886,068	645,728
CASH AT THE BEGINNING OF THE FINANCIAL YEAR		1,487,957	842,229
CASH AT THE END OF THE FINANCIAL YEAR		2,374,025	1,487,957

NOTES TO THE PRELIMINARY FINAL REPORT (UNAUDITED) FOR THE YEAR ENDED 30 JUNE 2016

1 CORPORATE INFORMATION

The financial report of Mobilarm Limited (the “Company”) for the year ended 30 June 2016 was authorised for issue in accordance with a resolution of directors on 31 August 2016.

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.

The Company owns three wholly owned subsidiary companies as follows:

Name	Country of Incorporation	Date of Establishment
Marine Rescue Technologies Ltd	United Kingdom	
Mobilarm, Inc.	United States of America	
Rentquip Ltd	United Kingdom	14 June 2013

The Company also owns 50% ownership stake of a joint venture as follows:

Name	Country of Incorporation	Date of Establishment
Mobilarm Nigeria	Nigeria	19 March 2013

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

The preliminary final report has been prepared in accordance with the Australian Securities Exchange Listing Rules as set out in Appendix 4E and in accordance with the measurement and recognition (but not disclosure) requirements of the Australian Accounting Standards, Corporations Act 2001 and other pronouncements of the Australian Accounting Standards.

As such, this preliminary final report does not include all the notes of the type included in an annual financial report and accordingly, should be read in conjunction with the annual report for the year ended 30 June 2015 and with any public announcement made by Mobilarm Limited during the reporting period in accordance with the disclosure requirements of the Corporations Act 2001.

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

The accounting policies and methods of computation are the same as those adopted in the annual financial report for the year ended 30 June 2015.

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

(b) 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 2016 of \$1,129,614 (2015: \$807,086) and experienced net cash inflows from operating activities of \$498,168 (2015: \$2,149,970 outflow). As 30 June 2016, the Company had net assets of \$4,968,907 (2014: \$5,356,542).

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 issues.

The Directors have reviewed the business outlook and plans of the company and believe that the Company will achieve increased cash flows from operations to sustain its ability to continue as a going concern, which will also make the raising of funds more achievable if needed. Over the last twelve months the companies rental and service programs yielded positive cash flows, partially attributable to . cash flows used to build up stock in previous years. Net rental revenues increased from \$831,498 in the previous year to \$1,111,843. The Company has also expanded its service portfolio to increase the business resulting in a total increase in revenues of \$875,873 during the year. The Company is also focused on long term cost savings to continue to improve its operating results.

The Company has also made an investment in another business during the year to further diversify its technology offerings.

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.

3 INVENTORIES

	June 2016 \$	June 2015 \$
Inventories, at cost		
Raw materials, stores and work in progress inventory at net realisable value	1,829,392	2,374,145
Finished goods	174,218	91,423
Total inventories at lower of cost and net realisable	2,003,610	2,465,568

The Company increased its inventory levels during the year as part of its strategy to increase its rental business.

4 PLANT AND EQUIPMENT

	June 2016 \$	June 2015 \$
Plant and Equipment net of depreciation		
Units under Customer Rental	540,548	802,491
Plant and equipment	235,635	283,141
Motor vehicles	2,827	6,429
Intangible assets net of amortisation	779,010	1,092,060

The Company increased its units under customer rental as part of the additional rental contracts signed during year.

5 INTANGIBLE ASSETS

	June 2016 \$	June 2015 \$
Intangible assets net of amortisation		
Development Cost	746,006	1,075,250
Goodwill	1,924,068	1,924,068
Computer software	1,319	2,363
Intangible assets net of amortisation	2,671,393	3,001,681

6 NON-CURRENT FINANCIAL ASSETS

	June 2016 \$	June 2015 \$
Financial instruments at fair value through profit or loss		
Investment in Jaxsta Enterprise Pty Ltd	500,000	-
Total financial instruments at fair value through profit or loss	500,000	-

In May 2016, the Company made a \$500,000 investment in Jaxsta Holdings Pty Ltd (Jaxsta) for a 3.33% equity position. Mobilarm values this investment at fair value, with changes recognised in the statement of comprehensive income or loss. Jaxsta is not traded on a stock exchange and there was no information requiring a change in the fair value as at 30 June 2016.

Mobilarm will also have the right to invest a further \$2,500,000 directly for a further 16.67% equity.

If the above investment is completed within 18 months, Mobilarm will have the right to buy a further 20% of Jaxsta from an existing Jaxsta shareholder and associate of Melanie Verheggen, a major shareholder of MBO, for \$5,000,000 being \$2,200,000 in cash and \$2,800,000 in Mobilarm shares at a deemed price of \$0.007, being 400,000,000 shares with a free attaching option for four years at an exercise price of \$0.007. This right has an exercise window of 18 months after the initial investment is complete.

7 INTEREST BEARING LOANS AND BORROWINGS

CURRENT	June 2016 \$	June 2015 \$
Intangible assets net of amortisation		
Convertible Note (i)	1,094,830	974,809
Convertible Notes (ii)	2,040,508	-
	3,135,338	974,809
Finance leases	1,303	-
	3,136,641	974,809
 NON CURRENT		
Convertible Notes (ii)	-	2,038,866
Finance leases	-	2,020
	-	2,040,886

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

- (i) The Company entered into a convertible note, with an interest rate of 6%. The note is convertible by the noteholder upon giving the Company thirty days notice at the lower of \$0.04 per share or the price of any new Entitlements Issue, currently \$0.007 per share. The note can be converted by the Company at the expiration date at a price that equals 80% of the trailing 30 day VWAP at the time of expiry. The convertible note expires on 7 March 2017.
- (ii) The Company entered into eight convertible note agreements on 31 January 2015 for a total of \$2,000,000. The notes have an interest rate of 12% payable quarterly. The notes are convertible into ordinary shares at a price of \$0.06 cents per share. The notes expire starting on 31 July 2016.

8 CONTRIBUTED EQUITY

	June 2016	June 2015
	\$	\$
Ordinary shares (a)	29,686,317	29,686,317
Performance shares (b)	-	-
Contributed equity	<u>29,686,317</u>	<u>29,686,317</u>

(a) Ordinary Shares	June 2016		June 2015	
Movement in ordinary shares on issue	Number	\$	Number	\$
Balance at beginning of year	350,085,416	29,686,317	350,085,416	29,752,742
Issuance of equity	140,034,143	980,239	-	-
Cost of share issues	-	(64,500)	-	(120,000)
Conversion of performance share rights	3,000,000	-	-	-
Performance shares class C	-	-	-	53,333
Currency revaluation	-	(247)	-	242
Balance at end of the year	<u>493,119,559</u>	<u>30,601,809</u>	<u>350,085,416</u>	<u>29,686,317</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.

(i) Movement in Performance Shares Class C	June 2016		June 2015	
	Number	\$	Number	\$
Balance at beginning of year	-	-	333,334	51,556
Shares lapsed during the year	-	-	-	(53,333)
Share based payment expense for the year	-	-	-	1,777
Balance at end of the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Performance Shares	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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. 333,334 Performance shares class C reached their expiry date without meeting the performance condition.

	June 2016	June 2015
	\$	\$
Stock options	959,856	650,640
Performance share rights	289,421	185,242
Reserves	<u>1,249,277</u>	<u>835,882</u>

(c) Options

Movement in options on issue	June 2016		June 2015	
	Number	\$	Number	\$
Balance at beginning of year (i)	32,878,820	650,640	68,178,820	405,182
Options cancelled – Employee Stock Option Plan	(1,208,333)	-	(300,000)	-
Options issued – Directors Compensation	(2,000,000)	309,216	-	245,458
Options cancelled – Capital Raising	-	-	(38,166,651)	-
Subtotal	29,670,487	959,856	32,878,820	650,640

- (i) On the 8th of August 2012 the Board (excluding Mr Ken Gaunt who did not wish to make any recommendation) has proposed the issue of 29,670,487 share options to Director/Chief Executive Officer Ken Gaunt. Each option entitles the holder to exercise the option in exchange for one ordinary share in the Company. The options are exercisable at an exercise price of per option A\$0.021. The Options vest when the Share Price is equal to or greater than A\$0.10 (subject to adjustment under the terms of the grant). In addition, upon a Change of Control Event (i), the Options automatically vest.

(i) Change of Control Event means:

- a. a person acquires voting power in at least 50.1% or more of the issued Shares;
- b. a person acquires the power to direct or cause the direction of management or policies of the Company;
- c. a person directly or indirectly acquires all or substantially all of the business and assets of the Group; or
- d. (d) a person otherwise acquires or merges with the Group, including by way of a takeover bid, scheme of arrangement, amalgamation, merger, capital reconstruction, consolidation, share acquisition, securities issuance, share buyback or repurchase, reverse takeover, dual listed company structure, establishment of a new holding entity for the Group or any other comparable transaction or arrangement.

In association with the grant above, the Company has also proposed that the Company enter into an interest-free loan agreement with Mr. Gaunt of an amount equal to the total Grant Price payable for the 29,670,487 Options, being a total loan amount of \$267,034. These transactions were approved at a general meeting of shareholders on the 7th of September 2012.

(d) Performance Share Rights

Movement in options on issue	June 2016		June 2015	
	Number	\$	Number	\$
Balance at beginning of year	19,000,000	185,242	11,000,000	100,466
Performance share rights issued	-	104,179	10,000,000	84,776
Performance share rights converted	(3,000,000)	-	-	-
Performance share rights cancelled	-	-	(2,000,000)	-
Balance at end of the year	16,000,000	289,421	19,000,000	185,242

The Company granted 11,000,000 performance share rights in 2013 to employees, 9,000,000 of these remain valid as of 30 June 2016. The Company granted a further 7,000,000 performance share rights in February 2015 to employees. The performance share rights vest when the Share Price is equal to or

greater than A\$0.10 (subject to adjustment under the terms of the grant). In addition, upon a Change of Control Event (i), the performance share rights automatically vest.

- (i) Change of Control Event means:
- a person acquires voting power in at least 50.1% or more of the issued Shares;
 - a person acquires the power to direct or cause the direction of management or policies of the Company;
 - a person directly or indirectly acquires all or substantially all of the business and assets of the Group; or
 - (d) a person otherwise acquires or merges with the Group, including by way of a takeover bid, scheme of arrangement, amalgamation, merger, capital reconstruction, consolidation, share acquisition, securities issuance, share buyback or repurchase, reverse takeover, dual listed company structure, establishment of a new holding entity for the Group or any other comparable transaction or arrangement.

Some of the performance share rights have additional vesting criteria regarding specific performance of projects being completed, such as the development of our next generation products.

The Company granted a further 3,000,000 performance share rights in February 2015 to employees that vested in February 2016.

9 EARNINGS PER SHARE

	June 2016 Number	June 2015 Number
EARNINGS PER SHARE		
Weighted average number of ordinary shares outstanding during the year used in the calculation of basic earnings per share	455,817,802	350,084,416
Weighted average number of ordinary shares outstanding during the year used in the calculation of diluted earnings per share	455,817,802	350,084,416
Basic earnings/(loss) per share (cents per share)	(0.2)	(0.2)
Diluted earnings/(loss) per share (cents per share)	(0.2)	(0.2)

10 SEGMENT INFORMATION

The company operates solely in the development, manufacturing and sale of Man Overboard safety systems. The Company operates in four geographical locations being Australia, the United Kingdom, Nigeria and the United States of America. 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.

11 CONTINGENT LIABILITIES

As at reporting date there were no contingent liabilities.

12 SUBSEQUENT EVENTS

There have been no events since the end of the financial year that affect the results as at and for the year ended 30 June 2016.

ANNUAL MEETING

The annual meeting will be held as follows:

Place	To be advised
Date	To be advised
Time	To be advised
Approximate date the +annual report will be available	31 October 2016

COMPLIANCE STATEMENT

- 1 This report has been prepared in accordance with AASB Standards, other AASB authoritative pronouncements and Urgent Issues Group Consensus Views or other standards acceptable to ASX (see note 12).

Identify other standards used

- 2 This report, and the +accounts upon which the report is based (if separate), use the same accounting policies.
- 3 This report does give a true and fair view of the matters disclosed
- 4 This report is based on +accounts to which one of the following applies.

(Tick one)

- | | | | |
|-------------------------------------|---|--------------------------|---|
| ☐ | The +accounts have been audited. | ☐ | The +accounts have been subject to review. |
| ☒ | The +accounts are in the process of being audited or subject to review. | ☐ | The +accounts have <i>not</i> yet been audited or reviewed. |

- 5 The entity has formally constituted audit committee.

Sign here:



Date: 31 August 2016

Print name: Jorge Nigaglioni

Executive Director & Chief Financial Officer