

UNAUDITED PRO FORMA CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

ASSETS

| | As of March 31, 2014 | | | |
|--|---|---------------|-----------------|------------------|
| | (000's Except shares and per share amounts) | | | |
| | SecureAlert | GPS Global | Adjustments | Consolidated |
| CURRENT ASSETS | | | | |
| Cash | 7,366 | 195 | - | 7,561 |
| Accounts receivable, net | 3,151 | - | - | 3,151 |
| Notes receivables | 259 | - | - | 259 |
| Inventory, net of reserves | 490 | 12 | 5 [a] | 507 |
| Prepaid expenses and other | 2,565 | 22 | - | 2,587 |
| TOTAL CURRENT ASSETS | 13,831 | 229 | 5 | 14,065 |
| Property and equipment, net | 592 | 47 | - | 639 |
| Monitoring equipment, net | 1,787 | 48 | - | 1,835 |
| Deposits and other assets | 3,416 | 21 | - | 3,437 |
| Acquisition purchase commitment | 5,740 | - | (5,740) [c] | - |
| Royalty Purchase Commitment, net of amortization | 19,413 | - | - | 19,413 |
| Intangibles, net of amortization | 27 | - | 5,048 [a] | 5,075 |
| Goodwill | - | - | 2,628 [a] | 2,628 |
| TOTAL ASSETS | \$ 44,806 | \$ 345 | \$ 1,941 | \$ 47,092 |

LIABILITIES AND STOCKHOLDERS' EQUITY

CURRENT LIABILITIES

| | | | | |
|--|--------------|--------------|-------------|---------------|
| Accounts payable | \$ 742 | \$ 70 | \$ - | \$ 812 |
| Accrued expenses | 1,712 | 128 | (66) [a] | 1,774 |
| Stock Payable | - | - | 3,000 [b] | 3,000 |
| Accrued royalty fees | 4,125 | - | - | 4,125 |
| Deferred revenue | 6 | - | - | 6 |
| Dividends payable | 5 | - | - | 5 |
| Related party line of credit and notes | 2,700 | 2,180 | (2,180) [a] | 2,700 |
| Current portion of long-term debt | 71 | - | - | 71 |
| TOTAL CURRENT LIABILITIES | 9,361 | 2,378 | 754 | 12,493 |

LONG-TERM LIABILITIES

| | | | | |
|-----------------------------|---------------|--------------|-----------|---------------|
| Long-term portion of debt | 9,355 | 753 | (753) [a] | 9,355 |
| Other long-term liabilities | - | 83 | - | 83 |
| TOTAL LIABILITIES | 18,716 | 3,214 | 1 | 21,931 |

STOCKHOLDERS' EQUITY (DEFICIT)

| | | | | |
|--|-----------|---------|-----------|-----------|
| Common stock | 1 | - | - | 1 |
| Series D Preferred stock | 1 | - | - | 1 |
| Additional paid in capital | 294,933 | - | - | 294,933 |
| Accumulated other comprehensive income | 146 | (145) | 145 [c] | 146 |
| Retained deficit | (268,991) | (2,724) | 1,795 [c] | (268,920) |

| | | | | |
|---|------------------|----------------|-----------------|------------------|
| TOTAL STOCKHOLDERS' EQUITY | <u>26,090</u> | <u>(2,869)</u> | <u>1,940</u> | <u>25,161</u> |
| TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY | <u>\$ 44,806</u> | <u>\$ 345</u> | <u>\$ 1,941</u> | <u>\$ 47,092</u> |

The accompanying notes are an integral part of these unaudited pro forma condensed consolidated financial statements

Unaudited Pro Forma Consolidated Statement of Operations

| | Six Months Ended March 31, 2014 | | | |
|---|---|-----------------|----------------|-------------------|
| | (000's Except shares and per share amounts) | | | |
| | Historical | | Pro Forma | |
| | SecureAlert | GPS Global | Adjustments | Consolidated |
| REVENUES | | | | |
| Domestic revenues | | | | |
| Products | \$ 212 | \$ - | \$ - | \$ 212 |
| Monitoring services | 3,400 | - | - | 3,400 |
| International revenues | | | | |
| Equipment sales | 3 | - | - | 3 |
| Other services | 1 | - | - | 1 |
| Monitoring services | 1,500 | - | - | 1,500 |
| TOTAL REVENUES | 5,115 | - | - | 5,115 |
| COST OF REVENUES | | | | |
| Products | (121) | - | - | (121) |
| Royalties | (17) | - | - | (17) |
| Monitoring services | (2,272) | - | - | (2,272) |
| Impairment of equipment and parts | (82) | - | - | (82) |
| TOTAL COST OF REVENUES | (2,493) | - | - | (2,493) |
| GROSS PROFIT | 2,622 | - | - | 2,622 |
| RESEARCH AND DEVELOPMENT | (723) | (215) | - | (938) |
| OPERATING EXPENSES | (4,735) | (251) | - | (4,986) |
| OPERATING INCOME (LOSS) | (2,836) | (466) | - | (3,302) |
| OTHER INCOME (EXPENSES) | | | | |
| Interest expense | (371) | (8) | - | (379) |
| Interest income | 24 | - | - | 24 |
| Currency exchange rate gain (loss) | (4) | 5 | - | 1 |
| Other income (expense) | 625 | - | - | 625 |
| TOTAL OTHER INCOME (EXPENSE) | 273 | (3) | - | 270 |
| NET LOSS | (2,562) | (469) | - | (3,031) |
| DIVIDENDS ON PREFERRED STOCK | (15) | - | - | - |
| NET LOSS ATTRIBUTABLE TO COMMON STOCKHOLDERS | \$ (2,577) | \$ (469) | \$ - | \$ (3,031) |
| NET LOSS PER SHARE, BASIC AND DILUTED FROM CONTINUING OPERATIONS | \$ (0.26) | | | \$ (0.30) |
| WEIGHTED AVERAGE COMMON SHARES, BASIC AND DILUTED | 9,830,000 | | 236,469 | 10,066,469 |

The accompanying notes are an integral part of these unaudited pro forma condensed consolidated financial statements

Note 1 — Basis of Presentation

The unaudited pro forma condensed consolidated financial statements included herein have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and certain footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles in the United States (“U.S. GAAP”) have been condensed or omitted pursuant to such rules and regulations; however, management believes that the disclosures are adequate to make the information presented not misleading.

The acquisition method of accounting under U.S. GAAP requires, among other things, that assets acquired and liabilities assumed be recognized at their fair values at the acquisition date. Fair value is defined under U.S. GAAP as “the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.” Market participants are assumed to be buyers and sellers in the principal (or most advantageous) market for the asset or liability. Fair value measurements for an asset assume the highest and best use by these market participants. Fair value measurements can be highly subjective and it is possible that other professionals, applying reasonable judgment to the same facts and circumstances, could develop and support a range of alternative estimated amounts. Accordingly, the assets acquired and liabilities assumed were recorded at their respective fair values and added to those of SecureAlert, Inc. (“SecureAlert” or the Company”)

Note 2 — GPS Global Acquisition

For purposes of this pro forma analysis, assets acquired and liabilities assumed are recognized based on an estimate of their fair value as of the acquisition date. Any adjustments to the fair value of assets acquired and liabilities assumed will be adjusted in accordance with ASC 805. The preliminary allocation of the approximate \$7.811 million purchase price to assets and liabilities based upon fair value determinations was as follows (in thousands):

| | |
|---|------------------------|
| Current assets | \$ 234 |
| Property and equipment, net of depreciation | 95 |
| Other noncurrent assets | 21 |
| Intangible Assets | 5,048 |
| Accounts payable and accrued expenses | (215) |
| Goodwill | <u>2,628</u> |
| Total fair value of net assets acquired | <u>\$ 7,811</u> |
| Purchase consideration | <u><u>\$ 7,811</u></u> |

Note 3 — Pro Forma Adjustments

The following reclassifications and pro forma adjustments have been made in the Unaudited Pro Forma Condensed Consolidated Balance Sheet. Transactions between the Company and GPS Global have also been eliminated in the pro forma adjustments column.

- (a) To reflect the estimate of goodwill resulting from the excess of the purchase price over the fair value of net intangible and identifiable assets acquired. Also to recognize the estimated fair value of assets acquired and to adjust for liabilities not acquired through this acquisition.
- (b) To recognize a liability to former shareholders of GPS Global as a part of the purchase price.
- (c) To reflect the elimination of GPS Global's historical accumulated deficit and stockholder's equity. Also to eliminate intercompany transactions associated with the acquisition and advances provided to GPS Global prior to the finalization of the acquisition.

Note 4 — Loss per Share

SecureAlert basic and diluted pro forma loss per share was calculated based on the unaudited pro forma consolidated net loss and the weighted average number of shares outstanding during the reporting periods. The consolidated entity's financial statements are prepared as if the transaction had been completed at the beginning of the period. The net loss and shares used in computing the net loss per share for the year ended September 30, 2013 and the six months ended March 31, 2013, is based on SecureAlert's historical weighted average common shares outstanding during the respective periods. The effect of the additional shares of SecureAlert common stock issued as part of the Company's acquisition of SecureAlert has been included for purposes of presenting pro forma net loss per share.

Note 5 — SecureAlert Balance Sheet Reconciliation

On April 1, 2014, the Company completed its acquisition of GPS Global. The following table presents the balance sheet as of September 30, 2013 for the Company and the fair value of the assets acquired and liabilities assumed in connection with the acquisition of GPS Global and purchase consideration related to that acquisition.

Unaudited Pro Forma Consolidated Statement of Operations

| | Year Ended September 30, 2013 | | | |
|--|---|------------|-------------|--------------|
| | (000's Except shares and per share amounts) | | | |
| | Historical | | Pro Forma | |
| | SecureAlert | GPS Global | Adjustments | Consolidated |
| REVENUES | | | | |
| Products | \$ 612 | \$ 350 | \$ - | \$ 962 |
| Monitoring and other related services | 15,029 | - | - | 15,029 |
| TOTAL REVENUES | 15,641 | 350 | - | 15,991 |
| COST OF REVENUES | | | | |
| Products | (262) | (242) | - | (504) |
| Monitoring and other related services | (7,555) | - | - | (7,555) |
| Impairment of monitoring equipment and parts | (213) | - | - | (213) |
| TOTAL COST OF REVENUES | (8,030) | (242) | - | (8,272) |
| GROSS PROFIT | 7,611 | 108 | - | 7,719 |
| RESEARCH AND DEVELOPMENT | (988) | (489) | - | (1,477) |
| SETTLEMENT EXPENSE | (360) | | | |
| OPERATING EXPENSES | (7,679) | (499) | - | (8,178) |
| OPERATING INCOME (LOSS) | (1,416) | (880) | - | (1,936) |
| OTHER INCOME (EXPENSES) | | | | |
| Interest expense | (17,049) | (15) | - | (17,064) |
| Loss on disposal of equipment | (3) | - | | |
| Currency exchange rate gain (loss) | (146) | - | - | (146) |
| Other income (expense) | 279 | - | - | 279 |
| TOTAL OTHER INCOME (EXPENSE) | (16,918) | (15) | - | (16,930) |
| NET LOSS FROM CONTINUING OPERATIONS | (18,334) | (895) | - | (18,866) |
| Gain on disposal of discontinued operations | 425 | - | | |
| Net loss from discontinued operations | (6) | - | | |
| NET LOSS | \$ (18,959) | \$ (831) | \$ - | \$ (18,866) |
| OTHER COMPREHENSIVE LOSS | | | | |
| Currency translation adjustments | - | 216 | | |
| COMPREHENSIVE LOSS | \$ (18,959) | \$ (1,047) | \$ - | \$ (18,866) |
| NET LOSS PER SHARE, BASIC AND DILUTED FROM CONTINUING OPERATIONS | \$ (3.79) | | | \$ (3.72) |
| NET LOSS PER SHARE, BASIC AND DILUTED FROM DISCONTINUED OPERATIONS | \$ 0.09 | | | \$ - |
| WEIGHTED AVERAGE COMMON SHARES, BASIC AND DILUTED | 4,832,000 | | 236,469 | 5,068,469 |

The accompanying notes are an integral part of these unaudited pro forma condensed consolidated financial statements

