UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

☑ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended June 30, 2013

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from ___________ to ____________

Commission file number: 0-23153

SecureAlert, Inc.
(Exact name of registrant as specified in its charter)

Utah	**87-0543981**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification Number)**

150 West Civic Center Drive, Suite 400, Sandy, Utah 84070
(Address of principal executive offices) (Zip Code)

(801) 451-6141
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter per that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. ☑ Yes ☐ No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files) ☑ Yes ☐ No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerate and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐	Accelerated filer ☐
Non-accelerated filer ☐ (Do not check if a smaller reporting company)	Smaller reporting company ☑

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). ☐ Yes ☑ No

The number of shares outstanding of the registrant's common stock as of August 5, 2013 was 5,897,773.

SecureAlert, Inc.

FORM 10-Q

For the Quarterly Period Ended June 30, 2013

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

SECUREALERT, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)

Assets	June 30, 2013	September 30, 2012
Current assets:		
Cash	$ 4,030,960	$ 458,029
Accounts receivable, net of allowance for doubtful accounts of $338,000 and $772,000, respectively	2,912,897	2,411,701
Note receivable, current portion	196,116	74,801
Prepaid expenses and other	1,873,640	1,760,579
Inventory, net of reserves of $192,000 and $192,000, respectively	443,721	630,566
Current assets from discontinued operations	-	989,905
Total current assets	9,457,334	6,325,581
Property and equipment, net of accumulated depreciation of $2,055,798 and $1,889,041, respectively	352,388	506,599
Monitoring equipment, net of accumulated depreciation of $1,572,572 and $669,929, respectively	2,113,641	3,171,947
Note receivable, net of current portion	-	112,492
Intangible assets, net of accumulated amortization of $1,035,017 and $789,996, respectively	15,635,550	15,517,617
Other assets	80,375	65,597
Non-current assets from discontinued operations, net of accumulated depreciation of $0 and $2,837,498, respectively	-	833,892
Total assets	$ 27,639,288	$ 26,533,725
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	$ 296,682	$ 1,830,075
Accrued liabilities	3,336,656	2,439,451
Dividends payable	9,325	630,528
Deferred revenue	8,708	354,570
Current portion of long-term related-party debt	-	12,654,701
Current portion of long-term debt, net of debt discount	90,617	339,151
Current liabilities from discontinued operations	-	1,677,450
Total current liabilities	3,741,988	19,925,926
Long-term related-party debt, net of current portion and debt discount	5,934,012	1,730,712
Long-term debt, net of current portion	61,929	85,680
Long-term liabilities from discontinued operations	-	364,270
Total liabilities	9,737,929	22,106,588
Stockholders' equity:		
Preferred stock:		
Series D 8% dividend, convertible, voting, $0.0001 par value: 85,000 shares designated; 468 and 48,763 shares outstanding, respectively (aggregate liquidation preference of $467,507)	1	5
Common stock, $0.0001 par value: 15,000,000 shares authorized; 5,896,294 and 3,096,642 shares outstanding, respectively	590	310
Additional paid-in capital	272,608,421	252,940,448
Accumulated deficit	(254,707,653)	(248,513,626)
Total equity	17,901,359	4,427,137
Total liabilities and stockholders' equity	$ 27,639,288	$ 26,533,725

The accompanying notes are an integral part of these condensed consolidated statements

SECUREALERT, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	Three Months Ended June 30, 2013	Three Months Ended June 30, 2012	Nine Months Ended June 30, 2013	Nine Months Ended June 30, 2012
Revenues:				
Products	$ 165,029	$ 151,610	$ 464,076	$ 1,544,015
Monitoring and other related services	2,520,185	2,848,096	12,617,534	8,572,595
Total revenues	2,685,214	2,999,706	13,081,610	10,116,610
Cost of revenues:				
Products	86,773	88,789	199,785	553,004
Monitoring and other related services	1,508,878	1,431,551	6,417,454	4,482,754
Total cost of revenues	1,595,651	1,520,340	6,617,239	5,035,758
Gross profit	1,089,563	1,479,366	6,464,371	5,080,852
Operating expenses:				
Selling, general and administrative (including non-cash expenses of $100,964, $2,471,664, $233,474 and $3,777,921, respectively, of compensation expense paid in stock, stock options and warrants or as a result of amortization of stock-based compensation)	2,075,796	4,494,197	6,238,783	10,838,842
Settlement expense	-	-	350,000	-
Research and development	269,072	310,810	668,269	987,215
Loss from continuing operations	(1,255,305)	(3,325,641)	(792,681)	(6,745,205)
Other income (expense):				
Currency exchange rate gain (loss)	(59,940)	35,633	(122,331)	(30,033)
Loss on disposal of equipment	(94)	-	(1,459)	(216)
Interest expense (including non-cash expenses of $2,390,915, $602,729, $5,200,842, and $680,088, respectively, paid in stock, stock options and warrants, or re-pricing of warrants, or amortization of debt discount)	(2,737,220)	(654,426)	(5,939,171)	(992,334)
Other income (expense), net	(80,204)	42,503	243,256	216,629
Net loss from continuing operations	(4,132,763)	(3,901,931)	(6,612,386)	(7,551,159)
Gain on disposal of discontinued operations	-	-	424,819	-
Net loss from discontinued operations	-	(245,978)	(6,460)	(178,615)
Net loss	(4,132,763)	(4,147,909)	(6,194,027)	(7,729,774)
Dividends on Series D Preferred stock	(9,325)	(623,678)	(1,033,470)	(1,849,771)
Net loss attributable to SecureAlert, Inc. common stockholders	$ (4,142,088)	$ (4,771,587)	$ (7,227,497)	$ (9,579,545)
Net loss per common share, basic and diluted from continuing operations	$ (0.70)	$ (1.49)	$ (1.51)	$ (2.92)
Net loss per common share, basic and diluted from discontinued operations	$ -	$ (0.09)	$ -	$ (0.07)
Weighted average common shares outstanding, basic and diluted	5,886,000	2,624,305	4,387,000	2,584,315

The accompanying notes are an integral part of these condensed consolidated statements

SECUREALERT, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	Nine Months Ended June 30, 2013	Nine Months Ended June 30, 2012
Cash flows from operating activities:		
Net Loss	$ (6,194,027)	$ (7,729,774)
Gain on sale of subsidiaries	(424,819)	-
Loss from discontinued operations	6,460	178,615
Loss from continuing operations	(6,612,386)	(7,551,159)
Adjustments to reconcile net loss to net cash used and provided by in operating activities:		
Depreciation and amortization	1,922,243	1,641,289
Vesting and re-pricing of stock options for services	81,407	1,232,552
Issuance of common stock to employees for the cancellation of warrants	-	2,130,694
Issuance of common stock for services	106,223	28,000
Re-pricing of warrants in connection with debt with related parties	-	39,965
Beneficial conversion feature recorded as interest expense	5,200,842	592,483
Issuance and re-pricing of warrants with related parties	45,844	-
Impairment of monitoring equipment and parts	450,000	-
Factional shares of common stock paid in cash	(1,996)	-
Loss on disposal of property and equipment	2,034	11,562
Loss on disposal of monitoring equipment and parts	89,093	88,839
Loss on forgiveness of note receivable	-	22,750
Property and equipment disposed for services and compensation	-	2,790
Accretion interest expense in connection with debt discount related to acquisition of subsidiary	-	47,640
Change in assets and liabilities:		
Accounts receivable, net	(736,579)	946,040
Notes receivable	72,566	69,011
Inventories	186,845	(189,139)
Prepaid expenses and other assets	107,538	(1,391,551)
Accounts payable	(1,524,922)	8,355
Accrued expenses	2,395,860	(106,247)
Deferred revenue	(345,862)	482,110
Net cash provided by (used in) operating activities	1,438,750	(1,894,016)
Cash flow from investing activities:		
Purchase of property and equipment	(32,968)	(99,846)
Purchase of monitoring equipment and parts	(490,153)	(1,545,649)
Net cash used in investing activities	(523,121)	(1,645,495)
Cash flow from financing activities:		
Borrowings on related-party notes payable	2,800,000	2,980,000
Principal payments on related-party notes payable	-	(3,177,947)
Proceeds from convertible debentures	-	500,000
Proceeds from related-party convertible debentures	-	2,000,000
Principal payments on notes payable	(287,888)	(738,380)
Net proceeds from issuance of Series D Convertible Preferred stock	-	1,612,000
Net cash provided by financing activities	2,512,112	3,175,673
Cash flow from discontinued operations:		
Net cash provided by operating activities	126,715	10,973
Net cash provided by investing activities	-	126,330
Net cash provided by financing activities	18,475	95,303
Net cash provided by discontinued operations	145,190	232,606
Net increase in cash	3,572,931	(131,232)
Cash, beginning of period	458,029	586,201
Cash, end of period	$ 4,030,960	$ 454,969

The accompanying notes are an integral part of these condensed consolidated statements

SECUREALERT, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (Continued)
(Unaudited)

	Nine Months Ended June 30, 2013	Nine Months Ended June 30, 2012
	$ 222,262	$ 259,844
Issuance of stock warrants for settlement of debt	-	253,046
Issuance of common stock in connection with Series D Preferred stock dividends	1,654,673	1,767,890
Series D Preferred stock dividends earned	1,033,470	1,849,771
Issuance of warrants for Board of Director fees	318,344	105,042
Issuance of common stock shares for Board of Director fees	-	48,060
Issuance of shares of common stock, respectively, for related-party royalty payable	-	769,575
Issuance of common stock shares for settlement of debt	3,156,493	118,280
Issuance of warrants to a consultant for services	-	33,358
Issuance of common stock shares from the conversion of shares of Series D Preferred stock	189	42
Beneficial conversion feature recorded with convertible debt	15,619,444	473,334
Issuance of debt to repurchase royalty agreement	11,898,455	-
Note payable issued to acquire monitoring equipment and property and equipment	-	69,000
Beneficial conversion feature recorded with related-party convertible debentures	-	368,333
Note receivable issued for outstanding accounts receivable net of accounts payable	-	168,116
Settlement of note payable upon sale of property and equipment	-	56,794
Acquisition of property and equipment as payment against note receivable	-	3,623
Acquisition of monitoring equipment for an accrued liability	-	68,500

The accompanying notes are an integral part of these condensed consolidated statements

(1) BASIS OF PRESENTATION

The unaudited interim condensed consolidated financial information of SecureAlert, Inc. and subsidiaries (collectively, the "Company" or "SecureAlert") has been prepared in accordance with the Instructions to Form 10-Q and Article 8 of Regulation S-X promulgated by the Securities and Exchange Commission ("SEC"). Certain information and disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") have been condensed or omitted pursuant to such rules and regulations. In the opinion of management, the accompanying interim consolidated financial information contains all adjustments, consisting only of normal recurring adjustments necessary to present fairly the Company's financial position as of June 30, 2013, and results of its operations for the three and nine months ended June 30, 2013 and 2012. These financial statements should be read in conjunction with the annual consolidated financial statements and notes thereto that are included in the Company's Annual Report on Form 10-K for the year ended September 30, 2012. The results of operations for the three and nine months ended June 30, 2013 may not be indicative of the results for the fiscal year ending September 30, 2013. On February 28, 2013, the shareholders of the Company approved a reduction in the authorized share capital of the Company to 15,000,000 shares of common stock, and a reverse split reducing the outstanding shares of the Company. Share and per share information for the period covered by this report and for prior periods has been retroactively adjusted in this report to reflect the effects of a 200 for 1 reverse stock split of the Company's common stock effective as of March 25, 2013.

(2) GOING CONCERN

The accompanying financial statements have been prepared assuming the Company will continue as a going concern, which will depend considerably on the ability of the Company to retain and extend existing contracts with its customers. Management's plan with respect to this uncertainty includes expanding the market for its ReliAlert™ portfolio of products and services and extending the terms to existing contracts. There can be no assurance that revenues will continue or increase in order to generate sufficient cash flow to repay the Company's obligations. If the Company is unable to supplement its cash flows from operating activities, the Company may be required to obtain additional funding, and if it is unable to do so, the Company may have to cease operations.

(3) PRINCIPLES OF CONSOLIDATION

The condensed consolidated financial statements include the accounts of SecureAlert and its subsidiaries. All significant inter-company transactions have been eliminated in consolidation.

(4) RECENTLY ISSUED ACCOUNTING STANDARDS

From time to time, new accounting pronouncements are issued by the Financial Accounting Standards Board (FASB) or other standard setting bodies, which are adopted by the Company as of the specified effective date. Unless otherwise discussed, the Company believes that the impact of recently issued standards that are not yet effective will not have a material impact on its financial position or results of operations upon adoption.

(5) IMPAIRMENT OF LONG-LIVED ASSETS

The Company reviews its long-lived assets for impairment when events or changes in circumstances indicate that the book value of an asset may not be recoverable and in the case of goodwill, at least annually. The Company evaluates whether events and circumstances have occurred which indicate possible impairment as of each balance sheet date. If the carrying amount of an asset exceeds its fair value, an impairment charge is recognized for the amount by which the carrying amount exceeds the estimated fair value of the asset. Impairment of long-lived assets is assessed at the lowest levels for which there is an identifiable fair value that is independent of other groups of assets. The Company recorded $450,000 and $0 of impairment expenses related to monitoring equipment for the nine months ended June 30, 2013 and 2012, respectively.

(6) REVENUE RECOGNITION

The Company's revenue has historically been from two sources: (i) monitoring services; and (ii) product sales.

Monitoring Services
Monitoring services include two components: (a) lease contracts in which the Company provides monitoring services and lease devices to distributors or end users and the Company retains ownership of the leased device; and (b) monitoring services purchased by distributors or end users who have previously purchased monitoring devices and opt to use the Company's monitoring services.

The Company typically leases its devices under one-year contracts with customers that opt to use the Company's monitoring services. However, these contracts may be cancelled by either party at anytime with 30 days notice. Under the Company's standard leasing contract, the leased device becomes billable on the date of activation or 7 to 21 days from the date the device is assigned to the lessee, and remains billable until the device is returned to the Company. The Company recognizes revenue on leased devices at the end of each month that monitoring services have been provided. In those circumstances in which the Company receives payment in advance, the Company records these payments as deferred revenue.

Product Sales
The Company may sell its monitoring devices in certain situations to its customers. In addition, the Company may sell equipment in connection with the building out and setting up of a monitoring center on behalf of its customers. The Company recognizes product sales revenue when persuasive evidence of an arrangement with the customer exists, title passes to the customer and the customer cannot return the devices or equipment, prices are fixed or determinable (including sales not being made outside the normal payment terms) and collection is reasonably assured. When purchasing products (such as TrackerPAL® and ReliAlert™ devices) from the Company, customers may, but are not required to, enter into monitoring service contracts with the Company. The Company recognizes revenue on monitoring services for customers that have previously purchased devices at the end of each month that monitoring services have been provided.

The Company sells and installs standalone tracking systems that do not require ongoing monitoring by the Company. The Company has experience in component installation costs and direct labor hours related to this type of sale and can typically reasonably estimate costs, therefore the Company recognizes revenue over the period in which the installation services are performed using the percentage-of-completion method of accounting for material installations. The Company typically uses labor hours or costs incurred to date as a percentage of the total estimated labor hours or costs to fulfill the contract as the most reliable and meaningful measure that is available for determining a project's progress toward completion. The Company evaluates its estimated labor hours and costs and determines the estimated gross profit or loss on each installation for each reporting period. If it is determined that total cost estimates are likely to exceed revenues, the Company accrues the estimated losses immediately.

Multiple Element Arrangements
The majority of the Company's revenue transactions do not have multiple elements. However, on occasion, the Company enters into revenue transactions that have multiple elements. These may include different combinations of products or monitoring services that are included in a single billable rate. These products or monitoring services are delivered over time as the customer utilizes the Company's services. For revenue arrangements that have multiple elements, the Company considers whether the delivered devices have standalone value to the customer, there is objective and reliable evidence of the fair value of the undelivered monitoring services, which is generally determined by surveying the price of competitors' comparable monitoring services, and the customer does not have a general right of return. Based on these criteria, the Company recognizes revenue from the sale of devices separately from the monitoring services provided to the customer as the products or monitoring services are delivered.

Other Matters
The Company considers an arrangement with payment terms longer than the Company's normal terms not to be fixed or determinable, and revenue is recognized when the fee becomes due. Normal payment terms for the sale of monitoring services and products are due upon receipt to 30 days. The Company sells its devices and services directly to end users and to distributors. Distributors do not have general rights of return. Also, distributors have no price protection or stock protection rights with respect to devices sold to them by the Company. Generally, title and risk of loss pass to the buyer upon delivery of the devices.

The Company estimates its product returns based on historical experience and maintains an allowance for estimated returns, which is recorded as a reduction to accounts receivable and revenue.

Shipping and handling fees charged to customers are included as part of net revenues. The related freight costs and supplies directly associated with shipping products to customers are included as a component of cost of revenues.

(7) GEOGRAPHIC INFORMATION

During the three and nine months ended June 30, 2013, the Company recognized revenues from international sources from its products and monitoring services. Revenues are attributed to the geographic areas based on the location of the customers purchasing and leasing the products and services. The revenues recognized by geographic area for the three and nine months ended June 30, 2013 and 2012, are as follows:

	Three Months Ended June 30,		Nine Months Ended June 30,	
	2013	2012	2013	2012
United States of America	$ 1,887,630	$ 1,812,588	$ 5,427,973	$ 5,674,412
Latin American Countries	-	283,045	5,252,960	2,167,938
Caribbean Countries and Commonwealths	778,450	891,335	2,348,245	2,241,591
Other Foreign Countries	19,134	12,738	52,432	32,669
Total	$ 2,685,214	$ 2,999,706	$ 13,081,610	$ 10,116,610

The long-lived assets, net of accumulated depreciation, used in the generation of revenues by geographic area as of June 30, 2013 and September 30, 2012, were as follows:

	Net Property and Equipment		Net Monitoring Equipment	
	June 30, 2013	September 30, 2012	June 30, 2013	September 30, 2012
United States of America	$ 352,388	$ 506,599	$ 1,038,215	$ 2,174,976
Latin American Countries	-	-	914,325	719,171
Caribbean Countries and Commonwealths	-	-	157,679	263,782
Other Foreign Countries	-	-	3,422	14,018
Total	$ 352,388	$ 506,599	$ 2,113,641	$ 3,171,947

(8) NET LOSS PER COMMON SHARE

Basic net loss per common share ("Basic EPS") is computed by dividing net loss available to common shareholders by the weighted average number of common shares outstanding during the period.

Diluted net loss per common share ("Diluted EPS") is computed by dividing net loss attributable to common shareholders by the sum of the weighted-average number of common shares outstanding and the weighted-average dilutive common share equivalents outstanding. The computation of Diluted EPS does not assume exercise or conversion of securities that would have an anti-dilutive effect.

Common share equivalents consist of shares issuable upon the exercise of common stock options and warrants, and shares issuable upon conversion of preferred stock. As of June 30, 2013 and 2012, there were 4,460,230 and 2,408,118 outstanding common share equivalents, respectively, that were not included in the computation of Diluted EPS as their effect would be anti-dilutive. No reconciliation for discontinued operations was provided since the impact was immaterial. The common stock equivalents outstanding as of June 30, 2013 and 2012, consisted of the following:

	June 30, 2013	June 30, 2012
Conversion of debt and accrued interest	3,846,758	416,667
Conversion of Series D Preferred stock	14,040	1,463,490
Exercise of outstanding common stock options and warrants	437,432	365,961
Exercise and conversion of outstanding Series D Preferred stock warrants	162,000	162,000
Total common stock equivalents	4,460,230	2,408,118

(9) INVENTORY

Inventory is valued at the lower of the cost or market. Cost is determined using the first-in, first-out ("FIFO") method. Market is determined based on the estimated net realizable value, which generally is the item selling price. Inventory is periodically reviewed in order to identify obsolete or damaged items or impaired values.

Inventory consists of raw materials that are used in the manufacturing of TrackerPAL® and ReliAlert™ devices. Completed TrackerPAL® and ReliAlert™ devices are reflected in Monitoring Equipment. As of June 30, 2013 and September 30, 2012, respectively, inventory consisted of the following:

	June 30, 2013	September 30, 2012
Raw materials	$ 635,721	$ 822,566
Reserve for damaged or obsolete inventory	(192,000)	(192,000)
Total inventory, net of reserves	$ 443,721	$ 630,566

(10) PROPERTY AND EQUIPMENT

Property and equipment as of June 30, 2013 and September 30, 2012, were as follows:

	June 30, 2013	September 30, 2012
Equipment, software and tooling	$ 2,000,340	$ 1,981,936
Automobiles	33,466	33,466
Leasehold improvements	127,162	127,287
Furniture and fixtures	247,218	252,951
Total property and equipment before accumulated depreciation	2,408,186	2,395,640
Accumulated depreciation	(2,055,798)	(1,889,041)
Property and equipment, net of accumulated depreciation	$ 352,388	$ 506,599

Depreciation expense for the three months ended June 30, 2013 and 2012, was $54,581 and $91,803, respectively. Furthermore, depreciation expense for the nine months ended June 30, 2013 and 2012, was $182,658 and $286,151, respectively. Property and equipment to be disposed of is reported at the lower of the carrying amount or fair value, less the estimated costs to sell and any gains or losses are included in the results of operations. During the nine months ended June 30, 2013 and 2012, the Company disposed of property and equipment with a net book value of $2,033 and $214,566, respectively.

(11) MONITORING EQUIPMENT

Monitoring equipment as of June 30, 2013 and September 30, 2012, was as follows:

	June 30, 2013	September 30, 2012
Monitoring equipment	$ 3,686,213	$ 3,841,876
Less: accumulated depreciation	(1,572,572)	(669,929)
Monitoring equipment, net of accumulated depreciation	$ 2,113,641	$ 3,171,947

The Company began leasing monitoring equipment to agencies for offender tracking in April 2006 under operating lease arrangements. The monitoring equipment is amortized using the straight-line method over an estimated useful life of three years.

Depreciation expense for the three months ended June 30, 2013 and 2012, was $342,676 and $319,411, respectively. Furthermore, depreciation expense for the nine months ended June 30, 2013 and 2012, was $1,010,757 and $1,106,509, respectively. Additionally, as of June 30, 2013, the Company reserved $450,000 for future monitoring equipment impairment. These expenses were classified as a cost of revenues.

Assets to be disposed of are reported at the lower of the carrying amount or fair value, less the estimated costs to sell. During the nine months ended June 30, 2013 and 2012, the Company recorded in cost of revenues disposal of lease monitoring equipment and parts of $89,093 and $88,839, respectively.

(12) INTANGIBLE ASSETS

As of June 30, 2013, the Company had recorded intangible assets related to an agreement to redeem the royalty held by Borinquen Container Corporation ("Borinquen"), the acquisition of International Surveillance Services Corp. ("ISS") and a license agreement for the use of certain patents. The following table summarizes the balance of intangible assets as of June 30, 2013:

	Borinquen Container Corporation	International Surveillance Services Corp.	Patent	Total
Other intangible assets:				
Patent license agreement	$ -	$ -	$ 50,000	$ 50,000
Royalty agreement	11,616,984	5,003,583	-	16,620,567
Total intangible assets	11,616,984	5,003,583	50,000	16,670,567
Accumulated amortization	(515,676)	(500,358)	(18,983)	(1,035,017)
Intangible assets, net of accumulated amortization	$ 11,101,308	$ 4,503,225	$ 31,017	$ 15,635,550

Borinquen Container Corporation

On September 5, 2012, the Company entered into an agreement to redeem the royalty held by Borinquen pursuant to a royalty agreement dated July 1, 2011, as amended. Under the terms of the royalty, Borinquen had the right to receive 20 percent of net revenues derived within certain geographic territories.

On February 1, 2013, the Company completed the redemption of the royalty with Borinquen which was funded under a Loan and Security Agreement from Sapinda Asia Limited ("Sapinda Asia"), see Note 15. The Company capitalized the total cost of the royalty purchase commitment of $11,616,984, as a non-current asset and will amortize the asset over the remaining term of the royalty agreement, subject to periodic analysis for impairment based on future expected revenues. The Company will annually calculate the amortization based on the effective royalty rate and on the revenues in the geographic territory subject to the royalty. The Company's analysis will be based on such factors as historical revenue and expected revenue growth in the territory.

As of June 30, 2013, the Company had a balance of $11,616,984 of intangible assets, as noted in the table above. The Company recorded $157,697 and $515,676 of amortization expense on intangible assets for ISS during the three and nine months ended June 30, 2013, resulting in a total accumulated amortization of $515,676 and net other intangible assets of $11,101,308.

International Surveillance Services Corp.

Effective July 1, 2011, the Company entered into a stock purchase agreement and purchased all of the issued and outstanding shares of International Surveillance Services Corp. ("ISS"), a Puerto Rico corporation, to utilize the knowledge and connections of ISS in Central and South America and to acquire the rights to certain territorial commissions that were payable by the Company to ISS.

As of June 30, 2013, the Company had a balance of $5,003,583 of intangible assets, as noted in the table above. The Company recorded $62,546 and $187,634 of amortization expense on intangible assets for ISS during the three and nine months ended June 30, 2013, resulting in a total accumulated amortization of $500,358 and net other intangible assets of $4,503,225.

Patent License

On January 29, 2010, the Company and Satellite Tracking of People, LLC ("STOP") entered into a license agreement whereby STOP granted to the Company a non-exclusive license under U.S. Patent No. 6,405,213 and any and all patents issuing from continuation, continuation-in-part, divisional, reexamination and reissues thereof and along with all foreign counterparts, to make, have made, use, sell, offer to sell and import covered products in the Company's present and future business. The license will continue for so long as any of the licensed patents have enforceable rights. The license is not assignable or transferable except for sublicenses within the scope of the license to the Company's subsidiaries.

The Company paid $50,000 as consideration for the use of this patent. The Company recorded $1,389 and $4,167 of amortization expense for the patent during the three and nine months ended June 30, 2013, resulting in a total accumulated amortization relating to the patent of $18,983 and net intangible assets of $31,017.

(13) ACCRUED EXPENSES

Accrued expenses consisted of the following as of June 30, 2013 and September 30, 2012:

	June 30, 2013	September 30, 2012
Accrued royalties	$ 845,656	$ 641,446
Accrued taxes - foreign and domestic	655,678	262,440
Accrued interest	625,654	27,831
Accrued payroll, taxes and employee benefits	347,161	540,931
Accrued consulting	317,300	352,072
Accrued outside services	151,839	38,630
Accrued travel costs	85,756	-
Accrued settlement costs	82,000	50,000
Accrued board of directors fees	80,000	265,000
Accrued cellular costs	50,500	27,662
Accrued legal costs	47,779	14,628
Accrued warranty and manufacturing costs	30,622	30,622
Accrued other expenses	16,711	183,722
Accrued cost of revenues	-	4,467
Total accrued expenses	$ 3,336,656	$ 2,439,451

(14) DEBT OBLIGATIONS

Debt obligations as of June 30, 2013 and September 30, 2012, consisted of the following:

	June 30, 2013	September 30, 2012
Settlement liability from patent infringement suit and countersuit settled in February 2010. The liability was paid in March 2013.	$ -	$ 200,000
Note issued in connection with the acquisition of a subsidiary and matures in December 2014.	76,586	94,459
Capital leases with effective interest rates that range between 8.51% and 17.44%. Leases mature between August 2013 and November 2015. $154,410 was assumed through the sale of Midwest Monitoring & Surveillance, Inc. to its former owners.	68,870	118,098
Automobile loan with a financial institution secured by the vehicle. Interest rate is 7.06%, due June 2014. $125,614 was assumed through the sale of Midwest Monitoring & Surveillance, Inc.to its former owners.	7,090	12,274
Total debt obligations	152,546	424,831
Less current portion	(90,617)	(339,151)
Long-term debt, net of current portion	$ 61,929	$ 85,680

(15) RELATED-PARTY TRANSACTIONS

The Company entered into certain transactions with related parties during the nine months ended June 30, 2013. These transactions consist mainly of financing transactions and consulting arrangements. Transactions with related parties are reviewed and approved by the independent members of the Board of Directors.

Royalty Agreement, Loan and Security Agreement and Revolving Loan

On August 4, 2011, with an effective date of July 1, 2011, the Company entered into an agreement (the “Royalty Agreement”) with Borinquen (see Note 12) to purchase ISS in consideration of 310,000 shares of our common stock, valued at the market price on the date of the Royalty Agreement at $16.40 per share, or $5,084,000, and the grant to Borinquen of the royalty in the amount of 20 percent of the Company’s net revenues from the sale or lease of monitoring devices and monitoring services within a territory comprised of South and Central America, the Caribbean, Spain and Portugal, for a term of 20 years (see Note 12). The royalty payments were due quarterly through June 30, 2031. In the event the Company failed to make the royalty payments, in cash or in shares of common stock, at its discretion, the royalty rate would increase to 50 percent in certain portions of the territory, and 30 percent in others.

On September 5, 2012, the Company entered into an agreement to redeem the royalty with Borinquen. On December 3, 2012, the Company entered into the Loan and Security Agreement (the “Loan”) with Sapinda Asia whereby Sapinda Asia agreed to loan to the Company $16,640,000 at a rate of 8 percent interest per annum. As a condition to the Loan, the Company appointed to the Board of Directors, Guy Dubois, a representative of Tetra House Pte.

The Loan contains the following covenants:

1) SecureAlert shall provide to the director representing Tetra House Pte. a monthly cash flow report for each month throughout the term of this Loan showing the anticipated use of all loan proceeds and other cash outlays. After the conversion of the outstanding principal, accrued and unpaid interest and fees under the Loan into shares of SecureAlert’s Common Stock, Sapinda Asia shall have a right to require that all of the SecureAlert’s excess cash flow available after the payment of normal operating expenses and scheduled capital expenditures be applied to prepay the Loan without penalty.

2) SecureAlert shall provide to the director representing Tetra House Pte. a rolling twelve (12) months profit and loss and cash flow projections.

3) Each schedule and/or report required herein shall be updated monthly by SecureAlert and delivered to the director representing Tetra House Pte. no later than the twenty-fifth (25th) calendar day of each month.

4) SecureAlert covenants and agrees that it shall not enter into any convertible loan agreement, debenture or other agreement providing for the issuance of new shares of SecureAlert's Common Stock at a price lower than the conversion price without the consent of Sapinda Asia.

Upon the occurrence of any one or more broken covenant outlined above or any other event of default, Sapinda Asia shall provide written notice of such event of default to SecureAlert who shall have thirty (30) days to cure such event(s) of default.

Sapinda Asia failed to timely fund under the terms of the Loan. Sapinda Asia incurred penalties of $5,000 per day, payable to the Company, until the Loan was fully funded. As of March 31, 2013, the Company recorded a receivable of $245,000 from Sapinda Asia for the incurred penalties pursuant to the Loan. Subsequent to June 30, 2013, the Company entered into an acknowledgement and agreement with Sapinda Asia whereby the Company agreed to waive the penalties and any other “out of pocket” expenses owed by Sapinda Asia under the Loan and Sapinda Asia acknowledges that it is not owed an origination fee. Both Parties have also agreed to accelerate the conversion of the loan to reduce the accumulation of interest debt under the Loan. Sapinda Asia commits and is bound to convert all principal and accrued interest under the Loan into common stock of the Company no later than 15 calendar days following the effective date of a registration statement with the Securities and Exchange Commission to register such shares, which the Company has agreed to file in a timely manner.

On February 1, 2013, the Company, Sapinda Asia and Borinquen entered into a Settlement and Royalty and Share Buy Back to complete the repurchase of the royalty ($11,616,982) and to pay accrued royalty expenses ($1,383,018) for a total payment of $13,000,000. The Company borrowed a total of $16,700,000 from Sapinda Asia. Of the $16,700,000, the Company used $13,000,000 toward the redemption of the royalty and to pay off accrued royalty fees and $3,700,000 for operating capital. The Loan is due on August 14, 2014. As a condition to the Loan, Sapinda Asia required the Company to name a nominee from Tetra House Pte. Ltd. (Guy Dubois) to its Board of Directors and to conduct an exchange offer to retire the Series D Preferred Stock. As of March 1, 2013, both of these conditions were met. Sapinda Asia has the right to convert the Loan principal and accrued interest into common stock at a rate of $4.50 per share, beginning March 1, 2013. The Loan is secured by all of the intellectual property and other assets of the Company.

The Company capitalized the total cost of the royalty purchase commitment of $11,616,984, as a non-current asset and will amortize the asset over the remaining term of the royalty agreement, subject to periodic analysis for impairment based on future expected revenues. The Company will annually calculate the amortization based on the effective royalty rate and on the revenues in the geographic territory subject to the royalty. The Company’s analysis will be based on such factors as historical revenue and expected revenue growth in the territory. The Company recorded $515,676 of amortization expense during the nine months ended June 30, 2013, resulting in a net intangible asset of $11,101,308.

On February 1, 2013, SecureAlert entered into a revolving loan agreement with Sapinda Asia wherein the Company may borrow up to $1,200,000 at an interest rate of 3 percent per annum for unused funds and 10 percent per annum for borrowed funds. As of June 30, 2013, no advances have been made under this loan. The loan terminates on June 30, 2014. As of June 30, 2013, the Company has accrued $14,795 in interest liability on this loan.

Related-Party Service Agreement

Subsequent to June 30, 2013, the Company entered into an agreement with Paranet, LLC to provide the following primary services: 1) procurement of hardware and software necessary to ensure that the Company’s vital databases are available in the event of a disaster (backup and disaster recovery system) and 2) ensure the security of all data and the integrity of such data of the Company against all loss of data, misappropriation of data by Paranet, its employees and affiliates and shall guarantee the Company that no unauthorized person or entity shall gain access to such data, wherever such data is located.

The Company agreed to pay Paranet $4,500 per month for this service which can be terminated by either party for any reason upon ninety (90) days written notice by either party. The agreement is considered a related-party service agreement because a Company director and member of the Company’s executive committee is also the Chief Executive Officer of Paranet, LLC.

Related-Party Notes Payable

	June 30, 2013	September 30, 2012
Note payable in connection with the redemption of a royalty agreement for $10,768,555. The note required installment payments and was paid off by the proceeds of the Loan as discussed under Note 15.	$ -	$ 10,050,027
Note payable in connection with the purchase of the remaining ownership of Court Programs, Inc., interest at 12% per annum, with monthly payments of $10,000. This note was assumed through the sale of Court Programs, Inc.	-	46,693
The Company received $500,000 from Mr. Derrick, a shareholder and former officer. This was converted into 111,112 shares of common stock.	-	500,000
Convertible debenture with an interest rate of 8% per annum. The debenture matured December 17, 2012 and was secured by the domestic patents of the Company. The debenture and accrued interest was converted into 117,784 shares of common stock.	-	500,000
Convertible debenture with an interest rate of 8% per annum. The debenture matured December 17, 2012 and was secured by the domestic patents of the Company. The debenture and accrued interest was converted into 472,548 shares of common stock.	-	2,000,000
The Company received $16,700,000 through the issuance of a convertible debenture with an interest rate of 8% per annum. The debenture matures on June 17, 2014. This debenture may convert into shares of common stock at a rate of $4.50 per share. A debt discount of $14,566,667 and $633,333, respectively, was recorded to reflect a beneficial conversion feature. As of June 30, 2013, the remaining debt discount was $10,765,986.	5,934,012	1,288,693
Total related-party debt obligations	5,934,012	14,385,413
Less current portion	-	(12,654,701)
Long-term debt, net of current portion	$ 5,934,012	$ 1,730,712

(16) PREFERRED STOCK

The Company is authorized to issue up to 20,000,000 shares of preferred stock, $0.0001 par value per share. The Company's Board of Directors has the authority to amend the Company's Articles of Incorporation, without further shareholder approval, to designate and determine, in whole or in part, the preferences, limitations and relative rights of the preferred stock before any issuance of the preferred stock and to create one or more series of preferred stock.

Series D Convertible Preferred Stock

On July 27, 2011, the Company amended its Articles of Incorporation and increased the total designated shares of Series D Preferred stock from 70,000 to 85,000 shares. During the nine months ended June 30, 2013, the Company did not issue any Series D Preferred stock.

<u>Dividends</u>

The Series D Preferred stock is entitled to dividends at the rate equal to 8 percent per annum calculated on the purchase amount actually paid for the shares or amount of debt converted. The dividend is payable in cash or shares of common stock at the sole discretion of the Board of Directors. If a dividend is paid in shares of common stock of the Company, the number of shares to be issued is based on the average per share market price of the common stock for the 14-day period immediately preceding the applicable accrual date (i.e., March 31, June 30, September 30, or December 31, as the case may be). Dividends are payable quarterly, no later than 30 days following the end of the accrual period. During the nine months ended June 30, 2013, the Company issued 181,033 shares of common stock to pay $1,654,673 of accrued dividends on the Series D Preferred stock earned. Subsequent to June 30, 2013, the Company issued 799 shares of common stock to pay $9,325 of accrued dividends on Series D Preferred stock earned during the three months ended June 30, 2013.

Convertibility
Each share of Series D Preferred stock may be converted into 30 shares of common stock, commencing after ninety days from the date of issue.

In February 2013, and as a condition to a loan agreement, the Company conducted an exchange offer ("Exchange Offer") of Series D Preferred stock in order to simplify the capitalization structure. The Exchange Offer was conditioned upon at least 90 percent of the cumulative original issue price paid for all of the issued and outstanding shares of Series D Preferred stock. The shareholders were entitled to exchange their shares of Series D Preferred at a premium over the current conversion rate of 30 shares of common stock per Series D Preferred share as follows: 15 shares for each $1,000 of original price paid, 10 shares for each $676 of original price paid, and 8 shares for each $500 of original price paid. Under the Exchange Offer, 46,095 shares of Series D Preferred stock converted into 1,828,283 shares of common stock.

During the nine months ended June 30, 2013, a total of 48,295 shares of Series D Preferred stock (including shares exchanged for common stock in the Exchange Offer) were converted into 1,894,283 shares of common stock. As of June 30, 2013 and September 30, 2012, there were 468 and 48,763 Series D Preferred shares outstanding, respectively.

Voting Rights and Liquidation Preference
The holders of the Series D Preferred stock may vote their shares on an as-converted basis on any issue presented for a vote of the shareholders, including the election of directors and the approval of certain transactions such as a merger or other business combination of the Company. For the periods ended June 30, 2013 and September 30, 2012, there were 468 and 48,763 shares of Series D Preferred stock outstanding with voting rights equivalent to 14,040 and 1,462,890 shares of common stock, respectively.

Additionally, the holders are entitled to a liquidation preference equal to their original investment amount. In the event of the liquidation, dissolution or winding up of the affairs of the Company (including in connection with a permitted sale of all or substantially all of the Company's assets), whether voluntary or involuntary, the holders of shares of Series D Preferred stock then outstanding will be entitled to receive, out of the assets of the Company available for distribution to its shareholders, an amount per share equal to original issue price, as adjusted to reflect any stock split, stock dividend, combination, recapitalization and the like with respect to the Series D Preferred stock.

Series D Preferred Stock Purchase Warrants
As of June 30, 2013 and September 30, 2012, the Company had warrants outstanding for the purchase of 5,400 shares of Series D Preferred stock at an exercise price of $16.67 per share. The warrants were issued in connection with a subscription to purchase Series D Preferred stock which expire beginning in November 2013 and ending July 2016.

(17) COMMON STOCK

Authorized Shares

The Company held an Annual Shareholders meeting on February 28, 2013, at which time the shareholders approved a reverse stock split at a ratio of 200 for 1 and amended the total authorized shares of common stock to 15,000,000 shares. The effect of the reverse stock split has been reflected throughout these financial statements.

Common Stock Issuances

During the nine months ended June 30, 2013, the Company issued the following shares of common stock: 1,894,283 from the exchange or conversion of 48,295 shares of Series D Preferred stock, 701,444 shares from the conversion of $3,156,493 of debt and accrued interest, 181,033 shares to pay $1,654,673 of accrued dividends on Series D Preferred stock, 16,266 shares for services valued at $71,979, 2,981 shares issued to pay accrued board of director fees valued at $37,500, and 3,805 shares for commissions valued at $34,245. Subsequent to June 30, 2013, the Company issued 799 shares of common stock as payment of dividends on Series D Preferred stock for the 3rd fiscal quarter ended June 30, 2013.

(18) STOCK OPTIONS AND WARRANTS

Stock Incentive Plan

At the annual meeting of shareholders on December 21, 2011, the shareholders approved the 2012 Equity Compensation Plan (the "2012 Plan"), which had previously been adopted by the Board of Directors of the Company. The 2012 Plan provides for the grant of incentive stock options and nonqualified stock options, restricted stock, stock appreciation rights, performance shares, performance stock units, dividend equivalents, stock payments, deferred stock, restricted stock units, other stock-based awards and performance-based awards to employees and certain non-employees who have important relationships with the Company. A total of 90,000 shares are authorized for issuance pursuant to awards granted under the 2012 Plan. During the nine months ended June 30, 2013 and 2012, 0 and 30,000 options were issued under this 2012 Plan, respectively. As of June 30, 2013, 60,000 shares of common stock were available for future grants under the 2012 Plan.

For the nine months ended June 30, 2013 and 2012, the Company calculated compensation expense of $22,032 and $199,755, respectively, related to the vesting of stock options previously granted under Company stock incentive plans in prior years. Compensation expense associated with unvested stock options and warrants of $7,644 will be recognized over the fiscal year ending September 30, 2013.

All Options and Warrants

The fair value of each stock option and warrant grant is estimated on the date of grant using the Black-Scholes option-pricing model. The Company granted warrants to purchase 129,649 and 54,500 shares of common stock during the nine months ended June 30, 2013 and 2012, respectively. The Company recorded $399,751 and $1,472,732 of expense for the nine months ended June 30, 2013 and 2012, respectively, related to the issuance, vesting and re-pricing of all stock options and warrants. As of June 30, 2013, $7,644 of compensation expense associated with unvested stock options and warrants issued previously to employees and $71,250 of expense associated with unvested warrants issued previously to board members will be recognized over the remaining fiscal year. The option and warrant grants for nine months ended June 30, 2013 and 2012 were valued using the Black-Scholes model with the following weighted-average assumptions:

	Nine Months Ended June 30,	
	2013	2012
Expected cash dividend yield	-	-
Expected stock price volatility	108%	95%
Risk-free interest rate	0.15%	0.36%
Expected life of options/warrants	2 years	2 years

The expected life of stock options (warrants) represents the period of time that the stock options or warrants are expected to be outstanding based on the simplified method allowed under GAAP. The expected volatility is based on the historical price volatility of the Company's common stock. The Company changed from a daily volatility calculation for the nine months ended June 30, 2012 to a weekly volatility for the nine months ended June 30, 2013. The risk-free interest rate represents the U.S. Treasury bill rate for the expected life of the related stock options (warrants). The dividend yield represents the Company's anticipated cash dividends over the expected life of the stock options (warrants).

A summary of stock option activity for the nine months ended June 30, 2013 is presented below:

	Shares Under Option/ Warrant	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life	Aggregate Intrinsic Value
Outstanding as of September 30, 2012	336,782	$ 28.00		
Granted	129,651	$ 10.79		
Expired / Cancelled	(29,000)	$ 60.01		
Outstanding as of June 30, 2013	437,433	$ 20.59	1.57 years	$ 506,361
Exercisable as of June 30, 2013	377,064	$ 22.19	1.54 years	$ 214,560

Subsequent to June 30, 2013, the Company granted warrants to purchase 14,286 shares of common stock for two years with an exercise price of $14.70 per share, valued on July 1, 2013 the date of the grant, to board members and valued at $82,715. These warrants are fully vested.

(19) CHANGES IN EQUITY

A summary of the composition of equity of the Company as of June 30, 2013, and the changes during the nine months then ended is presented in the following table:

	Total Equity
Balance at September 30, 2012	$ 4,427,137
Issuance of common stock for:	
Dividends from Series D Preferred stock	1,654,673
Services	143,724
Debt	3,156,493
Fractional shares disposed due to reverse stock split	(1,996)
Issuance of warrants to a director for services rendered	318,344
Vesting of stock options and warrants	81,407
Series D Preferred dividends	(1,033,470)
Beneficial conversion feature related to convertible debenture	15,349,074
Net loss	(6,194,027)
Balance at June 30, 2013	$ 17,901,359

(20) COMMITMENTS AND CONTINGENCIES

Legal Matters

Lazar Leybovich et al v. SecureAlert, Inc. On March 29, 2012, Lazar Leybovich, Dovie Leybovich and Ben Leybovich filed a complaint in the 11th Circuit Court in and for Miami-Dade County, Florida alleging breach of contract with regard to certain stock redemption agreements with the Company. The complaint was subsequently withdrawn by the plaintiffs. An amended complaint was filed by the plaintiffs on November 15, 2012. The Company believes these allegations are inaccurate and intends to defend the case vigorously. The Company has not accrued any potential loss as the probability of incurring a material loss is deemed remote by management, after consultation with outside legal counsel.

Camacho Melendez et al v. Commonwealth of Puerto Rico and International Surveillance Services Corporation. On April 24, 2012 the plaintiffs filed suit against the Commonwealth of Puerto Rico and ISS, claiming negligence by ISS and the government of the Commonwealth of Puerto Rico resulting in the death of a woman. The complaint seeks damages of $2,110,000. The Company is in discussions with the government of the Commonwealth of Puerto Rico to resolve this matter and to obtain a complete release of all claims; the Company expects to finalize this matter before the end of the fiscal year.

Integratechs v. SecureAlert, Inc. On March 14, 2013, Integratechs, Inc., filed a suit in the Fourth Judicial District Court of Utah County, claiming the Company breached a contract for computer services and intentionally interfered with its economic relations. The Company believes the allegations are inaccurate and will defend the case vigorously.

Christopher P. Baker v. SecureAlert, Inc. In February 2013, Mr. Baker filed suit against the Company in the Third Judicial District Court in and for Salt Lake County, State of Utah. Mr. Baker asserts that the Company breached a 2006 consulting agreement with him and claims damages of not less than $210,000. The Company disputes plaintiff's claims and will defend the case vigorously.

(21) DISCONTINUED OPERATIONS

SecureAlert entered into a Stock Purchase Agreement with certain of the former principals of its wholly-owned subsidiary, Midwest Monitoring & Surveillance, Inc. ("Midwest") whereby they purchased from the Company all of the issued and outstanding capital stock of Midwest. The agreement was effective as of October 1, 2012. Additionally, the Company entered into a Stock Purchase Agreement to sell to a former principal all of the issued and outstanding stock of Court Programs Inc. ("Court Programs"), effective January 1, 2013. Midwest and Court Programs were components of the Company's consolidated entity, and as a result of the sale of these entities, these financial statements include the applicable discontinued operations reporting treatment.

The following is a summary of the assets and liabilities of Midwest and Court Programs reported as discontinued operations for the June 30, 2013 and September 30, 2012 periods:

	June 30, 2013	September 30, 2012
Current assets:		
Cash	$ -	$ 237,082
Accounts receivable, net of allowance for doubtful accounts	-	452,841
Note receivable	-	81,389
Prepaid expenses and other assets	-	218,593
Total current assets	$ -	$ 989,905
Non-current assets:		
Property and equipment, net of accumulated depreciation	$ -	$ 170,894
Monitoring equipment, net of accumulated amortization	-	153,163
Deposits	-	9,218
Goodwill	-	375,000
Intangible assets, net of accumulated amortization	-	125,617
Total non-current assets	$ -	$ 833,892
Current liabilities:		
Accounts payable	$ -	$ 614,557
Accrued liabilities	-	561,611
Deferred revenue	-	67,613
Current portion of long-term related-party debt	-	138,602
Current portion of long-term debt	-	295,067
Total current liabilities	$ -	$ 1,677,450
Long-term liabilities:		
Long-term portion of related-party debt	-	-
Long-term portion of debt	-	364,270
Total long-term liabilities	$ -	$ 364,270

The following is a summary of the operating results of discontinued operations for the nine months ended June 30, 2013 and 2012:

	Three Months Ended June 30,		Nine Months Ended June 30,	
	2013	2012	2013	2012
Revenues	$ -	$ 1,794,133	$ 477,298	$ 5,135,887
Cost of revenues	-	(1,105,363)	(163,487)	(3,102,773)
Gross profit	-	688,770	313,811	2,033,114
Selling, general and administrative	-	(911,802)	(319,976)	(2,166,014)
Income from operations	-	(223,032)	(6,165)	(132,900)
Other income	-	(22,946)	(295)	(45,715)
Net loss from discontinued operations	$ -	$ (245,978)	$ (6,460)	$ (178,615)

(22) SUBSEQUENT EVENTS

The Company evaluated subsequent events through the date the accompanying consolidated financial statements were issued. Subsequent to June 30, 2013, the following events occurred:

1) 799 shares of common stock were issued for the 3rd fiscal quarter Series D Preferred stock dividends, valued at $9,325.

2) Warrants to purchase 14,286 shares of common stock for two years with an exercise price of $14.70 per share, valued on July 1, 2013 the date of the grant, were issued to board members and valued at $82,715. These warrants are fully vested at date of issuance.

3) 680 shares of common stock were issued to a board member for payment of services rendered from March 2013 through June 30, 2013, valued at $10,000.

4) The Company entered into a related-party service agreement to provide a backup and disaster recovery system and other services (see Note 15).

5) The Company entered into an acknowledgement and agreement with Sapinda Asia whereby the Company agreed to waive the penalties and any other “out of pocket” expenses owed by Sapinda Asia under the Loan and Sapinda Asia acknowledges that it is not owed an origination fee. Both Parties have also agreed to accelerate the conversion of the loan to reduce the accumulation of interest debt under the Loan. Sapinda Asia commits and is bound to convert all principal and accrued interest under the Loan into common stock of the Company no later than 15 calendar days following the effective date of a registration statement with the Securities and Exchange Commission to register such shares, which the Company has agreed to file in a timely manner.

Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations

Forward-looking Statements

This Report contains information that constitutes “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995 and Section 21E of the Securities Exchange Act of 1934 (“Exchange Act”). Generally, the statements contained in this Quarterly Report on Form 10-Q that are not purely historical can be considered to be “forward-looking statements.” These statements represent our expectations, hopes, beliefs, anticipations, commitments, intentions, and strategies regarding the future. They may be identified by the use of words or phrases such as “believes,” “expects,” “intends,” “anticipates,” “should,” “plans,” “estimates,” “projects,” “potential,” and “will,” among others. Forward-looking statements include, but are not limited to, statements contained in Management’s Discussion and Analysis of Financial Condition and Results of Operations regarding our financial performance, revenue, and expense levels in the future and the sufficiency of our existing assets to fund future operations and capital spending needs. We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. In addition, forward-looking statements are subject to certain risks and uncertainties that could cause actual results to differ materially from our historical experience and our present expectations or projections. These risks and uncertainties include, but are not limited to, those described in “Risk Factors” in our most recent Annual Report on Form 10-K, and those described from time to time in our reports filed with the SEC.

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with the unaudited condensed consolidated financial statements and notes thereto that are contained in this Report, as well as Management’s Discussion and Analysis of Financial Condition and Results of Operations in our Annual Report on Form 10-K, for the fiscal year ended September 30, 2012, and Current Reports on Form 8-K that have been filed with the SEC through the date of this Report. Except as otherwise indicated, as used in this Report, the terms “the Company,” “SecureAlert,” “we,” “our,” “us,” refer to SecureAlert, Inc., a Utah corporation.

Explanatory Note

On February 28, 2013, our shareholders approved a reduction of our authorized capital stock and a reverse split reducing the number of issued and outstanding shares of common stock. The reverse split also affected the number of shares issuable upon exercise of outstanding derivative securities and convertible debt instruments issued by the Company. Share and per share information for the period covered by this report and for prior periods has been retroactively adjusted in this report to reflect the effects of a 200 for 1 reverse stock split of the common stock effective as of March 25, 2013.

General

We market and deploy offender management programs, combining patented GPS tracking technologies, fulltime 24/7/365 intervention-based monitoring capabilities and case management services. Our vision is to be the global market leader for delivering the most reliable offender management solutions, which leverage superior intervention capabilities and integrated communication technologies. We believe that we currently deliver the only offender management technology, which effectively integrates GPS, RF and an interactive 3-way voice communication system into a single piece device, deployable worldwide. Through our patented electronic monitoring technologies and services, we empower law enforcement, corrections and rehabilitation professionals with offender, defendant, probationer and parolee programs, which grant convicted criminals and pre-trial suspects an accountable opportunity to be “free from prison”. This provides for greater public safety at a lower cost compared to incarceration or traditional resource-intensive alternatives.

Strategy

Our global growth strategy is to empower worldwide national security officials, law enforcement, corrections departments and rehabilitation professionals with sole-sourced offender management solutions, which integrate reliable intervention technologies supporting re-socialization or mandated monitoring initiatives. The use of our interactive services and intervention products is intended to provide law enforcement and judiciaries alike, with the ability to provide offenders a level of unmatched “real-time” accountability, while preserving public safety costs that are lower than with the cost of traditional incarceration or other transitional service offerings.

We intend to accomplish our global strategy through the “value-driven” yet profitable deployment of a portfolio of proprietary and non-proprietary GPS/RF real-time monitoring and intervention products and services, which can also include alcohol and drug tracking and testing on behalf of corrections, probation, law enforcement and rehabilitation personnel worldwide, all in support of offender reformation, re-socialization and recidivism reduction initiatives.

Our exclusive portfolio of products and services balances the need to dynamically track and monitor offenders with the opportunity to positively encourage and transform offenders, with the aim of reducing recidivism rates through our proprietary C.A.R.E programs and client-adapted initiatives.

We will continue to innovate, develop and deploy adaptive, cost-effective and reliable interactive technologies, which meet the ever-changing needs of our global clients, while providing value-driven and enhanced public safety services. Our goal is to continue to manufacture proprietary technologies, while also procuring complementary, best-in-class technologies through world-class companies such as Alcohol Monitoring Services (AMS), which markets SCRAM continuous alcohol monitoring devices and/or 3M, which markets the E3 Presence Monitoring, MEMS Alcohol Monitoring and TRaCE Inmate Tracking products.

In summary, SecureAlert is committed to delivering a superior proprietary and non-proprietary portfolio of reliable, intervention monitoring products and services for the global offender management marketplace, where we are currently targeting pilots and deployments throughout the world in various regions. We have shown meaningful international growth since fiscal year 2010, and we anticipate that we will continue to look for opportunities within these areas.

Critical Accounting Policies

In Note 2 to the consolidated financial statements for the fiscal year ended September 30, 2012 included in our Form 10-K, we discuss those accounting policies that are considered to be significant in determining our results of operations and financial position.

The preparation of financial statements requires management to make significant estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses. By their nature, these judgments are subject to an inherent degree of uncertainty. We assess the reasonableness of our estimates, including those related to bad debts, inventories, intangible assets, warranty obligations, product liability, revenue, and income taxes. We base our estimates on historical experience as well as available current information on a regular basis. Management uses this information to form the basis for making judgments about the carrying value of assets and liabilities. Actual results may differ from these estimates under different assumptions or conditions.

Results of Operations

Continuing Operations - Three months ended June 30, 2013, compared to three months ended June 30, 2012

Revenues

For the three months ended June 30, 2013, we had revenues from operations of $2,685,214, compared to $2,999,706 for the three months ended June 30, 2012, a decrease of $314,492 (11 percent). Of these revenues, $2,520,185 and $2,848,096, respectively, were from monitoring and other related services, a decrease of $327,911 (12 percent). For the three months ended June 30, 2013, international revenue was $795,157, compared to $1,187,118 for the three months ended June 30, 2012, a decrease of $391,961 (33 percent); the decrease in total revenues resulted from the completion of a contract with an international customer. The Company is working on an extension with this customer.

Product revenues increased $13,419 (9 percent) from $151,610 for the three months ended June 30, 2012, to $165,029 for the three months ended June 30, 2013.

Cost of Revenues

During the three months ended June 30, 2013, cost of revenues totaled $1,595,651, compared to cost of revenues during the three months ended June 30, 2012 of $1,520,340, an increase of $75,311. The increase in cost of revenues in 2013 resulted primarily from increases of $150,000 in impairment of equipment offset by decreases in royalties of $115,482.

Depreciation for the three months ended June 30, 2013 and 2012 totaled $342,675 and $274,190, respectively. Depreciation costs are based on a three-year useful life for TrackerPAL® and ReliAlert™ devices. Devices that are leased or retained by us for future deployment or sale are depreciated over three years. We believe this three-year life is appropriate due to rapid changes in electronic monitoring technology and the corresponding potential for obsolescence. Management periodically assesses the useful life of the devices for appropriateness.

We expect the cost of revenues as a percentage of revenues to decrease in the foreseeable future due to (a) economies of scale realized through projected increases in revenues, and (b) further development of our proprietary software, enabling each operator to monitor more devices resulting in lower monitoring center costs.

Gross Profit and Margin

During the three months ended June 30, 2013, gross profit totaled $1,089,563, or 41 percent of net revenues, compared to $1,479,366, or 49 percent of net revenues during the three months ended June 30, 3012. The decrease in gross profit margin resulted from the completion of a contract with an international customer. The Company is working on an extension with this customer.

Research and Development Expenses

During the three months ended June 30, 2013, we incurred research and development expenses of $269,072 compared to research and development expenses for the three months ended June 30, 2012 totaling $310,810, a decrease of $41,738. These research and development costs were incurred to improve efficiency in the software, firmware and hardware of our products and services.

Selling, General and Administrative Expenses

During the three months ended June 30, 2013, our selling, general and administrative expenses totaled $2,075,796, compared to $4,494,197 for the three months ended June 30, 2012. The decrease of $2,418,401 primarily resulted from a reduction of consulting expense ($2,531,788); payroll expense ($267,617) and legal expenses ($163,278), offset by an increase in international taxes ($542,443).

Other Income and Expense

For the three months ended June 30, 2013, interest expense was $2,737,220, compared to $654,426 for the three months ended June 30, 2012. This increase in interest expense includes non-cash expenses of $2,390,915 and $602,729, respectively, related primarily to the amortization of debt discount in connection with convertible debentures that were issued from February 2012 to February 2013.

Net Loss

We had a net loss from continuing operations for the three months ended June 30, 2013 totaling $4,132,763, compared to a net loss of $3,901,931 for the three months ended June 30, 2012. This increase of $230,832 in net loss is due primarily to increases in non-cash interest expense.

Discontinued Operations - Three months ended June 30, 2013, compared to three months ended June 30, 2012

We sold all of the issued and outstanding capital stock of our wholly owned subsidiary, Midwest, to the former principals of Midwest under an agreement dated effective October 1, 2012. Midwest was a component of our consolidated entity, and the divestiture of our ownership in Midwest requires discontinued operations reporting treatment.

We also sold to the former principal of our wholly owned subsidiary, Court Programs, Inc. and its related affiliates, all of the issued and outstanding capital stock of those entities under an agreement effective January 1, 2013. Court Programs, Inc. and its affiliates were a component of our consolidated entity, and our sale of these entities requires discontinued operations reporting treatment.

A summary of the operating results of discontinued operations for the three months ended June 30, 2013 and 2012 is as follows:

	Three Months Ended June 30,	
	2013	**2012**
Revenues	$ -	$ 1,794,133
Cost of revenues	-	(1,105,363)
Gross profit	-	688,770
Selling, general and administrative	-	(911,802)
Income from operations	-	(223,032)
Other income	-	(22,946)
Net loss from discontinued operations	$ -	$ (245,978)

Continuing Operations – Nine months ended June 30, 2013, compared to nine months ended June 30, 2012

Revenues

For the nine months ended June 30, 2013, we had revenues from operations of $13,081,610, compared to $10,116,610 for the nine months ended June 30, 2012, an increase of $2,965,000 (29 percent). Of these revenues, $12,617,534 and $8,572,595 were from monitoring and other related services, an increase of $4,044,939 (47 percent). The increase was primarily attributed to an increase in international monitoring of $3,776,862 for the nine months ended June 30, 2013, compared to the same period ended in 2012.

Product revenues decreased $1,079,939 (70 percent) from $1,544,015 for the nine months ended June 30, 2012 to $464,076 for the nine months ended June 30, 2013. The decrease is attributed to one-time revenues of $1,071,983 recognized in 2012 in connection with the development of a charging solution for an international customer.

Cost of Revenues

During the nine months ended June 30, 2013, cost of revenues totaled $6,617,239, compared to cost of revenues during the nine months ended June 30, 2012 of $5,035,758, an increase of $1,581,481. The increase in cost of revenues resulted primarily from increases of $764,000 in royalties, $450,000 in impairment of equipment and $505,775 in costs in connection with the development of a charging solution for an international customer.

Depreciation for the nine months ended June 30, 2013 and 2012 totaled $1,009,089 and $987,863, respectively. Depreciation costs are based on a three-year useful life for TrackerPAL® and ReliAlert™ devices. Devices that are leased or retained by us for future deployment or sale are amortized over three years. We believe this three-year life is appropriate due to rapid changes in electronic monitoring technology and the corresponding potential for obsolescence. Management periodically assesses the useful life of the devices for appropriateness.

We expect the cost of revenues as a percentage of revenues to decrease in the foreseeable future due to (a) economies of scale realized through projected increases in revenues, and (b) further development of our proprietary software, enabling each operator to monitor more devices resulting in lower monitoring center costs.

Gross Profit and Margin

During the nine months ended June 30, 2013, gross profit totaled $6,464,371, or 49 percent of net revenues, compared to $5,080,852, or 50 percent of net revenues during the nine months ended June 30, 2012, an improvement of $1,383,519, due to higher net revenues.

Research and Development Expenses

During the nine months ended June 30, 2013, we incurred research and development expenses of $668,269 compared to research and development expenses for the nine months ended June 30, 2012 totaling $987,215. These research and development costs were incurred to improve efficiency in the software, firmware and hardware of our products and services.

Selling, General and Administrative Expenses

During the nine months ended June 30, 2013, our selling, general and administrative expenses totaled $6,238,783, compared to $10,838,842 for the nine months ended June 30, 2012. The decrease of $4,600,059 is primarily the result of reductions in consulting expense ($3,551,188); legal and professional fees ($389,404); and payroll expense ($599,151), offset by an increase in international taxes ($195,842).

Other Income and Expense

For the nine months ended June 30, 2013, interest expense was $5,939,171, compared to $992,334 for the nine months ended June 30, 2012. This increase in interest expense includes non-cash expenses of $5,194,397 and $592,482 related to the amortization of debt discount in connection with convertible debentures that were issued from February 2012 to February 2013.

Net Loss

We had a net loss from continuing operations for the nine months ended June 30, 2013 totaling $6,612,386, compared to a net loss of $7,551,159 for the nine months ended June 30, 2012. This decrease in net loss of $938,773 is due primarily to a decrease in a beneficial conversion feature recorded as non-cash interest expense.

Discontinued Operations - Nine months ended June 30, 2013, compared to nine months ended June 30, 2012

Effective October 1, 2012, we sold all of the issued and outstanding capital stock of our subsidiary, Midwest, to the former principals of Midwest. Because Midwest was a component of our consolidated entity, this sale requires discontinued operations reporting treatment of the Midwest operations.

We also sold to the former principal of our wholly owned subsidiary, Court Programs, Inc., all of the issued and outstanding capital stock of Court Programs, Inc. and its affiliated entities, effective January 1, 2013. Because these entities were a component of our consolidated entity, this sale requires discontinued operations reporting treatment of their operations.

A summary of the operating results of discontinued operations for the nine months ended June 30, 2013 and 2012 is as follows:

	Nine Months Ended June 30,	
	2013	**2012**
Revenues	$ 477,298	$ 5,135,887
Cost of revenues	(163,487)	(3,102,773)
Gross profit	313,811	2,033,114
Selling, general and administrative	(319,976)	(2,166,014)
Loss from operations	(6,165)	(132,900)
Other income	(295)	(45,715)
Net loss from discontinued operations	$ (6,460)	$ (178,615)

Liquidity and Capital Resources

During the nine months ended June 30, 2013, we were able to finance our business from cash flows in part from operating activities. During the nine months ended June 30, 2013, we supplemented cash flows to finance our business from the sale and issuance of related-party notes payable, providing net cash proceeds from financing activities of $2,512,112.

As of June 30, 2013, we had unrestricted cash of $4,030,960 and working capital of $5,715,346, compared to unrestricted cash of $458,029 and a working capital deficit of $13,600,345 as of September 30, 2012. For the nine months ended June 30, 2013, our operating activities provided cash of $1,438,750 compared to $1,894,016 of cash used in operating activities for the nine months ended June 30, 2012.

We used cash of $523,121 for investing activities during the nine months ended June 30, 2013, compared to $1,645,495 of cash used in investing activities in the nine months ended June 30, 2012.

Financing activities for the nine months ended June 30, 2013, provided cash of $2,512,112, compared to $3,175,673 for the nine months ended June 30, 2012. For the nine months ended June 30, 2013, we received proceeds of $2,800,000 from the issuance of a convertible debenture from a related-party entity. Cash decreased by $287,888 due to principal payments made on notes payable. Cash provided by financing activities was used to support operating activities.

On February 1, 2013, we entered into a revolving loan agreement with Sapinda Asia wherein we may borrow up to $1,200,000 at an interest rate of 3 percent per annum for unused funds and 10 percent per annum for borrowed funds. As of June 30, 2013, no advances have been made under this loan. The loan terminates on June 30, 2014.

Cash flow from discontinued operations for the nine months ended June 30, 2013, provided cash of $145,190, compared to $232,606 for the nine months ended June 30, 2012.

If we are unable to continue generating positive cash flow from operations, there is substantial doubt about our ability to continue as a going concern. The financial statements included in this report do not include any adjustments that might result from the outcome of this uncertainty. In order for us to achieve successful operations, we must consistently generate positive cash flows from operating activities.

Management's plan with respect to this uncertainty include expanding the market for its ReliAlert™ portfolio of products and services and extending existing contracts with our customers. There can be no assurance that revenues will increase rapidly enough to offset operating losses and repay debts. If we are unable to supplement our cash flows from operating activities, we may be required to obtain additional funding, and if we are unable to do so, we may have to cease operations.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Our business is extending to several countries outside the United States, and we intend to continue to expand our foreign operations. As a result, our revenues and results of operations are affected by uncertainties inherent in doing business in foreign countries such as risks associated with political and economic conditions in the foreign countries in which we operate, including changes in the laws and policies that govern foreign investment, as well as, to a lesser extent, changes in United States laws and regulations relating to foreign trade and investment. Additional risks that may affect our business in foreign countries included, but are not limited to; seizure of assets by a foreign government or cancelation of contracts by foreign governments; local social unrest, including any resultant acts of war, terrorism or similar events; local public health issues and the resultant impact on economic and political conditions; currency exchange rate fluctuations; hyperinflation in certain foreign countries: controls on the repatriation of cash, including imposition or increase of withholding and other taxes on remittances and other payments by foreign subsidiaries; and export and import restrictions, custom duties, and taxation.

Foreign Currency Risks. We had $7,653,637 and $4,442,198 in revenues from sources outside the United States for the nine months ended June 30, 2013 and 2012, respectively. Although we normally transact the sale of monitoring equipment and services in U.S. Dollars, we received some payments in an equivalent value of foreign currencies which resulted in a foreign exchange loss of $122,331 and $30,033 during the nine months ended June 30, 2013 and 2012, respectively. We occasionally purchase goods and services in foreign currencies which did not result in any currency exchange rate losses during the nine months ended June 30, 2013 and 2012. Changes in currency exchange rates affect the relative prices at which we sell our products and purchase goods and services. Given the uncertainty of exchange rate fluctuations, we cannot estimate the effect of these fluctuations on our future business, product pricing, results of operations, or financial condition.

We do not use foreign currency exchange contracts or derivative financial instruments for trading or speculative purposes. To the extent foreign sales become a more significant part of our business in the future, we may seek to implement strategies which make use of these or other instruments in order to minimize the effects of foreign currency exchange on our business.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures to ensure that information we are required to disclose in reports that we file or submit under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), (i) is recorded, processed, summarized and reported within the time periods specified in Securities and Exchange Commission ("SEC") rules and forms and (ii) is accumulated and communicated to our management, including the members of our Executive Committee (our acting principal executive officers) and Chief Financial Officer, to allow timely decisions regarding required disclosure. Our management evaluated, with the participation of our Executive Committee and Chief Financial Officer, the effectiveness of our disclosure controls and procedures, as such term is defined under Rules 13a-15(e) and 15d-15(e) promulgated under the Exchange Act. Based on this evaluation, our Executive Committee and Chief Financial Officer have concluded that our disclosure controls and procedures were effective as of June 30, 2013.

Changes in Internal Controls

We maintain a system of internal control over financial reporting that is designed to provide reasonable assurance that our books and records accurately reflect our transactions and that our established policies and procedures are followed. There was no change in our internal control over financial reporting during our quarter ended June 30, 2013 that materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

We are party to the following legal proceedings:

Legal Matters

Lazar Leybovich et al v. SecureAlert, Inc. On March 29, 2012, Lazar Leybovich, Dovie Leybovich and Ben Leybovich filed a complaint in the 11th Circuit Court in and for Miami-Dade County, Florida alleging breach of contract with regard to certain stock redemption agreements with the Company. The complaint was subsequently withdrawn by the plaintiffs. An amended complaint was filed by the plaintiffs on November 15, 2012. The Company believes these allegations are inaccurate and intends to defend the case vigorously. The Company has not accrued any potential loss as the probability of incurring a material loss is deemed remote by management, after consultation with outside legal counsel.

Camacho Melendez et al v. Commonwealth of Puerto Rico and International Surveillance Services Corporation. On April 24, 2012 the plaintiffs filed suit against the Commonwealth of Puerto Rico and ISS, claiming negligence by ISS and the government of the Commonwealth of Puerto Rico resulting in the death of a woman. The complaint seeks damages of $2,110,000. The Company is in discussions with the government of the Commonwealth of Puerto Rico to resolve this matter and to obtain a complete release of all claims; the Company expects to finalize this matter before the end of the fiscal year.

Integratechs v. SecureAlert, Inc. On March 14, 2013, Integratechs, Inc., filed a suit in the Fourth Judicial District Court of Utah County, claiming the Company breached a contract for computer services and intentionally interfered with its economic relations. The Company believes the allegations are inaccurate and will defend the case vigorously.

Christopher P. Baker v. SecureAlert, Inc. In February 2013, Mr. Baker filed suit against the Company in the Third Judicial District Court in and for Salt Lake County, State of Utah. Mr. Baker asserts that the Company breached a 2006 consulting agreement with him and claims damages of not less than $210,000. The Company disputes plaintiff's claims and will defend the case vigorously.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

During the nine months ended June 30, 2013, we issued the following equity securities without registration under the Securities Act of 1933 (the "Securities Act"), in reliance upon exemptions from registration available under Section 4(2) of the Securities Act and rules and regulations promulgated under the Securities Act, including Regulation D and Regulation S.

Common Stock

We issued the following shares of common stock: 181,033 shares of common stock as payment of dividends on our Series D Convertible Preferred stock; 23,052 shares of common stock for services, valued at $143,724; 590,332 shares of common stock from the conversion of $2,500,000 in convertible debentures and accrued interest at a rate of $4.50 per share; 111,112 shares upon conversion of a $500,000 liability; and 1,894,283 shares of common stock upon the exchange or conversion of 48,295 shares of Series D Preferred stock.

Subsequent to June 30, 2013, we issued 799 shares of common stock as payment of dividends on our Series D Preferred stock for the 3rd fiscal quarter ended June 30, 2013.

In each of the transactions listed above, the securities were issued in private transactions, solely to accredited investors without general solicitation and without registration under the Securities Act in reliance on Section 4(2) of the Securities Act and the rules and regulations promulgated under the Securities Act, as indicated above.

Item 5. Other Information

None.

Item 6. EXHIBITS

(a) Exhibits Required by Item 601 of Regulation S-K

Exhibit Number	Title of Document
3(i)(1)	Articles of Incorporation (incorporated by reference to our Registration Statement and Amendments thereto on Form 10-SB, effective December 1, 1997).
3(i)(2)	Amendment to Articles of Incorporation for Change of Name (previously filed as Exhibit on Form 10-KSB for the fiscal year ended September 30, 2001).
3(i)(3)	Amendment to Articles of Incorporation Amending Rights and Preferences of Series A Preferred Stock (previously filed as Exhibit on Form 10-KSB for the fiscal year ended September 30, 2001).
3(i)(4)	Amendment to Articles of Incorporation Adopting Designation of Rights and Preferences of Series B Preferred Stock (previously filed as Exhibit on Form 10- QSB for the six months ended March 31, 2002).
3(i)(5)	Certificate of Amendment to the Designation of Rights and Preferences Related to Series A 10% Cumulative Convertible Preferred Stock of SecureAlert, Inc. (incorporated by reference to our annual report on Form 10-KSB for the fiscal year ended September 30, 2001).
3(i)(6)	Certificate of Amendment to the Designation of Rights and Preferences Related to Series C 8% Convertible Preferred Stock of SecureAlert, Inc. (incorporated by reference to our Current Report on Form 8-K, filed with the Commission on March 24, 2006).
3(i)(7)	Articles of Amendment to Articles of Incorporation filed July 12, 2006 (previously filed as exhibits to our current report on Form 8-K filed July 18, 2006, and incorporated herein by reference).
3(i)(8)	Articles of Amendment to the Fourth Amended and Restated Designation of Right and Preferences of Series A 10% Convertible Non-Voting Preferred Stock of SecureAlert, Inc. (previously filed as Exhibit on Form 10-QSB for the nine months ended June 30, 2007, filed in August 2007).
3(i)(9)	Articles of Amendment to the Designation of Right and Preferences of Series A Convertible Redeemable Non-Voting Preferred Stock of SecureAlert, Inc. (previously filed as Exhibit on Form 10-QSB for the nine months ended June 30, 2007, filed in August 2007).
3(i)(10)	Articles of Amendment to the Articles of Incorporation and Certificate of Amendment to the Designation of Rights and Preferences Related to Series D 8% Convertible Preferred Stock of SecureAlert, Inc. (previously filed as Exhibit on Form 10-K filed in January 2010).
3(i)(11)	Articles of Amendment to the Articles of Incorporation filed March 28, 2011 (previously filed as Exhibit on Form 8-K filed April 4, 2011).
3(i)(12)	Articles of Amendment to the Articles of Incorporation of SecureAlert, Inc., filed August 1, 2011 (previously filed as Exhibit on Form 10-Q filed August 15, 2011).
3(i)(13)	Articles of Amendment to the Articles of Incorporation of SecureAlert, Inc., filed December 28, 2011 (previously filed as Exhibit to Definitive Proxy Statement, filed October 25, 2011)
3(i)(14)	Articles of Amendment to the Articles of Incorporation of SecureAlert, Inc., filed April 11, 2013 (previously filed as Exhibit on Form 10-Q, filed May 15, 2013).
3(ii)	Bylaws (incorporated by reference to our Registration Statement on Form 10-SB, effective December 1, 1997).
3(iii)	Amended and Restated Bylaws (previously filed in February 2011 as an Exhibit to the Form 10-Q for the three months ended December 31, 2010).

4.01	2006 Equity Incentive Award Plan (previously filed in August 2006 as an Exhibit to the Form 10- QSB for the nine months ended June 30, 2006).
4.02	2012 Equity Incentive Award Plan (previously filed as Exhibit to Definitive Proxy Statement, filed October 25, 2011).
10.01	Distribution and Separation Agreement (incorporated by reference to our Registration Statement and Amendments thereto on Form 10-SB, effective December 1, 1997).
10.02	1997 Stock Incentive Plan of the Company, (incorporated by reference to our Registration Statement and Amendments thereto on Form 10-SB, effective December 1, 1997).
10.03	1997 Transition Plan (incorporated by reference to our Registration Statement and Amendments thereto on Form 10-SB, effective December 1, 1997).
10.04	Securities Purchase Agreement for $1,200,000 of Series A Preferred Stock (incorporated by reference to our Registration Statement and Amendments thereto on Form 10-SB, effective December 1, 1997).
10.05	Loan Agreement (as amended) dated June 2001 between ADP Management and the Company (incorporated by reference to our annual report on Form 10-KSB for the fiscal year ended September 30, 2001).
10.06	Loan Agreement (as amended and extended) dated March 5, 2002 between ADP Management and the Company, effective December 31, 2001 (filed as an Exhibit to our quarterly report on Form 10-QSB for the quarter ended December 31, 2001).
10.07	Agreement with ADP Management, Derrick and Dalton (April 2003) (previously filed as Exhibit on Form 10-QSB for the six months ended March 31, 2003)
10.08	Security Agreement between Citizen National Bank and the Company (previously filed with Form 8-K in July 2006).
10.09	Promissory Note between Citizen National Bank and the Company (previously filed with Form 8-K in July 2006).
10.10	Common Stock Purchase Agreement dated as of August 4, 2006 (previously filed as an Exhibit to our current report on Form 8-K filed August 7, 2006 and incorporated herein by reference).
10.11	Change in Terms Agreement between Citizen National Bank and the Company (previously filed as Exhibit on Form 10-KSB for the fiscal year ended September 30, 2006)
10.12	Securities Purchase Agreement between the Company and VATAS Holding GmbH, a German limited liability company (previously filed with Form 8-K in November 2006).
10.13	Common Stock Purchase Warrant between the Company and VATAS Holding GmbH dated November 9, 2006 (previously filed as Exhibit on Form 10-QSB for the three months ended December 31, 2006, filed in February 2007).
10.14	Settlement Agreement and Mutual Release between the Company and Michael Sibbett and HGR Enterprises, LLC, dated as of February 1, 2007 (previously filed as Exhibit on Form 10-QSB for the three months ended December 31, 2006, filed in February 2007).
10.15	Distributor Sales, Service and License Agreement between the Company and Seguridad Satelital Vehicular S.A. de C.V., dated as of February 5, 2007 (previously filed as Exhibit on Form 10-QSB for the three months ended December 31, 2006, filed in February 2007).
10.16	Distributor Agreement between the Company and QuestGuard, dated as May 31, 2007. Portions of this exhibit were redacted pursuant to a request for confidential treatment filed with the Securities and Exchange Commission (previously filed as Exhibit on Form 10-QSB for the nine months ended June 30, 2007, filed in August 2007).
10.17	Stock Purchase Agreement between the Company and Midwest Monitoring & Surveillance, Inc., dated effective December 1, 2007 (previously filed as Exhibit on Form 10-KSB for the fiscal year ended September 30, 2007, filed in January 2008).
10.18	Stock Purchase Agreement between the Company and Court Programs, Inc., Court Programs of Florida Inc., and Court Programs of Northern Florida, Inc., dated effective December 1, 2007 (previously filed as Exhibit on Form 10-KSB for the fiscal year ended September 30, 2007, filed in January 2008).
10.19	Sub-Sublease Agreement between the Company and Cadence Design Systems, Inc., a Delaware corporation, dated March 10, 2005 (previously filed as Exhibit on Form 10-KSB/A for the fiscal year ended September 30, 2007, filed in June 2008).
10.20	Patent Assignment Agreement between Futuristic Medical Devices, LLC, dated September 14, 2007 (previously filed as Exhibit on Form 10-KSB/A for the fiscal year ended September 30, 2007, filed in June 2008).

10.21	Patent Assignment Agreement between Futuristic Medical Devices, LLC, dated September 14, 2007 (previously filed as Exhibit on Form 10-KSB/A for the fiscal year ended September 30, 2007, filed in June 2008).
10.22	Patent Assignment Agreement between Futuristic Medical Devices, LLC, dated September 14, 2007 (previously filed as Exhibit on Form 10-KSB/A for the fiscal year ended September 30, 2007, filed in June 2008).
10.23	Patent Assignment Agreement between Futuristic Medical Devices, LLC, dated December 20, 2007 (previously filed as Exhibit on Form 10-KSB/A for the fiscal year ended September 30, 2007, filed in June 2008).
10.24	Stock Purchase Agreement (sale of Volu-Sol Reagents Corporation shares to Futuristic Medical, LLC), dated January 15, 2008, including voting agreement (previously filed as Exhibit on Form 10-KSB/A for the fiscal year ended September 30, 2007, filed in June 2008).
10.25	Distribution and License Agreement between euromicron AG, a German corporation, and the Company, dated May 28, 2009 (previously filed as Exhibit on Form 10-Q for the nine months ended June 30, 2009, filed in August 2009).
10.26	Agreement for Monitoring & Associated Services among I.C.S. of the Bahamas Co., Ltd., SecureAlert, Inc., International Surveillance Services Corp and The Ministry of National Security, dated November 19, 2010 (previously filed with Form 8-K in November 2010).
10.27	Agreement and Royalty Agreement between Borinquen Container Corporation and SecureAlert, effective July 1, 2011 (previously filed with Form 8-K in August 2011).
10.28	Addendum to the Royalty Agreement between Borinquen Container Corporation and SecureAlert, effective July 1, 2011 (previously filed as Exhibit on Form 10-Q for the six months ended March 31, 2012, filed in May 2012).
10.29	Stock Purchase Agreement between Gary Shelton, Larry and Sue Gardner and SecureAlert, effective October 1, 2012 (previously filed on Form 8-K in December 2012).
10.30	Loan and Security Agreement between Sapinda Asia Limited and SecureAlert, effective December 3, 2012 (previously filed on Form 8-K in December 2012).
10.31	Stock Purchase Agreement between David Rothbart and SecureAlert, effective February 8, 2013 (previously filed on Form 10-Q in February 2012).
10.32	Settlement and Royalty and Share Buy Back among Borinquen Container Corporation, Sapinda Asia Limited, and SecureAlert, effective February 4, 2013 (previously filed on Form 8-K in February 2013).
10.33	Acknowledgement and Agreement between Sapinda Asia Limited, and Secure Alert, dated August 13, 2013.
31(i)	Certification of Member of Executive Committee under Section 302 of Sarbanes-Oxley Act of 2002.
31(ii)	Certification of Chief Financial Officer under Section 302 of Sarbanes-Oxley Act of 2002.
32	Certifications under Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. Section 1350).
101 INS	XBRL Instance Document*
101 SCH	XBRL Schema Document*
101 CAL	XBRL Calculation Linkbase Document*
101 DEF	XBRL Definition Linkbase Document*
101 LAB	XBRL Labels Linkbase Document*
101 PRE	XBRL Presentation Linkbase Document*

* The XBRL related information in Exhibit 101 shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to liability of that section and shall not be incorporated by reference into any filing or other document pursuant to the Securities Act of 1933, as amended, except as shall be expressly set forth by specific reference in such filing or document.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

SecureAlert, Inc.

Date: August 14, 2013	By: /s/ Guy Dubois Guy Dubois, Member of Executive Committee (Acting Principal Executive Officer)
Date: August 14, 2013	By: /s/ Chad D. Olsen Chad D. Olsen, Chief Financial Officer (Principal Accounting Officer)

ACKNOWLEDGEMENT AND AGREEMENT

This Acknowledgement and Agreement is entered into as of August 13, 2013 by and between SECUREALERT, INC., a Utah corporation, having its principal place of business at 150 W. Civic Center Drive, Suite 400, Sandy, Utah 84070 ("SCRA") and SAPINDA ASIA LIMITED a British Virgin Islands corporation having its principal place of business at Rooms 803-4, 8/F, Hang San Wanchai Bldg., 200 Hennessy Road, Wanchai, Hong Kong ("Sapinda").

WHEREAS, SCRA and Sapinda entered into that certain Loan and Security Agreement dated as of December 3, 2012 (the "LSA"), whereby Sapinda can convert the principal and interest under the LSA into Common Stock of SCRA;

WHEREAS, the Parties hereto also entered into a certain Loan Agreement in the amount of $1,200,000 dated February 1, 2013 (the "Loan Agreement")

NOW THEREFORE, the Parties hereto agree as follows:

1. Waiver of Penalties: SCRA hereby agrees to waive all penalties and out of pocket expenses incurred by Sapinda under the LSA, due under Section 8 of the LSA.

2. Acknowledgement of No Origination Fee: Sapinda hereby acknowledges that it is not owed, by SCRA, an origination fee or any other fees (other than principal and accumulated interest) under the LSA.

3. Filing of Registration Statement: SCRA hereby commits to Sapinda that SCRA will file a registration statement with the Securities and Exchange Commission (the "SEC") for all shares which would be issued upon conversion of all principal and interest under the LSA into Common Shares of SCRA and any other securities SCRA deems it appropriate to register at that time. SCRA shall file such registration statement as soon as is commercially reasonable and with all due haste.

4. Commitment to Convert: Sapinda hereby commits and is bound to convert all principal and accrued interest under the LSA into Common Stock of SCRA no later than 15 calendar days following the effective date of the registration statement referenced in paragraph 4 above. Sapinda shall follow the procedure for conversion in paragraph 1.4 of the LSA.

5. Cooperation: The Parties hereto agree and commit to work together to accomplish the obligations set forth herein with each party bearing its own costs and expenses to accomplish the same. It is the Parties intent reduce SCRA's accumulation of interest debt under the LSA and provide freely tradable shares to Sapinda upon conversion of the principal and accumulated interest under the LSA.

6. Choice of Law and Dispute Resolution: This Agreement shall be governed by the laws of the State of New York. In the event of any controversy, claim or action arising out of or relating to this Agreement, or breach thereof, the Parties shall consult and negotiate with each other and, recognizing their mutual interests, attempt in good faith to reach a mutually satisfactory solution. If the Parties are unable to reach a settlement within a period of twenty (20) calendar days, then, upon written notice by either Party to the other, any unresolved controversy or claim shall be settled by arbitration administered by the International Centre for Dispute Resolution (the "ICDR") in accordance with the provisions of its International Arbitration Rules. The number of arbitrators shall be one, selected in accordance with ICDR rules. The place of arbitration shall be New York City, New York (U.S.A.) and the language of the arbitration shall be English.

IN WITNESS WHEREOF, this Acknowledgement and Agreement has been duly executed and delivered as of the date first above written.

SECUREALERT, Inc.	SAPINDA ASIA LIMITED
By: /s/ Guy Dubois	By: /s/ Lars Windhorst
Guy Dubois	Lars Windhorst
Chairman of the Board	Director

EXHIBIT 31 (i)

CERTIFICATION OF CHIEF EXECUTIVE OFFICER

I, Guy Dubois, Member of the Executive Committee, presently the acting principal executive officer of SecureAlert, Inc. (the Company), certify that:

1. I have reviewed this quarterly report on Form 10-Q of SecureAlert, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent three months (the registrant's fourth three months in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 14, 2013

/s/ Guy Dubois
Guy Dubois, Member of Executive Committee
(Acting Principal Executive Officer)

EXHIBIT 31 (ii)

CERTIFICATION OF CHIEF FINANCIAL OFFICER

I, Chad D. Olsen, Chief Financial Officer, Principal Financial Officer, of SecureAlert, Inc. (the Company), certify that:

1. I have reviewed this quarterly report on Form 10-Q of SecureAlert, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 14, 2013

/s/ Chad D. Olsen
Chad D. Olsen
Chief Financial Officer

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of SecureAlert, Inc. on Form 10-Q for the period ended June 30, 2013 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), Guy Dubois, member of the Executive Committee, Acting Principal Executive Officer, and Chad D. Olsen, Chief Financial Officer, Principal Financial Officer, of the Company, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

By: /s/ Guy Dubois
Guy Dubois, Member of Executive Committee
(Acting Principal Executive Officer)

By: /s/ Chad D. Olsen
Chad D. Olsen,
Chief Financial Officer
(Principal Accounting Officer)

Dated: August 14, 2013

This certification accompanies each Report pursuant to §906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by the Sarbanes-Oxley Act of 2002, be deemed filed by the Company for purposes of §18 of the Securities Exchange Act of 1934, as amended.

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

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