



MGM Wireless Holdings Pty. Ltd.  
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AUSTRALIA  
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27 October 2008

Companies Announcement Office  
ASX Limited  
20 Bridge Street  
SYDNEY NSW 2000

#### **NOTICE OF ANNUAL GENERAL MEETING AND ANNUAL REPORT**

Please find attached the company's Notice of Annual General Meeting to be held on Thursday, 27 November 2008 at 10.00am.

The company advises that the Annual Report comprises only the documents previously lodged with ASX.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Mark Fortunatow', with a long horizontal stroke extending to the right.

Mark Fortunatow  
CEO



**MGM Wireless Limited**  
ABN 93 091 351 530

***Notice of Annual General Meeting***

***Explanatory Statement***

***and***

***Proxy Form***

## NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of members of MGM Wireless Limited (**MGM** or the **Company**) will be held on 27<sup>th</sup> November 2008 commencing at 10.00am at Aviva, Suite 5, 154 Fullarton Road, Rose Park, Adelaide, South Australia.

The enclosed Explanatory Statement accompanies and forms part of this Notice of annual general meeting.

### AGENDA

#### ORDINARY BUSINESS

##### Financial Statements and Reports

*To receive and consider the Financial Statements of the Company and of the consolidated entity for the year ended 30 June 2008 and the reports by directors and auditors thereon.*

**To consider and, if thought fit, pass the following resolutions as ordinary resolutions:**

##### Resolution 1 - Adoption of Remuneration Report

*That for the purpose of section 250R(2) of the Corporations Act and for all other purposes, the Remuneration Report set out in the Company's 2008 Annual Report for the financial year ended 30 June 2008 be adopted.*

The vote on this resolution is advisory only and does not bind the directors of the Company.

##### Resolution 2 - Re-election of Director (Mr M Hurd)

*That Mr Mark Hurd, who retires by rotation in accordance with the Constitution of the Company and, having offered himself for re-election and being eligible, is re-elected a director of the company."*

#### SPECIAL BUSINESS

**To consider and, if thought fit, pass the following resolution as an ordinary resolution:**

##### Resolution 3 – Employee Share Option Scheme

*That pursuant to ASX Listing Rule 7.2, Exception 9 and for all other purposes, approval is given for the issue of securities under the employee incentive options scheme known as "MGM Wireless Incentive Option Scheme", the rules of which are annexed as Annexure "A" to the Explanatory Statement accompanying this Notice of Annual General Meeting, as an exception to ASX Listing Rule 7.1.*

<p>The Company will disregard any votes cast on this Resolution by a Director and any associate of a Director. However, the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.</p>
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For the purposes of determining voting entitlements at the annual general meeting, Shares will be taken to be held by persons who are registered as holding Shares at 10.00am on 25<sup>th</sup> November 2008. Accordingly, transactions registered after that time will be disregarded in determining entitlements to attend and vote at the annual general meeting.

Proxy and Voting Entitlement Instructions are included on the Proxy Form accompanying this Notice of Annual General Meeting.

**Annual Report Online**

Shareholders who have not elected to receive a hard copy of the Annual Report can access the report on the company's website at [www.mgmwireless.com](http://www.mgmwireless.com)

**BY ORDER OF THE BOARD**

A handwritten signature in black ink, appearing to read "Mark Fortunatow", is centered on the page. The signature is written in a cursive, flowing style.

**Mark Fortunatow**  
**Executive Chairman**  
22nd October 2008

# EXPLANATORY STATEMENT

## 1. INTRODUCTION

This Explanatory Statement has been prepared for the information of members of MGM Wireless Limited (“MGM” or the “Company”) in connection with the business to be conducted at the annual general meeting of members to be held at Aviva, Suite 5, 154 Fullarton Road, Rose Park, Adelaide, South Australia, on 27th November 2008 commencing at 10.00am.

This Explanatory Statement forms part of and should be read in conjunction with the accompanying Notice of Annual General Meeting.

## 2. 2008 ANNUAL REPORT

In accordance with the requirements of the Company's Constitution and the Corporations Act 2001, the 2008 Annual Report will be tabled at the annual general meeting. There is no requirement for a formal resolution on this item.

Shareholders will have the opportunity of discussing the Annual Report and making comments and raising queries in relation to the Report.

Representatives from the Company's auditors, RSM Bird Cameron, will be present to take shareholders' questions and comments about the conduct of the audit and the preparation and content of the audit report.

## 3. ADOPTION OF REMUNERATION REPORT – Resolution 1

The Company is required to include in its Directors Report a detailed Remuneration Report relating to Directors' and executives' remuneration. Section 300A of the Corporations Act sets out the information to be included in the Remuneration Report. The Remuneration Report is set out in the Directors Report section of Company's 2008 Annual Report.

As required by section 250R(2) of the Corporations Act, a resolution that the remuneration report for the year ended 30 June 2008 be adopted is to be put to a vote. The vote on this item is advisory only and does not bind the Directors or the Company.

In accordance with section 250SA of the Corporations Act, shareholders will be provided with a reasonable opportunity to ask questions about, or make comments on, the Remuneration Report. This is in addition to any questions or comments that shareholders may have in relation to the management of the Company.

## 4. RE-ELECTION OF DIRECTOR – Resolution 2

In accordance with the requirements of the Company's Constitution and the Corporations Act 2001, one-third of the directors of the Company retire from office at this annual general meeting of the Company. Mr Hurd will retire by rotation and, being eligible, offers himself for re-election.

Details of directors' qualifications and experience are available in the 2008 Annual Report.

## 5. EMPLOYEE SHARE OPTION PLAN – Resolution 3

The Directors considered that it was desirable to establish an option plan under which employees may be offered the opportunity to subscribe for Options to acquire Shares in the Company in order to increase the range of potential incentives available to them and to strengthen the links between the Company and its employees and accordingly adopted the MGM Wireless Incentive Option Scheme (“Scheme”) on 20<sup>th</sup> October 2008.

The objective of the Scheme is to attract, motivate and retain key employees of the Company.

Shareholder approval is required if any issue of employee options pursuant to the Scheme is to fall within the exception to the calculation of the 15% limit imposed by ASX Listing Rule 7.1 on the number of securities which may be issued without shareholder approval. Accordingly, shareholder approval is sought for the purposes of ASX Listing Rule 7.1, Exception 9(b) which provides that ASX Listing Rule 7.1 does not apply to an issue of securities under an employee incentive scheme that has been approved by shareholders within three years of the date of issue.

Prior shareholder approval will be required before any Directors or related parties of the Company can participate in the Scheme.

In accordance with the requirements of ASX Listing Rule 7.2 Exception 9(b), the following information is provided:

- (a) A copy of the rules of Scheme is attached as Annexure A to this Explanatory Statement;
- (b) This is the first approval sought under ASX Listing Rule 7.2 Exception 9 with respect to the Scheme; and
- (c) A voting exclusion statement has been included for the purpose of Resolution 3.

It is considered by the Directors that the future grant of Options under the Scheme will provide select key employees with the opportunity to participate in the growth of the Company.

## 6. DEFINITIONS

<b>ASX</b>	means ASX Limited ABN 98 008 624 691.
<b>ASX Listing Rules</b>	means the official listing rules of ASX.
<b>Corporations Act</b>	means the Corporations Act 2001 (Cth).
<b>Director</b>	means a director of the Company.
<b>Explanatory Statement</b>	means this Explanatory Statement.
<b>MGM or the Company</b>	means MGM Wireless Limited (ABN 93 091 351 530).
<b>Notice</b>	means the notice of annual general meeting which forms part of this Explanatory Statement.
<b>Option</b>	means an option to acquire a Share.
<b>Share</b>	means a fully paid ordinary share in the capital of the Company and <b>Shares</b> has a corresponding meaning.
<b>Shareholder</b>	means a holder of a Share.

# MGM WIRELESS LIMITED

ABN 93 091 351 530

## PROXY FORM

The Secretary  
MGM Wireless Limited  
Suite 13, The Parks  
154 Fullarton Road  
Rose Park SA 5067

I/We (full name)

\_\_\_\_\_

of

\_\_\_\_\_

being a member(s) of MGM Wireless Limited, hereby appoint as my/our proxy

\_\_\_\_\_

of

\_\_\_\_\_

or, failing him/her the Chairperson of the Meeting to attend and vote for me/us at the general meeting of the Company to be held at Aviva, Suite 5, 154 Fullarton Road, Rose Park, Adelaide, South Australia on 27th November 2008 commencing at 10.00am and at an adjournment thereof in respect of \_\_\_\_\_% of my/our shares or, failing any number being specified, ALL of my/our shares in the Company.

### RESOLUTIONS

	FOR	AGAINST	ABSTAIN
1 Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 Re-election of Director – M Hurd	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 Employee Share Option Scheme	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

### *If the member is an individual or joint holder:*

\_\_\_\_\_  
Usual Signature

\_\_\_\_\_  
Usual Signature

Dated this            day of

2008.

### *If the member is a Company:*

Signed in accordance with the Constitution  
of the company in the presence of:

\_\_\_\_\_  
Director/Sole Director

\_\_\_\_\_  
Director/Secretary

\_\_\_\_\_  
Sole Director and Sole Secretary

Dated this            day of

2008.

# MGM WIRELESS LIMITED

ABN 93 091 351 530

## INSTRUCTIONS AS TO VOTING – RESOLUTION 3

If the Chair of the meeting is appointed as your proxy, or may be appointed by default and you do not wish to direct your proxy how to vote as your proxy in respect to the resolution, please place a mark in the box.

By marking this box, you acknowledge that the Chair of the meeting may exercise your proxy even if he has an interest in the outcome of the resolution and that votes cast by the Chair of the meeting other than as proxy holder will be disregarded because of that interest.

If you do not mark the box, and you have not directed your proxy how to vote, the Chair will not cast your votes on the resolution and your votes will not be counted in calculating the required majority if a poll is called on the resolution.

## NOTES

1. A member entitled to attend and vote is entitled to appoint not more than two proxies.
2. Where more than one proxy is appointed and that appointment does not specify the proportion or number of the member's votes, each proxy may exercise half of the votes.
3. A proxy need not be a member of the Company.

A proxy is not entitled to vote unless the instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed is either deposited at the registered office of the Company (Suite 13, The Parks, 154 Fullarton Road, Rose Park SA 5067) or sent by facsimile to that office on Fax: 08 8431 2400 to be received not less than 48 hours prior to the time of the meeting.

4. If the member is a company it must execute under its Common Seal or otherwise in accordance with its Constitution.
5. The Chairman intends to vote all undirected proxies in favour of the resolutions.

## **ANNEXURE A**

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### **MGM Wireless Incentive Option Scheme**

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The Directors are empowered to operate the MGM Wireless Incentive Option Scheme on the following terms and in accordance with the Listing Rules of ASX:

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## 1. DEFINITIONS AND INTERPRETATION

### 1.1 Definitions

For the purposes of the Scheme, the following words have the following meanings:

**Associate** has the meaning given to that term in Section 12(2) of the Corporations Act.

**Associated Body Corporate** means:

- (a) a related body corporate (as defined in the Corporations Act) of the Company;
- (b) a body corporate which has an entitlement to not less than 20% of the voting Shares of the Company; and
- (c) a body corporate in which the Company has an entitlement to not less than 20% of the voting shares.

**ASX** means ASX Ltd.

**Board** means the board of directors of the Company.

**Business Day** means those days other than a Saturday, Sunday, New Year's Day, Australia Day, Good Friday, Easter Monday, Anzac Day, Christmas Day, Boxing Day and any other day which the ASX shall declare and publish is not a business day.

**Ceasing Date** has the meaning given in Rule 7.5.

**Ceasing Event** has the meaning given in Rule 7.6.

**Class Order** means ASIC Class Order 03/184 (or any amendment to or replacement of that Class Order).

**Company** means MGM Wireless Limited ABN 93 091 351 530.

**Corporations Act** means the Corporations Act 2001 (Cth), as amended from time to time.

**Directors** means the directors of the Company.

**Eligible Participant** means full or part time employees or directors of the Company or an Associated Body Corporate.

**Exercise Condition** means in respect of an Option, any condition set out in the Offer which must be satisfied before that Option can be exercised or any other restriction on exercise of that Option specified in the Offer or in these Rules.

**Group** means the Company or an Associated Body Corporate.

**Income Tax Assessment Act** means the Income Tax Assessment Act 1936 (Cth) or the Income Tax Assessment Act 1997 (Cth) as appropriate.

**Lapsing Date** means, in respect of an Option, the date which is two (2) years after the date of the grant of that Option, or such other date as the Board determines in its discretion with respect to that Option at the time of the grant of that Option.

**Listing Rules** means the official listing rules of ASX as amended from time to time.

**Offer** means an offer made to an Eligible Participant to subscribe for one or more Options under the Scheme.

**Offer Document** means an offer document in substantially the same form as set out in Schedule 2, or such other form as prescribed by the Corporations Act or the Class Order.

**Option** means an option granted pursuant to these Rules to subscribe for one Share upon and subject to the terms of these Rules and the terms of the Offer.

**Option Exercise Price** means the exercise price of an Option, as determined in accordance with clause 6.

**Marketable Parcel** has the meaning given to that term in the Listing Rules.

**Participant** means an Eligible Participant to whom Options have been granted under the Scheme, or if Rule 5.4 applies, an Associate of the Eligible Participant to whom Options have been granted under the Scheme.

**Permanently Disabled** means, in relation to a Participant, a Participant who is deemed, at the discretion of the Board, to be totally and permanently disabled.

**Relevant Person** means:

- (a) in respect of an Eligible Participant, that person; and
- (b) in respect of a Nominee of an Eligible Participant being a permitted Nominee under Rule 5.4, that Eligible Participant.

**Rules** means the rules of the Scheme set out in this document.

**Scheme** means the scheme established in accordance with these Rules.

**Share** means a fully paid ordinary share in the Company.

**Shareholder** means a holder of Shares.

**Trigger Event** means:

- (a) the despatch of a notice of meeting to consider a scheme of arrangement between the Company and its creditors or members or any class thereof pursuant to section 411 of the Corporations Act;
- (b) the announcement of a takeover bid or receipt by the Company of a bidder's statement in respect of the Company; or
- (c) the date upon which a person or a group of associated persons becomes entitled, subsequent to the date of grant of the Option, to sufficient Shares to give it or them the ability, in general meeting, to replace all or allow a majority of the Board in circumstances where such ability was not already held by a person associated with such person or group of associated persons.

## 1.2 Interpretation

In this Scheme unless the context otherwise requires:

- (a) headings are for convenience only and do not affect its interpretation;
- (b) an obligation or liability assumed by, or a right conferred on, 2 or more Parties binds or benefits all of them jointly and each of them severally;
- (c) the expression **person** includes an individual, the estate of an individual, a corporation, an authority, an association or joint venture (whether incorporated or unincorporated), a partnership and a trust;
- (d) a reference to any party includes that party's executors, administrators, successors and permitted assigns, including any person taking by way of novation;
- (e) a reference to any document (including this Scheme) is to that document as varied, novated, ratified or replaced from time to time;
- (f) a reference to any statute or to any statutory provision includes any statutory modification or re-enactment of it or any statutory provision substituted for it, and all ordinances, by-laws, regulations, rules and statutory instruments (however described) issued under it;
- (g) words importing the singular include the plural (and vice versa) and words indicating a gender include every other gender;
- (h) reference to parties, clauses, schedules, exhibits or annexures are references to parties, clauses, schedules, exhibits and annexures to or of this Scheme and a reference to this Scheme includes any schedule, exhibit or annexure to this Scheme;
- (i) where a word or phrase is given a defined meaning, any other part of speech or grammatical form of that word or phrase has a corresponding meaning; and
- (j) a reference to **\$** or **dollar** is to Australian currency.

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## 2. PURPOSE

The purpose of the Scheme is to:

- (a) encourage participation by Eligible Participants in the Company through Share ownership; and
- (b) attract, motivate and retain Eligible Participants.

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## 3. COMMENCEMENT

This Scheme will commence on the date determined by the Board.

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## 4. OPTION GRANTS

### 4.1 Entitlements

The formula by which the entitlements of Eligible Participants shall be determined shall be at the absolute discretion of the Directors and shall take into account skills, experience, length of service with the Company, remuneration

level and such other criteria as the Directors consider appropriate in the circumstances.

#### **4.2 Number of Options**

Subject to Rule 4.4, the number of Options (if any) to be offered to an Eligible Participant from time to time will be determined by the Board in its discretion and in accordance with the Rules and applicable law.

#### **4.3 No Consideration**

Options issued under the Scheme will be issued for no cash consideration.

#### **4.4 Limitation of Offers**

If the Company makes an Offer where:

- (a) the total number of Shares to be received on exercise of Options the subject of that Offer, exceeds the limit set out in the Class Order; or
- (b) the Offer does not otherwise comply with the terms and conditions set out in the Class Order,

the Company must comply with Chapter 6D of the Corporations Act at the time of that Offer.

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### **5. OFFERS OF OPTIONS**

#### **5.1 Determination by the Board**

The Board, acting in its absolute discretion, may:

- (a) offer Options to any Eligible Participant from time to time as determined by the Board and in exercising that discretion, may have regard to some or all of the following:
  - (i) the Eligible Participant's length of service with the Group;
  - (ii) the contribution made by the Eligible Participant to the Group;
  - (iii) the potential contribution of the Eligible Participant to the Group; or
  - (iv) any other matter the Board considers relevant; and
- (b) impose conditions, including performance-related conditions, on the right of a Participant to exercise any Option granted.

#### **5.2 Offer Document**

An Offer must be made using an Offer Document.

#### **5.3 Personal Offer**

Subject to Rule 5.4, an Offer is personal and is not assignable.

#### **5.4 Renunciation**

Upon receipt of an Offer, an Eligible Participant may, by notice in writing to the Board, nominate an Associate of that Eligible Participant (**Nominee**) in whose

favour the Eligible Participant wishes to renounce the Offer. The Board may, in its discretion, resolve not to allow a renunciation of an Offer in favour of a Nominee without giving any reason for that decision. If the Board resolves to allow a renunciation of an Offer in favour of a Nominee, the Eligible Participant will procure that the permitted Nominee accepts the Offer made to that Eligible Participant and that both the Eligible Participant and the Nominee agree to be bound by the Rules.

## **5.5 Time Period**

An Eligible Participant (or permitted Nominee) may only accept an Offer within the time period specified in the Offer Document.

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## **6. EXERCISE PRICE**

In respect of any proposed Offer, the Board may determine the Option Exercise Price for that Offer in its absolute discretion, subject to the Listing Rules.

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## **7. WHEN OPTIONS MAY BE EXERCISED**

### **7.1 Exercise**

- (a) Subject to Rules 7.1(b), 7.4 and 7.5, a Participant will be entitled to exercise Options granted as a result of an Offer in respect of which all Exercise Conditions have been satisfied and which are otherwise capable of exercise in accordance with the terms of the relevant Offer and the Rules.
- (b) An Option may not be exercised if it was issued in accordance with the Class Order and the Class Order prohibits the exercise of the Option.
- (c) Once an Option is capable of exercise in accordance with this Rule 7.1, it may be exercised at any time up until 5.00pm in Perth on the Lapsing Date.

### **7.2 One or Several Parcels**

Subject to Rule 7.1, Options may be exercised in one or more parcels of any size, provided that the number of Shares issued upon exercise of the number of Options in any parcel is not less than a Marketable Parcel.

### **7.3 Adjustment to Terms of Exercise**

- (a) The Board will have the power to make adjustments to or vary the terms of exercise of an Option.
- (b) No adjustment or variation of the terms of exercise of an Option will be made without the consent of the Participant who holds the relevant Option if such adjustment or variation would have a materially prejudicial effect upon the Participant (in respect of his or her outstanding Options), other than an adjustment or variation introduced primarily:
  - (i) for the purpose of complying with or conforming to present or future State, Territory or Commonwealth legislation governing or regulating the maintenance or operation of the Scheme or like Schemes;
  - (ii) to correct any manifest error or mistake; or

- (iii) to enable a member of the Group to comply with the Corporations Act, the Listing Rules, applicable foreign law, or a requirement, policy or practice of the ASIC or other foreign or Australian regulatory body.

#### **7.4 Lapsing of Options**

Subject to the terms of the Offer made to a Participant and unless Rule 7.6 or 7.7 applies, a Participant's Options will lapse immediately and all rights in respect of those Options will thereupon be lost if, in respect of a Participant or an Offer:

- (a) the Relevant Person ceases to be an employee or director of the Group for any reason whatsoever (including without limitation resignation or termination for cause) and the Exercise Conditions have not been met;
- (b) the Exercise Conditions are unable to be met;
- (c) the Lapsing Date has passed; or
- (d) the deadline provided for in Rule 7.5 has passed,

whichever is earlier.

#### **7.5 Cessation of Employment where Exercise Conditions met**

Where a Relevant Person ceases to be an employee or director of the Group for any reason whatsoever (including without limitation resignation or termination for cause) prior to the Lapsing Date in relation to the Options granted under an Offer (**Ceasing Date**) and the Exercise Conditions have been met, the Participant will be entitled to exercise Options granted as a result of an Offer in accordance with the terms of the Offer and the Rules, for a period of up to 60 days after the Ceasing Date, after which the Participant's Options will lapse immediately and all rights in respect of those Options will thereupon be lost.

#### **7.6 Death, Permanent Disability, Retirement or Redundancy**

If in respect of a Participant, the Relevant Person dies, becomes Permanently Disabled, resigns employment on the basis of retirement from the workforce or is made redundant by the relevant member of the Group, prior to the Lapsing Date of any Options granted to that Participant (**Ceasing Event**):

- (a) the Participant or the Participant's legal personal representative, where relevant, may exercise those Options which at that date:
  - (i) have become exercisable;
  - (ii) have not already been exercised; and
  - (iii) have not lapsed,in accordance with Rule 7.6(c);
- (b) at the absolute discretion of the Board, the Board may resolve that the Participant, or the Participant's legal personal representative, where relevant, may exercise those Options which at that date:
  - (i) have not become exercisable; and
  - (ii) have not lapsed,

in accordance with Rule 7.6(c) and, if the Board exercises that discretion, those unexercisable Options will not lapse other than as provided in Rule 7.6(c);

- (c) (i) The Participant or the Participant's legal personal representative (as the case may be) must exercise the Options referred to in Rule 7.6(a) and, where permitted, Rule 7.6(b) not later than the first to occur of: (A) the Lapsing Date of the Options in question; and (B) the date which is 6 months after the Ceasing Event provided that in the case of Options referred to in Rule 7.6(b), all Exercise Conditions have been met at that time (unless the Board decides to waive any relevant Exercise Conditions, in its absolute discretion).
- (ii) Options which have not been exercised by the end of the period specified in Rule 7.6(c)(i) lapse immediately at the end of that period and all rights in respect of those Options will thereupon be lost.

## **7.7 Discretionary Exercise of Options**

Where, in respect of a Participant, the Relevant Person ceases to be an employee or director of a member of the Group, for any reason, prior to the date on which Options become exercisable, the Board may, in its absolute discretion, determine that some or all of the Options held by that Participant do not lapse and may be exercised by the Participant, if otherwise permitted under the Rules, within such additional time as is determined by the Board following the Ceasing Date. Options which have not been exercised by the end of that period lapse immediately and all rights in respect of these Options will thereupon be lost.

## **7.8 Entitlement**

- (a) Each Option entitles the holder to subscribe for and be allotted one Share.
- (b) Shares issued pursuant to the exercise of Options will in all respects, including bonus issues and new issues, rank equally and carry the same rights and entitlements as other Shares on issue.

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## **8. MANNER OF EXERCISE OF OPTIONS**

### **8.1 Delivery to Company Secretary**

Options granted to a Participant may only be exercised by delivery to the Company's secretary (at a time when the Options may be exercised) of:

- (a) the certificate for the Options or, if the certificate for the Options has been lost, mutilated or destroyed, a declaration to that effect, accompanied by an indemnity in favour of the Company against any loss, costs or expenses which might be incurred by the Company as a consequence of its relying on the declaration that the certificate has been lost, mutilated or destroyed;
- (b) a notice in the form of Schedule 1 addressed to the Company and signed by the Participant;

- (i) stating that the Participant exercises the Options and specifying the number of Options which are exercised; and
  - (ii) specifying the subregister of the Company in which the Shares referred to in Rule 8.2(a) are to be recorded; and
- (c) payment to the Company of an amount equal to the Option Exercise Price multiplied by the number of Options which are being exercised unless there is no exercise price payable in respect of the Options to be exercised.

## **8.2 Issue of Shares**

If the items specified in Rule 8.1 are delivered in accordance with that Rule, the Company will, subject to the Listing Rules (if relevant):

- (a) within 10 Business Days of delivery of the documents referred to in Rule 8.1 issue to the Participant the Shares credited as being fully paid in respect of which the Options are exercised together with any additional Shares an entitlement to which has arisen under Rules 9 and 10 in consequence of the exercise of the Options; and
- (b) cancel the certificate delivered pursuant to Rule 8.1(a) and, if any Options which have not lapsed remain unexercised, deliver to the Participant a replacement certificate reflecting the number of those Options which remain unexercised.

## **8.3 Death of Participant**

If a Participant has died, the Participant's legal personal representative will stand in the place of the Participant for the purposes of Rules 8.1 and 8.2 subject only to prior production to the Company of such evidence as would be required to permit the legal personal representative to become registered as a shareholder in respect of the Shares held by the Participant.

## **8.4 Beneficial Owner of Shares**

From and including the date of issue to a Participant of any Shares in accordance with these Rules, the Participant will:

- (a) be the beneficial owner of those Shares; and
- (b) subject to Rule 8.6, the Corporations Act, the Constitution and the Listing Rules, be entitled to deal with those Shares as beneficial owner.

## **8.5 Equal Rank**

A Share issued on exercise of an Option will rank equally in all respects with Shares already on issue on the date of exercise of the Option, except for entitlements which had a record date before the date of issue of that Share.

## **8.6 Official Quotation**

The Company will make application for Shares which are issued after that time pursuant to Rule 8.2 to be quoted in accordance with the Listing Rules.

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## **9. NOTICE OF ADJUSTMENTS AND CUMULATION OF ADJUSTMENTS**

### **9.1 Cumulation of Adjustments**

Effect will be given to Rule 10 in such manner that the effect of the successive applications of them is cumulative, with the intention being that the adjustments they progressively effect will reflect previous adjustments.

### **9.2 Notice of Adjustments**

Whenever the number of Shares comprised in an Option or the Option Exercise Price is adjusted pursuant to these Rules, the Company will give notice of the adjustment to the Participant and ASX together with calculations on which the adjustment is based.

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## **10. NEW ISSUES AND ADJUSTMENTS FOR RIGHTS ISSUES**

### **10.1 Participation generally**

There are no participating rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least 7 Business Days after the issue is announced. This will give Option holders the opportunity to exercise their Options prior to the date for determining entitlements to participate in any such issue.

### **10.2 Rights Issues**

If the Company makes a pro rata issue of securities (except a bonus issue) to the holders of Shares (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment) the Option Exercise Price shall be reduced according to the formula specified in the Listing Rules.

### **10.3 Bonus issues**

In the event of a bonus issue of Shares being made pro-rata to Shareholders, (other than an issue in lieu of dividends), the number of Shares issued on exercise of each Option will include the number of bonus Shares that would have been issued if the Option had been exercised prior to the record date for the bonus issue. No adjustment will be made to the exercise price per Share of the Option.

### **10.4 Quotation**

Options will not be quoted on ASX. However, application will be made to ASX for official quotation of the Shares allotted pursuant to the exercise of Options if the Company's Shares are listed on ASX at that time.

### **10.5 Applications**

An application to be issued Options may be made by persons invited to participate in the Scheme in such form and upon such terms and conditions concerning the closing date for applications as are approved by the Directors from time to time.

## **10.6 Reorganisation**

The terms upon which Options will be granted will not prevent the Options being reorganised as required by the Listing Rules on the reorganisation of the capital of the Company.

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## **11. OVERRIDING RESTRICTIONS ON ISSUE AND EXERCISE**

Notwithstanding the Rules or the terms of any Option, no Option may be offered, granted or exercised and no Share may be issued under the Scheme if to do so:

- (a) would contravene the Corporations Act, the Listing Rules or any other applicable law; or
- (b) would contravene the local laws or customs of an Eligible Participant's country of residence or in the opinion of the Board would require actions to comply with those local laws or customs which are impractical.

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## **12. AMENDMENT OF RULES**

Subject to and in accordance with the Listing Rules (including any waiver granted under such Listing Rules), the Directors (without the necessity of obtaining the prior or subsequent consent of Shareholders of the Company in a general meeting) may from time to time amend (including the power to revoke, add to or vary) all or any provisions of the Rules in any respect whatsoever, by an instrument in writing, provided that rights or entitlements in respect of any Option granted before the date of amendment shall not be reduced or adversely affected unless prior written approval from the affected holder(s) is obtained.

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## **13. TRIGGER EVENT**

Notwithstanding the Rules of the Scheme, upon the occurrence of a Trigger Event, the Directors may determine:

- (a) that the Options may be exercised at any time from the date of such determination, and in any number until the date determined by the Directors acting bona fide so as to permit the holder to participate in any change of control arising from a Trigger Event, provided that the Directors will forthwith advise in writing each holder of such determination. Thereafter, the Options shall lapse to the extent they have not been exercised; or
- (b) to use their reasonable endeavours to procure that an offer is made to holders of Options on like terms (having regard to the nature and value of the Options) to the terms proposed under the Trigger Event in which case the Directors shall determine an appropriate period during which the holder may elect to accept the offer and, if the holder has not so elected at the end of that period, the Options shall immediately become exercisable and if not exercised within 10 days, shall lapse.

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## **14. ADMINISTRATION OF SCHEME**

- (a) The Directors may appoint for the proper administration and management of the Scheme, such persons as it considers desirable and may delegate thereto such authorities as may be necessary or desirable for the administration and management of the Scheme.

- (b) Subject to the provisions of the Rules, the Directors may make such regulations and establish such procedures for the administration and management of the Scheme as they consider appropriate.
- (c) The decision of the Directors as to the interpretation, effect or application of the Rules will be final.

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**15. RIGHTS OF ELIGIBLE PARTICIPANTS**

Neither participation in the Scheme by the Company or an Associated Body Corporate or any Eligible Participants or Option holders or anything contained in these Rules shall in any way prejudice or affect the right of the Company or an Associated Body Corporate to dismiss any Eligible Participant or Option holder or to vary the terms of employment of any Eligible Participant or Option holder. Nor shall participation or the rights or benefits of an Eligible Participant or Option holder under the Rules be relevant to or used as grounds for granting or increasing damages in any action brought by an Eligible Participant or Option holder against the Company or an Associated Body Corporate whether in respect of any alleged wrongful dismissal or otherwise.

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**16. ATTORNEY**

Each Participant, in consideration of an Offer:

- (a) irrevocably appoints the Company and any person nominated from time to time by the Company (each an "attorney"), severally, as the Participant's attorney to complete and execute any documents including applications for Shares and Share transfers and to do all acts or things on behalf of and in the name of the Participant which may be convenient or necessary for the purpose of giving effect to the provisions of these Rules;
- (b) covenants that the Participant will ratify and confirm any act or thing done pursuant to this power;
- (c) releases each member of the Group and the attorney from any liability whatsoever arising from the exercise of the powers conferred by this Rule; and
- (d) indemnifies and holds harmless each member of the Group and the attorney in respect thereof.

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**17. ASIC RELIEF**

Notwithstanding any other provisions of the Scheme, every covenant or other provision set out in an exemption or modification granted from time to time by the ASIC in respect of the Scheme pursuant to its power to exempt and modify the Corporations Act and required to be included in the Scheme in order for that exemption or modification to have full effect, is deemed to be contained in the Scheme. To the extent that any covenant or other provision deemed by this Rule to be contained in the Scheme is inconsistent with any other provision in the Scheme, the deemed covenant or other provision shall prevail.

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**18. NOTICES**

Any notice to Participants may be given in such manner as the Board determines.

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**19. GOVERNING LAW**

This Scheme is governed by and shall be construed and take effect in accordance with the laws of South Australia.

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**SCHEDULE 1 – NOTICE OF EXERCISE OF OPTIONS**

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To: The Directors  
MGM Wireless Limited

I/ We \_\_\_\_\_ of \_\_\_\_\_  
\_\_\_\_\_ being registered holder(s) of the options to subscribe  
for fully paid ordinary shares in the Company set out on the certificate annexed to this  
notice, hereby exercise \_\_\_\_\_ of the abovementioned options. I/We enclose  
my/our cheque for \$ \_\_\_\_\_ in payment of the application monies due in  
respect of those shares calculated on the basis of \$ \_\_\_\_\_ per share.

I/ We authorise and direct the Company to register me/us as the holder(s) of the shares  
to be allotted to me/us and I/we agree to accept such shares subject to the provisions  
of the Constitution of the Company.

Dated the \_\_\_\_\_ day of \_\_\_\_\_ 20 .

\_\_\_\_\_  
**Signature of Holder(s)**

Note:

1. Each holder must sign.
2. An application by a company must be executed in accordance with section 127 of the Corporations Act 2001 (Cth) and if signing for a company as a sole director/secretary – ensure “sole director” and “sole secretary” is written beside the signature.
3. Cheques should be made payable to MGM Wireless Limited

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## SCHEDULE 2 – OFFER DOCUMENT

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[Name and address of employee]

Dear [\*]

### **INCENTIVE OPTION SCHEME**

The board of directors of MGM Wireless is pleased to make an offer to you of [\*] options pursuant to its incentive option scheme (**Scheme**).

In accordance with ASIC Class Order 03/184, the Company informs you of the following:

- (a) accompanying this letter is a full copy of the terms of the Scheme;
- (b) this offer remains open for acceptance by you for 14 days from the date of this letter (**Offer Period**);
- (c) the options under the Scheme will be granted to you for nil consideration;
- (d) the exercise price of each of the options is \$[\*] and the expiry date is [\*];
- (e) the Company undertakes that during the period commencing on the date of this letter and expiring at the end of the Offer Period, it will within a reasonable period of you so requesting, make available to you the current market price of the underlying shares to which the options relate;
- (f) that, unless at the time of the exercise of the options the shares the subject of those options will be in the same class as securities which have been quoted on the financial market operated by ASX Limited or an approved foreign market throughout the 12 month period immediately preceding the exercise date of the options without suspension for more than a total of 2 trading days during that period, the Company will have a prospectus available in relation to the shares the subject of the options which complies with the requirements of the Corporations Act; and
- (g) employees cannot exercise the options being offered unless either a current prospectus is available to them or the shares the subject of the options are in the same class as securities which have been quoted on the financial market operated by Australian Stock Exchange Limited or an approved foreign market throughout the 12 month period immediately preceding the exercise date of the options without suspension for more than a total of 2 trading days during that period.

Could you please confirm your acceptance of the offer set out in this letter by signing in the appropriate place below and returning it to the Company on facsimile number (08) 8431 2400.

Yours faithfully

**For and on behalf of  
MGM Wireless Limited**

Encl.

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I agree to the terms and conditions set out above and accept the offer of options as contained in the letter set out above.

\_\_\_\_\_  
Name:\_\_\_\_\_

Date:\_\_\_\_\_

\*Note: The Company does not have to include the information set out in paragraphs (f) and (g) above if its Shares have been quoted on the financial market operated by ASX or an approved foreign market throughout the 12 month period immediately before the offer of Options without suspension for more than a total of 2 trading days during that period.





## 2008 Annual Report

## **MGM WIRELESS LIMITED**

### **CORPORATE DIRECTORY**

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#### **DIRECTORS**

Mark Fortunatow  
*Executive Chairman*

Mark Hurd  
*Executive Director*

The Hon John Dawkins AO  
*Non-Executive Director*

#### **SECRETARY**

Neville Bassett

#### **REGISTERED OFFICE**

Suite 13, The Parks  
154 Fullarton Road  
Rose Park SA 5067

#### **PRINCIPAL OFFICE**

Suite 13, The Parks  
154 Fullarton Road  
Rose Park SA 5067

Telephone: (08) 8431 2300  
Facsimile: (08) 8431 2400

#### **AUDITOR**

RSM Bird Cameron Partners  
8 St George's Terrace  
Perth WA 6000

#### **SHARE REGISTRY**

Computershare Investor Services Pty Ltd  
Level 2  
45 St George's Terrace  
Perth WA 6000

Telephone: 1300 557 010  
(08) 9323 2000  
Facsimile: (08) 9323 2033

#### **STOCK EXCHANGE**

The securities of MGM Wireless Limited are listed on the Australian Securities Exchange.

ASX Codes: MWR ordinary fully paid shares  
MWRO options, expiring 30 November 2010

# MGM WIRELESS LIMITED

## DIRECTORS' REPORT

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Your Directors present their report on the Company and its controlled entities for the year ended 30 June 2008.

### DIRECTORS

The names of the Directors of the Company in office during the financial year and up to the date of this report are as follows. Directors were in office for the entire year unless otherwise stated.

Mark Fortunatow  
Mark Edwin Hurd  
John Sydney Dawkins – appointed 17 August 2007  
Richard Salvatore Sciano – resigned 16 November 2007

### INFORMATION ON DIRECTORS

#### **Mark Fortunatow** BSc BEc – Executive Chairman

Executive Chairman Mark Fortunatow, founder and chief executive of the Company's subsidiary MGM Wireless Holdings Pty Ltd, brings more than 17 years of senior executive management experience in marketing, engineering, information systems, finance and customer support.

Mr Fortunatow previously founded three successful technology-based enterprises, Linx Computer Systems (developer and marketer of financial software), Timekeeping Australia (a leader in the Australian workforce management market) and Netline Technologies (a company designing, engineering, selling and distributing voice based mobile wireless solutions), accumulating substantial practical experience in the many disciplines required to successfully launch and sustainably grow a successful technology enterprise.

Mr Fortunatow is on the Board of Directors of the Asthma Foundation of South Australia Incorporated.

He holds a degree of Bachelor of Science and Bachelor of Economics from Adelaide University.

Director since 3 October 2003.

No other directorships in listed companies in the last 3 years.

#### **Mark Edwin Hurd** BSc(Hons) – Executive Director

Mr Hurd is co-founder and Chief Technical Officer of MGM Wireless Holdings Pty Ltd.

He holds an honours degree in Mathematical and Computer Sciences and has received numerous awards for outstanding academic and software engineering achievements. He is the chief architect of MGM's technology.

A regular active contributor to Microsoft technical forums, Mr Hurd is sought after internationally by leading software engineers and corporations for his advice and software architecture expertise.

Prior to MGM, Mr Hurd was Chief Technical Officer at Netline Technologies, and before that held positions with Logica and Coopers and Lybrand and carried out numerous academic research projects.

In 1998, Mr Hurd co-founded Netline Technologies to design, engineer, sell and distribute voice-based mobile wireless solutions. The company achievements included winning the "Most outstanding Wireless Mobile Product" trophy at Internet World 2000, for E-Fone.

Director since 3 October 2003.

No other directorships in listed companies in the last 3 years.

#### **John Sydney Dawkins AO** BEc – Non-executive Director

Mr Dawkins served in the Australian Federal Government as Treasurer and Minister for Employment, Education and Training among other posts.

Following his retirement from politics in 1994, he commenced building a career in business as a strategic advisor and board member. For nine years he was chairman of Elders Rural Bank and for nearly 10 years served on the Board of Sealcorp Holdings, now Asgard Wealth Solutions. His current appointments include Chairman of Retail Energy Market Company and Integrated Legal Holdings Ltd and Director of Genetic Technologies Ltd and Government Relations Australia.

He has maintained his interest in education policy, participating in education policy reviews for the World Bank and the OECD in five countries, including Ireland and Malaysia. In 2001 he undertook a review of Education Adelaide for the South Australian Government.

## MGM WIRELESS LIMITED

### DIRECTORS' REPORT

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As well as holding a degree in economics, he has been awarded honorary doctorates from the University of South Australia and Queensland University of Technology.

Director since 17 August 2007.

During the past 3 years, Mr Dawkins has also served as a director of the following listed companies:

- Integrated Legal Holdings Ltd (6 October 2006 to present)
- Genetic Technologies Ltd (24 November 2004 to present)

**Richard Salvatore Sciano** – Non-executive Director

Mr Sciano was born and educated in Western Australia. He has been involved in the Australian property investment and development industry for over 15 years. Mr Sciano is also the Executive Director of ASX-listed minerals explorer Golden State Resources Ltd, and a director of a number of private companies whose businesses are focused on property investment and development.

Director since 2 January 2003. Resigned on 16 November 2007.

During the past 3 years, Mr Sciano has also served as a director of the following listed companies:

- Golden State Resources Limited (January 2003 – present)

#### COMPANY SECRETARY

Neville John Bassett B.Bus, CA – Mr Bassett was appointed company secretary on 16 March 1999. A chartered accountant with over 26 years experience. Mr Bassett has been involved with a diverse range of Australian public listed companies in directorial, company secretarial and financial roles.

#### DIRECTORS' INTERESTS IN SHARES AND OPTIONS

The relevant interest of each Director in the shares and options of the Company at the date of this Report is as follows:

Mark Fortunatow

- 39,085,903 ordinary fully paid shares
- 357,143 options expiring 31 January 2010, exercisable at 7 cents each
- 1,500,000 options expiring 31 January 2010, exercisable at 9 cents each
- 4,000,000 options expiring 31 January 2011, exercisable at 22 cents each

Mark Hurd

- 15,142,500 ordinary fully paid shares
- 1,500,000 options expiring 31 January 2010, exercisable at 7 cents each
- 1,500,000 options expiring 31 January 2010, exercisable at 9 cents each
- 2,500,000 options expiring 31 January 2011, exercisable at 22 cents each

John Dawkins

- 550,000 ordinary fully paid shares

#### CORPORATE INFORMATION

##### Corporate Structure

MGM Wireless Limited is a limited liability company that is incorporate and domiciled in Australia. MGM Wireless Limited has prepared a consolidated financial report incorporating the entities that it controlled during the financial year as follows:

MGM Wireless Limited	-	parent entity
MGM Wireless Holdings Limited	-	100% owned controlled entity

##### Nature of Operations and Principal Activities

The principal continuing activity during the year of entities within the consolidated entity was as a single source provider of mobile messaging solutions for business enterprises.

# MGM WIRELESS LIMITED

## DIRECTORS' REPORT

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### OPERATING RESULTS

The amount of the operating loss attributable to members of the Company after income tax was \$2,227,502 (2007: \$783,932 – loss).

### DIVIDENDS

Since the incorporation of the Company, no dividends have been paid by the Company or are recommended to be paid by the directors.

### REVIEW OF OPERATIONS AND LIKELY DEVELOPMENTS IN THE FUTURE

2008 has been the most invigorating and challenging year in our history. This past year, we invested and strongly focused on our operations to grow our business long term both in the US and Australia in order to maintain and extend our market leadership position.

In Australia, we are seeing a trend of market expansion and maturing in text based communication solutions for schools – as is the case in the US, where earlier in 2008, the Yankee Group predicted that our market sector – the fast-growing alert and notification market, would grow to an estimated \$1.2 billion in revenue in the United States by 2011. This would represent a five-year compounded average annual growth rate of over 30 percent.

In line with the expansion of the market and signs of maturity – a second major Australian Government contract was let (NSW Education – Sydney Region and awarded to MGM). During the year, we continued steady and growing sales success into the new markets of Independent and Catholic schools sectors with a number of highly prestigious schools across Australia purchasing our solutions.

The result of our investment in operations has meant that we now have a broad and diverse customer base spanning two Australian Government contracts – Western Australia covering up to 800 schools, NSW Sydney region up to 2,300 schools and 144 TAFE colleges, and over 200 individual state, Independent and Catholic schools, in addition to 23 schools in the US. It should be noted that due to the 'opt-in' nature of the both Government agreements, the actual number of school in Western Australia installing our systems may be closer to the 300-400 range, and for NSW at this stage, is too early to forecast the actual school take-up numbers – but the company believes that collectively these agreements will lead to a much larger customer base than what is the case today.

As a result of our investment, the company has a more experienced and mature management team, a richer and broader product range that meets the needs of a greater variety of schools at different price points and requirements.

### Income - New Revenue Recognition Policy

The company has taken the decision to recognise Annual License Fee revenue over the life of the contract with Schools rather than the previous practice of recognising revenue at the time of invoice. As our Company has grown and our sources of income have become more diverse, we have recognised the need to standardize our revenue reporting to give shareholders a more accurate picture of our business going forward.

### Effect of Different Interpretations on Financial Statements

Using previous accounting policy, income for the year would have been \$ 2.37 mill, an increase of 8% on the previous year. However, under the new Revenue Recognition Policy, this amount has been reduced by \$468,826 to \$ 1.901 mill

Factors influencing top – line revenue growth were:

- Existing Western Australian Government schools migrating to the new contract arrangements with MGM. These agreements differ to our individual school model as a degree of implementation, training and professional services are performed by the Customer themselves – and MGM received a direct licensee fee and/or royalty. The company believes that as the number of new schools increases over time, the value of the new agreement will more than compensate for current shortfall in revenues.
- No new direct sales in the WA Government sector due to the rollout of the new contract.
- Some NSW existing customers rolling over to the new agreement with NSW Education with similar rollout characteristics to WA.
- Individual NSW Government schools reluctance to make direct purchase decisions with MGM Wireless until all details of the new NSW Education contract were made available.

## MGM WIRELESS LIMITED

### DIRECTORS' REPORT

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#### **The Australian Market**

The size of the opportunity for our products and services grew over the past year. We have seen a greater number and broader spread of schools expressing interest in communication solutions than ever before. The application of our products has expanded well beyond the traditional areas of attendance communication, to sport, event reminders and emergency notification. During the year we released new products specifically for the Independent, Catholic School market and Primary schools with the School News Channel service. With the growth in demand came more complexities, some new competition, challenges in sales channels and meeting the needs of customers at different price points. Moving forward, our challenge is to meet these opportunities head on and maintain our high standards of product and perhaps more importantly, customised service to our school and school district clients.

#### **US market**

Since opening our offices in January 2007 in the US market – we have acquired 23 schools. In the past year, we invested \$ 494,645. We are proud of this achievement and remain focussed on building on this foothold in the biggest education market in the world. The challenge for the company moving forward in the US market is to change and leverage our current sales processes, successes and customer base into more cost effective sales channels. To this effect, in July 2008, MGM signed the first stage of a re-seller channel agreement for the US with an Miami based provider of School Infraction Management solutions with an existing customer base of over 700 schools.

Our products have been demonstrated to be highly effective in improving student attendance and mass communication in the US, and the company is keen to make greater inroads and at a faster rate in to this large market.

As previously mentioned, our market in the US - the fast-growing alert and notification market is estimated \$1.2 billion in revenue in the United States by 2011, representing a five-year compounded average annual growth rate of over 30 percent (Yankee Group).

#### **Sales**

Throughout 2008 the company experienced a proportion of its existing customers migrating to major account / high school number systemic wide agreements. These agreements differ to our individual school pricing model due to the fact the Government Departments normally perform a degree of implementation, training and professional services themselves – and pay MGM a direct licensee fee and/or royalty.

This had a downward effect on the company's top line revenue number – which was not adequately offset by sufficient numbers of new individual school sales, but the company believes that if the individual Education Departments in Western Australia and NSW can maintain and increase momentum in the rate of their respective rollouts, then the effect of greater numbers of schools using MGM solutions will more the compensate the current situation in the next 9 – 24 months.

#### **R&D**

The company ongoing success to a large degree rests on its ability to re-invent itself with new and exciting products and new organisational structure appropriate for the market. As a greater proportion of School operating environments move to a web based solution, MGM in the past year released its first web application - School News Channel. Released as an operating environment or portal with sub-modules that can be enabled for school customers as their needs grow, School News Channel was initially released with the 191 ASK - Parent Question and Answer service, and then a second module – Outreach – a powerful broadcasting tool. With the ability to import data from student management systems and send and receive personalised SMS from any web enabled computer, Outreach is an ideal product for Junior / Primary schools or schools with a limited budget. School News Channel scales very well, with minimal effort required at the school level and from the company's point of view simpler to support.

School News Channel – Outreach was chosen by NSW Education and is currently being deployed across schools in the Sydney Region and is being made available to all Government Schools and TAFE colleges across NSW. The company also continued to expand all enhance all of its existing products, especially our communication network and billing infrastructure – or Message Centre to improve performance, connectivity to multiple carrier networks in Australia and the US. The Message Centre remains highly valuable, strategic infrastructure that enables the company to offer higher levels of functionality and services to schools, and in particular Government Departments.

# MGM WIRELESS LIMITED

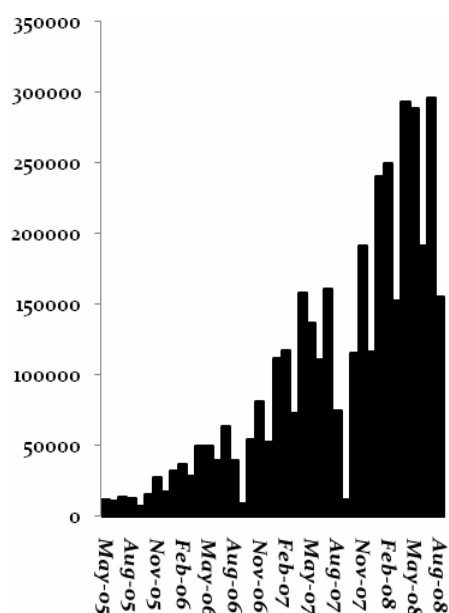
## DIRECTORS' REPORT

### Communication Traffic and Message Centre

MGM operates its own highly sophisticated network infrastructure – collectively called Message Centre - which enables the company to provide and maintain a higher degree of services, flexibility and functionality to Schools and Parents.

During the course of 2008, MGM developed and refined the Message Centre to enable SMS, email and voice mail delivery from multiple regions and countries to specific carriers directly. Traffic optimisation was improved, new features and billings were enhanced.

This has resulted in a for more powerful platform to meet the needs of international markets and local systemic Education organisations. In addition to this, MGM has developed this infrastructure as a product in its own right, and has licensed this platform to both NSW and WA Education.



We continue to see communication traffic grow and with the increased volumes the company is building a solid revenue stream that continues to financially improve with economies of scale.

### Customer Satisfaction

We continue to be pleased to hear that our customers are delighted with our products and services. Revenue from existing customers represents an ever increasing proportion of total revenues, and moving forward into 2009, the company believes it will achieve approximately \$ 1.3 million of revenue commitments from existing Customers and grant income.

### Moving Forward

MGM's challenge moving forward is to continue adapting to a increasingly larger and more complex market opportunity both in the US and Australia. With our market sector now recognised as a fast growing sector, the company needs to build on its existing market share and dominance at an even faster rate. This will need to be achieved by improving existing sales channels, leveraging our current market dominance, adapting to new business and organisational structure and ongoing product R&D. We look forward to this exciting opportunity and reporting to Shareholders of our progress.

### SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

During the year, the Company raised additional capital of \$611,100 from the issue of:

- 5,672,000 ordinary fully paid shares at 5 cents per share, raising \$283,600
- 9,392,857 ordinary fully paid shares on the exercise of unlisted options, raising \$327,500

In the opinion of the Directors, there were no other significant changes in the state of affairs of the Company that occurred during the financial year under review, not otherwise disclosed in these financial statements and Directors' report.

### EVENTS SUBSEQUENT TO END OF THE FINANCIAL YEAR

Since the end of the financial year under review and the date of this report, there has not arisen any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to significantly affect the operations of the consolidated entity, in subsequent financial years, other than as detailed in the Review of Operations.

### LIKELY DEVELOPMENTS

Comments on likely developments and expected results have been covered generally herein and in the Review of Operations.

## MGM WIRELESS LIMITED

### DIRECTORS' REPORT

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#### MEETINGS OF DIRECTORS

The attendance of Directors at the meetings of the Company's Board of Directors held during the year is as follows:

Directors	Number of Meetings Held whilst in office	Number of meetings Attended
M Fortunatow	10	10
M Hurd	10	10
J Dawkins	5	5
R Sciano	5	5

#### REMUNERATION REPORT (AUDITED)

This report details the nature and amount of remuneration for each director and executive of MGM Wireless Limited. The information provided in the remuneration report includes remuneration disclosures that are audited as required by section 308(3C) of the Corporations Act 2001.

For the purposes of this report Key Management Personnel of the Group are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the group, directly or indirectly, including any director (whether executive or otherwise) of the parent company, and includes five executives in the parent group receiving the highest remuneration.

For the purposes of this report the term "executive" includes those key management personnel who are not directors of the parent company.

##### Remuneration Committee

The full Board carries out the role and responsibilities of the Remuneration Committee and is responsible for determining and reviewing the compensation arrangements for the Directors themselves, the Managing Director and any Executives.

Executive remuneration is reviewed annually having regard to individual and business performance, relevant comparative remuneration and internal and independent external advice.

##### A. Remuneration policy

The board policy is to remunerate directors at market rates for time, commitment and responsibilities. The board determines payments to the directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. The maximum aggregate amount of directors' fees that can be paid is subject to approval by shareholders in general meeting, from time to time. Fees for non-executive directors are not linked to the performance of the consolidated entity. However, to align directors' interests with shareholders interests, the directors are encouraged to hold shares in the company.

The company's aim is to remunerate at a level that will attract and retain high-calibre directors and employees. Company officers and directors are remunerated to a level consistent with the size of the company.

The executive directors and full time executives receive a superannuation guarantee contribution required by the government, which is currently 9%, and do not receive any other retirement benefits. Some individuals, however, may choose to sacrifice part of their salary to increase payments towards superannuation.

All remuneration paid to directors and executives is valued at the cost to the company and expensed.

The Board believes that it has implemented suitable practices and procedures that are appropriate for an organisation of this size and maturity.

The Company did not pay any performance-based component of remuneration during the year.

##### B. Remuneration structure

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

##### Non-executive Director Compensation

###### *Objective*

The Board seeks to set aggregate compensation at a level that provides the company with the ability to attract and retain directors of the highest calibre, whilst incurring a cost that is acceptable to shareholders.

## MGM WIRELESS LIMITED

### DIRECTORS' REPORT

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#### *Structure*

The Constitution and the ASX Listing Rules specify that the aggregate compensation of non-executive directors shall be determined from time to time by a general meeting. An amount not exceeding the amount determined is then divided between the directors as agreed.

The amount of aggregate compensation sought to be approved by shareholders and the manner in which it is apportioned amongst directors is reviewed annually. The Board considers advice from external consultants as well as the fees paid to non-executive directors of comparable companies when undertaking the annual review process. Non-Executive Directors' remuneration may include an incentive portion consisting of options, as considered appropriate by the Board, which may be subject to Shareholder approval in accordance with ASX listing rules.

Separate from their duties as Directors, the Non-Executive Directors undertake work for the Company directly related to the evaluation and implementation of various business opportunities, including mineral exploration/evaluation and new business ventures, for which they receive a daily rate. These payments are made pursuant to individual agreement with the non-executive Directors and are not taken into account when determining their aggregate remuneration levels.

#### **Executive Compensation**

##### *Objective*

The entity aims to reward executives with a level and mix of compensation commensurate with their position and responsibilities within the entity so as to:

- reward executives for company and individual performance against targets set by appropriate benchmarks;
- align the interests of executives with those of shareholders;
- link rewards with the strategic goals and performance of the company; and
- ensure total compensation is competitive by market standards.

##### *Structure*

In determining the level and make-up of executive remuneration, the Board negotiates a remuneration to reflect the market salary for a position and individual of comparable responsibility and experience. Due to the limited size of the Company and of its operations and financial affairs, the use of a separate remuneration committee is not considered appropriate. Remuneration is regularly compared with the external market by participation in industry salary surveys and during recruitment activities generally. If required, the Board may engage an external consultant to provide independent advice in the form of a written report detailing market levels of remuneration for comparable executive roles.

Remuneration consists of a fixed remuneration and a long term incentive portion as considered appropriate.

Compensation may consist of the following key elements:

- Fixed Compensation;
  - Variable Compensation;
  - Short Term Incentive (STI); and
- Long Term Incentive (LTI).

##### *Fixed Remuneration*

The level of fixed remuneration is set so as to provide a base level of remuneration which is both appropriate to the position and is competitive in the market. Fixed remuneration is reviewed annually by the Board having regard to the Company and individual performance, relevant comparable remuneration in the mining exploration sector and external advice.

The fixed remuneration is a base salary or monthly consulting fee.

##### *Variable Pay — Long Term Incentives*

The objective of long term incentives is to reward directors/executives in a manner which aligns this element of remuneration with the creation of shareholder wealth. The incentive portion is payable based upon attainment of objectives related to the director's/executive's job responsibilities. The objectives vary, but all are targeted to relate directly to the Company's business and financial performance and thus to shareholder value.

Long term incentives (LTI's) granted to directors/ executives are delivered in the form of options.

LTI grants to Executives are delivered in the form of employee share options. These options are issued at an exercise price determined by the Board at the time of issue. The employee share options generally vest over a selected period.

## MGM WIRELESS LIMITED

### DIRECTORS' REPORT

The objective of the granting options is to reward Executives in a manner which aligns the element of remuneration with the creation of shareholder wealth. As such LTI's are made to Executives who are able to influence the generation of shareholder wealth and thus have an impact on the Company's performance.

The level of LTI granted is, in turn, dependent on the Company's recent share price performance, the seniority of the Executive, and the responsibilities the Executive assumes in the Company.

Typically, the grant of LTIs occurs at the commencement of employment or in the event that the individual receives a promotion and, as such, is not subsequently affected by the individual's performance over time.

#### C. Employment contracts of directors and senior executives

The employment arrangements of the directors are not formalised in a contract of employment.

#### D. Details of remuneration for year

##### **Directors**

The following persons were directors of MGM Wireless Limited during the financial year:

Mark Fortunatow	Chairman (executive)
Mark Hurd	Director (executive)
John Dawkins	Director (non-executive) – appointed 17 August 2007
Richard Sciano	Chairman (executive) – resigned 16 November 2007

##### **Executives**

The following persons were executives of MGM Wireless Limited during the financial year:

Neville Bassett	Company Secretary
-----------------	-------------------

There were no other persons that fulfilled the role of a key management person, other than those disclosed as Executive Directors.

##### **Remuneration**

Details of the remuneration of each Director and named executive officer of the company, including their personally-related entities, during the year was as follows:

	Year	Short Term Benefits	Post Employment	Share Based		Total	Remuneration consisting of share based payments during the year %
		Salary and fees \$	Superannuation \$	Options \$	Shares \$		
<b>Directors</b>							
M Fortunatow	2008	220,000	8,325	36,960	-	265,285	13.9%
	2007	222,993	8,325	-	-	231,318	-
M Hurd	2008	150,000	13,500	23,100	-	186,600	12.4%
	2007	150,000	13,500	-	-	163,500	-
J Dawkins Appointed 17/8/2007	2008	50,000	4,500	-	49,500	104,000	47.6%
	2007	-	-	-	-	-	-
R Sciano Resigned 16/11/2007	2008	15,266	-	-	-	15,266	-
	2007	24,000	-	-	-	24,000	-
<b>Executives</b>							
N Bassett	2008	30,000	-	-	-	30,000	-

There were no executives of the company at any time during the year.

There were no performance related payments made during the year.

The Black and Scholes valuation was used to value the options issued as share-based payments. The following factors and assumptions were used in determining the fair value of options on grant date:

Expiry Date	Fair Value per Option	Exercise Price	Estimated Volatility	Risk Free Interest Rate
31 January 2011	\$0.00924	\$0.22	39%	6.48%

## MGM WIRELESS LIMITED

### DIRECTORS' REPORT

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A discount factor of 30% has been applied to the determined fair value due to the lack of marketability, as the options are unlisted and are non-transferable.

#### **E. Compensation options to key management personnel**

No options were granted as equity compensation benefits to Directors and Executives during the year, other than as detailed above.

#### **F. Shares issued to key management personnel on exercise of compensation options**

No shares were issued to Directors and Executives on exercise of compensation options during the year.

### **CORPORATE GOVERNANCE PRACTICES**

The Company's corporate governance practices are set out in the Corporate Governance Statement contained in this Financial Report.

### **OFFICERS' INDEMNITY AND INSURANCE**

The Company has not, during or since the financial year, in respect of any person who is or has been an officer or auditor of the Company or a related body corporate:

- indemnified or made any relevant agreement for indemnifying against a liability incurred as an officer, including costs and expenses in successfully defending legal proceedings; or
- paid or agreed to pay a premium in respect of a contract insuring against a liability incurred as an officer for the costs or expenses to defend legal proceedings.

### **SHARE OPTIONS**

As at the date of this report there were the following unissued ordinary shares for which options were outstanding:

- 4,257,143 options expiring 31 January 2010, exercisable at 7 cents each
- 3,000,000 options expiring 31 January 2010, exercisable at 9 cents each
- 14,103,380 options expiring 30 November 2010, exercisable at 20 cents each
- 5,100,000 options expiring 31 December 2010, exercisable at 20 cents each
- 6,500,000 options expiring 31 December 2011, exercisable at 22 cents each

During the year, options were exercised as follows:

- 8,250,000 options expiring 31 December 2007 were exercised at 3 cents each; and
- 1,142,857 options expiring 31 January 2010 were exercised at 7 cents each.

6,500,000 options expiring 31 January 2011, exercisable at 22 cents each were granted during the year.

250,000 options expiring 31 December 2007, exercisable at 3 cents each expired.

No person entitled to exercise these options had or has any right, by virtue of the option, to participate in any share issue of the company or of any related body corporate.

### **ENVIRONMENTAL REGULATION**

The Company's operations are not regulated by any significant environmental regulation under a Law of the Commonwealth or of a State or Territory.

## MGM WIRELESS LIMITED

### DIRECTORS' REPORT

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#### LEGAL PROCEEDINGS

No person has applied for leave of court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the year.

#### AUDITOR

The board of directors, in accordance with advice from the audit committee, is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The directors are satisfied that the services disclosed below did not compromise the external auditor's independence for the following reasons:

- all non-audit services are reviewed and approved by the audit committee prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- the nature of the services provided do not compromise the general principles relating to auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board.

The fees for non-audit services that were paid to the external auditors during the year ended 30 June 2008 are disclosed in Note 2 of the financial report.

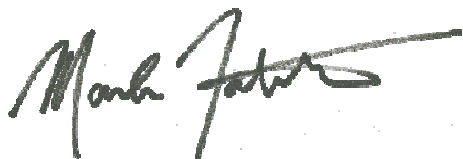
#### NON-AUDIT SERVICES

No non-audit services have been provided by the Auditor or by another person on the Auditor's behalf during the year.

#### AUDITOR'S DECLARATION OF INDEPENDENCE

The auditor's independence declaration for the year ended 30 June 2008 has been received and is included as part of the financial statements.

Signed in accordance with a resolution of directors



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Mark Fortunatow  
Executive Chairman  
Signed at Adelaide on 26 September 2008

## MGM WIRELESS LIMITED

### CORPORATE GOVERNANCE STATEMENT

The Board of Directors of MGM Wireless Limited is responsible for the corporate governance of the consolidated entity. The Board guides and monitors the business and affairs of MGM Wireless Limited on behalf of the shareholders by whom they are elected and to whom they are accountable.

MGM Wireless Limited's Corporate Governance Statement is structured with reference to the Corporate Governance Council's principles and recommendations, which are as follows:

- Principle 1.** Lay solid foundations for management and oversight
- Principle 2.** Structure the board to add value
- Principle 3.** Promote ethical and responsible decision making
- Principle 4.** Safeguard integrity in financial reporting
- Principle 5.** Make timely and balanced disclosure
- Principle 6.** Respect the rights of shareholders
- Principle 7.** Recognise and manage risk
- Principle 8.** Encourage enhanced performance
- Principle 9.** Remunerate fairly and responsibly
- Principle 10.** Recognise the legitimate interests of stakeholders

MGM Wireless Limited's corporate governance practices were in place throughout the year ended 30 June 2008 and were fully compliant with the Council's best practice recommendations, unless otherwise stated.

The Board considers that the Company is not currently of a size, nor are its affairs of such complexity to justify the formation of separate or special committees at this time. The Board as a whole is able to address the governance aspects of the full scope of the Company's activities and to ensure that it adheres to appropriate ethical standards. The Board continues to review its current practices in light of the ASX Principles of Good Corporate Governance and Best Practice Guidelines with a view to making amendments where applicable after considering the Company's size and resources it has available.

As the Company's activities develop in size, nature and scope, the size of the Board and the implementation of any additional formal corporate governance committees will be given further consideration.

During the financial year the Company has complied with each of the 10 Essential Corporate Governance Principles and the corresponding Best Practice Recommendations, other than in relation to the matters specified below:

Principle Ref	Recommendation Ref	Notification of Departure	Explanation for Departure
2	2.1	Majority of Board not independent	The size and scope of the Company's activities does not justify the cost of appointing two additional independent directors.
2	2.2 & 2.3	Chairman is not independent	The Board considers that, at this stage of the Company's development, the executive role carried out by the Chairman is in the best interests of the Company.
2	2.4	The Company does not have a Nomination Committee	The role of the Nomination Committee has been assumed by the full Board. The size and scope of the Company's activities does not justify the establishment of such a Committee. The Board has taken a view that the full Board will hold special meetings or sessions as required. The Board are confident that this process for selection and review is stringent and full details of all Directors are provided to shareholders in the annual report and on the web.

**MGM WIRELESS LIMITED**

**CORPORATE GOVERNANCE STATEMENT**

<b>Principle Ref</b>	<b>Recommendation Ref</b>	<b>Notification of Departure</b>	<b>Explanation for Departure</b>
4	4.2, 4.3 & 4.4	The Company does not have an Audit Committee	<p>The role of the Audit Committee has been assumed by the full Board. The size and scope of the Company's activities does not justify the establishment of such a Committee. In addition to management's accountability, the Board assures integrity of the financial statements by:</p> <ul style="list-style-type: none"> <li>(a) reviewing the Company's statutory financial statements to ensure the reliability of the financial information presented and compliance with current laws, relevant regulations and accounting standards; and</li> <li>(b) monitoring compliance of the accounting records and procedures, in conjunction with the Company's auditor, on matters overseen by the Australian Securities and Investments Commission, Australian Stock Exchange Limited ("ASX") and Australian Taxation Office;</li> <li>(c) ensuring that management reporting procedures, and the system of internal control, are of a sufficient standard to provide timely, accurate and relevant information as a sound basis for management of the Group's business;</li> <li>(d) reviewing audit reports and management letters to ensure prompt action is taken by the Company's management; and</li> <li>(e) When required, nominating the external auditor and at least annually reviewing the external auditor in terms of their independence and performance in relation to the adequacy of the scope and quality of the annual statutory audit and half-year review and the fees charged.</li> </ul>
6	6.1	Formalisation of a communications strategy with shareholders	In line with adherence to continuous disclosure requirements of ASX all shareholders are kept informed of major developments affecting the company. This disclosure is through regular shareholder communications including the Annual Report, Half-Year Report, Quarterly Reports and the distribution of specific releases covering major transactions or events. The Company's auditor attends the annual general meeting
7	7.1	The Board or appropriate board committee should establish policies of risk oversight and management	While the Company does not have formalised policies on risk management the Board recognises its responsibility for identifying areas of significant business risk and for ensuring that arrangements are in place for adequately managing these risks. This issue is regularly reviewed at Board meetings.
9	9.2	The Company does not have a Remuneration Committee	The role of the Remuneration Committee has been assumed by the full Board. The size and scope of the Company's activities does not justify the establishment of such a Committee. The Board has taken a view that the full Board will hold special meetings or sessions as required. No director participated in any deliberation regarding his own remuneration or related issues. The Board are confident that this process for determining remuneration is stringent and full details of remuneration policies and payments are provided to shareholders in the remuneration report in the Directors Report.

**MGM WIRELESS LIMITED**

**CORPORATE GOVERNANCE STATEMENT**

<b>Principle Ref</b>	<b>Recommendation Ref</b>	<b>Notification of Departure</b>	<b>Explanation for Departure</b>
9	9.3	Guidelines for non-executive director remuneration	Non-executive directors are paid their fees out of the maximum aggregate amount approved by shareholders for non-executive director remuneration. The Company does not adhere to Recommendation 9.3 Box 9.3 guideline 'Non-executive directors should not receive options or bonus payments'. The Company has granted options to non-executive directors and, potentially, will do so in the future. The Board is of the view that options (for both executive and non-executive directors) are a cost effective benefit for small companies such as MGM Wireless Limited that seek to conserve cash reserves. They also provide an incentive that ultimately benefits both shareholders and the optionholder, as optionholders will only benefit if the market value of the underlying shares exceeds the option strike price. Ultimately, shareholders will make that determination.

**Structure of the Board**

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

In the context of director independence, 'materiality' is considered from both the company and individual director perspective. The determination of materiality requires consideration of both quantitative and qualitative elements. An item is presumed to be quantitatively immaterial if it is equal to or less than 5% of the appropriate base amount. It is presumed to be material (unless there is qualitative evidence to the contrary) if it is equal to or greater than 10% of the appropriate base amount. Qualitative factors considered include whether a relationship is strategically important, the competitive landscape, the nature of the relationship and the contractual or other arrangements governing it and other factors that point to the actual ability of the director in question to shape the direction of the company's loyalty.

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

<b>Name</b>	<b>Position</b>
John Dawkins	Non-Executive Director

There are procedures in place, agreed by the Board, to enable directors in the furtherance of their duties to seek independent professional advice at the company's expense.

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

<b>Name</b>	<b>Term in Office</b>
Mark Fortunatow	Since 3 October 2003
Mark Hurd	Since 3 October 2003
John Dawkins	Since 17 August 2007

**Appointments to Other Boards**

Directors are required to take into consideration any potential conflicts of interest when accepting appointments to other Boards.

**Ethical Standards**

All Directors and employees are expected to act with the utmost of integrity and objectivity, striving at all times to enhance the reputation and performance of the Company.

## MGM WIRELESS LIMITED

### CORPORATE GOVERNANCE STATEMENT

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#### **Conflict of Interest**

In accordance with the Corporations Act 2001 and the Company's Constitution, Directors must keep the Board advised, on an ongoing basis, of any interest that could potentially conflict with those of the Company. Where the Board believes that a significant conflict exists the Director concerned does not receive the relevant board papers and is not present at the meeting whilst the item is considered.

#### **Policy concerning trading in Company securities**

The Company's "Dealings in Company Shares and Options Policy" applies to all Directors, officers and employees. This policy sets out the restrictions on dealing in securities by people who work for, or are associated with the Company and is intended to assist in maintaining market confidence in the integrity of dealings in the Company's securities. The policy stipulates that the only appropriate time for a Director, officer or employee to deal in the Company's securities is when they are not in possession of price sensitive information that is not generally available to the market.

As a matter of practice, Company shares may only be dealt with by Directors and officers of the Company under the following guidelines:

- No trading is permitted in the period of 14 days prior to the announcement to the ASX of the Company's full year and half year results, and quarterly reports and for a period of two days after their release;
- Guidelines are to be considered complementary to and not replace the various sections of the Corporations Act 2001 dealing with insider trading; and
- Prior approval of the Chairman, or in his absence, the approval of two directors is required prior to any trading being undertaken

#### **Nomination Committee**

The role of the Nomination Committee has been assumed by the full Board. The size and scope of the Company's activities does not justify the establishment of such a Committee. The Board has taken a view that the full Board will hold special meetings or sessions as required. The Board are confident that this process for selection and review is stringent and full details of all Directors are provided to shareholders in the annual report and on the web.

#### **Audit Committee**

The Company does not have an Audit Committee. The role of the Audit Committee has been assumed by the full Board. Refer to the explanation for departure above for full details on how the Board assures integrity of its financial statements. The Board as the Audit Committee meets at least bi-annually (in respect of the full year and half year reports).

#### **Performance Evaluation of the Board and its Members**

During the financial year an evaluation of the Board and its members was not formally carried out. To date, there has been no formal process in place for performance evaluation. During the reporting period an evaluation of the Board was informally carried out by the Chairman.

#### **Company's Remuneration Policies**

The board policy is to remunerate directors at market rates for time, commitment and responsibilities. The board determines payments to the directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. The maximum aggregate amount of directors' fees that can be paid is subject to approval by shareholders in general meeting, from time to time. Fees for non-executive directors are not linked to the performance of the consolidated entity. However, to align directors' interests with shareholders interests, the directors are encouraged to hold shares in the Company.

The Company's aim is to remunerate at a level that will attract and retain high-calibre directors and employees. Company officers and directors are remunerated to a level consistent with the size of the Company.

The Board believes that it has implemented suitable practices and procedures that are appropriate for an organisation of this size and maturity.

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

Full details of the objective and structure of directors remuneration is provided in the Remuneration Report in the Directors Report.

**CORPORATE GOVERNANCE STATEMENT**

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**Existence and Terms of any Schemes for Retirement Benefits for Non-Executive Directors**

There are no retirement benefits for non-executive directors.

**Risk Management**

*Overview of the Risk Management System*

The Board adopts practices designed to identify significant areas of business risk and to effectively manage those risks in accordance with the Company's risk profile. This includes assessing, monitoring and managing operational, financial reporting, and compliance risks for the Company. The Company is not of a size nor its affairs of such complexity to justify the establishment of a formal system for reporting risk management and associated compliance and controls. Instead, a director, in accordance with company policy, approves all expenditure, is intimately acquainted with all operations and reports all relevant issues to the other directors at the directors' meetings. The company secretary has declared to the board, that the aforementioned system is working efficiently and effectively.

The operational and other compliance risk management have also been assessed and found to be operating efficiently and effectively. All risk assessments covered the entire part of the financial year that the Company operated and the period up to the signing of the annual financial report for all material operations in the Company.

*Risk Profile*

The Company is not currently considered to be of a size, nor is its affairs of such complexity to justify the establishment of a separate Risk Management Committee. Instead, the board, as part of its usual role and through direct involvement in the management of the Company's operations ensures risks are identified, assessed and appropriately managed. Where necessary, the board draws on the expertise of appropriate external consultants to assist in dealing with or mitigating risk.

**Chief Executive Officer and Chief Financial Officer Certification**

The Chief Executive Officer and Chief Financial Officer, or equivalent, provide to the Board written certification that in all material respects:

- The Company's financial statements present a true and fair view of the Company's financial condition and operational results and are in accordance with relevant accounting standards;
- The statement given to the Board on the integrity of the Company's financial statements is founded on a sound system of risk management and internal compliance and controls which implements the policies adopted by the Board; and
- The Company's risk management an internal compliance and control system is operating efficiently and effectively in all material respects.



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## INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF

MGM WIRELESS LIMITED

### Report on the Financial Report

We have audited the accompanying financial report of MGM Wireless Limited ("the company"), which comprises the balance sheet as at 30 June 2008 and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

#### *Directors' Responsibility for the Financial Report*

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1(c), the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

#### *Auditor's Responsibility*

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

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

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

### *Independence*

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

### *Auditor's Opinion*

In our opinion:

- (a) the financial report of MGM Wireless Limited is in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2008 and of their performance for the year ended on that date; and
  - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1(c).

### *Material Uncertainty Regarding Continuation as a Going Concern*

Without qualification to the opinion expressed above, we draw attention to Note 1(a) in the financial report, which indicates that:

- (a) during the year ended 30 June 2008, the company and consolidated entity incurred net losses of \$2,229,334 and \$2,227,502 respectively;
- (b) during the year ended 30 June 2008, the company and consolidated entity had cash outflows from operating activities of \$831,065 and \$838,543 respectively; and
- (c) as at 30 June 2008, the company and consolidated entity had net current liabilities of \$708,116 and \$624,197 respectively.

These conditions indicate the existence of a material uncertainty which may cast significant doubt about the company's and consolidated entity's ability to continue as going concerns and, therefore, whether they will realise their assets and extinguish their liabilities in the normal course of business and at the amounts stated in the financial report.

### **Report on the Remuneration Report**

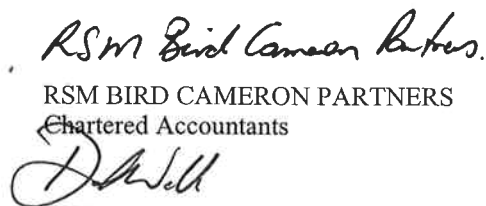
We have audited the Remuneration Report contained in the directors' report for the financial year ended 30 June 2008. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

### *Auditor's Opinion*

In our opinion the Remuneration Report of MGM Wireless Limited for the financial year ended 30 June 2008 complies with section 300A of the *Corporations Act 2001*.

Perth, WA

Dated: 26 SEPTEMBER 2008

  
RSM BIRD CAMERON PARTNERS  
Chartered Accountants  
D J WALL  
Partner

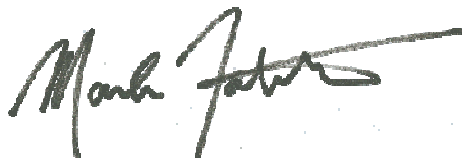
**MGM WIRELESS LIMITED**  
**STATEMENT BY DIRECTORS**

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The directors of the company declare that:

1. the financial statements and notes, as set out on pages 21 to 45 are in accordance with the *Corporations Act 2001* and:
  - a) comply with Accounting Standards and the Corporations Regulations 2001; and
  - b) give a true and fair view of the financial position as at 30 June 2008 and of the performance for the year ended on that date of the company and consolidated group;
2. the Chief Executive Officer has declared that:
  - a) the financial records of the company for the financial year have been properly maintained in accordance with section 286 of the *Corporations Act 2001*;
  - b) the financial statements and notes for the financial year comply with the Accounting Standards; and
  - c) the financial statements and notes for the financial year give a true and fair view;
3. in the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is signed in accordance with a resolution of the Board of Directors.



M Fortunatow  
Director

Signed at Adelaide on 26 September 2008

**MGM WIRELESS LIMITED**

**INCOME STATEMENT**

**For the year ended 30 June 2008**

	Note	Consolidated		Parent Entity	
		2008	2007	2008	2007
		\$	\$	\$	\$
<b>Revenue</b>	2	<b>1,902,566</b>	2,198,029	<b>1,900,931</b>	2,196,379
Cost of sales		(905,664)	(737,550)	(905,664)	(737,550)
Bad and doubtful debts		(86,089)	(22,960)	(86,089)	(22,960)
Borrowing costs		(13,950)	(17,253)	(13,950)	(17,253)
Depreciation and amortisation expense		(338,797)	(184,255)	(177,597)	(23,055)
Advertising and marketing		(195,060)	(121,199)	(271,207)	(121,199)
Consulting expenses		(144,530)	(151,153)	(64,798)	(148,394)
Corporate and administration expenses		(619,114)	(484,259)	(653,101)	(480,039)
Share based payment expense		(109,560)	-	(109,560)	-
Employee benefit expenses		(1,714,683)	(1,257,278)	(1,657,825)	(1,257,278)
Net foreign currency loss		(2,621)	(6,054)	(2,621)	-
Impairment of receivables		-	-	-	(159)
Impairment of financial assets		-	-	(187,853)	(172,424)
Loss before income tax expense		(2,227,502)	(783,932)	(2,229,334)	(783,932)
Income tax expense	3	-	-	-	-
Loss after tax from continuing operations		(2,227,502)	(783,932)	(2,229,334)	(783,932)
Net loss attributable to minority interest		-	-	-	-
Net loss attributable to members of MGM Wireless Limited		(2,227,502)	(783,932)	(2,229,334)	(783,932)
Basic loss per share (cents per share)	4	(1.20)	(0.46)		
Diluted loss per share (cents per share)	4	(1.20)	(0.46)		

The accompanying notes form part of these financial statements

**MGM WIRELESS LIMITED**

**BALANCE SHEET**

**As at 30 June 2008**

	Note	Consolidated		Parent Entity	
		2008 \$	2007 \$	2008 \$	2007 \$
<b>ASSETS</b>					
<b>Current Assets</b>					
Cash and cash equivalents	5	236,651	806,812	235,651	754,007
Trade and other receivables	6	670,001	475,076	643,212	440,833
Other current assets	7	3,236	1,342	250	1,342
<b>Total Current Assets</b>		<b>909,888</b>	1,283,230	<b>879,113</b>	1,196,182
<b>Non Current Assets</b>					
Other financial assets	8	-	-	87,863	216,253
Trade and other receivables	6	-	-	40,000	65,294
Plant and equipment	9	196,643	158,557	190,999	148,557
Intangible assets	10	584,386	615,383	546,086	423,883
<b>Total Non Current Assets</b>		<b>781,029</b>	773,940	<b>864,948</b>	853,987
<b>Total Assets</b>		<b>1,690,917</b>	2,057,170	<b>1,744,061</b>	2,050,169
<b>LIABILITIES</b>					
<b>Current Liabilities</b>					
Trade and other payables	11	1,478,047	351,906	1,531,191	344,905
Provisions	12	56,038	39,758	56,038	39,758
<b>Total Liabilities</b>		<b>1,534,085</b>	391,664	<b>1,587,229</b>	384,663
<b>Net Assets</b>		<b>156,832</b>	1,665,506	<b>156,832</b>	1,665,506
<b>EQUITY</b>					
Parent entity interest					
Issued capital	13	6,677,112	6,016,512	6,677,112	6,016,512
Reserves	14	134,024	75,796	135,856	75,796
Accumulated losses		(6,654,304)	(4,426,802)	(6,656,136)	(4,426,802)
<b>Total parent entity interest in equity</b>		<b>156,832</b>	1,665,506	<b>156,832</b>	1,665,506
Minority interest					
Issued capital		20	20	-	-
Accumulated losses		(20)	(20)	-	-
<b>Total Equity</b>		<b>156,832</b>	1,665,506	<b>156,832</b>	1,665,506

The accompanying notes form part of these financial statements

**MGM WIRELESS LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**  
**For the Year Ended 30 June 2008**

<b>Consolidated</b>	<b>Issued Capital</b>	<b>Accumulated Losses</b>	<b>Option Issue Reserve</b>	<b>Outside Equity Interest</b>	<b>Total Equity</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>At 1 July 2006</b>	4,663,584	(3,637,805)	75,796	(5,065)	1,096,510
Loss attributable to members of parent entity	-	(783,932)	-	-	(783,932)
Transfer of accumulated losses of minority interest in accordance with AASB 127	-	(5,065)	-	5,065	-
Shares issued	1,430,000	-	-	-	1,430,000
Share issue costs	(77,072)	-	-	-	(77,072)
<b>At 30 June 2007</b>	6,016,512	(4,426,802)	75,796	-	1,665,506
	<b>Issued Capital</b>	<b>Accumulated Losses</b>	<b>Option Issue Reserve</b>	<b>Foreign Currency Translation Reserve</b>	<b>Total Equity</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>At 1 July 2007</b>	6,016,512	(4,426,802)	75,796	-	1,665,506
Loss attributable to members of parent entity	-	(2,227,502)	-	-	(2,227,502)
Shares issued	611,100	-	-	-	611,100
Cost of share based payment	49,500	-	60,060	-	109,560
Currency translation differences	-	-	-	(1,832)	(1,832)
<b>At 30 June 2008</b>	6,677,112	(6,654,304)	135,856	(1,832)	156,832
	<b>Issued Capital</b>	<b>Accumulated Losses</b>	<b>Option Issue Reserve</b>	<b>Outside Equity Interest</b>	<b>Total Equity</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>At 1 July 2006</b>	4,663,584	(3,642,870)	75,796	-	1,096,510
Loss attributable to members of parent entity	-	(783,932)	-	-	(783,932)
Shares issued	1,430,000	-	-	-	1,430,000
Share issue costs	(77,072)	-	-	-	(77,072)
<b>At 30 June 2007</b>	6,016,512	(4,426,802)	75,796	-	1,665,506
	<b>Issued Capital</b>	<b>Accumulated Losses</b>	<b>Option Issue Reserve</b>	<b>Foreign Currency Translation Reserve</b>	<b>Total Equity</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>At 1 July 2007</b>	6,016,512	(4,426,802)	75,796	-	1,665,506
Loss attributable to members of parent entity	-	(2,229,334)	-	-	(2,229,334)
Shares issued	611,100	-	-	-	611,100
Cost of share based payment	49,500	-	60,060	-	109,560
<b>At 30 June 2008</b>	6,677,112	(6,656,136)	135,856	-	156,832

The accompanying notes form part of these financial statements

**MGM WIRELESS LIMITED**

**CASH FLOW STATEMENT**

**For the year ended 30 June 2008**

		<b>Consolidated</b>		<b>Parent Entity</b>	
	<b>Note</b>	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
		<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Cash flows from operating activities</b>					
Receipts from customers		2,121,217	2,015,829	2,112,128	2,015,829
Payments to suppliers and employees		(2,958,171)	(2,660,108)	(2,941,604)	(2,652,911)
Interest received		12,361	13,408	12,361	13,408
Interest and other costs of finance		(13,950)	(17,253)	(13,950)	(17,253)
Net cash used in operating activities	5	(838,543)	(648,124)	(831,065)	(640,927)
<b>Cash flows from investing activities</b>					
Payment for investments		-	-	(59,463)	(64,977)
Payments for plant and equipment		(74,648)	(30,889)	(71,004)	(30,889)
Loan repaid by controlled entity		-	-	98,314	-
Payment for research and development		(271,238)	(288,883)	(271,238)	(288,883)
Net cash used in investing activities		(345,886)	(319,772)	(303,391)	(384,749)
<b>Cash flows from financing activities</b>					
Proceeds from issue of shares		611,100	1,295,000	611,100	1,295,000
Expenses of share issues		-	(77,072)	-	(77,072)
Proceeds from borrowings		5,000	-	5,000	-
Net cash provided by financing activities		616,100	1,217,928	616,100	1,217,928
Net increase/ (decrease) in cash held		(568,329)	250,032	(518,356)	192,252
Cash held at the beginning of the financial year		806,812	562,834	754,007	561,755
Effect of exchange rate changes		(1,832)	(6,054)	-	-
Cash held at the end of the financial year	5	236,651	806,812	235,651	754,007

The accompanying notes form part of these financial statements

**MGM WIRELESS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**

**For the year ended 30 June 2008**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**(a) Basis of Preparation**

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board.

The financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

**Going Concern**

As disclosed in the financial report, the parent and consolidated entity recorded an operating losses of \$2,229,334 and \$2,227,502 and a cash outflows from operating activities of \$831,065 and \$838,543 for the year ended 30 June 2008 and at balance date, had net current liabilities of \$708,116 and \$624,197. These factors indicate significant uncertainty whether the consolidated entity will continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

The Board considers that the Company and consolidated entity are going concerns and recognise that additional funding is required to ensure that the Company can continue to fund its and the consolidated entity's operations for the 12 month period from the date of this financial report.

The Directors believe after consideration of the above matters, there are reasonable grounds to believe that the consolidated entity will be able to pay its debts as and when they become due and payable and is a going concern because of the following factors:

- The ability to issue additional shares under the Corporations Act 2001;
- The possible exercise of options by related parties;
- Further commercial exploitation of the company's technologies and products at amounts sufficient to meet proposed expenditure commitments.

Accordingly, the Directors believe that the consolidated entity will obtain sufficient funding to enable it to continue as a going concern and that it is appropriate to adopt that basis of accounting in the preparation of the financial report.

The financial report does not contain any adjustments to the amounts or classification of recorded assets or liabilities that might be necessary if the company does not continue as a going concern.

**Change in accounting policy**

The company has changed its revenue recognition policy for the year ended 30 June 2008 and is now recognising Annual Licence Fee revenue over the life of the contract rather than the previous practice of recognising revenue at the time of signing the purchase contract. Management believes that this will result in the financial report providing reliable and more relevant information about the entity's financial performance and financial position. The change in accounting policy has led to a once-off write-down of revenue by \$486,826. The effect of the change is detailed below.

	Net loss under old policy \$	Effect of change in accounting policy \$	Net loss under new policy \$
<b>2008</b>	(1,740,676)	486,826	(2,227,502)

Management has concluded that it is impracticable to apply the change in accounting policy retrospectively due to the unavailability of reliable information relating to prior years' annual licence fees.

MGM Wireless Limited (the parent) is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange. The nature of the operations and principal activities of the Group are described in the Directors' Report.

**MGM WIRELESS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**

**For the year ended 30 June 2008**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)**

**(b) Adoption of new and revised standards**

In the year ended 30 June 2008, the Group has adopted all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for annual reporting periods beginning on or after 1 July 2007.

Details of the impact of the adoption of these new accounting standards are set out in the individual accounting policy notes set out below. The Group has also adopted the following Standards as listed below which only impacted on the Group's financial statements with respect to disclosure:

- AASB 101 'Presentation of Financial Instruments' (revised October 2006)
- AASB 7 'Financial Instruments: Disclosures'

The Group has also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the year ended 30 June 2008. As a result of this review the Directors have determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change is necessary to Group accounting policies.

**(c) Statement of Compliance**

The financial report was authorised for issue on 26 September 2008.

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards (IFRS).

**(d) Basis of consolidation**

The consolidated financial statements comprise the financial statements of MGM Wireless Limited ("Company" or "Parent Entity") and its subsidiaries as at 30 June each year (the Group).

The financial statements of the subsidiaries are prepared for the same period as the parent entity, using consistent accounting policies.

In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intra-group transactions have been eliminated in full. Subsidiaries are fully consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group.

The acquisition of subsidiaries has been accounted for using the purchase method of accounting. The purchase method of accounting involves allocating the cost of the business combination to the fair value of the assets acquired and the liabilities and contingent liabilities assumed at the date of acquisition. Accordingly, the consolidated financial statements include the results of subsidiaries for the period from their acquisition.

**(e) Revenue recognition**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

*Sale of Goods*

Control of the goods (at the signing of the legally enforceable contract) has passed to the buyer. Annual licence fees are recognised over the life of the purchase contract.

*Interest*

Control of a right to receive consideration for the provision of, or investment in, assets has been attained. Interest revenue is recognised as it accrues, taking into account the effective yield on the financial asset.

**(f) Cash and cash equivalents**

Cash comprises cash at bank and in hand. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purposes of the cash flow statement, cash and cash equivalents consist of cash and cash equivalents as described above, net of outstanding bank overdrafts.

**MGM WIRELESS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**

**For the year ended 30 June 2008**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)**

**(g) Trade and other receivables**

Trade receivables, which generally have 30-90 day terms, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts. An allowance for doubtful debts is made when there is objective evidence that the Group will not be able to collect the debts. Bad debts are written off when identified.

**(h) Foreign currency translation**

*Functional and presentation currency*

The functional currency of each of the entities in the group is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

*Transaction and balances*

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction.

Exchange differences arising on the translation of monetary items are recognised in the income statement, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange difference arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity, otherwise the exchange difference is recognised in the income statement.

*Translation*

The financial results and position of foreign operations whose functional currency is different from the presentation currency are translated as follows:

- Assets and liabilities are translated at year-end exchange rates prevailing at that reporting date.
- Income and expenses are translated at average exchange rates for the period.
- Retained profits are translated at the exchange rates prevailing at the date of the transaction.
- Exchange differences arising on translation of foreign operations are transferred directly to the foreign currency reserve in the balance sheet. These differences are recognised in the income statement in the period in which the operation is disposed.

**(i) Income Tax**

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

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

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

**MGM WIRELESS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**

**For the year ended 30 June 2008**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)**

**(i) Income Tax (Cont.)**

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

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

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

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

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

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income legislation and the anticipation that the Group will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

**(j) Other taxes**

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

- when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

Cash flows are included in the cash flow statement on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

**(k) Plant and equipment**

Plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses.

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

Plant and equipment – over 5 to 10 years  
Leasehold improvements – 10 years

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

*(i) Impairment*

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

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

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

**MGM WIRELESS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**

**For the year ended 30 June 2008**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)**

**(k) Plant and equipment (Cont.)**

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

For plant and equipment, impairment losses are recognised in the income statement.

*(ii) Derecognition and disposal*

An item of plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

**(l) Intangibles**

Intangible assets acquired separately or in a business combination are initially measured at cost. The cost of an intangible asset acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is charged against profits in the year in which the expenditure is incurred.

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

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level. Such intangibles are not amortised. The useful life of an intangible asset with an indefinite life is reviewed each reporting period to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for as a change in an accounting estimate and is thus accounted for on a prospective basis.

***Research and development costs***

Research costs are expensed as incurred.

An intangible asset arising from development expenditure on an internal project is recognised only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the development and the ability to measure reliably the expenditure attributable to the intangible asset during its development. Following the initial recognition of the development expenditure, the cost model is applied requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses. Any expenditure so capitalised is amortised over the period of expected benefits from the related project.

***Change in Accounting Policy***

In prior years, development costs have been expensed. The financial effect of recognising development costs as an asset is a reduction of the net loss of \$288,883 for this reporting period.

The carrying value of an intangible asset arising from development expenditure is tested for impairment annually when the asset is not yet available for use, or more frequently when an indication of impairment arises during the reporting period.

**(m) Impairment of assets**

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash-generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

**MGM WIRELESS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**

**For the year ended 30 June 2008**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)**

**(m) Impairment of assets (cont.)**

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset unless the asset is carried at revalued amount (in which case the impairment loss is treated as a revaluation decrease).

An assessment is also made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

**(n) Trade and other payables**

Trade payables and other payables are carried at amortised costs and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services.

**(o) Provisions**

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

When the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate assets but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a borrowing cost.

**(p) Employee leave benefits**

*(i) Wages, salaries and annual leave*

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled.

*(ii) Long service leave*

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures, and period of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

**(q) Share-based payment transactions**

The Group provides benefits to employees (including senior executives) of the Group in the form of share-based payments, whereby employees render services in exchange for shares or rights over shares (equity-settled transactions).

When provided, the cost of these equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an external valuer using a black-scholes model.

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of MGM Wireless Limited (market conditions) if applicable.

**MGM WIRELESS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**

**For the year ended 30 June 2008**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)**

**(q) Share-based payment transactions (Cont.)**

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

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the Group's best estimate of the number of equity instruments that will ultimately vest. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. The income statement charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is only conditional upon a market condition.

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

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

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

**(r) Contributed equity**

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

**(s) Earnings per share**

Basic earnings per share is calculated as net profit attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share is calculated as net profit attributable to members of the parent, adjusted for:

- costs of servicing equity (other than dividends) and preference share dividends;
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares; divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

**(t) Significant Accounting Estimates and Judgments**

The directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the group.

*Key Estimates – Impairment*

The group assess impairment at each reporting date by evaluating conditions specific to the group that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

No impairment has been recognised in respect of intangible assets, as the value-in-use calculation is greater than the carrying value of the assets. Should the projected turnover figures be materially outside of budgeted figures incorporated in value-in-use calculations, an impairment loss could be recognised up to the maximum carrying value of intangibles at 30 June 2008 amounting to \$584,386.

No impairment has been recognised in respect of trade receivables for the year ended 30 June 2008 as the directors are of the opinion that all the debts are recoverable.

**MGM WIRELESS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 30 June 2008

	Consolidated		Parent Entity	
	2008 \$	2007 \$	2008 \$	2007 \$
<b>2. REVENUE AND EXPENSES</b>				
<b>Revenue from ordinary activities</b>				
Sales revenue	1,890,205	2,184,621	1,888,570	2,182,971
Interest	12,361	13,408	12,361	13,408
<b>Total revenue from ordinary activities</b>	<b>1,902,566</b>	<b>2,198,029</b>	<b>1,900,931</b>	<b>2,196,379</b>
<b>Expenses and Losses/(Gains)</b>				
Depreciation of plant and equipment	36,562	31,055	28,562	23,055
Amortisation of intangibles	302,235	153,200	149,035	-
Bad and doubtful debts	86,089	22,960	86,089	22,960
Share based payment expense	109,560	-	109,560	-
Auditor's remuneration: RSM Bird Cameron Partners - Audit and review of financial reports	17,500	20,182	17,500	20,182
<b>3. INCOME TAX</b>				
<b>(a) Income tax expense</b>				
The income tax expense for the year differs from the prima facie tax as follows:				
Loss for year	(2,227,502)	(783,932)	(2,229,334)	(783,932)
Prima facie tax benefit at 30% (2007 : 30%)	668,251	235,180	668,800	235,180
Non-deductible items	(93,828)	(47,904)	(104,224)	(51,900)
Research and development expenditure	-	(92,682)	-	(92,682)
Deferred tax assets not brought to account	(574,423)	(94,594)	(564,576)	(90,598)
Total income tax expense	-	-	-	-
<b>(b) Deferred Tax Asset</b>				
Deferred tax assets not brought to account arising from tax losses, the benefits of which will only be realised if the conditions for deductibility set out in Note 1 (i) occur:				
	1,497,107	922,684	1,469,037	904,461

**MGM WIRELESS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 30 June 2008

4. EARNINGS PER SHARE (EPS)	2008	2007
	Cents	Cents
Basic earnings per share – Continuing operations	<u>(1.20)</u>	<u>(0.46)</u>
The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share is as follows:		
Reconciliation of earnings to net loss		
Net loss for year	(2,227,502)	(783,932)
Adjustment:		
Net loss attributable to outside equity interest	<u>-</u>	<u>-</u>
Earnings used in calculation of basic EPS	<u>(2,227,502)</u>	<u>(783,932)</u>
	No of Shares	No of Shares
Weighted average number of ordinary shares used in the calculation of basic EPS	<u>187,000,264</u>	<u>168,296,113</u>

There are no potential ordinary shares on issue that are considered to be dilutive, therefore basic earnings per share also represents diluted earnings per share.

	Consolidated		Parent Entity	
	2008	2007	2008	2007
	\$	\$	\$	\$
<b>5. CASH AND CASH EQUIVALENTS</b>				
Cash at bank	<u>236,651</u>	806,812	<u>235,651</u>	754,007
Cash at bank earns interest at floating rates based on daily bank deposit rates.				
<b>(i) Reconciliation of loss for year to net cash used in operating activities:</b>				
Loss for the year	(2,227,502)	(783,932)	(2,229,334)	(783,932)
Non-cash items				
Amortisation	302,235	153,200	149,035	-
Depreciation	36,562	31,055	28,562	23,055
Bad and doubtful debts	86,089	22,960	86,089	22,960
Provision for impairment – financial assets	-	-	187,853	172,424
Provision for impairment - receivable	-	-	-	159
Foreign exchange loss	-	6,054	-	-
Equity settled share based payment	109,560	-	109,560	-
Changes in assets and liabilities:				
Receivables	(281,014)	(168,982)	(288,468)	(160,033)
Tax asset	102,826	36,214	102,826	36,214
Other assets	(1,893)	3,813	1,092	3,813
Payables	506,288	34,554	493,414	27,473
Unearned revenue	512,026	-	512,026	-
Provisions	16,280	16,940	16,280	16,940
Cash flows used by operating activities	<u>(838,543)</u>	(648,124)	<u>(831,065)</u>	(640,927)

**(ii) Non-cash investing and financing activities:**

There were no non-cash financing and investing activities during the financial year.

**MGM WIRELESS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 30 June 2008

	Consolidated		Parent Entity	
	2008	2007	2008	2007
	\$	\$	\$	\$
<b>6. TRADE AND OTHER RECEIVABLES</b>				
<b>Current</b>				
Trade debtors	670,001	498,036	643,212	463,793
Less: Provision for doubtful debts	-	(22,960)	-	(22,960)
	670,001	475,076	643,212	440,833
<b>Non-Current</b>				
Amount owed by controlled entities	-	-	65,482	90,776
Provision for impairment	-	-	(25,482)	(25,482)
	-	-	40,000	65,294

Terms and conditions relating to the above financial instruments:

- Trade debtors are non-interest bearing and generally repayable in the range within 30-180 days.
- Due to the short term nature of these receivables, their carrying value is assumed to approximate their fair value.
- Transactions between the parent entity and its subsidiary consist of intercompany loans, upon which no interest is charged and no repayment schedule exists. The fair value approximates the carrying value of the receivable. A provision for impairment loss was recognised as there was objective evidence that the inter-company loan receivable was impaired.

**7. OTHER CURRENT ASSETS**

Sundry debtors	3,236	1,342	250	1,342
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**8. OTHER FINANCIAL ASSETS**

Shares in unlisted controlled entities	-	-	891,524	832,061
Provision for impairment	-	-	(803,661)	(615,808)
	-	-	87,863	216,253

Controlled entities:

Name of entity	Date of Acquisition	Country of Incorporation	Class of Shares	Equity Holding	Cost of Parent Entity's Investment
MGM Wireless (NSW) Pty Ltd	7 July 2000	Australia	Ordinary	80%	80
Ezyauto Pty Ltd	7 July 2000	Australia	Ordinary	100%	1
Ezyrealty Pty Ltd	7 July 2000	Australia	Ordinary	100%	1
Ezytours Pty Ltd	7 August 2000	Australia	Ordinary	100%	1
Land Fund Pty Ltd	31 January 2002	Australia	Ordinary	100%	1
MGM Wireless Holdings Pty Ltd	8 October 2003	Australia	Ordinary	100%	767,000
Messageyou LLC	11 September 2006	USA	Ordinary	100%	124,440
					891,524

**MGM WIRELESS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 30 June 2008

	Consolidated		Parent Entity	
	2008 \$	2007 \$	2008 \$	2007 \$
<b>9. PLANT AND EQUIPMENT</b>				
Plant and equipment				
At cost	247,117	214,881	203,473	174,881
Accumulated depreciation and impairment	(151,688)	(125,255)	(113,688)	(95,255)
Total plant and equipment	<u>95,429</u>	<u>89,626</u>	<u>89,785</u>	<u>79,626</u>
Leasehold improvements				
At cost	124,822	82,410	124,822	82,410
Accumulated amortisation and impairment	(23,608)	(13,479)	(23,608)	(13,479)
Total leasehold improvements	<u>101,214</u>	<u>68,931</u>	<u>101,214</u>	<u>68,931</u>
Total property, plant and equipment				
At cost	371,939	297,291	328,295	257,291
Accumulated depreciation and impairment	(175,296)	(138,734)	(137,296)	(108,734)
Total written down value	<u>196,643</u>	<u>158,557</u>	<u>190,999</u>	<u>148,557</u>
Reconciliation of the carrying amounts of plant and equipment at the beginning and end of the current financial year:				
<i>Plant and equipment</i>				
At 1 July 2007, net of accumulated depreciation	89,626	82,134	79,626	64,134
Additions	32,236	30,889	28,592	30,889
Depreciation	(26,433)	(23,397)	(18,433)	(15,397)
At 30 June 2008, net of accumulated depreciation	<u>95,429</u>	<u>89,626</u>	<u>89,785</u>	<u>79,626</u>
<i>Leasehold improvements</i>				
At 1 July 2007, net of accumulated depreciation	68,931	76,589	68,931	76,589
Additions	42,412	-	42,412	-
Depreciation	(10,129)	(7,658)	(10,129)	(7,658)
At 30 June 2008, net of accumulated depreciation	<u>101,214</u>	<u>68,931</u>	<u>101,214</u>	<u>68,931</u>
<b>10. INTANGIBLE ASSETS</b>				
Intellectual Property - MSGU™				
Cost	766,000	766,000	-	-
Accumulated amortisation and impairment	(727,700)	(574,500)	-	-
	<u>38,300</u>	<u>191,500</u>	<u>-</u>	<u>-</u>
Distribution rights - Queensland				
Cost	135,000	135,000	135,000	135,000
Accumulated amortisation and impairment	-	-	-	-
	<u>135,000</u>	<u>135,000</u>	<u>135,000</u>	<u>135,000</u>
Intellectual Property – Software				
Cost	560,121	288,883	560,121	288,883
Accumulated amortisation and impairment	(149,035)	-	(149,035)	-
	<u>411,086</u>	<u>288,883</u>	<u>411,086</u>	<u>288,883</u>
	<u>584,386</u>	<u>615,383</u>	<u>546,086</u>	<u>423,883</u>

**MGM WIRELESS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 30 June 2008

	Consolidated		Parent Entity	
	2008	2007	2008	2007
	\$	\$	\$	\$
<b>10. INTANGIBLE ASSETS (cont.)</b>				
Reconciliation of the carrying amounts of intangible assets at the beginning and end of the current financial year:				
<i>Intellectual Property - MSGU™</i>				
At 1 July 2007, net of accumulated amortisation	191,500	344,700	-	-
Additions	-	-	-	-
Amortisation expense	(153,200)	(153,200)	-	-
At 30 June 2008, net of accumulated amortisation	<b>38,300</b>	191,500	-	-
<i>Distribution rights - Queensland</i>				
At 1 July 2007, net of accumulated amortisation	135,000	-	135,000	-
Additions	-	135,000	-	135,000
Amortisation expense	-	-	-	-
At 30 June 2008, net of accumulated amortisation	<b>135,000</b>	135,000	<b>135,000</b>	135,000
<i>Intellectual Property – Software</i>				
At 1 July 2007, net of accumulated amortisation	288,883	-	288,883	-
Additions	271,238	288,883	271,238	288,883
Amortisation expense	(149,035)	-	(149,035)	-
At 30 June 2008, net of accumulated amortisation	<b>411,086</b>	288,883	<b>411,086</b>	288,883

Useful life of intangible assets are 5 years.

No amortisation has been charged to "Distribution Rights – Queensland" as the amount is immaterial for this year.

**11. TRADE AND OTHER PAYABLES**

Amount owing to controlled entity	-	-	73,020	-
Trade creditors and accruals				
Other corporations	490,253	243,710	470,377	236,709
Directors and director related entities	5,000	6,600	5,000	6,600
Tax liability	204,422	101,596	204,422	101,596
Accrued SMS charges	266,346		266,346	
Unearned revenue – Licence fees	512,026		512,026	
	<b>1,478,047</b>	351,906	<b>1,531,191</b>	344,905

Terms and conditions relating to the above financial instruments:

- Trade creditors and accrued charges are non-interest bearing and are normally settled on terms between 30-180 days.
- Due to the short term nature of these payables, their carrying value is assumed to approximate their fair value.
- Unearned revenue represents annual licence fees charged under purchase contracts, the revenue for which will be recognised over the life of the contract.

**MGM WIRELESS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 30 June 2008

	Consolidated		Parent Entity	
	2008	2007	2008	2007
	\$	\$	\$	\$
<b>12. PROVISIONS</b>				
<b>Current</b>				
Employee benefits	56,038	39,758	56,038	39,758
Movement:				
Opening balance	39,758	22,818	39,758	22,818
Amounts provided	78,078	63,003	78,078	63,003
Amounts used	(61,798)	(46,063)	(61,798)	(46,063)
Closing balance	56,038	39,758	56,038	39,758
Number of employees	19	14	19	14

**13. ISSUED CAPITAL**

**(a) Issued and paid up capital**

Ordinary shares, fully paid	6,677,112	6,016,512	6,677,112	6,016,512
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**(b) Movement in shares on issue**

	Number	2008	Number	2007
		\$		\$
Balance at beginning of year	182,046,348	6,016,512	164,621,690	4,663,584
Issue for cash at 5.5 cents (i)	-	-	8,000,000	440,000
Issue for cash on exercise of options (ii)	-	-	500,000	15,000
Issue as consideration for distribution rights (iii)	-	-	924,658	135,000
Issue for cash at 13 cents (iv)	-	-	6,000,000	780,000
Issue for cash on exercise of options (v)	-	-	2,000,000	60,000
Issue for cash on exercise of options (vi)	8,250,000	247,500	-	-
Issue for cash on exercise of options (vii)	1,142,857	80,000	-	-
Share based payment (viii)	450,000	49,500	-	-
Issue pursuant to share purchase plan (ix)	5,672,000	283,600	-	-
Expenses of issue	-	-	-	(77,072)
Balance at end of year	197,561,205	6,677,112	182,046,348	6,016,512

- (i) On 2 February 2007, 8,000,000 ordinary shares were issued at a price of 5.5 cents per share, thereby raising \$440,000.
- (ii) On 28 May 2007, 500,000 unlisted options expiring 31 December 2007 were exercised at 3 cents each.
- (iii) On 30 May 2007, 924,658 ordinary shares were issued at a price of 14.6 cents each as consideration for the distribution rights of Messageyou in Queensland.
- (iv) On 14 June 2007, 6,000,000 ordinary shares were issued at a price of 13 cents per share, thereby raising \$780,000.
- (v) On 22 June 2007, 2,000,000 unlisted options expiring 30 June 2007 were exercised at 3 cents each.
- (vi) During the year 8,250,000 unlisted options expiring 31 December 2007 were exercised at 3 cents each.
- (vii) During the year 1,142,857 unlisted options expiring 31 January 2010 were exercised at 7 cents each.
- (viii) On 14 December 2007, 450,000 ordinary shares were issued to a director as approved by shareholders on 16 November 2007 at an issue price of 11 cents each.
- (ix) On 30 June 2008, 5,672,000 ordinary shares were issued pursuant to a share purchase plan at an issue price of 5 cents each.

**(c) Terms and conditions of contributed equity**

Ordinary shares have the right to receive dividends as declared and, in the event of the winding up the company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held. Ordinary shares entitle their holders to one vote, either in person or by proxy, at a meeting of the company.

**MGM WIRELESS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**

**For the year ended 30 June 2008**

**13. ISSUED CAPITAL (Cont.)**

**(d) Share Options**

As at 30 June 2008, there were the following unissued ordinary shares for which options were outstanding:

- 4,257,143 options expiring 31 January 2010, exercisable at 7 cents each
- 3,000,000 options expiring 31 January 2010, exercisable at 9 cents each
- 14,103,380 options expiring 30 November 2010, exercisable at 20 cents each
- 5,100,000 options expiring 31 December 2010, exercisable at 20 cents each
- 6,500,000 options expiring 31 January 2011, exercisable at 22 cents each

During the year, options were exercised as follows:

- 8,250,000 options expiring 31 December 2007 were exercised at 3 cents each; and
- 1,142,857 options expiring 31 January 2010 were exercised at 7 cents each.

6,500,000 options expiring 31 January 2011, exercisable at 22 cents each were granted during the year.

250,000 options expiring 31 December 2007, exercisable at 3 cents each expired.

	<b>Consolidated</b>		<b>Parent Entity</b>	
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
	\$	\$	\$	\$
Option issue reserve	<b>135,856</b>	75,796	<b>135,856</b>	75,796
	<b>(1,832)</b>	-	-	-
	<b>134,024</b>	75,796	<b>135,856</b>	75,796
	<b>134,024</b>	75,796	<b>135,856</b>	75,796

**(a) Option issue reserve**

*(i) Nature and purpose of reserve*

The option issue reserve is used to accumulate amounts received on the issue of options and records items recognised as expenses on valuation of incentive based share options.

*(ii) Movements in reserve*

Opening balance 1 July	<b>75,796</b>	75,796	<b>75,796</b>	75,796
Share based payments	<b>60,060</b>	-	<b>60,060</b>	-
Closing balance 30 June	<b>135,856</b>	75,796	<b>135,856</b>	75,796
	<b>135,856</b>	75,796	<b>135,856</b>	75,796

**(b) Foreign currency translation reserve**

*(i) Nature and purpose of reserve*

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries.

*(ii) Movements in reserve*

Opening balance 1 July	-	-	-	-
Currency translation differences	<b>(1,832)</b>	-	-	-
Closing balance 30 June	<b>(1,832)</b>	-	-	-
	<b>(1,832)</b>	-	-	-

**MGM WIRELESS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**

**For the year ended 30 June 2008**

**15. SEGMENT INFORMATION**

The Group operates predominantly in one business segment, being the provision of business messaging solutions and internet related services. The Group's primary segment format is geographical as each segment represents a strategic business unit that offers different risks and rates of return. The following table presents the revenue and earnings information regarding geographical segments and the assets and liabilities.

	Australia \$	USA \$	Total \$
<b>2008</b>			
Segment revenue	1,806,909	95,657	1,902,566
Segment results	(1,918,263)	(309,239)	(2,227,502)
Segment assets	1,657,499	33,418	1,690,917
Segment liabilities	1,514,210	19,875	1,534,085
<b>2007</b>			
Segment revenue	2,163,977	34,052	2,198,029
Segment results	(805,110)	21,178	(783,932)
Segment assets	1,971,122	86,048	2,057,170
Segment liabilities	384,663	7,001	391,664

**16. RELATED PARTY TRANSACTIONS**

**(a) Subsidiaries**

The consolidated financial statements include the financial statements of Yellow Rock Resources Limited and the subsidiaries as listed in table in Note 8.

**(b) Parent entity**

MGM Wireless Limited is the ultimate Australian parent entity and ultimate parent of the Group.

**(c) Key management personnel**

Disclosures relating to key management personnel are set out in Note 17.

**(d) Transaction with related parties**

Transactions with related parties are made in arm's length transactions both at normal market prices and on normal commercial terms. Outstanding balances at year-end are unsecured, interest free and settlement occurs in cash.

MGM Wireless Limited has provided unsecured, interest free loans to its controlled entities, as disclosed in Note 6. An impairment assessment is undertaken each financial year by examining the financial position of the controlled entity and the market in which the controlled entity operates to determine whether there is objective evidence that the controlled entity is impaired. When such objective evidence exists, the company recognises an allowance for the impairment loss.

**17. DIRECTOR AND EXECUTIVE DISCLOSURES**

**(a) Details of Key Management Personnel**

**Directors**

Mark Fortunatow	Executive Chairman
Mark Hurd	Executive Director - Technical
John Dawkins	Director (Non-executive) – appointed 17 August 2007
Richard Sciano	Director (Non-executive) – resigned 16 November 2007

**Executives**

Neville Bassett	Company Secretary
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**MGM WIRELESS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**

**For the year ended 30 June 2008**

**17. DIRECTOR AND EXECUTIVE DISCLOSURES (Cont.)**

**(b) Compensation of Key Management Personnel**

	Consolidated		Parent Entity	
	2008	2007	2008	2007
	\$	\$	\$	\$
Short-Term	465,266	396,993	465,266	396,993
Post Employment	26,325	21,825	26,325	21,825
Other Long-Term	-	-	-	-
Termination Benefits	-	-	-	-
Share-based Payment	109,560	-	109,560	-
	<b>601,151</b>	418,818	<b>601,151</b>	418,818

MGM Wireless Limited has applied the option under *Corporations Amendments Regulation 2006* to transfer key management personnel remuneration disclosures required by *AASB124 Related Party Disclosures* paragraphs Aus 25.4 to Aus 25.7.2 to the Remuneration Report section of the Director's Report. These transferred disclosures have been audited.

**(c) Option holdings of Key Management Personnel**

	Balance 01/07/07	Granted as Remuneration	Options Exercised	Net Change Other	Balance 30/06/08	Vested and Exercisable
<b>Directors</b>						
M Fortunatow						
- Expiring 31/12/2007; 3 cents	2,500,000	-	(2,500,000)	-	-	-
- Expiring 31/01/2010; 7 cents	1,500,000	-	(1,142,857)	-	357,143	357,143
- Expiring 31/01/2010; 9 cents	1,500,000	-	-	-	1,500,000	1,500,000
- Expiring 31/01/2011; 22 cents	-	4,000,000	-	-	4,000,000	4,000,000
M Hurd						
- Expiring 31/12/2007; 3 cents	2,500,000	-	(2,500,000)	-	-	-
- Expiring 31/01/2010; 7 cents	1,500,000	-	-	-	1,500,000	1,500,000
- Expiring 31/01/2010; 9 cents	1,500,000	-	-	-	1,500,000	1,500,000
- Expiring 31/01/2011; 22 cents	-	2,500,000	-	-	2,500,000	2,500,000
R Sciano						
- Expiring 31/12/2007; 3 cents	1,000,000	-	-	(1,000,000)	-	-
- Expiring 31/01/2010; 7 cents	300,000	-	-	(300,000)	-	-
<b>Executive</b>						
N Bassett						
- Expiring 31/12/2007; 3 cents	500,000	-	(500,000)	-	-	-
- Expiring 31/01/2010; 3 cents	300,000	-	-	-	300,000	300,000

	Balance 01/07/06	Granted as Remuneration	Options Exercised	Net Change Other	Balance 30/06/07	Vested and Exercisable
<b>Directors</b>						
M Fortunatow						
- Expiring 31/12/2007; 3 cents	2,500,000	-	-	-	2,500,000	2,500,000
- Expiring 31/01/2010; 7 cents	1,500,000	-	-	-	1,500,000	1,500,000
- Expiring 31/01/2010; 9 cents	1,500,000	-	-	-	1,500,000	1,500,000
M Hurd						
- Expiring 31/12/2007; 3 cents	2,500,000	-	-	-	2,500,000	2,500,000
- Expiring 31/01/2010; 7 cents	1,500,000	-	-	-	1,500,000	1,500,000
- Expiring 31/01/2010; 9 cents	1,500,000	-	-	-	1,500,000	1,500,000
R Sciano						
- Expiring 31/12/2007; 3 cents	1,000,000	-	-	-	1,000,000	1,000,000
- Expiring 31/01/2010; 7 cents	300,000	-	-	-	300,000	300,000
<b>Executives</b>						
N Bassett						
- Expiring 31/12/2007; 3 cents	500,000	-	-	-	500,000	500,000
- Expiring 31/01/2010; 7 cents	300,000	-	-	-	300,000	300,000

**MGM WIRELESS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**

**For the year ended 30 June 2008**

**17. DIRECTOR AND EXECUTIVE DISCLOSURES (Cont.)**

**(d) Shareholdings of Key Management Personnel**

	<b>Balance 01/07/07</b>	<b>Received as Remuneration</b>	<b>Options Exercised</b>	<b>Net Change Other</b>	<b>Balance 30/06/08</b>
<b>Directors</b>					
M Fortunatow	41,743,046	-	3,642,857	(5,200,000)	40,185,903
M Hurd	12,542,500	-	2,500,000	100,000	15,142,500
J Dawkins	-	450,000	-	-	450,000

<b>Executives</b>					
N Bassett	350,000	-	500,000	-	850,000

	<b>Balance 01/07/06</b>	<b>Received as Remuneration</b>	<b>Options Exercised</b>	<b>Net Change Other</b>	<b>Balance 30/06/07</b>
<b>Directors</b>					
M Fortunatow	41,743,046	-	-	-	41,743,046
M Hurd	12,542,500	-	-	-	12,542,500

<b>Executives</b>					
N Bassett	350,000	-	-	-	350,000

All equity transactions with key management personnel have been entered into under terms and conditions no more favourable than those the Group would have adopted if dealing at arm's length.

**(e) Loans with Key Management Personnel**

There were no loans to key management personnel or their related entities during the financial year.

**18. SHARE BASED PAYMENTS**

The following share-based payment arrangements existed at 30 June 2008:

- During the year ended 30 June 2005, 6,000,000 share options were issued to directors and 3,000,000 to employees and consultants to take up ordinary shares at an exercise price of 3 cents. The options expire on 31 December 2007. All options have vested and are exercisable. 8,750,000 options have been exercised and 250,000 expired.
- During the year ended 30 June 2006, 3,300,000 share options were issued to directors to take up ordinary shares at an exercise price of 7 cents. The options expire on 31 January 2010. All options have vested and are exercisable. 1,142,857 options have been exercised at balance date.
- During the year ended 30 June 2006, 3,000,000 share options were issued to executive directors to take up ordinary shares at an exercise price of 9 cents. The options expire on 31 January 2010. All options have vested and are exercisable. No options have been exercised at balance date.
- During the year ended 30 June 2006, 2,100,000 share options were issued to employees and consultants to take up ordinary shares at an exercise price of 7 cents. The options expire on 31 January 2010. All options have vested and are exercisable. No options have been exercised at balance date.
- During the year ended 30 June 2008, 6,500,000 share options were issued to executive directors to take up ordinary shares at an exercise price of 22 cents. The options expire on 31 January 2011. All options have vested and are exercisable. No options have been exercised at balance date.

**MGM WIRELESS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**

**For the year ended 30 June 2008**

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**18. SHARE BASED PAYMENTS (Cont.)**

The Black and Scholes valuation was used to value the options issued as share-based payments. The following factors and assumptions were used in determining the fair value of options on grant date:

Expiry Date	Fair Value per Option	Exercise Price	Estimated Volatility	Risk Free Interest Rate
31 December 2007	\$0.0029	\$0.03	25%	5.21%
31 January 2010	\$0.0075	\$0.07	25%	5.19%
31 January 2010	\$0.0041	\$0.09	25%	5.19%
31 January 2011	\$0.0092	\$0.22	39%	6.48%

A discount factor of 30% has been applied to the determined fair value due to the lack of marketability, as the options are unlisted and are non-transferable.

The weighted average exercise price of share based payment options that were outstanding was \$0.145.

Included as an expense in the income statement is \$60,060 (2007: \$Nil) and relates, to share based payments made during the year.

**19. CONTINGENT LIABILITIES**

In July 2008, MGM Wireless Holdings Pty Ltd received a request from the ACCC for information regarding its dealing with the Western Australian and South Australian licencees. The Company has responded to the ACCC's requests for information. At this point, the Company is not able to determine what financial impact (if any) this may have on the Company.

**20. COMMITMENTS**

There were no commitments at balance date.

**21. FINANCIAL RISK MANAGEMENT**

The Company's principal financial instruments comprise receivables, payables, cash and short-term deposits. The Company manages its exposure to key financial risks in accordance with the Company's financial risk management policy. The objective of the policy is to support the delivery of the Company's financial targets while protecting future financial security.

The main risks arising from the Company's financial instruments are interest rate risk, credit risk, liquidity risk and foreign currency risk. The Group does not speculate in the trading of derivative instruments. The Company uses different methods to measure and manage different types of risks to which it is exposed. These include monitoring levels of exposure to interest rates and assessments of market forecasts for interest rates. Ageing analysis of and monitoring of receivables are undertaken to manage credit risk, liquidity risk is monitored through the development of future rolling cash flow forecasts.

The Board reviews and agrees policies for managing each of these risks as summarised below.

Primary responsibility for identification and control of financial risks rests with the Board. The Board reviews and agrees policies for managing each of the risks identified below, including for interest rate risk, credit allowances and cash flow forecast projections.

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset and financial liability are disclosed in note 1 to the financial statements.

**Risk Exposures and Responses**

***Interest rate risk***

The Company's exposure to risks of changes in market interest rates relates primarily to the Company's cash balances. The Company constantly analyses its interest rate exposure. Within this analysis consideration is given to potential renewals of existing positions, alternative financing positions and the mix of fixed and variable interest rates. As the company has no interest bearing borrowings its exposure to interest rate movements is limited to the amount of interest income it can potentially earn on surplus cash deposits. The following sensitivity analysis is based on the interest rate risk exposures in existence at the balance sheet date.

**MGM WIRELESS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**

**For the year ended 30 June 2008**

**21. FINANCIAL RISK MANAGEMENT (Cont.)**

At balance date, the Group had the following financial assets exposed to variable interest rates that are not designated in cash flow hedges:

	Consolidated		Parent Entity	
	2008 \$	2007 \$	2008 \$	2007 \$
<i>Financial Assets</i>				
Cash and cash equivalents (interest-bearing accounts)	236,651	806,812	235,651	754,007
Net exposure	236,651	806,812	236,651	754,007

The following sensitivity analysis is based on the interest rate risk exposures in existence at the balance sheet date. The 0.5% sensitivity is based on reasonably possible changes, over a financial year, using an observed range of historical LIBOR movements over the last 3 years.

At 30 June 2008, if interest rates had moved, as illustrated in the table below, with all other variables held constant, post tax profit and equity relating to financial assets of the Group would have been affected as follows:

Judgements of reasonably possible movements:

<i>Post tax profit – higher / (lower)</i>				
+ 0.5%	1,183	4,034	1,178	3,770
- 0.5%	(1,183)	(4,034)	(1,178)	(3,770)
<i>Equity – higher / (lower)</i>				
+ 0.5%	1,183	4,034	1,178	3,770
- 0.5%	(1,183)	(4,034)	(1,178)	(3,770)

**Liquidity Risk**

The Group manages liquidity risk by monitoring immediate and forecast cash requirements and ensuring adequate cash reserves are maintained.

*Maturity analysis of financial assets and liabilities based on management's expectation*

The risk implied from the values shown in the table below, reflects a balanced view of cash inflows and outflows.

Consolidated	≤6 months \$	6-12 months \$	Total \$
<b>Financial assets</b>			
Cash & cash equivalents	236,651	-	236,651
Trade and other receivables	670,001	-	670,001
	906,652	-	906,652
<b>Financial liabilities</b>			
Trade payables	490,253	-	490,253
Tax liability	204,422	-	204,422
Accrued SMS Charges	266,346	-	266,346
	961,021	-	961,021
Net maturity	(54,369)	-	(54,369)

**MGM WIRELESS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**

**For the year ended 30 June 2008**

**21. FINANCIAL RISK MANAGEMENT (Cont.)**

<b>Parent entity</b>	≤6 months	6-12 months	Total
	\$	\$	\$
<b>Financial assets</b>			
Cash & cash equivalents	236,651	-	236,651
Trade and other receivables	643,212	-	643,212
	879,863	-	879,863
<b>Financial liabilities</b>			
Trade payables	470,377	-	470,377
Tax liability	204,422	-	204,422
Accrued SMS Charges	266,346	-	266,346
	941,145	-	941,145
Net maturity	(61,282)	-	(61,282)

***Credit risk***

Credit risk arises from the financial assets of the Company, which comprise deposits with banks and trade and other receivables. The Company's exposure to credit risk arises from potential default of the counter party, with the maximum exposure equal to the carrying amount of these instruments. The carrying amount of financial assets included in the Balance Sheet represents the Company's maximum exposure to credit risk in relation to those assets.

The Company does not hold any credit derivatives to offset its credit exposure.

The Company trades only with recognised, credit worthy third parties and as such collateral is not requested nor is it the Company's policy to securities it trade and other receivables.

Receivable balances are monitored on an ongoing basis with the result that the Company does not have a significant exposure to bad debts. Trade and other receivables are expected to have a maturity of less than 6 months, for both year-ends.

There are no significant concentrations of credit risk within the Company.

***Capital Management Risk***

Management controls the capital of the Group in order to maximise the return to shareholders and ensure that the group can fund its operations and continue as a going concern.

Management effectively manages the group's capital by assessing the group's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of expenditure and debt levels and share and option issues.

There have been no changes in the strategy adopted by management to control capital of the group since the prior year.

***Foreign Currency Risk***

As a result of operations in the USA, being denominated in US\$, the Group's balance sheet can be affected by movements in the US\$/A\$ exchange rates. The Company does not hedge this exposure. The Group exposure to the US\$ is considered immaterial for the year ended 30 June 2008.

The Group manages its foreign exchange risk by constantly reviewing its exposure to commitments payable in foreign currency and ensuring appropriate cash balances are maintained in US Dollars, to meet current operational commitments.

Management believes the balance date risk exposures are representative of the risk exposure inherent in financial instruments.

***Commodity Price Risk***

The Group's exposure to price risk is minimal given the nature of the Group's operations.

***Fair Value***

The methods of estimating fair value are outlined in the relevant notes to the financial statements. All financial assets and liabilities recognised in the balance sheet, whether they are carried at cost or fair value, are recognised at amounts that represent a reasonable approximation of fair values unless other wise stated in the applicable notes.

**MGM WIRELESS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**

**For the year ended 30 June 2008**

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**22. EVENTS SUBSEQUENT TO END OF THE FINANCIAL YEAR**

There has not been any matter or circumstance that has arisen since 30 June 2008, which has significantly affected, or may significantly affect the operations of the Group, the result of those operations, or the state of affairs of the Group in subsequent financial years.

**MGM WIRELESS LIMITED**  
**SHAREHOLDER INFORMATION**

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Information relating to shareholders and optionholders at 19 September 2008

	Ordinary shares	Listed Options 30 Nov 2010
<b>1. Number of Holders</b>	688	119
<b>2. Distribution of shareholders/optionholders</b>		
1 - 1,000	3	-
1,001 - 5,000	54	-
5,001 - 10,000	76	3
10,001 - 100,000	333	106
100,001 and over	222	10
Total number of holders	688	119
Total on issue	197,561,205	14,103,380
Number of holders of less than a marketable parcel	178	85
<b>3. Percentage of total holdings of 20 largest holders</b>	49.93%	82.96%
<b>4. Substantial Shareholders</b>	<b>Number</b>	<b>%</b>
Mark Fortunatow	39,085,903	19.59%
Mark Edwin Hurd <Mark Hurd Investment A/C>	15,142,500	7.59%
<b>5. Twenty largest shareholders</b>	<b>Number</b>	<b>%</b>
Paula Fortunatow <Fortunatow Family A/C>	27,221,000	13.78%
Mark Edwin Hurd <Mark Hurd Investment A/C>	9,982,500	5.05%
Michael Christopher Samra <Michael C Samra Family A/C>	8,234,530	4.17%
Davies Nominees Pty Ltd <Super Duper Super Fund A/C>	7,500,000	3.80%
Yavern Creek Holdings Pty Ltd	5,655,000	2.86%
Mark Hurd <Mark Hurd Investment A/C>	5,160,000	2.61%
Mark Fortunatow <The AM & JM Trust>	4,470,124	2.26%
Francis George & Danielle Georgette Heppingstone	3,800,000	1.92%
Paula Fortunatow <Fortunatow Family A/C>	3,400,000	1.72%
Mark Fortunatow <The I-Bank Trust>	2,851,922	1.44%
Ronatac Pty Ltd <Master Carpets S/F A/C>	2,700,000	1.37%
Cheval Holdings Pty Ltd	2,400,000	1.21%
Geoffrey Peter Ballard <Ballsup Fund A/C>	2,100,000	1.06%
David John McDougall	2,100,000	1.06%
Yetholm Services Pty Ltd <Woodland Super Fund A/C>	2,100,000	1.06%
Nurragi Investments Pty Ltd	2,000,000	1.01%
Carmel Elizabeth Whiting	2,000,000	1.01%
Graham Flavel Ball <TP A/C>	1,921,000	0.97%
Oswin Pty Ltd	1,600,000	0.81%
Cosimo Spagnoletti	1,500,000	0.76%
	98,696,076	49.93%

**MGM WIRELESS LIMITED**  
**SHAREHOLDER INFORMATION**

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<b>6. Twenty largest listed optionholders (30 November 2010; 20 cents)</b>	<b>Number</b>	<b>%</b>
Julie Vassallo	3,230,000	22.90%
Craig Peter Ball <1998 Pope A/C>	3,010,000	21.34%
Kalgoorlie Mine Management Pty Ltd	2,000,000	14.18%
Lois Alda Corns	990,000	7.02%
David John McDougall	500,000	3.55%
Douglas Gary Spencer & Angelique Rumbold <DG Spencer Super Fund>	300,000	2.13%
Doug Geoffrey Privett	220,000	1.56%
Alan John Taylor	200,000	1.42%
Anketell Pty Ltd	150,000	1.06%
Richard Anthony Yelash	130,000	0.92%
Belmark Investments Pty Ltd	100,000	0.71%
Gregory Noel Kenny	100,000	0.71%
L J Thomson Pty Ltd	100,000	0.71%
Ted Marchese	100,000	0.71%
Thomas Patrick Tolhurst & Barbara Anne Tolhurst	100,000	0.71%
USB Pty Ltd (Sub S/F A/C>	100,000	0.71%
Robert Colin Wilson	100,000	0.71%
Coz-e Pty Ltd <Cossetto Family A/C>	92,000	0.65%
Ronatac Pty Ltd <Master Carpets S/F A/C>	90,000	0.64%
Ronald Robert Porter	88,000	0.62%
	<b>11,700,000</b>	<b>82.96%</b>

**7. Unlisted Options**

(a) Options expiring 31 January 2010, exercisable at 7 cents each	
- Number of optionholders	7
- Total options issued	4,257,143
- Holders with more than 20% of this class	
Mark Edwin Hurd ATF Mark Hurd Investment Trust	1,500,000
(b) Options expiring 31 January 2010, exercisable at 9 cents each	
- Number of optionholders	2
- Total options issued	3,000,000
- Holders with more than 20% of this class	
Paula Fortunatow ATF Fortunatow Family Trust	1,500,000
Mark Edwin Hurd ATF Mark Hurd Investment Trust	1,500,000
(c) Options expiring 31 December 2010, exercisable at 20 cents each	
- Number of optionholders	6
- Total options issued	5,100,000
- Holders with more than 20% of this class	
M L Stevens	2,000,000
G P O'Hara	1,200,000
(d) Options expiring 31 January 2011, exercisable at 22 cents each	
- Number of optionholders	2
- Total options issued	6,500,000
- Holders with more than 20% of this class	
Mark Fortunatow <The AM & JM A/C>	4,000,000
Mark Edwin Hurd ATF Mark Hurd Investment Trust	2,500,000

**8. Voting Rights**

Each member present in person, or by proxy, representative or attorney, has one vote on a show of hands and one vote per share on a poll for each share held. Each member is entitled to notice of, and to attend and vote at, general meetings.

**9. Restricted Securities**

There are no restricted securities or securities subject to voluntary escrow.

**10. On-market Buy-back**

Currently there is no on-market buy-back of the Company's securities.



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