MGM Wireless Ltd.
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AUSTRALIA
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Companies Announcement office
Australian Stock Exchange Limited
20 Bridge Street
Sydney NSW 2000

2009 Annual Report

28 September 2009

The Company is pleased to conclude the 2009 Financial Year with a pleasing and solid result with the achievement in its previously stated goals of maintaining and improving growth momentum whilst simultaneously tracking operations towards profit and positive cashflow.

Having achieved these outcomes, moving forward, the company's Board and Management are now focussing their efforts for 2010 on growing top line revenues, profits and cashflows.

Key achievements include:

- For the six months to June 30th, 2009 the company EBITDA profit was $ 6,452.00 with an operating loss of ($118,855).
- Revenue for the six months to June 30th, 2009 was up by 16.5% from to $ 791,268 to $ 921,918.
- For the full year to June 30th, 2009 the company EBITDA loss was ($124,889) with an operating loss of ($350,109).
- Revenue for the year was lower by 0.8 % from $ 1,902,566 to $ 1,887,067
- For the year, the company grew its customer base of operational schools by 66 % or 142 new schools to a total of 370 live schools by June 30th, 2009 as compared to 228 schools at the start of the year.
- As of June 30th, 2009 there was a backlog of 106 sold (contracted) schools yet to go live.

Current Liabilities

Total current liabilities were $1,608,610 of which trade payables were $147,573. The balance of current liabilities included an accrual of $367,938 for unearned revenue, accrued SMS charges of $143,161, other accruals and provisions for $649,938 and borrowings of $300,000.

Unearned revenue relates to the unexpired portion of annual software license fees. Software license fees are normally 3 year agreements – which are non-refundable by the company to the customer. The company invoices customers annually. Under current accounting policy, the company accrues revenues on a monthly basis, with the balance of the annual term appearing as an current liability.

The company does not report the un-expired balance of any term of a 3 year agreement as an accrued asset. The aggregate value of these contracts approximately represents additional forward and contracted revenue in excess of $ 4 million to the company.

As previously reported, costs associated with the re-organisation of the company's operations came to approximately $ 160,000 - which were felt early in the September 2008 quarter.

About MGM Wireless Ltd and Messageyou, LLC

MGM Wireless Ltd is a public company with a market capitalisation of approximately A$ 5.3 m listed on the Australian Securities Exchange (ASX code: MWR). The company trades as Messageyou, LLC in the United States, with its head office in Silicon Valley at Sunnyvale, Cal.

The company's patented School Attendance Management solutions empower schools to effectively communicate to parents and caregivers using SMS text messaging in combination with culturally sensitive communication to improve attendance, student welfare and safety. MGM Wireless is recognized in Australia and internationally as pioneers and market leaders. MGM's professional services team delivers an integrated suite of software and communications using its own infrastructure. The solutions enable schools to reduce costs, increase productivity, discharge their duty of care, engage parent involvement, and ultimately improve student learning and social outcomes. Schools in Australia, New Zealand and America use Messageyou software in their day to day operations.

For further information contact:

MGM Wireless Ltd. - (ASX:MWR, MWRO)

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Email: mfortunatow@mgmwireless.com
Web: www.mgmwireless.com

MGM Wireless Limited

ABN 93 091 351 530

2009 Annual Report

MGM WIRELESS LIMITED

CORPORATE DIRECTORY

DIRECTORS

Mark Fortunatow
Executive Chairman

Mark Hurd
Executive Director

The Hon John Dawkins AO
Non-Executive Director

Shaun Collopy
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

Your Directors present their report on the Company and its controlled entities for the year ended 30 June 2009.

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
Shaun Michael Collopy – appointed 15 July 2009

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 18 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.

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)

Shaun Collopy – Non-executive Director

Shaun Collopy is a founder, and currently second largest shareholder and non-executive Director of successful SMS specialist - Mobile Messenger.

An accomplished entrepreneur, in 2000, Mr Collopy founded Sofwrite Technologies which in August 2001, he sold Sofwrite to Australian publicly listed company, Amnet IT – a division of Amcom Communications, which is listed on the ASX (ASX.AMM).

In October 2003 he negotiated a management buyout of the SMS (Mobile) business/ assets of Amcom to form Sol Mobile, which he grew to a profitable company with $15m+ annual revenue. In February 2005 Mr Collopy merged Sol Mobile with Mobile Messenger where he was the 2nd largest shareholder, and was instrumental in Mobile Messenger's success.

Mr Collopy was a key driver in growing Mobile Messenger into a profitable company with revenues of $150m+, 150+staff, offices in 2 countries, and operations in 5 countries.

In October 2007 he sold a majority stake to prestigious private equity firm – Silver Lake which at the time of the sale had a valuation in excess of $200m. Silver Lake led the transaction process as the major investor, including additional investments from Trinity Ventures (http://www.trinityventures.com/) and Montgomery & Co. (http://www.monty.com/).

Mobile Messenger continues to grow and achieve record revenue and profits in 2009.

Director since 15 July 2009.
No other directorships in listed companies in the last 3 years.

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
- 38,585,903 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

Shaun Collopy
- 555,555 ordinary fully paid shares

CORPORATE INFORMATION

Corporate Structure

MGM Wireless Limited is a limited liability company that is incorporated 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
MGM Wireless (NSW) Pty Ltd	-	100% owned controlled entity
Messageyou LLC	-	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.

OPERATING RESULTS

The amount of the operating loss attributable to members of the Company after income tax was $350,109 (2008: $2,227,502 – 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

The Company is pleased to inform Shareholders of significant progress in the achievement of previously stated goals of maintaining and improving growth momentum whilst simultaneously track operations towards profit and positive cashflow.

Key financial results for the year include:

1. For the six months to June 30th, 2009 the company is pleased to announce an EBITDA profit of $6,425.
2. For the full year, the company grew its customer base of operational schools by 66% or 142 new schools to a total of 370 live schools by June 30th, 2009 as compared to 228 schools at the start of the year.
3. As of June 30th, 2009 there was a backlog of 106 sold (contracted) schools yet to go live.
4. For the six months to June 30th, 2009 the company loss was $118,855 with EBITDA of $6,425.
5. For the full year to June 30th, 2009 the company EBITDA loss was $124,889 with an operating loss of $350,109.
6. For the six months to June 30th, 2009, the company grew its customer base of operational schools by 44 % or 113 new schools, as compared to growth of 13% and 29 new schools for the six months to 31st December 2008.
7. Revenue for the year was lower by 1% from $ 1,902,566 to $ 1,887,067 due to:
    1. The remaining transitional effects of the accruals method of revenue recognition adopted by the company this financial year.
    2. A market related product pricing adjustment – which had little effect on our overall gross profit margins.

Current Liabilities
With the company's new methodology of deferred revenue recognition, total current liabilities were $1,608,610 which included $367,938 for unearned revenue and accrued SMS charges of $143,161. Total trade payables were $620,113.

Unearned Revenue Liability and unreported Forward Revenue
The company typically enters into multi-year agreements with its customers, but only invoices annually in advance. Revenue is accounted for in arrears on a monthly basis. The balance of the annual license fee component is booked as unearned revenue liability. The balance of multi-year agreement does not appear in the company's accounts.

As previously mentioned, costs associated with the re-organisation of the company's operations came to approximately $160,000 - which were felt early in the September quarter.

The company is particularly pleased that it was able to make significant improvement in the size of its business by way of the 66% growth in its school clients, whilst simultaneously re-structuring its operations and delivering a much improved bottom line trading result. If the one-off re-organisation costs in the September quarter are taken into consideration the company's overall results for the year are even stronger.

To support its strategy, during the year, the company implemented many new internal systems and business processes in its sales management, customer service, R&D and finance and administration to streamline operations, improve efficiencies, productivity and reduce costs. These included improved Customer Relationship Management, Accounting, Billing and Management systems. Whilst expensive to introduce, these systems have made a significant improvement to the company's financial performance.

In particular, the company R&D operations developed many new and innovative product features and technology improvements which resulted in a more attractive, functionally richer and more competitive product offering to both new and existing customers. This assisted the company to drive new sales harder and achieve a record number of new sales.

The company is committed to building on the progress achieved this year, is excited about its future prospects and looks forward to reporting an improved result for 2010.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

In the opinion of the Directors, there were no 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

Subsequent to the end of the financial year, the company:

(a) issued 16,277,777 ordinary fully paid shares at an issue price of $0.009, raising $146,500 in new equity. These funds were received before financial year end and held in trust pending allotment of the securities.

(b) reached a commercial settlement to finalise and cease litigation proceedings initiated against the company by Lionpalm Pty Ltd, and Messrs Ian & Dean Cameron which operated the company's Western Australian & South Australian licenses, as well as a cross-claim filed by MGM against Lionpalm and Ian & Dean Cameron.

    Lionpalm, was seeking $460,000 and further and alternative compensation plus costs from MGM Wireless Holdings Pty Ltd – a subsidiary of MGM Wireless Ltd - for a variety of alleged claims under various sections of Fair Trade and Trade Practices Act and claims in contract.

    The parties have settled the dispute and release each other by:

    1. MGM agreeing to acquire the licenses, operations, customers, revenues and all aspects of the businesses in Western Australia & South Australia.

    2. Settlement payment by MGM to Lionpalm to be satisfied by:

        a. Lionpalm retaining approximately $100,000 currently held by Lionpalm in trust for MGM Wireless Holdings Pty Ltd; and

        b. By November 30th, 2010, payment of $ 260,000 by MGM Wireless Holdings Pty Ltd to Lionpalm.

    3. Each party bearing its own costs.

Since the end of the financial year under review and the date of this report, there has not arisen any other 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.

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	8	8
M Hurd	8	8
J Dawkins	8	8
S Collopy	-	-

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.

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.

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)

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			
		Salary and fees $	Superannuation $	Options $	Shares $	Total $	Remuneration consisting of share based payments during the year %
Directors							
M Fortunatow	**2009**	**220,000**	**8,325**	**-**	-	**228,325**	-
	2008	220,000	8,325	36,960	-	265,285	13.9%
M Hurd	**2009**	**106,615**	**9,595**	**-**	-	**116,210**	-
	2008	150,000	13,500	23,100	-	186,600	12.4%
J Dawkins	**2009**	**50,000**	**4,500**	**-**	**-**	**54,500**	-
Appointed 17/8/2007	2008	50,000	4,500	-	49,500	104,000	47.6%
R Sciano	**2009**	**-**	-	-	-	**-**	-
Resigned 16/11/2007	2008	15,266	-	-	-	15,266	-
Executives							
N Bassett	**2009**	**30,000**	-	-	-	**30,000**	**-**
	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%

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' OR AUDITORS' 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:

- 2,283,333 options expiring 15 November 2009, exercisable at 4.5 cents each
- 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
- 1,783,333 options expiring 15 November 2010, exercisable at 6 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
- 933,334 options expiring 15 November 2011, exercisable at 8 cents each
- 6,500,000 options expiring 31 December 2011, exercisable at 22 cents each

During the year, employee share scheme options were granted, as follows:

2,283,333 options expiring 15 November 2009, exercisable at 4.5 cents each;
1,783,333 options expiring 15 November 2010, exercisable at 6 cents each; and
933,334 options expiring 15 November 2011, exercisable at 8 cents each;

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.

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 2009 are disclosed in Note 2 of the financial report.

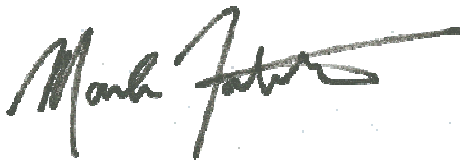
NON-AUDIT SERVICES

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 2009 has been received and is included as part of the financial statements.

Signed in accordance with a resolution of directors



Mark Fortunatow
Executive Chairman
Signed at Adelaide on 25 September 2009

MGM WIRELESS LIMITED

CORPORATE GOVERNANCE STATEMENT

The Board of Directors of MGM Wireless Limited is responsible for the corporate governance of the Company. 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. This statement reports on MGM Wireless Limited's key governance principles and practices.

1. COMPLIANCE WITH BEST PRACTICE RECOMMENDATIONS

The Company, as a listed entity, must comply with the Corporations Act 2001 and the ASX Limited (ASX) Listing Rules. The ASX Listing Rules require the Company to report on the extent to which it has followed the Corporate Governance Recommendations published by the ASX Corporate Governance Council (ASXCGC). Where a recommendation has not been followed, that fact is disclosed, together with the reasons for the departure.

The table below summaries the Company's compliance with the Corporate Governance Council's Recommendations:

Principle #	ASX Corporate Governance Council Recommendations	Reference	Comply
Principle 1	**Lay solid foundations for management and oversight**		
1.1	Establish the functions reserved to the board and those delegated to senior executives and disclose those functions.	2(a)	Yes
1.2	Disclose the process for evaluating the performance of senior executives.	2(h), 3(b), Remuneration Report	Yes
1.3	Provide the information indicated in the Guide to reporting on principle 1.	2(a), 2(h), 3(b), Remuneration Report	Yes
Principle 2	**Structure the board to add value**		
2.1	A majority of the board should be independent directors.	2(b), 2(e)	No
2.2	The chair should be an independent director.	2(c), 2(e)	No
2.3	The roles of chair and chief executive officer should not be exercised by the same individual.	2(b), 2(c)	No
2.4	The Board should establish a nomination committee.	2(d)	No
2.5	Disclose the process for evaluating the performance of the board, its committees and individual directors.	2(h)	Yes
2.6	Provide the information indicated in the Guide to reporting on principle 2.	2(b), 2(c), 2(d), 2(e), 2(h)	Yes
Principle 3	**Promote ethical and responsible decision-making**		
3.1	Establish a code of conduct and disclose the code or a summary as to:	4(a)	Yes
	• the practices necessary to maintain confidence in the company's integrity;		
	• the practices necessary to take into account the company's legal obligations and the reasonable expectations of its stakeholders; and		
	• the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.		
3.2	Establish a policy concerning trading in company securities by directors, senior executives and employees and disclose the policy or a summary of that policy.	4(b)	Yes
3.3	Provide the information indicated in the Guide to reporting on principle 3.	4(a), 4(b)	Yes
Principle 4	**Safeguard integrity in financial reporting**		
4.1	The Board should establish an audit committee.	3(a)	Yes
4.2	The audit committee should be structured so that it:	3(a)	No
	• consists only of non-executive directors;		
	• consists of a majority of independent directors;		
	• is chaired by an independent chair, who is not chair of the Board; and		
	• has at least three members.		

Principle #	ASX Corporate Governance Council Recommendations	Reference	Comply
4.3	The audit committee should have a formal charter	3(a)	Yes
4.4	Provide the information indicated in the Guide to reporting on principle 4.	3(a)	Yes
Principle 5	**Make timely and balanced disclosure**		
5.1	Establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at senior executive level for that compliance and disclose those policies or a summary of those policies.	5(a), 5(b)	Yes
5.2	Provide the information indicated in the Guide to reporting on principle 5.	5(a), 5(b)	Yes
Principle 6	**Respect the rights of shareholders**		
6.1	Design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose the policy or a summary of that policy.	5(a), 5(b)	Yes
6.2	Provide the information indicated in the Guide to reporting on principle 6.	5(a), 5(b)	Yes
Principle 7	**Recognise and manage risk**		
7.1	Establish policies for the oversight and management of material business risks and disclose a summary of those policies.	6(a)	Yes
7.2	The Board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The Board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks.	6(a), 6(b), 6(d)	Yes
7.3	The Board should disclose whether it had received assurance from the chief executive officer and the chief financial officer that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.	6(c)	Yes
7.4	Provide the information indicated in the Guide to reporting on principle 7.	6(a), 6(b), 6(c), 6(d)	Yes
Principle 8	**Remunerate fairly and responsibly**		
8.1	The Board should establish a remuneration committee.	3(b)	No
8.2	Clearly distinguish the structure on non-executive directors' remuneration from that of executive directors and senior executives.	3(b), Remuneration Report	Yes
8.3	Provide the information indicated in the Guide to reporting on principle 8.	3(b),	Yes

2. THE BOARD OF DIRECTORS

2(a) Roles and Responsibilities of the Board

The Board is accountable to the shareholders and investors for the overall performance of the Company and takes responsibility for monitoring the Company's business and affairs and setting its strategic direction, establishing and overseeing the Company's financial position.

The Board is responsible for:

- ensuring the Company's conduct and activities are ethical and carried out for the benefit of all its stakeholders;
- development of corporate strategy, implementation of business plans and performance objectives;
- reviewing, ratifying and monitoring systems of risk management, codes of conduct and legal and regulatory compliance;
- the appointment of the Company's Managing Director, Chief Executive Officer (or equivalent), Chief Financial Officer, Company Secretary and other senior executives;
- monitoring senior executives' performance and implementation of strategy;
- determining appropriate remuneration policies;
- allocating resources and ensuring appropriate resources are available to management;
- approving and monitoring the annual budget, progress of major capital expenditure, capital management, and acquisitions and divestitures; and
- approving and monitoring financial and other reporting.

Other than as specifically reserved to the Board, responsibility for the day-to-day management of the Company's business activities is delegated to the Chief Executive Officer and Executive Management.

2(b) Board Composition

The Directors determine the composition of the Board employing the following principles:

- the Board, in accordance with the Company's constitution must comprise a minimum of three Directors;
- the roles of the Chairman of the Board and of the Chief Executive Officer should be exercised by different individuals;
- the majority of the Board should comprise Directors who are non-executive;
- the Board should represent a broad range of qualifications, experience and expertise considered of benefit to the Company; and
- the Board must be structured in such a way that it has a proper understanding of, and competency in, the current and emerging issues facing the Company, and can effectively review management's decisions.

The Board is currently comprised of one Non-Executive Director and two Executive Directors. The skills, experience, expertise, qualifications and terms of office of each director in office at the date of the annual report is included in the Directors' Report.

The Board does not currently comprise a majority of non-executive directors. Given the size and scale of the Company's current operations, the Board does not consider it essential, or cost effective, to appoint further independent directors at this time. The Board will continue to monitor the need to appoint additional non-executive directors, as considered appropriate.

The Chair is not independent and the role of Chair and chief executive officer are exercised by the same person. 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.

The Company's constitution requires one-third of the Directors (or the next lowest whole number) to retire by rotation at each Annual General Meeting (AGM). The Directors to retire at each AGM are those who have been longest in office since their last election. Where Directors have served for equal periods, they may agree amongst themselves or determine by lot who will retire. A Director must retire in any event at the third AGM since he or she was last elected or re-elected. Retiring Directors may offer themselves for re-election.

A Director appointed as an additional or casual Director by the Board will hold office until the next AGM when they may be re-elected.

The Executive Chairman is not subject to retirement by rotation and, along with any Director appointed as an additional or casual Director, is not to be taken into account in determining the number of Directors required to retire by rotation.

2(c) Chairman and Chief Executive Officer

The Chairman is responsible for:

- leadership of the Board;
- the efficient organisation and conduct of the Board's functions;
- the promotion of constructive and respectful relations between Board members and between the Board and management;
- contributing to the briefing of Directors in relation to issues arising at Board meetings;

- facilitating the effective contribution of all Board members; and
- committing the time necessary to effectively discharge the role of the Chairman.

The Chief Executive Officer is responsible for:

- implementing the Company's strategies and policies; and
- the day-to-day management of the Company's business activities

Board policy specifies that the roles of the Chairman and the Chief Executive Officer should be separate roles to be undertaken by separate people, Presently, the role of Chair and chief executive officer are exercised by the same person. 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. The Board will monitor the need to separate these roles as the company's circumstances change.

2(d) Nomination Committee

The Company does not comply with ASX Recommendation 2.4. The Company is not of a relevant size to consider formation of a nomination committee to deal with the selection and appointment of new Directors and as such a nomination committee has not been formed.

Nominations of new Directors are considered by the full Board. If any vacancies arise on the Board, all directors are involved in the search and recruitment of a replacement. 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 Company's website.

2(e) Independent Directors

The Company recognises that independent Directors are important in assuring shareholders that the Board is properly fulfilling its role and is diligent in holding senior management accountable for its performance. The Board assesses each of the directors against specific criteria to decide whether they are in a position to exercise independent judgment.

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 judgement.

In making this assessment, the Board considers all relevant facts and circumstances. Relationships that the Board will take into consideration when assessing independence are whether a Director:

- is a substantial shareholder of the Company or an officer of, or otherwise associated directly with, a substantial shareholder of the Company;
- is employed, or has previously been employed in an executive capacity by the Company or another Company member, and there has not been a period of at least three years between ceasing such employment and serving on the Board;
- has within the last three years been a principal of a material professional advisor or a material consultant to the Company or another Company member, or an employee materially associated with the service provided;
- is a material supplier or customer of the Company or other Company member, or an officer of or otherwise associated directly or indirectly with a material supplier or customer; or
- has a material contractual relationship with the Company or another Company member other than as a Director.

The Board currently comprises one independent non-executive Director.

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:

Name	Position
John Dawkins	Non-Executive Director

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

Name	Term on Office
Mark Fortunatow	Since 3 October 2003
Mark Hurd	Since 3 October 2003
John Dawkins	Since 17 August 2007

The Board does not currently comprise a majority of independent non-executive directors. Given the size and scale of the Company's current operations, the Board does not consider it essential to appoint further independent directors at this time. The Board will continue to monitor the need to appoint additional non-executive directors, as considered appropriate.

The Board recognises the importance of independent views and, in the Board's role in supervising the activities of management, the Chairman should be a Non-Executive Director. 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(f) Avoidance of conflicts of interest by a Director

In order to ensure that any interests of a Director in a particular matter to be considered by the Board are known by each Director, each Director is required by the Company to disclose any relationships, duties or interests held that may give rise to a potential conflict. Directors are required to adhere strictly to constraints on their participation and voting in relation to any matters in which they may have an interest.

2(g) Board access to information and independent advice

Directors are able to access members of the management team at any time to request relevant information.

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

2(h) Review of Board performance

The performance of the Board is reviewed regularly by the Chairman. The Chairman conducts performance evaluations which involve an assessment of each Board member's performance against specific and measurable qualitative and quantitative performance criteria. The Board member assessment measures are the responsibility of the Chairman. The performance criteria against which directors and executives are assessed is aligned with the financial and non-financial objectives of MGM Wireless Limited. Primarily, the review will be carried out through consultation by the Chairman and with individual Directors. Directors whose performance is consistently unsatisfactory may be asked to retire.

3. BOARD COMMITTEES

3(a) Audit Committee

Given the size and scale of the Company's operations the full Board undertakes the role of the Audit Committee. The Audit Committee does not comply with ASX Recommendation 4.2 as the Chair of the Board is Chair of the Audit Committee and the Audit Committee does not comprise only Non-Executive Directors. The role and responsibilities of the Audit Committee are summarised below.

The Audit Committee is responsible for reviewing the integrity of the Company's financial reporting and overseeing the independence of the external auditors. The Board sets aside time to deal with issues and responsibilities usually delegated to the Audit Committee to ensure the integrity of the financial statements of the Company and the independence of the auditor.

The Board reviews the audited annual and half-year financial statements and any reports which accompany published financial statements and recommends their approval to the members. The Board also reviews annually the appointment of the external auditor, their independence and their fees.

The Board is also responsible for establishing policies on risk oversight and management. The Company has not formed a separate Risk Management Committee due to the size and scale of its operations.

External Auditors

The Company's policy is to appoint external auditors who clearly demonstrate quality and independence. The performance of the external auditor is reviewed annually and applications for tender of external audit services are requested as deemed appropriate, taking into consideration assessment of performance, existing value and tender costs. It is RSM Bird Cameron's policy to rotate engagement Directors on listed companies at least every five years.

An analysis of fees paid to the external auditors, including a break-down of fees for non-audit services, is provided in the notes to the financial statements in the Annual Report.

There is no indemnity provided by the company to the auditor in respect of any potential liability to third parties.

The external auditor is requested to attend the annual general meeting and be available to answer shareholder questions about the conduct of the audit and preparation and content of the audit report.

There were no non-audit services provided by the auditors during the year.

3(b) Remuneration Committee

The role of a Remuneration Committee is to assist the Board in fulfilling its responsibilities in respect of establishing appropriate remuneration levels and incentive policies for employees.

The Board has not established a separate Remuneration Committee due to the size and scale of its operations. This does not comply with Recommendation 8.1 however the Board as a whole takes responsibility for such issues.

The responsibilities include setting policies for senior officers remuneration, setting the terms and conditions for the CEO, reviewing and making recommendations to the Board on the Company's incentive schemes and superannuation arrangements, reviewing the remuneration of both executive and non-executive directors and undertaking reviews of the CEO's performance.

The Company has structured the remuneration of its senior executive, where applicable, such that it comprises a fixed salary, statutory superannuation and, where applicable, participation in the Company's employee share option plan. The Company believes that by remunerating senior executives in this manner it rewards them for performance and aligns their interests with those of shareholders and increases the Company's performance.

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 8.2 Box 8.2 'Non-executive directors should not receive options or bonus payments'. The Company has and may, in the future, grant options to non-executive directors. 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 option holders, as option holders will only benefit if the market value of the underlying shares exceeds the option strike price. Ultimately, shareholders will make that determination.

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. 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.

In determining remuneration, 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 or her own remuneration or related issues. The Board are confident that this process for determining remuneration is stringent and full details of remuneration policies and remuneration received by directors and executives in the current period is contained in the "Remuneration Report" within the Directors' Report of the Annual Report.

4. ETHICAL AND RESPONSIBLE DECISION MAKING

4(a) Code of Ethics and Conduct

The Board endeavours to ensure that the Directors, officers and employees of the Company act with integrity and observe the highest standards of behaviour and business ethics in relation to their corporate activities. The "Code of Conduct" sets out the principles, practices, and standards of personal behaviour the Company expects people to adopt in their daily business activities.

All Directors, officers and employees are required to comply with the Code of Conduct. Senior managers are expected to ensure that employees, contractors, consultants, agents and partners under their supervision are aware of the Company's expectations as set out in the Code of Conduct.

All Directors, officers and employees are expected to:

- comply with the law;
- act in the best interests of the Company;
- be responsible and accountable for their actions; and
- observe the ethical principles of fairness, honesty and truthfulness, including prompt disclosure of potential conflicts.

4(b) Policy concerning trading in Company securities

The Company's "Policy for Trading in Company Securities" 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 preceding release of each quarterly report, half-yearly report and annual financial report of the Company or for a period of 2 trading days after the release of such report;
- 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.

Within 24 hours of a director being appointed to the Board, resigning or being removed from the Board, or trading in the Company's securities, full details of the director's notifiable interests in the Company's securities and changes in such interest must be advised to the Company Secretary so that a record is kept within the Company and so that necessary ASX notifications will occur.

All directors must notify the Company Secretary of any margin loan or similar funding arrangement entered into in relation to the Company's securities and any variations to such arrangements, including the number of securities involved, the circumstances in which the lender can make margin calls, and the right of the lender to dispose of securities.

5. TIMELY AND BALANCED DISCLOSURE

5(a) Shareholder communication

The Company believes that all shareholders should have equal and timely access to material information about the Company including its financial situation, performance, ownership and governance. The Company's "ASX Disclosure Policy" encourages effective communication with its shareholders by requiring that Company announcements:

- be factual and subject to internal vetting and authorisation before issue;
- be made in a timely manner;
- not omit material information;
- be expressed in a clear and objective manner to allow investors to assess the impact of the information when making investment decisions;
- be in compliance with ASX Listing Rules continuous disclosure requirements; and
- be placed on the Company's website promptly following release.

Shareholders are encouraged to participate in general meetings. Copies of addresses by the Chairman or Chief Executive Officer are disclosed to the market and posted on the Company's website. The Company's external auditor attends the Company's annual general meeting to answer shareholder questions about the conduct of the audit, the preparation and content of the audit report, the accounting policies adopted by the Company and the independence of the auditor in relation to the conduct of the audit.

5(b) Continuous disclosure policy

The Company is committed to ensuring that shareholders and the market are provided with full and timely information and that all stakeholders have equal opportunities to receive externally available information issued by the Company. The Company's "ASX Disclosure Policy" described in 5(a) reinforces the Company's commitment to continuous disclosure and outline management's accountabilities and the processes to be followed for ensuring compliance.

The policy also contains guidelines on information that may be price sensitive. The Company Secretary has been nominated as the person responsible for communications with the ASX. This role includes responsibility for ensuring compliance with the continuous disclosure requirements with the ASX Listing Rules and overseeing and coordinating information disclosure to the ASX.

6. RECOGNISING AND MANAGING RISK

The Board is responsible for ensuring there are adequate policies in relation to risk management, compliance and internal control systems. The Company's policies are designed to ensure strategic, operational, legal, reputation and financial risks are identified, assessed, effectively and efficiently managed and monitored to enable achievement of the Company's business objectives. A written policy in relation to risk oversight and management has been established ("Audit and Risk Management Charter"). Considerable importance is placed on maintaining a strong control environment. There is an organisation structure with clearly drawn responsibilities.

6(a) Board oversight of the risk management system

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.

The Board is responsible for approving and overseeing the risk management system. The Board reviews, at least annually, the effectiveness of the implementation of the risk management controls and procedures.

The principle aim of the system of internal control is the management of business risks, with a view to enhancing the value of shareholders' investments and safeguarding assets. Although no system of internal control can provide absolute assurance that the business risks will be fully mitigated, the internal control systems have been designed to meet the Company's specific needs and the risks to which it is exposed.

Annually, the Board is responsible for identifying the risks facing the Company, assessing the risks and ensuring that there are controls for these risks, which are to be designed to ensure that any identified risk is reduced to an acceptable level.

The Board is also responsible for identifying and monitoring areas of significant business risk. Internal control measures currently adopted by the Board include:

- at least quarterly reporting to the Board in respect of operations and the Company's financial position, with a comparison of actual results against budget; and
- regular reports to the Board by appropriate members of the management team and/or independent advisers, outlining the nature of particular risks and highlighting measures which are either in place or can be adopted to manage or mitigate those risks.

6(b) Risk management roles and responsibilities

The Board is responsible for approving and reviewing the Company's risk management strategy and policy. Executive management is responsible for implementing the Board approved risk management strategy and developing policies, controls, processes and procedures to identify and manage risks in all of the Company's activities.

The Board is responsible for satisfying itself that management has developed and implemented a sound system of risk management and internal control.

6(c) 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.

6(d) Internal review and risk evaluation

Assurance is provided to the Board by executive management on the adequacy and effectiveness of management controls for risk on a regular basis.

RSM Bird Cameron Partners
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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of MGM Wireless Limited for the year ended 30 June 2009, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

RSM Bird Cameron Partners.

RSM BIRD CAMERON PARTNERS
Chartered Accountants

D J WALL
Partner

Perth, WA
Dated: 25 SEPTEMBER 2009

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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 2009 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, 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 2009 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.

Material Uncertainty Regarding Continuation as a Going Concern

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

(a) the parent and consolidated entity, for the year ended 30 June 2009, recorded:

- a loss of $331,462 and $350,109 respectively; and
- net cash outflows from operating activities of $114,776 and $178,302 respectively; and

(b) the parent and consolidated entity, at balance date, had net current liabilities of $1,017,620 and $1,036,185 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 2009. 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 2009 complies with section 300A of the *Corporations Act 2001*.

RSM Bird Cameron Partners.

RSM BIRD CAMERON PARTNERS
Chartered Accountants

D J WALL
Partner

Perth, WA
Dated: 25 SEPTEMBER 2009

MGM WIRELESS LIMITED

DIRECTORS' DECLARATION

The directors of the company declare that:

1. the financial statements and notes, as set out on pages 24 to 50 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 2009 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:

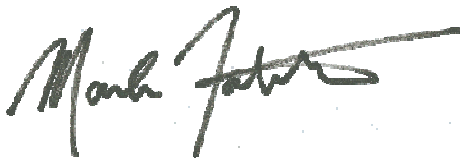
   a) the financial records of the company for the financial year have been properly maintained in accordance with section 286 of the *Corporations Act 2001*;

   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 25 September 2009

MGM WIRELESS LIMITED

INCOME STATEMENT

For the year ended 30 June 2009

		Consolidated		Parent Entity	
	Note	**2009**	**2008**	**2009**	**2008**
		$	**$**	**$**	**$**
Revenue	2	**1,887,067**	1,902,566	**1,837,341**	1,900,931
Cost of sales		**(141,341)**	(905,664)	**(108,890)**	(905,664)
Bad and doubtful debts		**(81,468)**	(86,089)	**(51,000)**	(86,089)
Borrowing costs		**(28,698)**	(13,950)	**(26,750)**	(13,950)
Depreciation and amortisation expense		**(196,522)**	(338,797)	**(153,345)**	(177,597)
Advertising and marketing		**(38,968)**	(195,060)	**(38,968)**	(271,207)
Consulting expenses		**(87,911)**	(144,530)	**(77,825)**	(64,798)
Corporate and administration expenses		**(478,626)**	(619,114)	**(443,900)**	(653,101)
Share based payment expense		**-**	(109,560)	**-**	(109,560)
Employee benefit expenses		**(1,183,642)**	(1,714,683)	**(1,141,262)**	(1,657,825)
Net foreign currency loss			(2,621)	**-**	(2,621)
Impairment of receivables		**-**	-	**(39,000)**	-
Impairment of financial assets		**-**	-	**(87,863)**	(187,853)
Loss before income tax expense		**(350,109)**	(2,227,502)	**(331,462)**	(2,229,334)
Income tax expense	3	**-**	-	**-**	-
Loss after tax from continuing operations		**(350,109)**	(2,227,502)	**(331,462)**	(2,229,334)
Net loss attributable to minority interest		**-**	-	**-**	-
Net loss attributable to members of MGM Wireless Limited		**(350,109)**	(2,227,502)	**(331,462)**	(2,229,334)
Basic loss per share (cents per share)	4	**(0.18)**	(1.20)		
Diluted loss per share (cents per share)	4	**(0.18)**	(1.20)		

The accompanying notes form part of these financial statements

MGM WIRELESS LIMITED

BALANCE SHEET

As at 30 June 2009

	Note	Consolidated 2009 $	Consolidated 2008 $	Parent Entity 2009 $	Parent Entity 2008 $
ASSETS					
Current Assets					
Cash and cash equivalents	5	**241,448**	236,651	**234,768**	235,651
Trade and other receivables	6	**320,265**	670,001	**316,637**	643,212
Other current assets	7	**10,712**	3,236	**9,718**	250
Total Current Assets		**572,425**	909,888	**561,123**	879,113
Non Current Assets					
Other financial assets	8	**-**	-	**-**	87,863
Trade and other receivables	6	**-**	-	**1,000**	40,000
Plant and equipment	9	**169,111**	196,643	**168,344**	190,999
Intangible assets	10	**718,646**	584,386	**718,646**	546,086
Total Non Current Assets		**887,757**	781,029	**887,990**	864,948
Total Assets		**1,460,182**	1,690,917	**1,449,113**	1,744,061
LIABILITIES					
Current Liabilities					
Trade and other payables	11	**1,277,712**	1,473,047	**1,247,845**	1,526,191
Borrowings	12	**300,000**	5,000	**300,000**	5,000
Provisions	13	**30,898**	56,038	**30,898**	56,038
Total Liabilities		**1,608,610**	1,534,085	**1,578,743**	1,587,229
Net Assets		**(148,428)**	156,832	**(129,630)**	156,832
EQUITY					
Parent entity interest					
Issued capital	14	**6,722,112**	6,677,112	**6,722,112**	6,677,112
Reserves	15	**133,873**	134,024	**135,856**	135,856
Accumulated losses		**(7,004,413)**	(6,654,304)	**(6,987,598)**	(6,656,136)
Total parent entity interest in equity		**(148,428)**	156,832	**(129,630)**	156,832
Minority interest					
Issued capital		**20**	20	**-**	-
Accumulated losses		**(20)**	(20)	**-**	-
		-	-	**-**	-
Total Equity		**(148,428)**	156,832	**(129,630)**	156,832

The accompanying notes form part of these financial statements

MGM WIRELESS LIMITED

STATEMENT OF CHANGES IN EQUITY

For the Year Ended 30 June 2009

Consolidated	**Issued Capital**	**Accumulated Losses**	**Option Issue Reserve**	**Foreign Currency Translation Reserve**	**Total Equity**
	$	**$**	**$**	**$**	**$**
At 1 July 2007	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)
At 30 June 2008	6,677,112	(6,654,304)	135,856	(1,832)	156,832

	Issued Capital	**Accumulated Losses**	**Option Issue Reserve**	**Foreign Currency Translation Reserve**	**Total Equity**
	$	**$**	**$**	**$**	**$**
At 1 July 2008	**6,677,112**	**(6,654,304)**	**135,856**	**(1,832)**	**156,832**
Loss attributable to members of parent entity	**-**	**(350,109)**	**-**	**-**	**(350,109)**
Shares issued	**45,000**	**-**	**-**	**-**	**45,000**
Cost of share based payment	**-**	**-**	**-**	**-**	**-**
Currency translation differences	**-**	**-**	**-**	**(151)**	**(151)**
At 30 June 2009	**6,722,112**	**(7,004,413)**	**135,856**	**(1,983)**	**(148,428)**

Parent	**Issued Capital**	**Accumulated Losses**	**Option Issue Reserve**	**Foreign Currency Translation Reserve**	**Total Equity**
	$	**$**	**$**	**$**	**$**
At 1 July 2007	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
At 30 June 2008	6,677,112	(6,656,136)	135,856	-	156,832

	Issued Capital	**Accumulated Losses**	**Option Issue Reserve**	**Foreign Currency Translation Reserve**	**Total Equity**
	$	**$**	**$**	**$**	**$**
At 1 July 2008	**6,677,112**	**(6,656,136)**	**135,856**	**-**	**156,832**
Loss attributable to members of parent entity	**-**	**(331,462)**	**-**	**-**	**(331,462)**
Shares issued	**45,000**	**-**	**-**	**-**	**45,000**
Cost of share based payment	**-**	**-**	**-**	**-**	**-**
At 30 June 2009	**6,722,112**	**(6,987,598)**	**135,856**	**-**	**(129,630)**

The accompanying notes form part of these financial statements

MGM WIRELESS LIMITED

CASH FLOW STATEMENT

For the year ended 30 June 2009

	Note	Consolidated 2009 $	Consolidated 2008 $	Parent Entity 2009 $	Parent Entity 2008 $
Cash flows from operating activities					
Receipts from customers		**2,011,188**	2,121,217	**1,968,769**	2,112,128
Payments to suppliers and employees		**(2,160,851)**	(2,958,171)	**(2,056,854)**	(2,941,604)
Interest received		**59**	12,361	**59**	12,361
Interest and other costs of finance		**(28,698)**	(13,950)	**(26,750)**	(13,950)
Net cash used in operating activities	5	**(178,302)**	(838,543)	**(114,776)**	(831,065)
Cash flows from investing activities					
Payment for investments		**-**	-	**-**	(59,463)
Payments for plant and equipment		**(5,885)**	(74,648)	**(5,885)**	(71,004)
Loan repaid by controlled entity		**-**	-	**-**	98,314
Loan repaid to controlled entity		**-**	-	**(69,357)**	-
Payment for research and development		**(252,365)**	(271,238)	**(252,365)**	(271,238)
Net cash used in investing activities		**(258,250)**	(345,886)	**(327,607)**	(303,391)
Cash flows from financing activities					
Proceeds from issue of shares		**146,500**	611,100	**146,500**	611,100
Proceeds from borrowings		**295,000**	5,000	**295,000**	5,000
Net cash provided by financing activities		**441,500**	616,100	**441,500**	616,100
Net increase/ (decrease) in cash held		**4,948**	(568,329)	**(883)**	(518,356)
Cash held at the beginning of the financial year		**236,651**	806,812	**235,651**	754,007
Effect of exchange rate changes		**(151)**	(1,832)	**-**	-
Cash held at the end of the financial year	5	**241,448**	236,651	**234,768**	235,651

The accompanying notes form part of these financial statements

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, for the year ended 30 June 2009, recorded:
  - a loss of $331,462 and $350,109 respectively; and
  - net cash outflows from operating activities of $114,776 and $178,302 respectively; and
- The parent and consolidated entity, at balance date, had net current liabilities of $1,017,620 and $1,036,185 respectively.

These factors indicate significant uncertainty whether the parent and consolidated entity will 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.

The Directors believe after consideration of the above matters, there are reasonable grounds to believe that the company and consolidated entity will be able to continue as going concerns, after consideration of the following factors:

- The ability to issue additional capital under the Corporations Act 2001, including subsequent to year end, the issue of 16,277,777 ordinary fully paid shares at an issue price of $0.009, which raised $146,500 in new equity;
- Further commercial exploitation of the company's and consolidated entity's technologies and products at amounts sufficient to meet proposed expenditure commitments; and
- Subsequent to year end the company reached a commercial settlement to finalise and cease litigation proceedings initiated against it.

Accordingly, the Directors believe that the parent and consolidated entity will obtain sufficient funding to enable them to continue as going concerns 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 and consolidated entity do not continue as going concerns.

Change in accounting policy

In the previous financial year the company 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 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 $
2008	(1,740,676)	486,826	(2,227,502)

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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

(b) Statement of Compliance

The financial report was authorised for issue on 25 September 2009.

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).

(c) 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.

(d) 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.

(e) 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.

(f) 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.

(g) 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

(g) Foreign currency translation (Cont.)

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.

(h) 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.

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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

(h) Income Tax (Cont.)

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.

(i) 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.

(j) 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.

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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

(k) 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.

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.

(l) 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.

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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

(m) 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.

(n) 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.

(o) 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.

(p) 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.

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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

(p) Share-based payment transactions (Cont.)

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.

(q) Issued capital

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.

(r) 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.

(s) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership that are transferred to entities in the Group are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the year.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

(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 to 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 2009 amounting to $718,646.

No impairment has been recognised in respect of trade receivables for the year ended 30 June 2009 as the directors are of the opinion that all the debts are recoverable.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

(u) New Accounting Standards for Application in Future Periods

The AASB has issued new, revised and amended standards and interpretations that have mandatory application dates for future reporting periods. The Group has decided against early adoption of these standards. A discussion of those future requirements and their impact on the Group follows:

- AASB 3: Business Combinations, AASB 127: Consolidated and Separate Financial Statements, AASB 2008-3: Amendments to Australian Accounting Standards arising from AASB 3 and AASB 127 [AASBs 1,2,4,5,7,101,107, 112, 114, 116, 121, 128, 131, 132, 133, 134, 136, 137, 138 & 139 and Interpretations 9 & 107] (applicable for annual reporting periods commencing from 1 July 2009) and AASB 2008-7: Amendments to Australian Accounting Standards – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate [AASB 1, AASB 118, AASB 121, AASB 127 & AASB 136] (applicable for annual reporting periods commencing from 1 January 2009). These standards are applicable prospectively and so will only affect relevant transactions and consolidations occurring from the date of application. In this regard, its impact on the Group will be unable to be determined. The following changes to accounting requirements are included:
  - acquisition costs incurred in a business combination will no longer be recognised in goodwill but will be expensed unless the cost relates to issuing debt or equity securities;
  - contingent consideration will be measured at fair value at the acquisition date and may only be provisionally accounted for during a period of 12 months after acquisition;
  - a gain or loss of control will require the previous ownership interests to be remeasured to their fair value;
  - there shall be no gain or loss from transactions affecting a parent's ownership interest of a subsidiary with all transactions required to be accounted for through equity (this will not represent a change to the Group's policy);
  - dividends declared out of pre-acquisition profits will not be deducted from the cost of an investment but will be recognised as income;
  - impairment of investments in subsidiaries, joint ventures and associates shall be considered when a dividend is paid by the respective investee; and
  - where there is, in substance, no change to Group interests, parent entities inserted above existing groups shall measure the cost of its investments at the carrying amount of its share of the equity items shown in the balance sheet of the original parent at the date of reorganisation.

  The Group will need to determine whether to maintain its present accounting policy of calculating goodwill acquired based on the parent entity's share of net assets acquired or change its policy so goodwill recognised also reflects that of the non-controlling interest.

- AASB 8: Operating Segments and AASB 2007-3: Amendments to Australian Accounting Standards arising from AASB 8 [AASB 5, AASB 6, AASB 102, AASB 107, AASB 119, AASB 127, AASB 134, AASB 136, AASB 1023 & AASB 1038] (applicable for annual reporting periods commencing from 1 January 2009). AASB 8 replaces AASB 114 and requires identification of operating segments on the basis of internal reports that are regularly reviewed by the Group's Board for the purposes of decision making. While the impact of this standard cannot be assessed at this stage, there is the potential for more segments to be identified. Given the lower economic levels at which segments may be defined, and the fact that cash generating units cannot be bigger than operating segments, impairment calculations may be affected. Management does not presently believe impairment will result however.
- AASB 101: Presentation of Financial Statements, AASB 2007-8: Amendments to Australian Accounting Standards arising from AASB 101, and AASB 2007-10: Further Amendments to Australian Accounting Standards arising from AASB 101 (all applicable to annual reporting periods commencing from 1 January 2009). The revised AASB 101 and amendments supersede the previous AASB 101 and redefines the composition of financial statements including the inclusion of a statement of comprehensive income. There will be no measurement or recognition impact on the Group. If an entity has made a prior period adjustment or reclassification, a third balance sheet as at the beginning of the comparative period will be required.
- AASB 123: Borrowing Costs and AASB 2007-6: Amendments to Australian Accounting Standards arising from AASB 123 [AASB 1, AASB 101, AASB 107, AASB 111, AASB 116 & AASB 138 and Interpretations 1 & 12] (applicable for annual reporting periods commencing from 1 January 2009). The revised AASB 123 has removed the option to expense all borrowing costs and will therefore require the capitalisation of all borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset. Management has determined that there will be no effect on the Group as a policy of capitalising qualifying borrowing costs has been maintained by the Group.
- AASB 2008-1: Amendments to Australian Accounting Standard – Share-based Payments: Vesting Conditions and Cancellations [AASB 2] (applicable for annual reporting periods commencing from 1 January 2009). This amendment to AASB 2 clarifies that vesting conditions consist of service and performance conditions only. Other elements of a share-based payment transaction should therefore be considered for the purposes of determining fair value. Cancellations are also required to be treated in the same manner whether cancelled by the entity or by another party.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

(u) New Accounting Standards for Application in Future Periods (Cont.)

- AASB 2008-2: Amendments to Australian Accounting Standards – Puttable Financial Instruments and Obligations Arising on Liquidation [AASB 7, AASB 101, AASB 132 & AASB 139 & Interpretation 2] (applicable for annual reporting periods commencing from 1 January 2009). These amendments introduce an exception to the definition of a financial liability to classify as equity instruments certain puttable financial instruments and certain other financial instruments that impose an obligation to deliver a pro-rata share of net assets only upon liquidation.
- AASB 2008-5: Amendments to Australian Accounting Standards arising from the Annual Improvements Project (July 2008) (AASB 2008-5) and AASB 2008-6: Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project (July 2008) (AASB 2008-6) detail numerous non-urgent but necessary changes to accounting standards arising from the IASB's annual improvements project. No changes are expected to materially affect the Group.
- AASB 2008-8: Amendments to Australian Accounting Standards – Eligible Hedged Items [AASB 139] (applicable for annual reporting periods commencing from 1 July 2009). This amendment clarifies how the principles that determine whether a hedged risk or portion of cash flows is eligible for designation as a hedged item should be applied in particular situations and is not expected to materially affect the Group.
- AASB 2008-13: Amendments to Australian Accounting Standards arising from AASB Interpretation 17 – Distributions of Non-cash Assets to Owners [AASB 5 & AASB 110] (applicable for annual reporting periods commencing from 1 July 2009). This amendment requires that non-current assets held for distribution to owners to be measured at the lower of carrying value and fair value less costs to distribute.
- AASB Interpretation 15: Agreements for the Construction of Real Estate (applicable for annual reporting periods commencing from 1 January 2009). Under the interpretation, agreements for the construction of real estate shall be accounted for in accordance with AASB 111 where the agreement meets the definition of 'construction contract' per AASB 111 and when the significant risks and rewards of ownership of the work in progress transfer to the buyer continuously as construction progresses. Where the recognition requirements in relation to construction are satisfied but the agreement does not meet the definition of 'construction contract', revenue is to be accounted for in accordance with AASB 118. Management does not believe that this will represent a change of policy to the Group.
- AASB Interpretation 16: Hedges of a Net Investment in a Foreign Operation (applicable for annual reporting periods commencing from 1 October 2008). Interpretation 16 applies to entities that hedge foreign currency risk arising from net investments in foreign operations and that want to adopt hedge accounting. The interpretation provides clarifying guidance on several issues in accounting for the hedge of a net investment in a foreign operation and is not expected to impact the Group.
- AASB Interpretation 17: Distributions of Non-cash Assets to Owners (applicable for annual reporting periods commencing from 1 July 2009). This guidance applies prospectively only and clarifies that non-cash dividends payable should be measured at the fair value of the net assets to be distributed where the difference between the fair value and carrying value of the assets is recognised in profit or loss.

The Group does not anticipate early adoption of any of the above reporting requirements and does not expect these requirements to have any material effect on the Group's financial statements.

	Consolidated		Parent Entity	
	2009 $	2008 $	2009 $	2008 $
2. REVENUE AND EXPENSES				
Revenue from ordinary activities				
Sales revenue	**1,887,008**	1,890,205	**1,837,282**	1,888,570
Interest	**59**	12,361	**59**	12,361
Total revenue from ordinary activities	**1,887,067**	1,902,566	**1,837,341**	1,900,931
Expenses and Losses/(Gains)				
Depreciation of plant and equipment	**33,417**	36,562	**28,540**	28,562
Amortisation of intangibles	**163,105**	302,235	**124,805**	149,035
Bad and doubtful debts	**81,468**	86,089	**51,000**	86,089
Share based payment expense	**-**	109,560	**-**	109,560
Auditor's remuneration:				
RSM Bird Cameron Partners				
- Audit and review of financial reports	**48,900**	17,500	**48,900**	17,500
3. INCOME TAX				
(a) Income tax expense				
The income tax expense for the year differs from the prima facie tax as follows:				
Loss for year	**(350,109)**	(2,227,502)	**(331,462)**	(2,229,334)
Prima facie tax benefit at 30% (2008 : 30%)	**105,033**	668,251	**99,439**	668,800
Non-deductible items	**(11,490)**	(93,828)	**(38,059)**	(104,224)
Deferred tax assets not brought to account	**(93,543)**	(574,423)	**(61,380)**	(564,576)
Total income tax expense	**-**	-	**-**	-
(b) Deferred Tax Asset				
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 (h) occur:	**1,562,645**	1,497,107	**1,502,413**	1,469,037

4. EARNINGS PER SHARE (EPS)

	2009	2008
	Cents	Cents
Basic earnings per share – Continuing operations	**(0.18)**	(1.20)
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	**(350,109)**	(2,227,502)
Adjustment:		
Net loss attributable to outside equity interest	**-**	-
Earnings used in calculation of basic EPS	**(350,109)**	(2,227,502)
	No of Shares	No of Shares
Weighted average number of ordinary shares used in the calculation of basic EPS	**198,259,835**	187,000,264

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.

5. CASH AND CASH EQUIVALENTS

	Consolidated		Parent Entity	
	2009 $	2008 $	2009 $	2008 $
Cash at bank	**241,448**	236,651	**234,768**	235,651

Cash at bank earns interest at floating rates based on daily bank deposit rates.

(i) Reconciliation of loss for year to net cash used in operating activities:

Loss for the year	**(350,109)**	(2,227,502)	**(331,462)**	(2,229,334)
Non-cash items				
Amortisation	**163,105**	302,235	**124,805**	149,035
Depreciation	**33,417**	36,562	**28,540**	28,562
Bad and doubtful debts	**81,468**	86,089	**51,000**	86,089
Provision for impairment – financial assets	**-**	-	**87,863**	187,853
Provision for impairment - receivable	**-**	-	**39,000**	-
Equity settled share based payment	**-**	109,560	**-**	109,560
Changes in assets and liabilities:				
Receivables	**268,268**	(281,014)	**275,575**	(288,468)
Tax asset	**-**	102,826	**-**	102,826
Other assets	**(7,477)**	(1,893)	**(9,468)**	1,092
Payables	**(197,746)**	506,288	**(211,401)**	493,414
Unearned revenue	**(144,088)**	512,026	**(144,088)**	512,026
Provisions	**(25,140)**	16,280	**(25,140)**	16,280
Cash flows used by operating activities	**(178,302)**	(838,543)	**(114,776)**	(831,065)

(ii) Non-cash investing and financing activities:

During the year the parent entity issued 5,000,000 ordinary fully paid shares at an issue price of 0.9 cents per share as consideration for acquisition of the Victorian and Tasmanian licences to distribute MGM Wireless product.

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

	Consolidated		Parent Entity	
	2009 $	2008 $	2009 $	2008 $
6. TRADE AND OTHER RECEIVABLES				
Current				
Trade debtors	**371,265**	670,001	**367,637**	643,212
Less: Provision for doubtful debts	**(51,000)**	-	**(51,000)**	-
	320,265	670,001	**316,637**	643,212
Non-Current				
Amount owed by controlled entities	**-**	-	**65,482**	65,482
Provision for impairment	**-**	-	**(64,482)**	(25,482)
	-	-	**1,000**	40,000

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.

(a). Past due but not impaired trade receivables

As at 30 June 2009, trade receivables of $16,104 (2008: $285,491) were past due but not impaired. These relate to a number of outstanding accounts where there is no recent history of default.

Past due 0-30 days	**7,084**	44,529	**7,084**	44,529
Past due 31-90 days	**9,020**	38,315	**9,020**	38,315
Past due 91 days	**-**	202,647	**-**	202,647
	16,104	285,491	**16,104**	285,491
7. OTHER CURRENT ASSETS				
Sundry debtors	**10,712**	3,236	**9,718**	250
8. OTHER FINANCIAL ASSETS				
Shares in unlisted controlled entities	-	-	**891,524**	891,524
Provision for impairment	-	-	**(891,524)**	(803,661)
	-	-	**-**	87,863

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

	Consolidated		Parent Entity	
	2009 $	2008 $	2009 $	2008 $
9. PLANT AND EQUIPMENT				
Plant and equipment				
At cost	**253,002**	247,117	**209,358**	203,473
Accumulated depreciation and impairment	**(174,983)**	(151,688)	**(132,106)**	(113,688)
Total plant and equipment	**78,019**	95,429	**77,252**	89,785
Leasehold improvements				
At cost	**124,822**	124,822	**124,822**	124,822
Accumulated amortisation and impairment	**(33,730)**	(23,608)	**(33,730)**	(23,608)
Total leasehold improvements	**91,092**	101,214	**91,092**	101,214
Total property, plant and equipment				
At cost	**377,824**	371,939	**334,180**	328,295
Accumulated depreciation and impairment	**(208,713)**	(175,296)	**(165,836)**	(137,296)
Total written down value	**169,111**	196,643	**168,344**	190,999
Reconciliation of the carrying amounts of plant and equipment at the beginning and end of the current financial year:				
Plant and equipment				
At 1 July 2008, net of accumulated depreciation	**95,429**	89,626	**89,785**	79,626
Additions	**5,885**	32,236	**5,885**	28,592
Depreciation	**(23,295)**	(26,433)	**(18,418)**	(18,433)
At 30 June 2009, net of accumulated depreciation	**78,019**	95,429	**77,252**	89,785
Leasehold improvements				
At 1 July 2008, net of accumulated depreciation	**101,214**	68,931	**101,214**	68,931
Additions	**-**	42,412	**-**	42,412
Depreciation	**(10,122)**	(10,129)	**(10,122)**	(10,129)
At 30 June 2009, net of accumulated depreciation	**91,092**	101,214	**91,092**	101,214
10. INTANGIBLE ASSETS				
Intellectual Property - MSGU™				
Cost	**766,000**	766,000	**-**	-
Accumulated amortisation and impairment	**(766,000)**	(727,700)	**-**	-
	-	38,300	**-**	-
Distribution rights				
Cost	**180,000**	135,000	**180,000**	135,000
Accumulated amortisation and impairment	**(56,885)**	-	**(56,885)**	-
	123,115	135,000	**123,115**	135,000
Intellectual Property – Software				
Cost	**812,486**	560,121	**812,486**	560,121
Accumulated amortisation and impairment	**(216,955)**	(149,035)	**(216,955)**	(149,035)
	595,531	411,086	**595,531**	411,086
	718,646	584,386	**718,646**	546,086

	Consolidated		Parent Entity	
	2009 $	2008 $	2009 $	2008 $
10. INTANGIBLE ASSETS (cont.)				
Reconciliation of the carrying amounts of intangible assets at the beginning and end of the current financial year:				
Intellectual Property - MSGU™				
At 1 July 2008, net of accumulated amortisation	**38,300**	191,500	**-**	**-**
Additions	**-**	-	**-**	**-**
Amortisation expense	**(38,300)**	(153,200)	**-**	**-**
At 30 June 2009, net of accumulated amortisation	**-**	38,300	**-**	-
Distribution rights				
At 1 July 2008, net of accumulated amortisation	**135,000**	135,000	**135,000**	135,000
Additions	**45,000**	-	**45,000**	-
Amortisation expense	**(56,885)**	-	**(56,885)**	-
At 30 June 2009, net of accumulated amortisation	**123,115**	135,000	**123,115**	135,000
Intellectual Property – Software				
At 1 July 2008, net of accumulated amortisation	**411,086**	288,883	**411,086**	288,883
Additions	**252,365**	271,238	**252,365**	271,238
Amortisation expense	**(67,920)**	(149,035)	**(67,920)**	(149,035)
At 30 June 2009, net of accumulated amortisation	**595,531**	411,086	**595,531**	411,086

Intangible assets, have finite useful lives. The current amortisation charges for intangible assets are included under depreciation and amortisation expense per the income statement. Useful life of intangible assets are 5 years.

Impairment Disclosures
Impairment considerations are subject to management estimates and judgements as discussed in Note 1(t).

11. TRADE AND OTHER PAYABLES

Amount owing to controlled entity	**-**	-	**3,663**	73,020
Trade creditors and accruals				
Other corporations	**359,563**	490,253	**326,033**	470,377
Directors and director related entities	**59,077**	-	**59,077**	-
Tax liability	**201,473**	204,422	**201,473**	204,422
Accrued SMS charges	**143,161**	266,346	**143,161**	266,346
Unearned revenue – Licence fees	**367,938**	512,026	**367,938**	512,026
Share subscription monies held in trust	**146,500**	-	**146,500**	-
	1,277,712	1,473,047	**1,247,845**	1,526,191

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.

Share subscription monies held in trust represents funds received at balance date for a placement of securities completed subsequent to balance date.

	Consolidated		Parent Entity	
	2009 $	2008 $	2009 $	2008 $

12. BORROWINGS

Current				
Unsecured loans from related parties	**300,000**	5,000	**300,000**	5,000

Terms and conditions of the loans from related parties are detailed in Note 18.

13. PROVISIONS

Current				
Employee benefits	**30,898**	56,038	**30,898**	56,038
Movement:				
Opening balance	**56,038**	39,758	**56,038**	39,758
Amounts provided	**41,611**	78,078	**41,611**	78,078
Amounts used	**(66,751)**	(61,798)	**(66,751)**	(61,798)
Closing balance	**30,898**	56,038	**30,898**	56,038
Number of employees	**14**	19	**14**	19

14. ISSUED CAPITAL

(a) Issued and paid up capital

Ordinary shares, fully paid	**6,722,112**	6,677,112	**6,722,112**	6,677,112

(b) Movement in shares on issue

		Number	2009 $	Number	2008 $
Balance at beginning of year		**197,561,205**	**6,677,112**	182,046,348	6,016,512
Issue for cash on exercise of options	(i)	**-**	**-**	8,250,000	247,500
Issue for cash on exercise of options	(ii)	**-**	**-**	1,142,857	80,000
Share based payment	(iii)	**-**	**-**	450,000	49,500
Issue pursuant to share purchase plan	(iv)	**-**	**-**	5,672,000	283,600
Issue as consideration for distribution rights	(v)	**5,000,000**	**45,000**	-	-
Expenses of issue		**-**	**-**	-	-
Balance at end of year		**202,561,205**	**6,722,112**	197,561,205	6,677,112

(i) During the previous year 8,250,000 unlisted options expiring 31 December 2007 were exercised at 3 cents each.
(ii) During the previous year 1,142,857 unlisted options expiring 31 January 2010 were exercised at 7 cents each.
(iii) 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.
(iv) 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.
(v) On 11 May 2009, 5,000,000 ordinary fully shares were issued at a price of 0.9 cents each as consideration for the licence distribution rights of MGM Wireless products in Victoria and Tasmania.

(c) Terms and conditions of issued capital

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 Group.

14. ISSUED CAPITAL (Cont.)

(d) Share Options

As at 30 June 2009, there were the following unissued ordinary shares for which options were outstanding:

- 2,283,333 options expiring 15 November 2009, exercisable at 4.5 cents each
- 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
- 1,783,333 options expiring 15 November 2010, exercisable at 6 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
- 933,334 options expiring 15 November 2011, exercisable at 8 cents each
- 6,500,000 options expiring 31 December 2011, exercisable at 22 cents each

During the year, employee share scheme options were granted, as follows:

2,283,333 options expiring 15 November 2009, exercisable at 4.5 cents each;
1,783,333 options expiring 15 November 2010, exercisable at 6 cents each; and
933,334 options expiring 15 November 2011, exercisable at 8 cents each;

	Consolidated		Parent Entity	
	2009 $	2008 $	2009 $	2008 $
15. RESERVES				
Option issue reserve	**135,856**	135,856	**135,856**	135,856
Foreign currency translation reserve	**(1,983)**	(1,832)	-	-
	133,873	134,024	**135,856**	135,856

(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	**135,856**	75,796	**135,856**	75,796
Share based payments	**-**	60,060	**-**	60,060
Closing balance 30 June	**135,856**	135,856	**135,856**	135,856

(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	**(1,832)**	-	**-**	-
Currency translation differences	**(151)**	(1,832)	**-**	-
Closing balance 30 June	**(1,983)**	(1,832)	**-**	-

16. 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 $
2009			
Segment revenue	**1,837,341**	**49,726**	**1,887,067**
Segment results	**(244,898)**	**(105,211)**	**(350,109)**
Segment assets	**1,445,450**	**14,732**	**1,460,182**
Segment liabilities	**1,575,079**	**33,531**	**1,608,610**
2008			
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

17. RELATED PARTY TRANSACTIONS

(a) Subsidiaries

The consolidated financial statements include the financial statements of MGM Wireless Limited and the subsidiaries as listed in the 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 18.

(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 Group recognises an allowance for the impairment loss.

18. 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)

Executives

Neville Bassett	Company Secretary

18. DIRECTOR AND EXECUTIVE DISCLOSURES (Cont.)

(b) Compensation of Key Management Personnel

	Consolidated		Parent Entity	
	2009	2008	**2009**	2008
	$	$	**$**	$
Short-Term	**406,615**	465,266	**406,615**	465,266
Post Employment	**22,420**	26,325	**22,420**	26,325
Other Long-Term	**-**	-	**-**	-
Termination Benefits	**-**	-	**-**	-
Share-based Payment	**-**	109,560	**-**	109,560
	429,035	601,151	**429,035**	601,151

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 01/07/08	Granted as Remuneration	Options Exercised	Net Change Other	Balance 30/06/09	Vested and Exercisable
Directors						
M Fortunatow						
- Expiring 31/01/2010; 7 cents	357,143	-	-	-	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 31/01/2010; 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
Executive						
N Bassett						
- Expiring 31/01/2010; 7 cents	300,000	-	-	-	300,000	300,000

	Balance 01/07/07	Granted as Remuneration	Options Exercised	Net Change Other	Balance 30/06/08	Vested and Exercisable
Directors						
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)	-	-
Executive						
N Bassett						
- Expiring 31/12/2007; 3 cents	500,000	-	(500,000)	-	-	-
- Expiring 31/01/2010; 7 cents	300,000	-	-	-	300,000	300,000

18. DIRECTOR AND EXECUTIVE DISCLOSURES (Cont.)

(d) Shareholdings of Key Management Personnel

	Balance 01/07/08	Received as Remuneration	Options Exercised	Net Change Other	Balance 30/06/09
Directors					
M Fortunatow	40,185,903	-	-	(1,100,000)	39,085,903
M Hurd	15,142,500	-	-	-	15,142,500
J Dawkins	450,000	-	-	100,000	550,000
Executives					
N Bassett	850,000	-	-	-	850,000

	Balance 01/07/07	Received as Remuneration	Options Exercised	Net Change Other	Balance 30/06/08
Directors					
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
Executives					
N Bassett	350,000	-	500,000	-	850,000

All equity transactions with key management personnel have been entered into under terms and conditions no more favourable that 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.

During the year, Mr Fortunatow and Mr Hurd each advanced the company the sum of $150,000. The loans bear interest at a variable rate on the same basis as is paid by Mr Fortunatow and Mr Hurd on their personal facilities. The loans are only repayable if the company has sufficient funds to meet its financial commitments.

The terms and conditions of the transactions with directors and director-related entities were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-director related entities on an arms length basis.

19. SHARE BASED PAYMENTS

The following share-based payment arrangements existed at 30 June 2009:

- 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.

19. SHARE BASED PAYMENTS (Cont.)

- During the year ended 30 June 2009, 2,283,333 share options were issued to employees to take up ordinary shares at an exercise price of 4.5 cents. The options expire on 15 November 2009. All options have vested and are exercisable. No options have been exercised at balance date.

- During the year ended 30 June 2009, 1,783,333 share options were issued to employees to take up ordinary shares at an exercise price of 6 cents. The options expire on 15 November 2010. All options have vested and are exercisable. No options have been exercised at balance date.

- During the year ended 30 June 2009, 933,334 share options were issued to employees to take up ordinary shares at an exercise price of 8 cents. The options expire on 15 November 2011. All options have vested and are exercisable. No options have been exercised at balance date.

- On 11 May 2009, 5,000,000 ordinary fully shares were issued at a price of 0.9 cents each as consideration for the licence distribution rights of MGM Wireless products in Victoria and Tasmania.

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 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%
15 November 2009	-	$0.045	63%	2.72%
15 November 2010	-	$0.06	63%	2.99%
15 November 2011	-	$0.08	63%	3.48%

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 $0.122.

Included as an expense in the income statement is $Nil (2008: $60,060) and relates, to share based payments made during the year.

20. CONTINGENT LIABILITIES

Other than as disclosed in note 23(b), there were no other contingent liabilities at balance date.

21. COMMITMENTS

There were no commitments at balance date.

22. 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.

22. FINANCIAL RISK MANAGEMENT (Cont.)

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.

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	
	2009 $	**2008 $**	**2009 $**	**2008 $**
Financial Assets				
Cash and cash equivalents (interest-bearing accounts)	**241,448**	236,651	**234,768**	235,651
Net exposure	**241,448**	236,651	**234,678**	236,651

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 2009, 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:				
Post tax profit – higher / (lower)				
+ 0.5%	**1,207**	1,183	**1,174**	1,178
- 0.5%	**(1,207)**	(1,183)	**(1,174)**	(1,178)
Equity – higher / (lower)				
+ 0.5%	**1,207**	1,183	**1,174**	1,178
- 0.5%	**(1,207)**	(1,183)	**(1,174)**	(1,178)

Liquidity Risk

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

22. FINANCIAL RISK MANAGEMENT (Cont.)

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
	$	$	$
Financial assets			
Cash & cash equivalents	241,448	-	241,448
Trade and other receivables	320,265	-	320,265
	561,713	-	561,713
Financial liabilities			
Trade payables	418,640	-	418,640
Accrued SMS charges	143,161	-	143,161
Tax liability	201,473	-	201,473
	763,274	-	763,274
Net maturity	(201,561)	-	(201,561)

Parent entity	≤6 months	6-12 months	Total
	$	$	$
Financial assets			
Cash & cash equivalents	234,768	-	234,768
Trade and other receivables	316,637	-	316,637
	551,405	-	551,405
Financial liabilities			
Trade payables	385,110	-	385,110
Accrued SMS charges	143,161	-	143,161
Tax liability	201,473	-	201,473
	729,744	-	729,744
Net maturity	(178,339)	-	(178,339)

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.

22. FINANCIAL RISK MANAGEMENT (Cont.)

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 2009.

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.

23. EVENTS SUBSEQUENT TO END OF THE FINANCIAL YEAR

Subsequent to the end of the financial year, the company:

(a) issued 16,277,777 ordinary fully paid shares at an issue price of $0.009, raising $146,500 in new equity. These funds were received before financial year end and held in trust pending allotment of the securities.

(b) reached a commercial settlement to finalise and cease litigation proceedings initiated against the company by Lionpalm Pty Ltd, and Messrs Ian & Dean Cameron which operated the company's Western Australian & South Australian licenses, as well as a cross-claim filed by MGM against Lionpalm and Ian & Dean Cameron.

Lionpalm, was seeking $460,000 and further and alternative compensation plus costs from MGM Wireless Holdings Pty Ltd – a subsidiary of MGM Wireless Ltd - for a variety of alleged claims under various sections of Fair Trade and Trade Practices Act and claims in contract.

The parties have settled the dispute and release each other by:

1. MGM agreeing to acquire the licenses, operations, customers, revenues and all aspects of the businesses in Western Australia & South Australia.

4. Settlement payment by MGM to Lionpalm to be satisfied by:

    a. Lionpalm retaining approximately $100,000 currently held by Lionpalm in trust for MGM Wireless Holdings Pty Ltd; and

    b. By 30 November 2010, payment of $ 260,000 by MGM Wireless Holdings Pty Ltd to Lionpalm.

5. Each party bearing its own costs.

Except for as disclosed above, there has not been any matter or circumstance that has arisen since 30 June 2009, 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.

24. COMPANY DETAILS

The registered office and principal place of business of the Company is:

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

SHAREHOLDER INFORMATION

Information relating to shareholders and option holders at 21 September 2009

		Ordinary shares	Listed Options 30 Nov 2010
1.	**Number of Holders**	692	119
2.	**Distribution of shareholders/optionholders**		
	1 - 1,000	3	-
	1,001 - 5,000	52	-
	5,001 - 10,000	74	3
	10,001 - 100,000	320	104
	100,001 and over	243	10
	Total number of holders	692	117
	Total on issue	219,116,768	14,103,380
	Number of holders of less than a marketable parcel	309	111
3.	**Percentage of total holdings of 20 largest holders**	47.80%	83.24%
4.	**Substantial Shareholders**	**Number**	**%**
	Mark Fortunatow	38,585,903	17.61%
	Mark Edwin Hurd <Mark Hurd Investment A/C>	15,142,500	6.91%
5.	**Twenty largest shareholders**	**Number**	**%**
	Paula Fortunatow <Fortunatow Family A/C>	27,221,000	12.42%
	Mark Edwin Hurd <Mark Hurd Investment A/C>	9,982,500	4.56%
	HEGM Investments Pty Ltd	8,452,000	3.86%
	Davies Nominees Pty Ltd <Super Duper Super Fund A/C>	7,500,000	3.42%
	Yavern Creek Holdings Pty Ltd	5,655,000	2.58%
	Mark Hurd <Mark Hurd Investment A/C>	5,160,000	2.35%
	Platinum Black Australia Pty Ltd <The 2White A/C>	5,000,000	2.28%
	Mark Fortunatow <The AM & JM Trust>	4,470,124	2.04%
	Multi Vendor Support Services Pty Ltd	3,888,889	1.77%
	Francis George & Danielle Georgette Heppingstone	3,800,000	1.73%
	Paula Fortunatow <Fortunatow Family A/C>	3,400,000	1.55%
	Mark Fortunatow <The I-Bank Trust>	2,851,922	1.30%
	Ronatac Pty Ltd <Master Carpets S/F A/C>	2,700,000	1.23%
	Cheval Holdings Pty Ltd	2,400,000	1.10%
	Ian James Cameron	2,145,678	0.98%
	Geoffrey Peter Ballard <Ballsup Fund A/C>	2,100,000	0.96%
	Yetholm Services Pty Ltd <Woodland Super Fund A/C>	2,100,000	0.96%
	Nurragi Investments Pty Ltd	2,000,000	0.91%
	Carmel Elizabeth Whiting	2,000,000	0.91%
	Graham Flavel Ball <TP A/C>	1,921,000	0.88%
		104,748,113	47.80%

6. Twenty largest listed optionholders (30 November 2010; 20 cents)	Number	%
Craig Peter Ball <1998 Pope A/C>	3,010,000	21.34%
Kalgoorlie Mine Management Pty Ltd	2,000,000	14.18%
Julie Vassallo	2,000,000	14.18%
Doug Geoffrey Privett	1,255,000	8.90%
Lois Alda Corns	990,000	7.02%
Conrad Joseph Lawrence Goodger	735,000	5.21%
Douglas Gary Spencer & Angelique Rumbold <DG Spencer Super Fund>	300,000	2.13%
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%
	11,740,000	83..24%

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
(e)	Options expiring 15 November 2009, exercisable at 4.5 cents each	
	- Number of optionholders	10
	- Total options issued	2,283,333
	- Holders with more than 20% of this class	Nil
(f)	Options expiring 15 November 2010, exercisable at 6 cents each	
	- Number of optionholders	8
	- Total options issued	1,783,333
	- Holders with more than 20% of this class	
	Robin Hamon	400,000

7. Unlisted Options (Cont.)

(g) Options expiring 15 November 2010, exercisable at 8 cents each

- Number of optionholders	3
- Total options issued	933,334
- Holders with more than 20% of this class	
Robin Hamon	400,000
Ben Aird	283,334
Lee Rocher	250,000

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.