2015 Annual Report

MGM Wireless Ltd.

MGM Wireless Ltd.
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ASX Market Announcements
ASX Limited
20 Bridge Street
Sydney NSW 2000

2015 ANNUAL REPORT

September 30, 2015

The Company is pleased to release its Annual Report for the 2015 Financial Year.

Justin Nelson
Company Secretary

ABOUT MGM WIRELESS LTD

MGM Wireless Ltd is recognised in Australia and internationally as a pioneer of socially responsible technology-enabled school communications with a proven track record to design, develop and successfully commercialise innovative world class technology products.

The Company's patented SMS School communication solutions empower schools to

effectively communicate to parents and caregivers using SMS text messaging to improve student attendance, welfare, safety and parent engagement. Measurable benefits for schools include reduced operating costs, increased productivity and improved parent and community engagement which ultimately improves student learning and social outcomes.

Over 1,150 Schools and Childcare Centres in Australia and New Zealand use MGM Wireless software in their day to day operations.

For further information contact:

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CHAIRMAN'S REPORT

Highlights

- Contracted schools up 7% from 1,088 to 1,165
- Revenue up 19% to $3.87 million from $3.27 million
- Product success with Outreach+ and trial release of MGM School Events
- Initial wearables product, AllMyTribe developed, takes product suite outside school market
- EBITDA up 73% from $1.15 million to $2.00 million
- Net profit up 45% from $0.72 million to $1.04 million
- Cash balances up 42% from $1.08 million to $1.53 million
- Dividend increased from 1.1 cents per share to 1.3 cents per share, unfranked.

Fellow shareholders,

I am pleased to present the 2015 annual report of our company. The results documented in this report are the best yet recorded by MGM Wireless and feature:

- strong growth in revenue, profit and cash generation;
- an expanded customer base and product suite, with new products having been successfully launched
- a strong balance sheet, with increased cash and lower debt; and
- an increase in dividend to shareholders.

I will discuss these results in more detail in my comments following.

The year's performance is noteworthy for the consistency of improvement across the business and the strong growth rates recorded, such as net profit rising by 46% and year end cash rising by 42%. However, it should be noted that this exceptionally good performance in 2015 is the culmination of a sustained effort over many years, building our customer base, in research and developing new products and managing our cost structures and operating performance.

Most fundamentally, the results show MGM Wireless' effectiveness in innovation, developing and then commercialising new products that meet the needs of users in our market and generate good returns for shareholders. This is our company's core competency and the success of our efforts is reflected in the combination of qualitative and quantitative improvement recorded.

Financial results

Your company recorded a net profit after tax of $1,041,780 for the 2015 financial year, 45% higher than the previous year's net profit after tax of $717,541.

The profit was generated from revenue of $3,867,822, an increase of 19% over the 2014 revenue of $3,267,253. Growth in licence fees and SMS revenue accounted for the large majority of the increase, as the number of contracted schools increased and new products added to the rise in message traffic and value.

Products such as RollMarker and Outreach+ which was launched during the year, have enabled MGM Wireless to leverage itself to the employment of smartphones and cloud computing for an ever widening range of day to day tasks. By developing products that win market acceptance, the company has increased both its total revenue and the revenue and margin it is generating from each user.

Our efforts to improve operating efficiency were reflected in an 11% reduction in cost of sales.

The improvement in net profit was recorded after a significant increase in amortisation, which rose from $144,503 to $638,356. Development expenditure rose significantly in 2015 and the higher amortisation for the year is attributable to additional charges associated with development expenditure capitalised in 2015.

The 2015 financial statements incorporate a change in the crediting of expenditure associated with capitalised development expenditure which has no impact on the total expenses and therefore no impact on profit but affects allocation between expense categories.

Under the change, credit for capitalised expenditure is made against specific relevant expense categories. In 2014 and prior, a general credit for capitalised expenditure was made against corporate and administration costs. As a result, the final charge for corporate and administration costs was significantly lower than the 2015 comparative. On a like-for-like basis corporate and administration costs declined in 2015.

Cash generation continues to be a feature of the company's business model. Cash generated by operating activities for 2015 of $1,691,925 represents EBITDA cash conversion of 85% and a 60% increase on the previous year's $1,055,371.

This cash flow was more than sufficient to fund research and development, reduce debt and increase year-end cash balances.

Your company has concluded the year in a strong financial position. Total cash balance at 30 June of $1,526,754 was 42% higher than the opening figure of $1,077,840. Borrowings were reduced by 25% to $150,000, resulting in a year end net cash position of $1,376,754.

Dividend

Your Directors have announced an increased annual dividend. The 2015 dividend of 1.3 cents per share compares with the previous year's dividend of 1.1 cents per share and reflects directors' desire that shareholders realise income growth given the company's higher profit whilst supporting a strong cash position to support further growth. Shareholders will be eligible to participate in a dividend reinvestment scheme.

Franking is not available to the company while tax paid is exceeded by refundable R&D tax offsets.

Business operations and development

The growth in the business in 2015 was essentially driven by two factors: ongoing expansion in contracted schools and early learning centres; and the income arising from products developed and introduced over several years to supplement our core attendance management product messageyou.

Contracted schools and early learning centres at 30 June was 1,165, up 7% on the corresponding figure of 1,088 at the beginning of the year. The company won a new tender to supply the Western Australian Department of Education with attendance management systems for its schools. The new two-year contract will conclude in December 2016. The company was also selected by the Federal Government to supply attendance management systems to selected schools in the Northern Territory in support of programs to improve school attendance, particularly for indigenous students.

The take-up of the products developed to supplement our traditional attendance management systems has enabled the company to record revenue growth well in excess of customer growth and in turn grow cash and earnings well in excess of revenue growth.

The products developed in previous years, RollMarker and Outreach, all continued to win new customers and add to our revenue per user. The launch of Outreach+ during the year delivered added new functionality for users and a higher value product.

A new product, MGM School Events, proceeded into the trial release stage, where it won strong endorsement. MGM School Events continues the pattern of bringing the convenience and timesaving benefits of smartphone application to tasks that were previously paper-based and/or time consuming. The product enables users to receive advice, diarise and make bookings for participation in school events. Like Outreach Plus, MGM School Events has won support for its capacity to promote engagement within school communities whilst providing schools with productivity and efficiency gains. MGM School Events will proceed to full release in the 2016 financial year.

Favourable response to MGM Pinpoint, launched in the previous year, encouraged the company to develop an upgraded product with broader application utilising the emergence of wearable devices such as smartwatches. MGM Pinpoint was re-engineered into a new product, AllMyTribe, and was released after year-end. AllMyTribe is a child and family safety and lifestyle application which enables users to receive notification concerning pre-determined events such as safe arrival at school or home, or assurance about the location or mobility of loved ones in support of their independent living.

AllMyTribe is available internationally through the Apple iTunes app store and represents an initial step by the company outside its traditional school market and into the emerging 'Internet of Things' and wearables market, whereby the wireless connectivity of devices is used to promote convenience, improved information gathering and communication and cost savings. This an emerging business area where the company's capabilities and experience are directly relevant and which we intend to leverage further in 2016.

MGM Wireless increased its research and development (R & D) in 2015 with cash expenditure of $1.69m compared with $1.46m in 2014. We expect to increase R & D spending further in 2016. We have a number of new product opportunities we will be seeking to advance.

Conclusion and outlook

2015 was a record year for MGM Wireless, and our sixth successive year of improved earnings. We have entered 2016 with a strong customer base, business model and balance sheet.

However we also understand the never-ending requirement to innovate, upgrade and deliver solutions that deliver cost, productivity and quality outcomes for users if we are to sustain existing revenue and create new business for growth.

Technological advances are continuing to accelerate the pace of change and provide both challenges and opportunities.

The last six years have seen the business establish and grow a profitable cash generating business from its attendance management systems and then progressively improve its balance sheet and profitability as its business model has developed and improved.

This process will continue in 2016 which is expected to be another busy year for the company, with a program of product releases, upgrades and development. Our plans include opportunities to improve the depth of our product offering, increase revenue per customer and introduce higher yielding products.

Given this, and the several preceding years of rapid growth, it is important MGM Wireless consolidate the gains made thus far and makes the transitions required for success to be sustained and the business to remain strong. Achievement of this consolidation and setting the foundation upon which shareholders can realise long term growth is a priority for 2016.

On behalf of my fellow directors I would like to record our appreciation of the efforts made by our small team of employees and their contribution to the record outstanding results achieved in 2015. I wish them well for the new financial year.

Mark Fortunatow

Chairman

COMPANY BACKGROUND

MGM Wireless is constantly improving its product range by extending the capabilities of existing products and regularly launching new products.

Our key products are:

messageyou

Our flagship student absence notification product, messageyou combines an established best practice Student Attendance Management approach to SMS with automation to enhance school business processes. messageyou™ integrates directly with all existing Student Management Systems.

MGMWatchLists

MGM Watchlists™ automates the analysis of Parent reply messages, message traffic and the status of attendance data to detect emerging patterns or trends and automatically alert School Leaders responsibile for follow-up action.

MGMOutReach

Outreach™ is a school specific specialised web based SMS social communication solution that allows School Leaders to securely and easily communicate to Parents and the School Community. OutReach™ is well suited to sending:

- School Event Reminders
- Sport Fixtures
- Late Breaking News
- Emergency Notifications

MGMsmartsync

Using the most advanced internet security technology, Smartsync™ automatically extracts parent contact data from most leading student management systems and securely updates MGM's cloud-based Outreach™ system.

MGMRollMarker

RollMarker manages student attendance in the easiest, most cost effective way possible by using the latest in software technology – the cloud and smartphones. RollMarker is gaining a repuation as being the most powerful, flexible yet easist to use student attendance management solution in Australia.

AllMyTribe MGM

A Smartphone and Apple Watch app, AllMyTribe keeps students safe by alerting parents whenever their child arrives or leaves a place such as school, bus stop, grandparents' house, sports venue, teenage party, or home.

Many parents would like to give their children the responsibility and autonomy to walk, ride their bikes or catch a bus to school, but are concerned about their safety and not knowing if they've arrived. AllMyTribe gives parents peace of mind, knowing their children are safe and where they expect them to be.

CORPORATE DIRECTORY

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) 8104 9555 Facsimile: (08) 8431 2400
Auditor	Grant Thornton Audit Pty Ltd Level 1, 67 Greenhill Road Wayville SA 5034 Telephone: (08) 8372 6666 Facsimile: (08) 8372 6677
Share Registry	Computershare Investor Services Pty Ltd Level 5 115 Grenfell Street Adelaide SA 5000 Telephone: 1300 556 161 Overseas Callers: 61 3 9415 4000 Facsimile: 1300 534 987

Stock Exchange

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

ASX Code: MWR ordinary fully paid shares

DIRECTORS' REPORT

Your Directors present their report on the Company and its controlled entities for the year ended 30 June 2015.

In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

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

TARA RACQUEL LEWIS-CHRISTIE;

LEILA HENDERSON; appointed 7 July 2014

Information On Directors

MARK FORTUNATOW B.Sc.(Ma.Sc.) B.Ec.

EXECUTIVE CHAIRMAN

Executive Chairman Mark Fortunatow, founder and chief executive of the Company's subsidiary MGM Wireless Holdings Pty Ltd, brings more than 20 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.

He holds a degree of Bachelor of Science (Ma.Sc.) and Bachelor of Economics from Adelaide University.

Mr Fortunatow has been a director since 3 October 2003 and has held 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 has over 19 years experience in software engineering, and holds an honours degree in Mathematical and Computer Sciences.

He 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 & Lybrand (now Pricewaterhousecoopers) 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.

Mr Hurd has been a director since 3 October 2003. He has held no other directorships in listed companies in the last 3 years.

TARA LEWIS-CHRISTIE

EXECUTIVE DIRECTOR

Ms Lewis-Christie is Chief Operating Officer of MGM Wireless Holdings Pty Ltd.

With formal qualifications in Financial Management, she commenced her career with the Company in 2010 as Assistant to the CFO, progressing to Company Accountant.

She has also held a variety of other key senior management positions at the Company including Client Management, Inside Sales and Product Development.

Prior to MGM Wireless Holdings Pty Ltd, Ms Lewis-Christie held management positions in the tourism, hospitality and food sectors.

Early in her career, she founded and operated a successful bookkeeping business in Broken Hill for local companies, resulting in her winning the prestigious town award for Business Person of the Year, 2009 – People's Choice Award.

Ms Lewis-Christie has been a director since 26 February 2014. She has held no other directorships.

LEILA HENDERSON

NON-EXECUTIVE DIRECTOR

A journalist and PR/marketing specialist, Ms Henderson founded media technology business NewsMaker in 2004, building it to a subscription base of over 10,000 marketing professionals and is Co-founder and Director of JingSu Pty Ltd.

Until August 2015, Ms Henderson was the State President for the Public Relations Institute of Australia (PRIA), in South Australia, is currently a member of the State committee for the Australian Interactive Multimedia Industry Association (AIMIA) and a partner of the New Venture Institute at Flinders University.

She was awarded the 2014 Information Technology Prize from Women in innovation & Technology (SA).

Her journalism career spanned three continents, culminating in a seven-year stint as an IT and business journalist with News Limited. She has worked in editorial management roles for major publishers such as IPC in London, Toronto Star Group in Canada; and Fairfax Magazines, Australian Consolidated Press and Reader's Digest Group in Australia.

She is also a Public Relations practitioner with significant international experience in Australia, North America and the United Kingdom, including as PR advisor to IBM and the South Australian Government.

Ms Henderson is an Ambassador of the Impact Awards – South Australia.

Ms Henderson has been a director since 7 July 2014. She has held no other directorships with listed companies.

COMPANY SECRETARY

JUSTIN NELSON LLB, BA (JUR)

Mr Nelson has extensive experience in the listed company environment through his former role as the ASX's SA State Manager and Manager Listings (Adelaide); roles he held for 8 years until the Adelaide ASX offices were consolidated nationally in March 2012.

An expert in corporate governance procedures, ASX Listing Rules and company meeting practice, Mr Nelson is also a regular presenter on corporate governance topics for the Governance Institute of Australia, the leading independent authority on best practice in board and organisational governance and risk management.

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:

DIRECTOR	ORDINARY FULLY-PAID SHARES	OPTIONS – EXPIRY 30 APRIL 2016 EXERCISE PRICE $0.70	OPTIONS – EXPIRY 30 APRIL 2017 EXERCISE PRICE $1.60	OPTIONS – EXPIRY 27 AUGUST 2018 EXERCISE PRICE $1.10	OPTIONS – EXPIRY 30 APRIL 2018 EXERCISE PRICE $1.25
Mark Fortunatow	1,443,083	30,000	200,000	-	170,000
Mark Hurd	571,418	50,000	80,000	-	-
Tara Lewis-Christie	10,000	-	-	30,000	50,000
Leila Henderson	-	-	-	-	10,000

Remuneration of directors and key management personnel

Information about the remuneration of directors and key management personnel is set out in the remuneration report of this directors' report on pages 27 to 35.

CORPORATE INFORMATION - CORPORATE STRUCTURE

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

ENTITY	DETAILS
MGM Wireless Limited	parent entity
MGM Wireless Holdings Pty Ltd	100% owned controlled entity
Messageyou LLC	100% owned controlled entity
MGM Wireless (NZ) Pty Ltd	100% owned controlled entity

Nature of Operations and Principal Activities

The consolidated entity's principal continuing activity during the course of the financial year was as a single source provider of mobile messaging solutions for business enterprises.

Operating Results

The amount of the total comprehensive income / (loss) attributable to members of the Company after income tax was $1,036,941 (2014: $717,541).

Review of Operations

MGM Wireless Ltd is pleased to report that during the period, the Company achieved its previously stated goals of maintaining and improving revenue growth whilst simultaneously improving operations to increase profit, improve cash flow and strengthen its balance sheet.

During the year ended 30 June 2015, the Company continued its initiatives to underpin accelerated growth in the medium and long term. Specifically, spending on research and development was significant at $1.69 million (2014: $1.46 million) and there was

continued high investment in the Company's sales and marketing capability. Research and development spending was directed at both existing products, to ensure that they are able to sustain their position as market leaders, and new products which will open new avenues for revenue generation.

The Board has performed an assessment of the useful life of its product base (which is comprised of capitalised R&D). In the current year, the Company has capitalised $1.069 million of the total of its $1.69 million of claimable R&D expenditure, and has assessed the useful lives of the associated products to be three years. As such, the Company plans to amortise this amount over a three-year period. Offsetting part of this effect was an amortisation charge of $44K to Distribution Rights, currently being recorded at a value of $441,017. The Company plans to amortise the full amount over its 10-year useful life.

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1. Revenue for the full year was 19% higher at $3,867,822 (2014: $3,267,253).

2. Net profit 45% increase to $1,041,780 (2013: $717,541)

3. EBITDA profit 73% increase to $1,995,655 (2014: $1,154,683)

4. Customer base of operational schools grew by 7% to a total of 1,165 schools (2013: 1,088).

5. For the six months to June 30 2015 an EBITDA profit of $1,088,314 (2014: $669,124) with a net profit of $401,563 (2014: $585,063).

6. For the six months to June 30 2015, the Company grew its customer base of operational schools by 22 new schools, as compared to an increase of 44 schools for the six months to June 30, 2014.

Statement of Financial Position

The Company's shareholder equity strengthened from $3,057,006 as at 30 June 2014 to $4,093,277 as at 30 June 2015.

Total assets were 25% higher than a year earlier at $5,150,000 as at 30 June 2015 primarily due to higher working capital and a large increase in cash.

Total current liabilities were 6% higher than a year earlier with $906,723 as at 30 June 2015 which included $78,713 accrued SMS charges and trade payables of $233,884. Borrowings (from Directors) reduced to $150,000.

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 the End of the Financial Year

On 31 August 2015, a dividend of $0.013 per share was declared in respect of the 2015 financial year.

Except as disclosed above, there has not been any matter or circumstance that has arisen since 30 June 2015, 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.

Likely Developments

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

The Company is actively pursuing various opportunities to grow revenues including new product development and alliances with other companies.

Disclosure of more specific information regarding likely developments in the operations of the consolidated entity in future financial years and the expected results of those operations is likely to result in unreasonable prejudice to the consolidated entity, the results of those operations, and/or the state of affairs of the consolidated entity in future financial years.

Dividends

On 3 November 2014, the Directors of MGM Wireless paid a final dividend on ordinary shares in respect of the 2014 financial year. The total amount of the dividend was $94,241, which represented an unfranked dividend of $0.011 per share. A dividend of $0.013 per share was declared in respect of the 2015 financial year on 31 August 2015.

Shares Under Option or Issued on Exercise of Options

Details of unissued shares or interests under option as at the date of this report are:

ISSUING ENTITY	Number of Shares Under Option	Class of Shares	Exercise Price of Options	Expiry Date of Options
MGM Wireless Ltd	130,000	Ordinary	$0.70	30/04/2016
MGM Wireless Ltd	310,000	Ordinary	$1.60	30/04/2017
MGM Wireless Ltd	30,000	Ordinary	$1.10	27/08/2018
MGM Wireless Ltd	230,000	Ordinary	$1.25	30/04/2018
	700,000			

The holders of these options do not have the right, by virtue of the option to participate in any share issue or interest issue of the Company or any other body corporate.

No shares or interests under option expired during the year (2014: nil).

No shares were issued during or since the end of the financial year (2014:170,000 shares were issued as a result of the exercise of a $0.70 option).

Meetings of Directors

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

DIRECTOR	Number of Meetings Held whilst in office	Number of meetings Attended
M Fortunatow	5	5
M Hurd	5	5
T Lewis-Christie	5	5
Leila Henderson	5	5

Corporate Governance Practices

The Board is committed to achieving and demonstrating the highest standards of corporate governance. As such, MGM Wireless Limited and its Controlled Entities (`the Group') have adopted the third edition of the *Corporate Governance Principles and Recommendations* which was released by the ASX Corporate Governance Council on 27 March 2014 and became effective for financial years beginning on or after 1 July 2014.

The Group's Corporate Governance Statement for the financial year ending 30 June 2015 is dated as at 30 June 2015 and was approved by the Board on 28 September 2015. The Corporate Governance Statement is available on MGM Wireless Limited's website at www.mgmwireless.com/investors-centre/corporate-governance.

Officers or Auditors' Indemnity and Insurance

During the financial year, the Company paid a premium in respect of a contract insuring the directors of the company (as named above), the company secretary Mr J Nelson, and all executive officers of the Company and any related body corporate against a liability incurred as such a Director, secretary or executive officer to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

The Company has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the Company or of any related body corporate against a liability incurred as such an officer or auditor.

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

Details of amounts paid or payable to the auditor for non-audit services provided during the year by the auditor are outlined in note 27 of the financial statements.

The Board of Directors 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:

1. All non-audit services are reviewed and approved by the Board prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
2. 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, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risks and rewards.

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 2015 has been received and is included on page 37.

Remuneration Report (Audited)

This remuneration report, which forms part of the Directors' 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 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.

The remuneration policy, last voted upon by shareholders at the 2014 AGM and passed by 97.3% of votes cast is set out below. No consultants services were used during the year.

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 executive Directors and full time executives receive a superannuation guarantee contribution required by the government, which is currently 9.50%, 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 appropriate 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 information / evaluation and new business ventures, for which they receive a daily rate. These payments are made pursuant to individual agreements 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 its operations and financial affairs, the use of a separate remuneration committee has not been considered appropriate. Remuneration is regularly compared with the external market by particpation 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 information technology 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 of 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)
Tara Lewis-Christie	Director (executive)
Leila Henderson	Director (non-executive)

Executives

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

E. The relationship between the remuneration policy and Company performance

	30/06/2015	30/06/2014	30/06/2013	30/06/2012	30/06/2011	30/06/2010
Revenue	3,867,822	3,267,253	3,023,144	2,605,719	2,390,487	2,270,678
Net profit/(loss) before tax	1,313,997	965,846	700,828	602,756	256,944	202,985
Net profit/(loss) after tax	1,041,780	717,541	657,835	602,756	256,944	202,985
	30/06/2015	**30/06/2014**	**30/06/2013**	**30/06/2012**	**30/06/2011**	**30/06/2010**
Share price at start of year	1.05	**0.85**	0.35	**0.01**	0.01	0.01
Share price at end of year	1.70	**1.05**	0.85	**0.35**	0.01	0.01
Interim dividend	-	-	-	-	-	-
Final dividend	0.013	0.011	0.01	-	-	-
Basic earnings/(loss) per share	12.16	**8.49**	**8.49**	**0.00**	0.11	0.09
Diluted earnings/(loss) per share	11.96	**8.33**	**8.33**	**0.00**	0.11	0.09

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:

Director Remuneration 2015	Mark Fortunatow	Mark Hurd	Tara Lewis-Christie	Shaun Collopy (i)	Leila Henderson (ii)	Total $
Short term - Salary & Fees	393,856	27,040	112,111	-	18,000	551,007
Post employment - Superannuation	37,132	2,569	9,986	-	-	49,686
Share-based - Options	68,658	-	20,194	-	4,039	92,890
Share-based - Shares	-	-	-	-	-	-
Total	499,646	29,609	142,290	-	22,039	693,583
% of remuneration share-based	14%	0%	14%		18%	13%
2014						
Short term - Salary & Fees	317,765	34,119	113,870	13,275	-	479,029
Post employment - Superannuation	24,519	2,532	9,302	-	-	36,353
Share-based - Options	63,379	25,351	12,272	9,507	-	110,509
Share-based - Shares	-	-	-	-	-	-
Total	405,663	62,002	135,444	22,782	-	625,891
% of remuneration share-based	16%	41%	9%	42%	0%	18%

(i) Shaun Collopy resigned as a director of the Company effective 28 February 2014. As such, the table above contains no comparative figures for him.

(ii) Leila Henderson was appointed as a director of the Company effective 8 July 2014. As such, the table above contains no comparative figures for her.

There were no other executives of the Company at any time during the year. There were no performance related payments made during the year.

The Binomial valuation method 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:

Name		During the financial year				
	Grant Date	No. granted	No. vested	% of grant vested	% of grant forfeited	% of compensation for the year consisting of options
Mark Fortunatow	17/12/2014	170,000	170,000	100%	n/a	17%
Tara Lewis-Christie	17/12/2014	50,000	50,000	100%	n/a	18%
Lelia Henderson	17/12/2014	10,000	10,000	100%	n/a	22%

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

The weighted average share price during the year was $1.2514 (2014: $1.2537).

The average remaining contractual life of options outstanding at the end of the financial year was 2.13 years (2014: 2.60).

For the options granted during the current financial year, the valuation model inputs used to determine the fair value as at grant date were as follows:

Grant Date	Expiry Date	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk free interest rate	Fair value at grant date
17/12/2014	30/04/2018	$1.15	$1.25	49.80%	4.53%	2.35%	$0.40

During the financial year, the following share based payment arrangements were in existence:

Name	Grant Date	Expiry Date	Grant Date Fair Value	Vesting Date
Mark Fortunatow	13/12/2012	30/04/2016	$0.18	Vests at date of grant
Mark Fortunatow	7/11/2013	30/04/2017	$0.32	Vests at date of grant
Mark Fortunatow	17/12/2014	30/04/2018	$0.40	Vests at date of grant
Mark Hurd	31/12/2012	30/04/2016	$0.18	Vests at date of grant
Mark Hurd	7/11/2013	30/04/2017	$0.32	Vests at date of grant
Tara Lewis-Christie	4/09/2013	27/08/2018	$0.41	Vests at date of grant
Tara Lewis-Christie	17/12/2014	30/04/2018	$0.40	Vests at date of grant
Lelia Henderson	17/12/2014	30/04/2018	$0.40	Vests at date of grant

There is no further service or performance criteria that need to be met in relation to options granted before the beneficial interest vests in the recipient.

During the year, no key management personnel exercised options that were granted to them as part of their compensation

Executives and senior management are entitled to the beneficial interest under the option only if they continue to be employed with the Company at the time options vest, unless the Board determines otherwise.

All options granted during the year to Directors and executives have vested. No options granted to Directors and executives during the year were forfeited. No options previously granted to Directors and executives lapsed during the year.

No loans were provided to key management personnel during the financial year.

The following table outlines the fully paid ordinary shares held by key management personnel in MGM Wireless Ltd

Name	Balance at 1 July	Granted as compensation	Received on exercise of options	Net other change	Balance at 30 June	Options vested duing year
2015	No.	No.	No.	No.	No.	No.
Mark Fortunatow	1,505,267	-	-	-	1,505,267	
Mark Hurd	571,418	-	-	-	571,418	
Tara Lewis-Christie	10,000	-	-	-	10,000	
Leila Henderson (appointed 8 July 2014)	-	-	-	-	-	

Name	Balance at 1 July	Granted as compensation	Received on exercise of options	Net other change	Balance at 30 June	Options vested duing year
2014	No.	No.	No.	No.	No.	No.
Mark Fortunatow	1,447,867		170,000	(112,600)	1,505,267	
Mark Hurd	571,418	-	-	-	571,418	
Shaun Collopy (resigned 28 February 2014)	88,519	-	-	-	88,519	
Tara Lewis-Christie	-	10,000	-	-	10,000	

The following table outlines the share options held by key management personnel in MGM Wireless Ltd

Name	Balance at 1 July	Granted as compensation	Reduction due to exercise of options	Net other change	Balance at 30 June	Balance held nominally
2015	No.	No.	No.	No.	No.	No.
Mark Fortunatow	230,000	170,000	-	-	400,000	
Mark Hurd	130,000	-	-	-	130,000	
Tara Lewis-Christie	30,000	50,000	-	-	80,000	
Leila Henderson	-	10,000	-	-	10,000	

Name	Balance at 1 July	Granted as compensation	Received on exercise of options	Net other change	Balance at 30 June	Balance held nominally
2014	No.	No.	No.	No.	No.	No.
Mark Fortunatow	200,000	200,000	(170,000)	-	230,000	
Mark Hurd	50,000	80,000	-	-	130,000	
Shaun Collopy (resigned 28 February 2014)	50,000	30,000	-	-	80,000	
Tara Lewis-Christie (appointed 26 February 2014)	-	30,000	-	-	30,000	

In the 2009 financial year, Mr Fortunatow and Mr Hurd each advanced the Group the sum of $150,000. During the 2013 financial year, $100,000 of the loan to Mr Fortunatow was repaid with a further $50,000 being repaid in the 2015 financial year. Interest paid in relation to the loans was $15,174, (2014: $16,719). Total borrowings from Directors at 30 June 2015 was $150,000.

End of Remuneration Report (Audited).

This Directors' report is signed in accordance with a resolution of Directors made pursuant to s.298(2) of the Corporations Act 2001.

On behalf of the Directors,

Mark Fortunatow
Executive Chairman
Signed at Adelaide on Wednesday, September 30, 2015

Directors' Declaration

The Directors of the Company declare that:

(a) 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;

(b) in the Directors' opinion, the attached financial statements are in compliance with International Financial Reporting Standards, as stated in note 3.1 to the financial statements;

(c) in the Directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the consolidated entity; and

(d) the Directors have been given the declarations required by s.295A of the Corporations Act 2001.

Signed in accordance with a resolution of the Directors made pursuant to s.295(5) if the Corporations Act 2001.

On behalf of the Directors,

Mark Fortunatow
Executive Chairman
Signed at Adelaide on September 30, 2015

Grant Thornton

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AUDITOR'S INDEPENDENCE DECLARATION
TO THE DIRECTORS OF MGM WIRELESS LTD

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of MGM Wireless Ltd for the year ended 30 June 2015, I declare that, to the best of my knowledge and belief, there have been:

a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

b no contraventions of any applicable code of professional conduct in relation to the audit.

Grant Thornton
GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

S K Edwards
Partner – Audit & Assurance

Adelaide, 30 September 2015

Grant Thornton

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MGM WIRELESS LTD

Report on the financial report

We have audited the accompanying financial report of MGM Wireless Ltd (the "Company"), which comprises the consolidated statement of financial position as at 30 June 2015, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information 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 of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001. The Directors' responsibility also includes such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. The Directors also state, in the notes to the financial report, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, the financial statements comply 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. Those standards require us to 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 Company's preparation of the financial report that gives a true and fair view 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 Company'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 opinion.

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 Ltd is in accordance with the Corporations Act 2001, including:

   i giving a true and fair view of the consolidated entity's financial position as at 30 June 2015 and of its performance for the year ended on that date; and

   ii complying with Australian Accounting Standards and the Corporations Regulations 2001; and

b the financial report also complies with International Financial Reporting Standards as disclosed in the notes to the financial statements.

Report on the remuneration report

We have audited the remuneration report included in the directors' report for the year ended 30 June 2015. 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.

Grant Thornton

Auditor's opinion on the remuneration report

In our opinion, the remuneration report of MGM Wireless Ltd for the year ended 30 June 2015, complies with section 300A of the Corporations Act 2001.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

S K Edwards
Partner – Audit & Assurance

Adelaide, 30 September 2015

Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Notes	Group Year Ended 30/06/2015 $	30/06/2014 $
Revenue	5	3,867,822	3,267,253
Cost of sales		(261,728)	(293,969)
Doubtful debts		(150,000)	(713)
Borrowing costs		(15,174)	(16,719)
Amortisation & depreciation		(666,483)	(172,119)
Option issue costs		(93,571)	-
Consulting fees		(47,655)	(99,537)
Corporate and administration		(365,963)	(349,668)
Employee costs		(953,251)	(1,368,682)
Profit before tax		1,313,997	965,846
Income tax expense	6	(272,217)	(248,305)
Profit for the year		1,041,780	717,540
Other comprehensive income. Items that may be classified subsequently to profit or loss:			
Exchange differences on translating foreign operations		(4,839)	-
Other comprehensive income net of tax		(4,839)	-
Total comprehensive income for the year		1,036,941	717,540
Profit attributable to:			
Owners of the Company		1,041,780	717,541
Total comprehensive income attributable to:			
Owners of the Company		1,036,941	717,541
Earnings per share			
From continuing and discontinued operations:			
Basic (cents per share)	7	12.16	8.49
Diluted (cents per share)	7	11.96	8.33

The above Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the attached notes.

Consolidated Statement of Financial Position

	Notes	Group As At 30/06/2015 $	30/06/2014 $
ASSETS			
Current Assets			
Cash and cash equivalents	9	1,526,754	1,077,840
Trade and other receivables	10	787,592	685,763
Other	11	636,264	574,186
Total Current Assets		2,950,610	2,337,789
Non-Current Assets			
Property, plant and equipment	13	183,214	201,485
Intangibles	14	2,016,176	1,570,456
Total Non-Current Assets		2,199,390	1,771,941
Total Assets		5,150,000	4,109,730
LIABILITIES			
Current Liabilities			
Trade and other payables	15	508,773	451,812
Provisions	17	221,611	190,301
Current Tax Liabilities		176,339	210,611
Total Current Liabilities		906,723	852,724
Non-Current Liabilities			
Borrowings	16	150,000	200,000
		150,000	200,000
Total Liabilities		1,056,723	1,052,724
Net Assets		4,093,277	3,057,006
EQUITY			
Parent entity interest:			
Issued capital	18	7,376,993	7,376,993
Reserves	19	396,467	307,735
Accumulated losses		(3,680,183)	(4,627,722)
Total Equity		4,093,277	3,057,006

The above Consolidated Statement of Financial Position should be read in conjunction with the attached notes.

Consolidated Statement of Changes in Equity

Consolidated	Issued Capital $	Accumulated Losses $	Option Issue Reserve $	Foreign Currency Translation Reserve $	Total Equity $
At 30 June 2013	**7,195,825**	**(5,263,000)**	**219,402**	**5,973**	**2,158,200**
Profit attributable to members	-	717,541	-	-	717,541
Currency translation differences	-	1,428	5,757	-	7,185
Total comprehensive income	**-**	**718,969**	**5,757**	**-**	**724,726**
Transactions with owners					
Contributions and distributions					
Payment of dividends	-	(83,691)	-	-	(83,691)
Shares issued to directors	159,968	-	-	-	159,968
Share issue costs	(10,500)	-	-	-	(10,500)
Options issued to directors	-	-	107,340	-	107,340
Options exercised by directors	-	-	(30,737)	-	(30,737)
Total contributions and distributions	**149,468**	**(83,691)**	**76,603**	**-**	**142,380**
Changes in ownership interests					
Shares issued in acquisition of intangible assets	31,700	-	-	-	31,700
Total changes in ownership interests	**31,700**	**-**	**-**	**-**	**31,700**
Total transactions with owners	**181,168**	**(83,691)**	**76,603**	**-**	**174,080**
At 30 June 2014	**7,376,993**	**(4,627,722)**	**301,762**	**5,973**	**3,057,006**
Profit attributable to members	-	1,041,780	-	-	1,041,780
Currency translation differences	-	-	-	(4,839)	(4,839)
Total comprehensive income	**-**	**1,041,780**	**-**	**(4,839)**	**1,036,941**
Transactions with owners					
Contributions and distributions					
Payment of dividends	-	(94,241)	-	-	(94,241)
Options issued to directors	-	-	93,571	-	93,571
Total transactions with owners	**-**	**(94,241)**	**93,571**	**-**	**(670)**
At 30 June 2015	**7,376,993**	**(3,680,183)**	**395,333**	**1,134**	**4,093,277**

The above Consolidated Statement of Changes in Equity should be read in conjunction with the attached notes.

Consolidated Statement of Cash Flows

	Notes	Group Year Ended 30/06/2015 $	30/06/2014 $
Cash flows from operating activities			
Profit (loss) for the year		1,041,780	717,541
Amortisation and depreciation		666,483	172,119
Share based payments		93,571	-
Doubtful debts provision		150,000	713
Income tax expense recognised		(34,272)	221,143
		1,917,562	1,111,516
Movements in working capital:			
(Increase) / decrease in trade and			
other receivables		(251,829)	(203,144)
(Increase) / decrease in other assets		(62,078)	77,081
Increase / (decrease) in trade andother payables		56,961	(32,019)
Increase / (decrease) in provisions		31,310	101,937
Net cash generated from / (used in)			
operations		1,691,925	1,055,371
Cash flows from investing activities			
Payments for plant and equipment		(24,571)	(34,572)
Payments for intangible assets		-	(44,000)
Payment for research and development		(1,069,361)	(567,719)
Net cash provided / (used) by investing activities		(1,093,932)	(646,291)
Cash flows from financing activities			
Proceeds from issue of shares		-	159,967
Costs associated with the issue of shares		-	(10,500)
Payment of dividends		(94,241)	(83,691)
Repayment of borrowing		(50,000)	-
Non cash movement of Retained Earnings		-	64,347
Proceeds from options exercised		-	30,737
Net cash provided / (used) by financing activities		(144,241)	160,860
Net increase / decrease in cash held		453,753	569,940
Cash at the beginning of the year		1,077,840	526,854
Effect of exchange rate changes		(4,839)	(18,954)
Cash at the end of the year	9	1,526,753	1,077,840

The above Consolidated Statement of Cash Flows should be read in conjunction with the attached notes.

Notes to the Financial Statements

1. General Information

MGM Wireless Limited (the Company) is a limited Company incorporated in Australia. The addresses of its registered office and principal place of business are disclosed in the introduction to the annual report. The principal activities of the Company and its subsidiaries (the Group) are described on page 21 of the Annual Report.

2. New and revised standards that are effective for these financial statements

A number of new and revised standards and an interpretation became effective for the first time to annual periods beginning on or after 1 July 2014. Information on these new standards is presented below.

AASB 2012-3 Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities

AASB 2012-3 adds application guidance to AASB 132 to address inconsistencies identified in applying some of the offsetting criteria of AASB 132, including clarifying the meaning of "currently has a legally enforceable right of set-off" and that some gross settlement systems may be considered equivalent to net settlement.

AASB 2012-3 is applicable to annual reporting periods beginning on or after 1 January 2014. The adoption of these amendments has not had a material impact on the Group as the amendments merely clarify the existing requirements in AASB 132.

AASB 2013-3 Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets

These narrow-scope amendments address disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal.

When developing IFRS 13 *Fair Value Measurement*, the IASB decided to amend IAS 36 *Impairment of Assets* to require disclosures about the recoverable amount of impaired

assets. The IASB noticed however that some of the amendments made in introducing those requirements resulted in the requirement being more broadly applicable than the IASB had intended. These amendments to IAS 36 therefore clarify the IASB's original intention that the scope of those disclosures is limited to the recoverable amount of impaired assets that is based on fair value less costs of disposal.

AASB 2013-3 makes the equivalent amendments to AASB 136 *Impairment of Assets* and is applicable to annual reporting periods beginning on or after 1 January 2014. The adoption of these amendments has not had a material impact on the Group as they are largely of the nature of clarification of existing requirements.

AASB 2013-5 *Amendments to Australian Accounting Standards – Investment Entities*

The amendments in AASB 2013-5 provide an exception to consolidation to investment entities and require them to measure unconsolidated subsidiaries at fair value through profit or loss in accordance with AASB 9 *Financial Instruments* (or AASB 139 *Financial Instruments: Recognition and Measurement* where AASB 9 has not yet been adopted). The amendments also introduce new disclosure requirements for investment entities that have subsidiaries.

These amendments apply to investment entities, whose business purpose is to invest funds solely for returns from capital appreciation, investment income or both. Examples of entities which might qualify as investment entities would include Australian superannuation entities, listed investment companies, pooled investment trusts and Federal, State and Territory fund management authorities.

AASB 2013-5 is applicable to annual reporting periods beginning on or after 1 January 2014. This Standard has not had any impact on the Group as it does not meet the definition of an 'investment entity' in order to apply this consolidation exception.

AASB 2014-1 *Amendments to Australian Accounting Standards* (Part A: Annual Improvements 2010-2012 and 2011-2013 Cycles)

Part A of AASB 2014-1 makes amendments to various Australian Accounting Standards arising from the issuance by the IASB of International Financial Reporting Standards *Annual Improvements to IFRSs 2010-2012 Cycle* and *Annual Improvements to IFRSs 2011-2013 Cycle*.

Among other improvements, the amendments arising from *Annual Improvements to IFRSs 2010-2012 Cycle*:

- clarify that the definition of a 'related party' includes a management entity that provides key management personnel services to the reporting entity (either directly or through a group entity)

- amend AASB 8 *Operating Segments* to explicitly require the disclosure of judgements made by management in applying the aggregation criteria

Among other improvements, the amendments arising from *Annual Improvements to IFRSs 2011-2013 Cycle* clarify that an entity should assess whether an acquired property is an investment property under AASB 140 *Investment Property* and perform a separate assessment under AASB 3 *Business Combinations* to determine whether the acquisition of the investment property constitutes a business combination.

Part A of AASB 2014-1 is applicable to annual reporting periods beginning on or after 1 July 2014. The adoption of these amendments has not had a material impact on the Group as they are largely of the nature of clarification of existing requirements.

2.2 Accounting Standards issued but not yet effective and not being adopted early by the Group

The accounting standards that have not been early adopted for the year ended 30 June 2015, but will be applicable to the Group in future reporting periods, are detailed below. Apart from these standards, other accounting standards that will be applicable in future periods have been reviewed, however they have been considered to be insignificant to the Group.

At the date of authorisation of these financial statements, certain new standards, amendments and interpretations to existing standards have been published but are not yet effective, and have not been adopted early by the Group. Management anticipates that all of the relevant pronouncements will be adopted in the Group's accounting policies for the first period beginning after the effective date of the pronouncement. Information on new standards, amendments and interpretations that are expected to be relevant to the group's financial statements is provided below.

Year ended 30 June 2018: AASB 15: Revenue from Contracts with Customers

This standard will change the timing and in some cases the quantum of revenue received from customers. AASB 15 requires an entity to recognise revenue by identifying

for each customer contract, the performance obligations in the contract and the transaction price. The transaction price is then allocated against the performance obligations in the contract with revenue recognised when (or as) the entity satisfies each performance obligation. Management are currently assessing the impact of the new standard but it is not expected to have a material impact on the financial performance or financial position of the consolidated entity.

Year ended 30 June 2019: AASB 9: Financial Instruments

This standard introduces new requirements for the classification and measurement of financial assets and liabilities. These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. The main changes are:

- Financial assets that are debt instruments will be classified based on (1) the objective of the entity's business model for managing the financial assets; and (2) the characteristics of the contractual cash flows.

- Allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income (instead of in profit or loss).

- Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument.

- Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases.

Where the fair value option is used for financial liabilities the change in fair value is to be accounted by presenting changes in credit risk in other comprehensive income (OCI) and the remaining change in the statement of profit or loss.

This standard is not expected to result in a material change to the manner in which the Group's financial result is determined or upon the extent of disclosures included in future financial reports although the Group will quantify the effect of the application of AASB 9 when the final standard, including all phases, is issued.

There are no other standards that are not yet effective and that are expected to have

a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

3. Summary of Significant Accounting Policies

3.1 Statement of compliance

The financial statements are general purpose financial statements, which have been prepared in accordance with the requirements of the Corporations Act 2001, Accounting Standards and Interpretations, and comply with other requirements of the law.

The financial statements comprise the consolidated financial statements of the Group. For the purposes of preparing the consolidated financial statements, the Company is a for-profit entity.

Accounting Standards include Australian Accounting Standards. Compliance with Australian Accounting Standards ensures that the financial statements and notes of the Company and the Group comply with International Financial Reporting Standards ('IFRS').

The financial statements were authorised for issue by the Directors on 30 September 2015.

3.2 Basis of preparation

The consolidated financial statements have been prepared on the basis of historical cost, except for certain non-current assets and financial instruments that are measured at revalued amounts or fair values, as explained in the accounting policies below.

3.3 Basis of consolidation

The consolidated financial statements comprise the financial statements of MGM Wireless Limited (the Company) and entities controlled by MGM Wireless Limited (its subsidiaries). Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

The financial statements of the subsidiaries are prepared for the same period as MGM Wireless Limited 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.

3.4 Revenue recognition

The basis of revenue recognition remains consistent and 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. (Refer Note 4.1.1 - Notes to the Financial Statements).

3.5 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 statement of comprehensive income, except where deferred in equity as a qualifying cash flow or net investment hedge.

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

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 statement of financial position. These differences are recognised in the statement of comprehensive income in the period in which the operation is disposed.

3.6 Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred revenue in the statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

3.7 Taxation

3.7.1 Current 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.

3.7.2 Deferred Tax

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

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

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

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

3.7.3 Goods and Services tax

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 statement of financial position.

Cash flows are included in the statement of cash flows 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.

3.8 Plant and equipment

Plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses. Depreciation is calculated on a reducing-balance 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.

The gain or loss arising on the disposal or retirement of an item of plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

3.9 Intangibles

3.9.1 Intangible assets acquired separately

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 profit or loss 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.

- 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.

3.9.2 Internally generated intangible assets- research and development

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.

3.10 Impairment of tangible and Intangible 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 amortisation, 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 the revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal the amortisation 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.

3.11 Financial Instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

3.11.1 Financial assets

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL), 'held-to-maturity' investments, 'available-for-sale' (AFS) financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

No financial assets held are classified as financial assets 'at fair value through profit or loss' (FVTPL), 'held-to-maturity' investments or 'available-for-sale' (AFS) financial assets.

3.11.1.1 Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short- term receivables when the recognition of interest would be immaterial.

3.11.1.2 Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

When a trade receivable is considered uncollectible, it is written off against the

allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

3.11.1.3 Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

On derecognition of a financial asset other than in its entirety (e.g. when the Group retains an option to repurchase part of a transferred asset), the Group allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

3.11.2 Financial liabilities

Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities'.

There are no financial liabilities classified as 'at FVTPL'

3.11.2.1 Other financial liabilities

Other financial liabilities, including borrowings and trade and other payables, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

3.11.2.2 Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

3.12 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 asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of comprehensive income 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.

3.13 Employee benefits

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.

Contributions to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

Long service leave

Liabilities recognised in respect of long term employee benefits are measured as the present value of the estimated future cash outflows to be made by the Group in respect of services provided by employees up to reporting date.

3.14 Share-based payments

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 using a Binomial option pricing 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 conditions being met as the effect of these conditions is included in the determination of fair value at grant date (if applicable). The charge or credit to the statement of comprehensive income for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

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

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

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

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

3.15 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.

3.16 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.

4. Critical Accounting Judgements and Key Sources of Estimation Uncertainty

In the application of the Group's accounting policies, which are described in note 3, the Directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated judgments are based on historical experience 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. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

4.1 Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations (see 4.2 below), that the Directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

4.1.1 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.

Specifically, revenue recognition is subject to the following;

- Events being met, and
- Revenue timings

Events:
Sale of product/services
Control of the goods (at the signing of the legally enforceable contract) has passed to the buyer.

Interest

Control of a right to receive consideration for the provision of, or investment in, assets has been attained.

Revenue timings:

Sale of product/services

Revenue from the sale of the Groups products/services is recognised in two components;

Component 1: the majority of revenue is brought to account at the start of the contract in line with the majority of expenses being incurred at that time and the revenue being non-refundable.

Component 2: the balance of revenue is held as a Deferred revenue liability and recognised over the life of the contract as expenses for delivery of the services are incurred.

Interest

Interest revenue is recognised as it accrues, taking into account the effective yield on the financial asset.

Refund and development tax incentive refund

Refund amounts received or receivable under the Federal Government's Research and Development Tax Incentive are recognised on an accruals basis. The refund is recognised as revenue.

4.2 Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

4.2.1 Recoverability of internally generated intangible asset

During the year, the Directors reconsidered the recoverability of the Group's internally generated intangible asset arising from its technological development, which is included in the consolidated statement of financial position at 30 June 2015 at $2.01 M (30 June 2014: $1.57M).

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.

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.

4.3 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.

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 2015 amounting to $2,016,176.

Provision for impairment of receivables

The provision for impairment of receivables assessment requires a degree of estimation and judgement. The level of provision is assessed by taking into account the recent sales experience, the ageing of receivables, historical collection rates and specific knowledge of the individual debtors financial position.

No impairment has been recognised in respect of trade receivables for the year ended 30 June 2015 as the Directors are of the opinion that all the debts are recoverable.

However, a provision for doubtful debts of $169,587 (2014: $19,587) has been recognised for the year ended 30 June 2015 as a prudent measure.

Research and development tax incentive refund

The estimated amount recognised is based on detailed analysis of expenditure incurred. The actual amount to be claimed is finalised after completion of the audited accounts and preparation of the Group's income tax return.

5 Revenue and Expenses

	Group Year Ended 30/06/2015 $	Group Year Ended 30/06/2014 $
The following is an analysis of the Group's revenue and expenses for the year		
Revenue		
Sales revenue	**3,157,199**	**2,698,473**
R&D tax incentive revenue	**710,623**	**568,780**
Total revenue	**3,867,822**	**3,267,253**
Expenses		
Rental expense relating to operating leases	**98,564**	102,362
Defined contribution superannuation expense	**121,890**	95,619
Share based payments expense	**93,571**	110,509
Research costs	**625,423**	694,995

6 Income Tax

	Group Year Ended 30/06/2015 $	Group Year Ended 30/06/2014 $
6.1 Income tax expense		
The income tax expense for the year differs from the prima facie tax as follows:		
Profit / loss for the year	1,313,997	965,846
Prima facie tax benefit at 30% (2014: 30%)	394,199	289,754
Non-assessable items	(214,107)	(247,366)
Non-deductible items	344,691	395,726
Utilisation of tax losses	(275,816)	(227,322)
Adjustments recognised in the current year in relation to the current tax of prior years	23,250	37,513
Total income tax expense	272,217	248,305
6.2 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 3.7.2 occur:	-	275,816

7 Earnings Per Share

	Group Year Ended 30/06/2014 $	Group Year Ended 30/06/2013 $
Basic earnings per share		
From continuing operations (cents per share)	12.16	8.49
From discontinued operations (cents per share)	-	-
Total basic earnings per share (cents per share)	12.16	8.49
Diluted earnings per share		
From continuing operations (cents per share)	11.96	8.33
From discontinued operations (cents per share)	-	-
Total diluted earnings per share (cents per share)	11.96	8.33
7.1 Basic earnings per share		
The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows.		
Net profit / (loss) for the year attributable to owners of the Company	1,041,780	717,540
Earnings used in the calculation of total basic earnings per share	1,041,780	717,540
Profit for the year from discontinued operations used in the calculation of basic earnings per share from discontinued operations	-	-
Earnings used in the calculation of basic earnings per share from continuing operations	1,041,780	717,540
Weighted average number of ordinary shares for the purposes of basic earnings per share (all measures)	8,567,414	8,451,465

	Group Year Ended 30/06/2014 $	Group Year Ended 30/06/2013 $
7.2 Diluted earnings per share		
The earnings and weighted average number of ordinary shares used in the calculation of diluted earnings per share are as follows.		
Net profit / (loss) for the year attributable to owners of the Company	1,041,780	717,541
Earnings used in the calculation of total diluted earnings per share	1,041,780	717,541
Profit for the year from discontinued operations used in the calculation of diluted earnings per share from discontinued operations	-	-
Earnings used in the calculation of diluted earnings per share from continuing operations	1,041,780	717,541
Weighted average number of ordinary shares for the purposes of diluted earnings per share (all measures)	8,794,623	8,615,353

8. Segment Revenues and Results

8.1 Products and services from which reportable segments derive their revenues

Information reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance focuses on the types of services delivered or provided. In the current and previous financial years, the Group has only operated in one business sector and reporting to management has been on a geographical basis.

The Group operates predominately in one business segment being the provision of school messaging services and internet related services. The Group functions with a subsidiary operating in each geographical segment. Each Company represents a strategic business unit that offers different risks and rates of returns. This is the basis by which management controls and reviews the operations of the Group.

No operations were discontinued during the current financial year.

8.2 Segment revenues and results

The following is an analysis of the Group's revenue and results from continuing operations by reportable segment:

	Segment revenue Year Ended		Segment profit Year Ended	
	30/06/2015	30/06/2014	30/06/2015	30/06/2014
MGM Wireless Holdings	3,817,155	3,221,046	1,026,414	702,546
MGM Wireless	-	-	-	-
USA Message YOU LLC	-	-	(5,836)	(5,334)
NZ MGM Wireless (NZ) Pty Ltd	50,667	46,207	21,202	20,329
Total for Continuing Operation	3,867,822	3,267,253		
Profit after tax (continuing operations)			1,041,780	717,541

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales in the current year (2014: nil).

The accounting policies of the reportable segments are the same as the Group's accounting policies described in note 3. The segment result for NZ and the USA represents the profit earned by each segment without allocation of central administration costs and Directors' salaries, investment revenue, finance costs and income tax expense. These costs are routinely considered to be part of the Australian operations. This is the basis on which segment results are routinely reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

8.3 Segment assets and liabilities

	Assets Year Ended		Liabilities Year Ended	
	30/06/2015	30/06/2014	30/06/2015	30/06/2014
MGM Wireless Holdings	5,028,404	4,010,708	853,499	1,030,794
MGM Wireless	-	250	-	-
USA Message YOU LLC	-	-	81,639	10,917
NZ MGM Wireless (NZ) Pty Ltd	121,595	98,772	121,584	11,013
Consolidated Assets	5,150,000	4,109,730		
Consolidated Liabilities			1,056,723	1,052,724

Each segment's assets and liabilities are accounted for within their own entity. Other assets and liabilities are retained within the Australian entity. General intellectual property is retained by the parent Company.

8.4 Other segment information

	Depreciation and amortisation Year Ended		Additions to non-current assets Year Ended	
	30/06/2015	30/06/2014	30/06/2015	30/06/2014
MGM Wireless Holdings	666,483	172,119	1,093,932	686,290
MGM Wireless	-	-	-	
USA Message YOU LLC	-	-	-	-
NZ MGM Wireless (NZ) Pty Ltd	-	-	-	-
Depreciation and Amortisation	666,483	172,119		
Additions to Non-Current Assets			1,093,932	686,290

8.5 Geographical Information

All revenues in New Zealand result from the Group's preferred supplier status (1 of 3 companies) to New Zealand Government's Early Notification initiative whereby the Government funded the first year's license fees for all eligible schools.

8.5 Information about major customers

No single customer contributed 10% or more to the Group's revenue for both 2015 and 2014.

9. Cash and Cash Equivalents

For the purposes of the statement of cash flows, cash and cash equivalents include cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the reporting period as shown in the statement of cash flows can be reconciled to the related items in the statement of financial position as follows:

Cash & cash equivalents	Group	
	30/06/2015	30/06/2014
	$	$
Cash and bank balances	1,526,754	1,077,840

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

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.

10. Trade and Other Receivables

10.1 Trade and other receivables

	Group	
	30/06/2015	30/06/2014
	$	$
Current		
Trade receivables	957,179	705,350
Provision for doubtful debts	(169,587)	(19,587)
	787,592	685,763

Trade and other receivables have been reviewed and a provision for doubtful debts of $169,587 (2014: $19,587) established. No further impairment loss is considered necessary.

Terms and conditions relating to the above financial instruments:

- Trade receivables 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.

10.2 Past due but not impaired trade receivables

	Group	
	30/06/2015	30/06/2014
	$	$
Past due 0-30 days	18,428	34,293
Past due 31-90 days	76,454	35,889
Past due over 91 days	553,215	286,577
	648,097	356,759

As at 30 June 2015, trade receivables of $648,097 (2014: $356,759) were past due but not impaired. These relate to accounts where there is no recent history of default.

Movement in the provision for doubtful debts		
Balance at the beginning of the year	(19,587)	(18,874)
Amounts recovered during the year	-	-
(Increase)/Decrease in provision attributable to new sales	(150,000)	(713)
Balance at the end of the year	(169,587)	(19,587)

11. Other Current Assets

	Group	
	30/06/2015	30/06/2014
	$	$
R&D tax incentive	623,301	568,221
Prepayments	12,963	5,715
Sundry debtors	-	250
	636,264	574,186

12. Other Financial Assets

Unlisted Controlled Entity	Date of Acquisition	Country of Incorporatior	Class of Shares	Cost of Parent Entity's Investment 30/06/2015 $	Cost of Parent Entity's Investment 30/06/2014 $
MGM Wireless Holdings Pty Ltd	8/10/2003	Australia	Ordinary	767,000	767,000
Message You LLC	11/09/2006	USA	Ordinary	124,440	124,440
MGM Wireless (NZ) Pty Ltd	18/05/2010	Australia	Ordinary	80	80
				891,520	891,520

The equity holding in all companies is 100%. These investments have been elimintated on consolidation.

13. Plant, Equipment and Leasehold Improvements

	Plant and Equipment $	Leasehold Improvements $	Total $
Balance at 30 June 2013	420,856	164,186	**585,042**
Additions	16,150	18,421	**34,571**
Disposals	-	-	**-**
Balance at 30 June 2014	437,006	182,607	**619,613**
Additions	24,571	-	**24,571**
Transfer to Intangible Assets	(151,543)	-	**(151,543)**
Disposals	-	-	**-**
Balance at 30 June 2015	310,034	182,607	**492,641**
Accumulated depreciation and impairment			
Balance at 30 June 2013	(331,116)	(59,396)	**(390,512)**
Depreciation expense	(15,788)	(11,828)	**(27,616)**
Disposals	-	-	**-**
Balance at 30 June 2014	(346,904)	(71,224)	**(418,128)**
Transfer to Intangible Assets	136,828	-	**136,828**
Depreciation expense	(16,988)	(11,138)	**(28,127)**
Disposals	-	-	**-**
Balance at 30 June 2015	(227,064)	(82,362)	**(309,427)**
Written Down Value	**82,970**	**100,245**	**183,214**

14. Intangible Assets

	Group	
	30/06/2015	30/06/2014
	$	$
At cost	4,425,997	3,205,093
Accumulated amortisation and impairment	(2,409,821)	(1,634,637)
Carrying Value	2,016,176	1,570,456

Cost	Distribution Rights $	Capitalised Development Costs $	Total $
Balance at 30 June 2013	441,017	2,112,357	2,553,374
Additions from internal developments	-	651,719	651,719
Disposals	-	-	-
Balance at 30 June 2014	441,017	2,764,076	3,205,093
Additions from internal developments	-	1,069,361	1,069,361
Transfer from Plant & Equipment	-	151,543	151,543
Disposals	-	-	-
Balance at 30 June 2015	441,017	3,984,980	4,425,997
Accumulated amortisation and impairment			
Balance at 30 June 2013	-	(1,490,134)	(1,490,134)
Amortisation	(44,102)	(100,401)	(144,503)
Disposal	-	-	-
Balance at 30 June 2014	(44,102)	(1,590,535)	(1,634,637)
Amortisation	(44,102.00)	(594,254)	(638,356)
Transfer from Plant & Equipment	-	(136,828)	(136,828)
Disposal	-	-	-
Balance at 30 June 2015	(88,204)	(2,321,617)	(2,409,821)
Carrying Value	352,813	1,663,363	2,016,176

The remaining useful life of 'Distribution Rights' has been considered to be 10 years. Other than Capitalised Research and Development costs, those assets entitled "Intellectual Property" have been considered to have useful lives of 10 years. Due to the nature of the projects developed in the current period, Capitalised Research and Development has been amortised over a useful life of 3 years.

Distribution rights have arisen from the acquisition of territory rights from former distributors. These assets have provided the Company the right to operate in the respective territories. The income from those territories; Western Australia, South Australia, Queensland, Victoria and Tasmania is the major part of MGM Wireless's income. As the amount of income in respect of these distribution rights has not decreased in any of the territories since acquisition, the Board is of the opinion that the value of the assets remain unchanged and no amortisation is appropriate.

15. Trade and Other Payables

	Group	
	30/06/2015	30/06/2014
	$	$
Trade payables	233,884	235,336
Indirect Tax liability	182,710	131,077
Accrued SMS charges	78,713	80,173
Unearned revenue - licence fees	-	5,226
Rent Incentive	13,466	-
	508,773	451,812

Terms and conditions relating to the above financial instruments:

- Trade creditors and accrued charges are non-interest bearing and 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 or deferred revenue represents annual license fees charged under purchase contracts. (Refer note 3.4).

16. Borrowings

	Group	
	30/06/2015	30/06/2014
16. Borrowings	$	$
Non - Current		
Secured loans from related parties	150,000	200,000

Terms and conditions of the loans from related parties are detailed in Note 24. Secured loans other - equipment under chattel mortgage.

The Directors have agreed not to invoke the security clause attached to their loans until revised loan agreements have been subject to shareholder approval.

17. Provisions

	Group	
	30/06/2015	30/06/2014
Current	$	$
Employee benefits	221,611	190,301
Movement in provisions		
Opening	190,301	88,363
Amounts provided	31,310	116,839
Amounts used	-	(14,901)
Closing balance	221,611	190,301

The provision for employee benefits represents annual leave and long service leave entitlements accrued.

18. Issued capital

	Group	
	30/06/2015	30/06/2014
	$	$
18.1 Issued and paid up capital		
Ordinary shares, fully paid	7,376,993	7,376,993
(30 June 2015: 8,567,414, 30 June 2014: 8,567,414)		

	Group	
18.2 Fully paid ordinary shares	Number of shares	Share capital $
Balance as at 30 June 2013	8,359,110	7,195,825
Shares issued to Directors	180,000	149,468
Shares issued to Payschool Vendors	28,304	31,700
Balance as at 30 June 2014	8,567,414	7,376,993
Balance as at 30 June 2015	8,567,414	7,376,993

Ordinary shares have the right to receive dividends as declared and, in the event of 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.

19. Reserves

	Group	
	30/06/2015	30/06/2014
	$	$
Option issue reserve	395,333	301,762
Foreign currency translation reserve	1,134	5,973
	396,467	307,735

	Option Issue Reserve	Foreign Currency Translation Reserve
Balance as at 30 June 2013	219,402	5,973
Options issued	107,340	-
Options exercised	(30,737)	-
Currency translation differences	5,757	-
Balance as at 30 June 2014	301,762	5,973
Options issued	93,571	-
Currency translation differences	-	(4,839)
Balance as at 30 June 2015	395,333	1,134

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.

The foreign currency translation reserve is used to record exchange rate differences arising from the translation of the financial statements of foreign subsidiaries and are recognised directly in the total comprehensive Income for the year.

20. Dividends

On 3 November 2014, the Directors of MGM Wireless paid a final dividend on ordinary shares in respect of the 2014 financial year. The total amount of the dividend was $94,241, which represented an unfranked dividend of $0.011 per share. On 31 August 2015, a dividend of $0.013 per share was declared in respect of the 2015 financial year.

Due to the R&D tax incentives taken up by the group, dividends paid during the 2014 and 2015 financial years were unfranked. It is anticipated that as long as the Group is entitled to the R&D tax incentive future dividends will also be unfranked.

21. Capital risk management

21.1 Capital risk management

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

21.2 Gearing ratio

	Group	
	30/06/2015	30/06/2014
The gearing ratio at end of the period was as follows.	$	$
	150,000	200,000
Net Debt	150,000	200,000
Equity	4,093,277	3,057,006
Net debt to equity ratio	3.7%	6.5%

Total debt of $150,000 (2014: $200,000) relates to secured loans from Directors that are repayable in accordance with the terms and conditions as set out in note 24.5.

22. Financial instruments

22.3 Financial risk management

The Company's principal financial instruments comprise receivables, payables, borrowings, 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.

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.

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:

	Group	
	30/06/2015	30/06/2014
	$	$
Cash and cash equivalents (interest-bearing accounts)	1,526,754	1,077,840
Net exposure	1,526,754	1,077,840

The sensitivity analysis has been determined based on the exposure to interest rates for non-derivative instruments at the end of the reporting period. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the table below illustrates the effect on post tax profit and equity of the change in cost relevant to the financial assets of the Group:

	Group	
	30/06/2015	30/06/2014
Post tax profit - higher/ (lower)	$	$
0.50%	750	1,000
-0.50%	-750	-1,000
Equity – higher / (lower)		
0.50%	750	1,000
-0.50%	-750	-1,000

Liquidity risk

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has established an appropriate liquidity risk management framework for the management of the Group's short- medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by;

- monitoring immediate and forecast cash requirements and ensuring adequate cash reserves are maintained,
- continuously monitoring forecast and actual cash flows, and
- matching the maturity profiles of financial assets and liabilities based on management's expectations.

The risk implied from the values shown in the table below reflects a balanced view of cash inflows and outflows within the 2015 financial period.

	30/06/2015	30/06/2014
Financial assets	$	$
Cash & cash equivalents	1,526,754	1,077,840
Trade and other receivables	787,592	685,763
	2,314,347	1,763,603
Financial liabilities		
Trade & other payables	233,884	240,562
Borrowings	150,000	200,000
Direct Tax liability	182,710	131,077
	566,594	571,639
Net Maturity	1,747,753	1,191,964

The maturity date for all financial assets and financuial liabilities is less than 12 months in duration.

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 Statement of Financial Position 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 securitise 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.

Foreign currency risk

As a result of operations in the USA, being denominated in USD, and operations in New Zealand being denominated in NZD the Group's balance sheet can be affected by movements in the respective AUD exchange rates. The Company does not hedge this exposure.

In the reporting period the Groups volume of transactions in both USD and NZ currency was low and immaterial for the year ended 30 June 2015.

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 USD and NZD, 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 Statement of financial position, whether they are carried at cost or fair value, are recognised at amounts that represent a reasonable approximation of fair values unless otherwise stated in the applicable notes.

23. Share-based payments

23.1 Employee share option plan

The Group has an ownership-based compensation plan for executives and senior employees. In accordance with the terms of the plan executives and senior employees may be granted options to purchase ordinary shares. Each share option converts into one ordinary share of MGM Wireless Ltd on exercise. No amounts are paid or payable by the recipient on receipt of the option. The options carry neither rights to dividends nor voting rights. Options may be exercised at any time from the date of their vesting to the date of their expiry.

The weighted average share price during the year was $1.2514 (2014: $1.2537)

The average remaining contractual life of options outstanding at the end of the financial year was 2.13 years (2014: 2.60).

For the options granted during the current financial year, the valuation model inputs used to determine the fair value as at grant date were as follows:

Grant Date	Expiry Date	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk free interest rate	Fair value at grant date
17/12/2014	30/04/2018	$1.15	$1.25	49.80%	4.53%	2.35%	$0.40

23.2 Fair Value of share options granted during year

No share options were granted during the year (2014: 340,000).

24. Related party transactions

24.1 Subsidiaries

The consolidated financial statements include the financial statements of MGM

Wireless Ltd and the subsidiaries that are listed in the table in Note 12.

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below.

Details of the percentage of ordinary shares held in subsidiaries are disclosed in Note 12.

24.2 Parent entity disclosure

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

The following is financial information about the parent entity required by Regulation 2M.3.01 of the Corporations Act 2001.

Financial position	30/06/2015	30/06/2014
	$	$
Assets		
Current assets	-	250
Non-current assets	4,093,277	3,369,836
Total assets	4,093,277	3,370,086
Liabilities		
Current liabilities	-	313,080
Non-current liabilities	-	-
Total liabilities	-	313,080
Net assets	4,093,277	3,057,006
Equity		
Issued capital	7,376,993	7,376,993
Reserves	(3,283,716)	(4,506,843)
Other - option issue reserve	-	186,856
Total equity	4,093,277	3,057,006
Financial performance	Year Ended 30/06/2015	Year Ended 30/06/2014
	$	$
Profit for the year	1,223,127	(4,506,843)
Other comprehensive income	-	-
Total comprehensive income	1,223,127	(4,506,843)

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries

There are no guaruntees entered into in relation to debt for any subsidiaries.

24.3 Key management personnel

Disclosures relating to key management personnel are set out in Note 25.

24.4 Other equity interests

There are no equity interests in associates, joint ventures or other related parties.

24.5 Transactions with related parties

In the 2009 financial year Mr Fortunatow and Mr Hurd each advanced the Group the sum of $150,000. During the 2013 financial year, $100,000 of the loan to Mr Fortunatow

was repaid with a further $50,000 being repaid in the 2015 financial year Interest paid in the current financial year in relation to the loans was $15,174 (2014:, $16,719).

The interest rate is equivalent to:

1. the daily rate of interest applied by the National Australia Bank Limited on overdrafts of at least$150,000; and, if there is no such interest rate, then,

2. the daily rate of interest applied by the National Australia Bank Limited on secured commercial loans of at least $150,000 where a variable rate of interest applies to the said loan and, if there is more than one such rate, then the highest of those rates shall apply.

All of the property offered by the borrower and accepted by the lender as security for the advance is comprised of the assets of the borrower by way of registered charge granted to the lenders.

There are no other related party loans.

25. Director and executive disclosures

25.1 Compensation of key management personnel

The aggregate compensation made to Directors and other members of key management personnel of the Company and the Group is set out below:

	Group	
	30/06/2015	30/06/2014
	$	$
Short-term	551,007	479,029
Post Employment	49,686	36,353
Other Long-Term	-	-
Termination Benefits	-	-
Share-based payment	92,890	110,509
	693,583	625,891

25.2 Loans with key management personnel

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

See Note 24.5

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 arm's length basis.

The Directors have agreed not to invoke the security clause attached to their loans until revised loan agreements have been subject to shareholder approval.

26. Commitments

Lease commitments

Operating leases relate to the lease of office premises in Rose Park with lease terms of 2 years for both tenancies. All operating lease contracts contain annual market rental reviews. The Group does not have an option to purchase the leased offices at the end of the lease.

	Group	
	30/06/2015	30/06/2014
	$	$
Payments recognised as an expense	216,874	48,000
Payments due under operating leases:		
Not later than one year	83,951	48,000
Later than one year and not later than 5 years	132,923	-
	216,874	48,000

27. Remuneration of auditors

	Group	
	30/06/2015	30/06/2014
Audit and review of financial statements of Group by:	$	$
- Grant Thornton Pty Ltd (2014: Ian G McDonald)	25,000	18,139
	25,000	**18,139**

No other services have been provided by the auditor in the 2014 - 2015 financial year.

28. 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

29. Subsequent Events

On 31 August 2015, a dividend of $0.013 per share was declared in respect of the 2015 financial year.

Additional Stock Exchange Information as at 31 August 2015	
Ordinary share capital	
	Ordinary Shares
Number of holders	
Distribution of listed shareholders / option holders	
1-1000	389
1001-5000	287
5001-10000	110
10001-100000	121
100001 and over	14
Total number of holders	921
Total on issue	**8,567,414**
Holding less than a marketable parcel	773

All issued ordinary shares carry one vote per share. 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. Options do not carry a right to vote.

Additional Stock Exchange Information as at 31 August 2015		
Substantial shareholders	**Number**	**% of units**
M/S PAULA FORTUNATOW <FORTUNATOW FAMILY A/C>	719,108	8.39
Twenty largest shareholders		
M/S PAULA FORTUNATOW <FORTUNATOW FAMILY A/C>	719,108	8.39
MARK EDWIN HURD <MARK HURD INVESTMENT A/C>	366,084	4.27
M/S PAULA FORTUNATOW <FORTUNATOW FAMILY A/C>	234,762	2.74
YAVERN CREEK HOLDINGS PTY LTD	233,667	2.73
HEGM NOMINEES PTY LTD	220,734	2.58
BRINDLE HOLDINGS PTY LTD <O'CONNOR S/F A/C>	220,000	2.57
MR MARK HURD <MARK HURD INVESTMENT A/C>	205,334	2.40
MRS PAULA FORTUNATOW <FORTUNATOW FAMILY A/C>	205,001	2.39
MR MARK FORTUNATOW + MRS PAULA FORTUNATOW <FORTUNATOW FAMILY S/F A/C>	178,660	2.09
FGDG SUPER PTY LTD <FG HEPPINGSTONE P/L S/F A/C>	160,000	1.87
KINGSTON PROPERTIES PTY LIMITED <BYRON ACCOUNT>	140,000	1.63
MR PETER PAIGE	129,823	1.52
MR MARK FORTUNATOW <THE A M & J M A/C>	116,005	1.35
MR JINKIN SOO	113,500	1.32
MR MATTHEW CHARLES PEEK	100,000	1.17
EVCORP AUSTRALIA PTY LTD	80,000	0.93
HV ROSS PTY LTD	75,000	0.88
MR AYNGARAN KAILAINATHAN	75,000	0.88
INNISFREE AUSTRALIA PTY LTD <THE DAWKINS FAMILY A/C>	71,668	0.84
MR STEPHEN HENRY BELL	70,000	0.82
	3,714,346	43.35
	4,853,068	56.65

Unlisted options

Unlisted options				
Expiry date	**30/04/2016**	**30/04/2017**	**30/04/2018**	**27/08/2018**
Exercise price	**$0.70**	**$1.60**	**$1.25**	**$1.10**
Total Options Issued	130,000	310,000	230,000	30,000
Number of holders	3	3	3	1
Holders with more than 20%				
- Mark Fortunatow	30,000	200,000	170,000	
- Tara Lewis-Christie			50,000	30,000
- Mark Hurd	50,000	80,000		
- Shaun Collopy	50,000			

Restricted securities

There are no restricted securities. There are 10,000 fully paid ordinary shares subject to a voluntary escrow period which expires on 27th August, 2018.

On-market buy-back

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

Company Secretary

Mr Justin Nelson

Registered Office and Principal Administration Office

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Share Registry

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