2014 Annual Report

MGM Wireless Ltd.

MGM Wireless Ltd.
ASX:MWR ABN 93 091 351 530
The Parks, Suite 13
ROSE PARK SA 5067
AUSTRALIA
Phone: (08) 8104 9555
Facsimile: (08) 8431 2400
www.mgmwireless.com

ASX Market Announcements
ASX Limited
20 Bridge Street
Sydney NSW 2000

2014 ANNUAL REPORT

September 29, 2014

The Company is pleased to release its Annual Report for the 2014 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. Measureable 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:

MGM Wireless Ltd. - (ASX:MWR)
Phone: +61 8 8104 9555
Email: info@mgmwireless.com
Web: www.mgmwireless.com

CHAIRMAN'S REPORT

I am pleased to report that the Company achieved growth and record results across all key areas for 2014.

Highlights include:

- Revenue increased 8% to a record $3,267,253 (2013: $3,023,144).
- Pre-tax profit increased 38% to a record $965,846 (2013: $700,828)
- Net profit increased 9% to a record $717,541 (2013: $657,835)
- Cash balance increased 105% to a record $1,077,840 (2013: $526,854)
- Customer base of operational schools grew by 15.7% to a record 1,088 schools (2013: 940)
- MGM Pinpoint successfully launched
- Strong growth in MGM RollMarker Sales
- Dividend of 1.1 cent per share declared (2013: 1.0c)

The net profit of $717,541 – an increase of 9% on $657,835 the previous year was affected by a significant increased tax expense of $205K, up 477% on the previous year, a notional non-cash cost associated with the issue of options to Directors after last year's AGM of $107K and a reduction in amortisation to $498K.

A record pre-tax profit of $965,846 for the year ended 30 June 2014 was achieved, up 38% on the previous year. This was the Company's fourth consecutive year of rising profits.

The solid result was achieved from an 8% increase in revenue to $3.27 million and after continued substantial spending on research and development which exceeded $1.46m; up from $1.4m in 2013. The Company's commitment to R&D included ongoing investment in our leading edge student safety product, MGM Pinpoint, and a range of other new products for market release. The R&D tax offset rebate declined due to a rise in non-claimable expenditure.

Throughout the year, MGM Wireless continued to develop the market for its product base, with continued new school signings and strong sales of MGM RollMarker in

the most recent quarter. SMS message traffic continued to expand, rising 14% year on year.

Australian wholesale SMS prices increased during the December 2103 quarter. MGM Wireless has sought to limit the effect of these price increases on our school client base, however these charges have now been passed on in full, with some impact on margins across the year. Starting in February 2014, the company formulated and released a new and innovative approach to SMS pricing plans, which resulted in the successful market acceptance of these price increases.

To reflect the maturing of the Company's business development, 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 $567,719 of the total of its $1.26M 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 fully 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.

EBITDA was affected by these changes, resulting in a 16% decrease to $1,154,683 (2013: $1,384,563). Over the next year, we expect the effective tax rate to reach 30% as the carried forward losses are expected to be fully utilised, however, the Company will generate franking credits as tax payments are made.

Net cash flow from operations jumped from $0.91M in 2012-13 to $1.06M in 2013-14, resulting in a large increase in cash balances, to $1.08M, as at 30 June 2014. This solid result was achieved after payment of a maiden Dividend ($83,691) and cash acquisition cost for PaySchool assets ($46,000). These cash balances offset shareholder loans to the Company, the Company's only debt, of $200K (down from $300K as at 30 June 2012). In view of the stronger than expected financial results and the large cash balances, the Directors have resolved to declare an unfranked dividend of 1.1 cent per share, for the year ended 30 June 2014.

Strong program of innovation

The Company continues to build the business though a strong program of innovation based on recurring revenue business models. The Company has a growing portfolio of exciting products, all of which complement each other in terms of workflow and data exchange. Our large, diversified and profitable customer base continues to grow, and our significant investments in R&D remain fully internally funded.

MGM has an impressive organisational capability to develop and commercialise innovative leading products. In particular, over the past six months we were pleasantly surprised with the surge in market enthusiasm and sales of RollMarker – a product that we have been working on for almost four years. Suddenly this year, the market began to understand the unique capabilities RollMarker offers, and the interest, sales and enthusiasm from clients has been outstanding.

The number of contracted school and child care centre clients was 1,124, a 7% increase from 1,053 over the year earlier. However, this indicator doesn't reveal an important underlying trend of the Company achieving a higher revenue per customer. Demand for the Company's leading products continues to expand.

Reflective of the Board's assessment of the useful lives of its product base, for the six months to June 30, 2014, EBITDA was down by 30% to $669,124 (2013: $955,098) with an increase in net profit by 30% to $585,063 (2013: $448,656), and for the same period the Company grew its customer base of operational schools by 44 new schools, as compared to an increase of 71 schools for the six months to June 30, 2013.

In February 2014, the Company launched MGM Pinpoint – an App that works with MGM's messageyou and Outreach SMS messaging solutions to allow parents to instantly locate their child if they are in danger or absent from school. Approximately 1,700 parents have since installed and used this service. The feedback from Parents and schools has been generally very positive, with requests for important additional functionality, which the Company is currently developing. We expect to release an upgraded MGM Pinpoint version later this year.

Our acquisition of the PaySchool product announced in April 2014 has been completed. The Company has developed a marketing and sales approach to release this solution to both existing and new clients, however some important additional functionality and integration with our current portfolio of products is first required.

Innovation and commercialisation of a market-leading suite of products remain the key drivers of the Company's success. MGM Wireless is aggressively expanding its product portfolio and is leveraging the opportunity afforded by cloud and smartphone technologies, as can be seen with the recent stunning success of MGM RollMarker and the expected success of MGM Pinpoint in due course.

These new product releases are diversifying the Company's revenue base and transforming MGM Wireless from a communications focus to a broader range of products

for student safety, parent engagement and productivity improvements for school staff. Productivity improvements from MGM products lead to a sustainable increase in school funding – a key outcome all schools are trying to achieve.

Through 2014-15, the Company will continue to progressively release a number of important upgrades to existing products and will launch new products for both schools and parents. Parents have demonstrated time and again their desire to be well engaged with their child's school and seek more and more information on their activities, progress and security. It's a well-accepted principle that learning outcomes improve when parents are informed and engaged in their child's school activities.

Smartphones and tablets are great technology enablers that have the potential to engage parents and significantly improve teacher and school staff productivity. MGM Wireless is developing apps to help both schools and parents communicate and perform more effectively.

The opportunity for MGM in the school and childcare markets is significant. Our new products are broadening our revenue base. Streamlining existing school business process with today's technology to reduce school costs and improve educational outcomes for students remains a great business opportunity for MGM.

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.

MGM PINPOINT™

Locate Your Child

MGM PinPoint improves student safety by enabling parents and caregivers to view the location of their child should the child fail to arrive at school when expected. Pinpoint inserts a secure link into the absence SMS message, directing parents to a map showing where their child was last located.

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Year Ended 30 June 2014

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	Ian G McDonald FCA 234 Waymouth St Adelaide SA 5000 Telephone: 0419 620 906 Telephone: (08) 8271 8585 Facsimile: (08) 8356 6397
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 2014.

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; appointed 26 February 2014

SHAUN MICHAEL COLLOPY; resigned 28 February 2014

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.

SHAUN COLLOPY
NON-EXECUTIVE DIRECTOR

- Shaun Collopy is a founder, and currently second largest shareholder and non-executive Director of successful U.S.A. domiciled SMS specialist - Mobile Messenger.
- An accomplished entrepreneur, in 2000, Mr Collopy founded Sofwrite Technologies which in August 2001, he sold to Australian publicly listed company, Amnet IT – a division of Amcom Communications, which is listed on the ASX (ASX.AMM).
- In October 2003 he negotiated a management buyout of the SMS (Mobile) business/ assets of Amcom to form Sol Mobile, which he grew to a profitable company with $15m+ annual revenue. In February 2005 Mr Collopy merged Sol Mobile with Mobile Messenger where he was the 2nd largest shareholder, and was instrumental in Mobile Messenger's success.
- Mr Collopy was a key driver in growing Mobile Messenger into a profitable company with revenues of $150m+, 150+staff, offices in 2 countries, and operations in 5 countries.
- In October 2007 he sold a majority stake to prestigious private equity firm – Silver Lake – regarded to be one of America's most sucessful Private Equite Firms – for a valuation in excess of $200m.
- Mr Collopy is the CEO and a Director of Pushing Green Inc, a company based in California that facilitates an on-line community that provides information and support to enable homeowners to reduce costs by use of green products and rebates.
- Mr Collopy has been a director since 15 July 2009 until his resignation, effective 28 February 2014. During the past 3 years he held no other directorships in listed companies.

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.
- Ms Henderson is State President for the Public Relations Institute of Australia (PRIA), in South Australia, 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 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 – EXP 30 APRIL 2016 EXERCISE PRICE $0.70	OPTIONS – EXP 30 APRIL 2017 EXERCISE PRICE $1.60	OPTIONS – EXP 27 AUGUST 2018 EXERCISE PRICE $1.10
Mark Fortunatow	1,505,267	30,000	200,000	-
Mark Hurd	571,418	50,000	80,000	-
Tara Lewis-Christie (appointed 26 February 2014)	10,000	-	-	30,000
Leila Henderson (appointed 8 July 2014)	-	-	-	-

Shaun Collopy has been excluded from the table above due to his resignation as a Director of the Company effective 28 February 2014. His share holding at the date of resignation was 88,519 ordinary fully-paid shares, 50,000 options (exercise price $0.70), and 30,000 options (exercise price $1.60).
Tara Lewis-Christie was issued 10,000 ordinary fully-paid shares prior to becoming a director of the Company. These shares have a three year escrow period (ending 22 August 2016), during which time they are non-transferrable.

Remuneration of directors and senior management

Information about the remuneration of directors and senior management is set out in the remuneration report of this directors' report on pages 26 to 34.

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 $717,541 (2013: $657,835).

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 2014, the Company continued its initiatives to underpin accelerated growth in the medium and long term. Specifically, spending on research and development was significant at $1.46 million (2013: $1.4 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 $567,719 of the total of its $1.26M 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.

EBITDA was affected by these changes resulting in a 16% decrease to $1,154,683 (2013: $1,384,563). Over the next year, we expect the effective tax rate to reach 30% as the carried forward losses are expected to be fully utilised, however, the Company will generate franking credits as tax payments are made.

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1. Revenue for the full year was 8% higher at $3,267,253 (2013: $3,023,144).
2. Net profit 9% increase to $717,541 (2013: $657,835)
3. EBITDA profit 16% reduction to $1,154,683 (2013: $1,384,563)
4. Customer base of operational schools grew by 15.7% to a total of 1,088 schools (2013: 940).
5. For the six months to June 30 2014 an EBITDA profit of $669,124 (2013: $955,098) with a net profit of $585,063 (2013: $448,656).
6. For the six months to June 30 2014, the Company grew its customer base of operational schools by 44 new schools, as compared to an increase of 71 schools for the six months to June 30, 2013.

Balance Sheet

The Company's shareholder equity strengthened from $2,158,200 as at 30 June 2013 to $3,057,006 as at 30 June 2014.

Total assets were 41% higher than a year earlier at $4,109,730 as at 30 June 2014

primarily due to higher working capital and a large increase in cash.

Total current liabilities were 5% higher than a year earlier with $852,724 as at 30 June 2014 which included $80,173 accrued SMS charges and trade payables of $283,852. Borrowings (from Directors) continued to remain constant at $200,000.

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 7 July 2014, the Directors of MGM Wireless appointed media and IT Specialist, Leila Henderson as a Non-Executive Director to the Board. Leila Henderson holds no shares or options in the Company as at the date of authorising these financial statements for issue (29 September 2014).

On 29 August 2014, a dividend of $0.01 per share was declared in respect of the 2014 financial year.

On 5 September 2014, the Western Australian Department of Education awarded MGM Wireless a two-year contract to supply schools in Western Australia with a new student absence SMS notification service. This contract is valued at $2.67 million and replaces the existing contract due to expire in the 2014/2015 financiail year.

Except as disclosed above, there has not been any matter or circumstance that has arisen since 30 June 2014, 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 8 November 2013, the Directors of MGM Wireless paid a final dividend on ordinary shares in respect of the 2013 financial year. The total amount of the dividend was $83,691, which represented an unfranked dividend of $0.01 per share. A dividend of $0.011 per share was declared in respect of the 2014 financial year on 29 August 2014.

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
	470,000			

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 (2013: 83,333 share options with an exercise price of $0.60 expired 30 April 2013).

170,000 shares have been issued during the financial year as a result of the exercise of a $0.70 option.

Details of shares or interests issued during or since the end of the financial year as a result of exercise of an option are:

ISSUING ENTITY	Number of Shares Issued resulting from options exercise	Class of Shares	Issue Date of Shares	Exercise Price of Options
MGM Wireless Ltd	170,000	Ordinary	24-Dec-13	$0.70
	170,000			

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	10	10
M Hurd	10	10
S Collopy	5	5
T Lewis-Christie	6	6

Corporate Governance Practices

The Company's corporate governance practices are set out in the Corporate Governance Statement contained in these financial statements.

Parent entity reporting

In accordance with Corporations Amendment (Corporate Reporting Reform) Act 2010 and Corporations Amendment Regulations 2010 (No. 6): the Company has elected to adopt ASIC class orders [CO 01/1455], [CO 04/672] and [CO 05/642] whereby financial information of the parent entity is disclosed by way of notes in the annual financial statements. Details in relation to the parent entity are contained in Note 24.

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 28 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 2014 has been received and is included on page 55.

Remuneration Report (Audited)

This remuneration report, which forms part of the Directors' report, details the nature and amount of remuneration for each Director and xecutive 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.

1. 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 9.25%, 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)
Shaun Collopy	Director (non-executive)
Tara Lewis-Christie	Director (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

	30/06/2014	30/06/2013	30/06/2012	30/06/2011	30/06/2010
Revenue	3,267,253	3,023,144	2,605,719	2,390,487	2,270,678
Net profit/(loss) before tax	965,846	700,828	602,756	256,944	202,985
Net profit/(loss) after tax	717,541	657,835	602,756	256,944	202,985
	30/06/2014	**30/06/2013**	**30/06/2012**	**30/06/2011**	**30/06/2010**
Share price at start of year	**0.85**	0.35	**0.01**	0.01	0.01
Share price at end of year	**1.05**	0.85	**0.35**	0.01	0.01
Interim dividend	-	-	-	-	-
Final dividend	-	0.01	-	-	-
Basic earnings/(loss) per share	**8.49**	**8.14**	**0.00**	0.11	0.09
Diluted earnings/(loss) per share	**8.33**	**8.14**	**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 2014	Mark Fortunatow	Mark Hurd	Shaun Collopy (resigned 28 Febuary 2014)	Tara Lewis-Christie (appointed 26 February 2014)
Short term - Salary & Fees	317,765	34,119	13,275	113,870
Post employment - Superannuation	24,519	2,532	-	9,302
Share-based - Options	63,379	25,351	9,507	12,272
Share-based - Shares	-	-	-	-
Total	405,663	62,002	22,782	135,444
% of remuneration share-based	16%	41%	42%	9%
2013				
Short term - Salary & Fees	278,560	21,302	56,900	-
Post employment - Superannuation	11,867	1,620	-	-
Share-based - Options	36,000	9,000	9,000	-
Share-based - Shares	-			
Total	326,427	31,922	65,900	-
% of remuneration share-based	11%	28%	14%	0%

Tara Lewis-Christie was appointed as a director of the Company effective 26 February 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:

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.

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 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
Shaun Collopy (resigned 28 February 2014)	31/12/2012	30/04/2016	$0.18	Vests at date of grant
Shaun Collopy (resigned 28 February 2014)	7/11/2013	30/04/2017	$0.32	Vests at date of grant
Tara Lewis-Christie (appointed 26 February 2014)	4/09/2013	27/08/2018	$0.41	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.

The following grants of share-based payment compensation to key management personnel relate to the current financial year:

Name		During the financial year				
	Grant Date	No. granted	No. vested	of grant vest	% of grant forfeited	% of compensation for the year consisting of options
Mark Fortunatow	7/11/2013	200,000	200,000	100%	n/a	19%
Mark Hurd	7/11/2013	80,000	80,000	100%	n/a	41%
Shaun Collopy	7/11/2013	30,000	30,000	100%	n/a	42%
Tara Lewis-Christie	4/09/2013	30,000	30,000	100%	n/a	9%

During the year, the following key management personnel exercised options that were granted to them as part of their compensation. Each option converts into one ordinary share of the Group:

Name	No. of options exercised	No. of ordinary shares issued	Amount paid	Amount unpaid
Mark Fortunatow	170,000	170,000	$ 119,000	$nil

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.

170,000 options were exercised 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
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 (appointed 26 February 2014)	-	10,000	-	-	10,000	

Name	Balance at 1 July	Granted as compensation	Received on exercise of options	Net other change	Balance at 30 June	Options vested duing year
2013	No.	No.	No.	No.	No.	No.
Mark Fortunatow	1,356,200		166,667	(75,000)	1,447,867	
Mark Hurd	538,084	-	33,334	-	571,418	
Shaun Collopy (resigned 28 February 2014)	55,185	-	33,334	-	88,519	
Tara Lewis-Christie (appointed 26 February 2014)	-	-	-	-	-	

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
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	

Name	Balance at 1 July	Granted as compensation	Received on exercise of options	Net other change	Balance at 30 June	Balance held nominally
2013	No.	No.	No.	No.	No.	No.
Mark Fortunatow	-	200,000	-	-	200,000	
Mark Hurd	-	50,000	-	-	50,000	
Shaun Collopy (resigned 28 February 2014)	-	50,000	-	-	50,000	
Tara Lewis-Christie (appointed 26 February 2014)	-	-	-	-	-	

In the 2009 financial year, Mr Fortunatow and Mr Hurd each advanced the Group the sum of $150,000. During 2013, $100,000 of the loan to Mr Fortunatow was repaid. Interest paid in relation to the loans was $16,719, (2013: $26,789).

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 Monday, September 29, 2014

2. Corporate Governance Statement

The Board of Directors of MGM Wireless Limited is responsible for the corporate governance of the Company. The Board guides and monitors the business and affairs of MGM Wireless Limited on behalf of the shareholders by whom they are elected and to whom they are accountable. This statement reports on MGM Wireless Limited's key governance principles and practices.

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

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

Principle Number ASX Corporate Governance Council Recommendations	Reference	Comply
Principle 1: Lay solid foundations for management and oversight		
1.1 Establish the functions reserved to the Board and those delegated to senior executives and disclose those functions.	3(a)	Yes
1.2 Disclose the process for evaluating the performance of senior executives.	3(h), 4(b),	Yes
1.3 Provide the information indicated in the Guide to reporting on principle 1.	Remuneration 3(a), 3(h), 4(b),	Yes
Principle 2. Structure the Board to add value		
2.1 A majority of the Board should be independent Directors.	3(b), 3(e)	No
2.2 The chair should be an independent Director.	3(c), 3(e)	No
2.3 The roles of chair and chief executive officer should not be exercised by the same individual.	3(b), 3(c), 3(d)	No

2.4 The Board should establish a nomination committee.	3(d)	No
2.5 Disclose the process for evaluating the performance of the Board, its committees and individual Directors.	3(h)	Yes
2.6 Provide the information indicated in the Guide to reporting on principle 2.	3(b), 3(c), 3(d), 3(e),	Yes
Principle 3 Promote ethical and responsible decision-making		
3.1 Establish a code of conduct and disclose the code or a summary as to:	5(a)	No
▪ the practices necessary to maintain confidence in the Company's integrity;		Yes
▪ the practices necessary to take into account the Company's legal obligations and the reasonable expectations of its stakeholders; and		Yes
▪ the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.		Yes
3.2 Establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the Board to establish measurable objectives for achieving gender diversity and for the Board to assess annually both the objectives and progress in achieving them.	5(b)	No
3.3 Companies should disclose in each annual report the measurable objectives for achieving gender diversity set by the Board in accordance with the diversity policy and progress towards achieving them.	5(b)	No
3.4 Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the Board.	5(b)	Yes
3.5 E xplanation of any departures from Recommendations 3.1 to 3.5.	5(a), 5(b)	Yes
Principle 4 Safeguard integrity in financial statements		
4.1 The Board should establish an audit committee.	4(a)	No

4.2 The audit committee should be structured so that it:	4(a)	
▪ consists only of non-executive Directors;		No
▪ consists of a majority of independent Directors;		No
▪ is chaired by an independent chair, who is not chair of the Board; and has at least three members.		No
4.3 The audit committee should have a formal charter	4(a)	No
4.4 The following material should be included in the corporate governance statement in the annual report:		
▪ the names and qualifications of those appointed to the audit committee and their attendance at meetings of the committee, or, where a Company does not have an audit committee, how the functions of an audit committee are carried out;	4(a)	Yes
▪ the number of meetings of the audit committee; and	4(a)	No
▪ explanation of any departures from Recommendations 4.1 to 4.4.	4(a)	Yes
Principle 5: make timely and balanced disclosure		
5.1 Establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at senior executive level for that compliance and disclose those policies or a summary of those policies.	6(b)	No
5.2 Explanation of any departures from Recommendations 5.1 or 5.2.	6(b)	Yes
Principle 6 Respect the rights of shareholders		
6.1 Design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose the policy or a summary of that policy.	6(a)	No
6.2 Explanation of any departures from Recommendations 6.1 or 6.2.	6(a)	Yes

Principle 7 Recognise and manage risk			
7.1	Establish policies for the oversight and management of material business risks and disclose a summary of those policies.	7(a)	Yes
7.2	The Board should require management to design and implement the risk management and internal control system to manage the Company's material business risks and report to it on whether those risks are being managed effectively. The Board should disclose that management has reported to it as to the effectiveness of the Company's management of its material business risks.	7(a), 7(b), 7(d)	Yes
7.3	The Board should disclose whether it has received assurance from the chief executive officer and the chief financial officer that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial statements risks.	7(c)	Yes
7.4	Provide the information indicated in the Guide to reporting on principle 7.	7(a), 7(b),7(c), 7(d)	Yes
Principle 8 Remunerate fairly and responsibly			
8.1	The Board should establish a remuneration committee.	4(a)	No
8.2	The remuneration committee should be structured so that it:		
	▪ consists of a majority of independent Directors;	4(a), 4(b)	No
	▪ is chaired by an independent Director; and	4(a), 4(b)	No
	▪ has at least three members.	4(b)	No
8.3	Clearly distinguish the structure on non-executive Directors'remuneration from that of executive Directors and senior executives.	4(b), Report	Yes
8.4	The following material or a clear cross-reference to the		

location of the material should be included in the corporate governance statement in the annual report:		
▪ the names of the members of the remuneration committee and their attendance at the meetings of the committee or where a Company does not have a remuneration committee, how the functions of a remuneration committee are carried out;	4(b)	Yes
▪ the existence and terms of any schemes for retirement benefits, other than superannuation, for non-executive Directors; and	4(b)	Yes
▪ an explanation of any departures from Recommendations 8.1 to 8.4.	4(b)	Yes

3. The Board of Directors

(a) Roles and Responsibilities of the Board

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

The Board is responsible for:

- ensuring the Company's conduct and activities are ethical and carried out for the benefit of all its stakeholders;
- development of corporate strategy, implementation of business plans and performance objectives;
- reviewing, ratifying and monitoring systems of risk management, codes of conduct and legal and regulatory compliance;
- the appointment of the Company's Managing Director, Chief Executive Officer (or equivalent), Chief Financial Officer, Company Secretary and other senior

executives;

- monitoring senior executives' performance and implementation of strategy;
- determining appropriate remuneration policies;
- allocating resources and ensuring appropriate resources are available to management;
- approving and monitoring the annual budget, progress of major capital expenditure, capital management, and acquisitions and divestitures; and
- approving and monitoring financial and other reporting.

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

(b) Board Composition

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

- the Board, in accordance with the Company's constitution must comprise a minimum of three Directors;
- the Board should represent a broad range of qualifications, experience and expertise considered of benefit to the Company; and
- the Board must be structured in such a way that it has a proper understanding of, and competency in the current and emerging issues facing the Company, and can effectively review management's decisions.

At the end of the financial year, the Board comprised of three Executive Directors. The Board appointed a Non-Executive Director July 2014 (refer to Subsequent Events). The skills, experience, expertise, qualifications and terms of office of each Director in office at the date of the annual report is included in the Directors' Report.

The Board does not currently comprise a majority of non-executive Directors. Given the size and scale of the Company's current operations, the Board does not consider it essential, or cost effective, to appoint further independent Directors at this time.

The Chair is not independent and the role of Chair and chief executive officer are exercised by the same person. The Board considers that, at this stage of the Company's development, the executive role carried out by the Chairman is in the best interests of the Company.

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

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

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

(c) Chairman and Chief Executive Officer

The Chairman is responsible for:

- leadership of the Board;
- the efficient organisation and conduct of the Board's functions;
- the promotion of constructive and respectful relations between Board members and between the Board and management;
- contributing to the briefing of Directors in relation to issues arising at Board meetings;
- facilitating the effective contribution of all Board members; and
- committing the time necessary to effectively discharge the role of the Chairman.

The Chief Executive Officer is responsible for:

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

Board policy specifies that the roles of the Chairman and the Chief Executive Officer should be separate roles to be undertaken by separate people. Presently, the role of Chairman and Chief Executive Officer are exercised by the same person. The Board considers that, at this stage of the Company's development, the executive role carried out by the Chairman is in the best interests of the Company. The Board will monitor the need to separate these roles as the Company's circumstances change.

(d) Nomination Committee

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

Nominations of new Directors are considered by the full Board. If any vacancies arise on the Board, all Directors are involved in the search and recruitment of a replacement. The Board has taken a view that the full Board will hold special meetings or sessions as required. The Board are confident that this process for selection and review is stringent and full details of all Directors are provided to shareholders in the annual report and on the Company's website.

(e) Independent Directors

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

Directors of MGM Wireless Limited are considered to be independent when they

are independent of management and free from any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the exercise of their unfettered and independent judgement.

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

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

The Board had one independent Non Executive Director until his resignation from the Board on 28 February 2014.

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

Name	Position
Shaun Collopy	Non-Executive Director

In assessing Mr Collopy's independence, account has been taken of his current role with the Company on special projects. It is not considered that this relationship with the Company in any way compromises his independence whilst he was a non-executive Director of the Company.

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

Name	Term of Office
Mark Fortunatow	Since 3 October 2003
Mark Hurd	Since 3 October 2003
Shaun Collopy	Since 15 July 2009 – resigned 28 February 2014
Tara Lewis-Christie	Since 26 February 2014

The Board does not currently comprise a majority of independent non-executive Directors. Given the size and scale of the Company's current operations, the Board does not consider it essential to appoint further independent Directors at this time. The Board appointed an independent Director effective 7 July 2014 (refer to Subsequent Events). The Board will continue to monitor the need to appoint additional non-executive Directors, as considered appropriate.

The Board recognises the importance of independent views and, in the Board's role in supervising the activities of management, the Chairman should be a Non-Executive Director. The Board considers that, at this stage of the Company's development, the executive role carried out by the Chairman is in the best interests of the Company.

(f) Avoidance of conflicts of interest by a Director

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

(g) Board access to information and independent advice

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

There are procedures in place, agreed by the Board, to enable Directors, in

furtherance of their duties, to seek independent professional advice at the Company's expense.

(h) Review of Board and senior executives' performance

The performance of the Board and senior executives' is reviewed regularly by the Chairman. The Chairman conducts performance evaluations which involve an assessment of each Board member and senior executives' performance against specific and measurable qualitative and quantitative performance criteria. The Board member and senior executive assessment measures are the responsibility of the Chairman. The performance criteria against which Directors and senior executives are assessed is aligned with the financial and non-financial objectives of MGM Wireless Limited. Primarily, the review will be carried out through consultation by the Chairman and with individual Directors and senior executives'. A performance evaluation of the Board, Directors and senior executives, in accordance with the process disclosed did take place during the reporting period.

4. Board Committees

(a) Audit Committee

Given the size and scale of the Company's operations the full Board undertakes the role of the Audit Committee.

Recommendation 4.2 is not complied with as the full Board undertakes the role of the Audit Committee.

4.3 is not complied with as there is no Audit Committee and hence no formal charter. The role and responsibilities of the full Board undertaking the role of the Audit Committee are summarised below.

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

The Board reviews the audited annual and half-year financial statements and any

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

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

External Auditors

The Company's policy is to appoint external auditors who clearly demonstrate quality and independence. The performance of the external auditor is reviewed annually and applications for tender of external audit services are requested as deemed appropriate, taking into consideration assessment of performance, existing value and tender costs.

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

There is no indemnity provided by the Company to the auditor in respect of any potential liability to third parties. The external auditor is requested to attend the annual general meeting and be available to answer shareholder questions about the conduct of the audit and preparation and content of the audit report.

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

(b) Remuneration Committee

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

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

The responsibilities include setting policies for senior officers remuneration, setting

the terms and conditions for the CEO, reviewing and making recommendations to the Board on the Company's incentive schemes and superannuation arrangements, reviewing the remuneration of both executive and non-executive Directors and undertaking reviews of the CEO's performance.

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

Non-executive Directors are paid their fees out of the maximum aggregate amount approved by shareholders for non-executive Director remuneration. The non-executive Directors do not participate in any schemes for retirement benefits, other than superannuation. The Company does not adhere to Recommendation 8.2 Box 8.2 'Non-executive Directors should not receive options or bonus payments'. The Company has and may, in the future, grant options to non-executive Directors. The Board is of the view that options (for both executive and non-executive Directors) are a cost effective benefit for small companies such as MGM Wireless Limited that seek to conserve cash reserves. They also provide an incentive that ultimately benefits both shareholders and the option holders, as option holders will only benefit if the market value of the underlying shares exceeds the option strike price. Ultimately, shareholders will make that determination.

The Board's policy is to remunerate Directors at market rates for time, commitment and responsibilities. The Board determines payments to the Directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. Fees for Non-Executive Directors are not linked to the performance of the consolidated entity. However, to align Directors' interests with shareholders' interests, the Directors are encouraged to hold shares in the Company.

The Company's aim is to remunerate at a level that will attract and retain high-calibre Directors and employees.

Company officers and Directors are remunerated to a level consistent with the size of the Company.

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

In accordance with best practice corporate governance, the structure of Non-Executive Director and Executive compensation is separate and distinct.

In determining remuneration, the Board has taken a view that the full Board will hold special meetings or sessions as required. No Director participated in any deliberation regarding his or her own remuneration or related issues. The Board are confident that this process for determining remuneration is stringent and full details of remuneration policies and remuneration received by Directors and executives in the current period is contained in the "Remuneration Report" commencing on page 25 of this Annual Report.

5. Ethical and Responsible Decision Making

(a) Code of Ethics and Conduct

Although, due to the limited size of the Company, a code of conduct has not been established, the Board endeavours to ensure that the Directors, officers and employees of the Company act with integrity and observe the highest standards of behaviour and business ethics in relation to their corporate activities.

Senior managers are expected to ensure that employees, contractors, consultants, agents and partners under their supervision are aware of the Company's expectations.

All Directors, officers and employees are expected to:

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

(b) Diversity Policy

The Company has established a diversity policy and a summary of the policy is available on the Company's website.

At this stage however, due to the limited size of the Company and scale of its

operations, the Board has not established measureable objectives for achieving gender diversity. The policy does not include requirements for the Board to establish and annually assess measurable objectives and the progress towards achieving them.

The proportion of women employees in the organisation, women in senior executive positions and women on the Board is as follows:

	Women	Total
Organisation	6	17
Senior executive positions	1	5
Board	2	4

6. Timely and Balanced Disclosure and Respecting the Rights of Shareholders

(a) Shareholder communication

Due to the limited size of the Company it is not considered that a communications policy is required.

The Company believes that all shareholders should have equal and timely access to material information about the Company including its financial situation, performance, ownership and governance. The Company endeavours to effectively communicate with its shareholders by requiring that Company announcements:

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

Shareholders are encouraged to participate in general meetings. Copies of

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

(b) Continuous disclosure policy

The Company does not have a written disclosure policy. It is not considered that a written policy is required at this time due to the size of the Company and the limited scale of its operations.

The Company is committed to ensuring that shareholders and the market are provided with full and timely information and that all stakeholders have equal opportunities to receive externally available information issued by the Company. This approach reinforces the Company's commitment to continuous disclosure and outlines management's accountabilities and the processes to be followed for ensuring compliance.

The Company Secretary has been nominated as the person responsible for communications with the ASX. This role includes responsibility for ensuring compliance with the continuous disclosure requirements with the ASX Listing Rules and overseeing and coordinating information disclosure to the ASX.

7. Recognising and Managing Risk

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

(a) Board oversight of the risk management system

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

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

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

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

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

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

(b) Risk management roles and responsibilities

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

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

(c) Chief Executive Officer and Chief Financial Officer Certification

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

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

(d) Internal review and risk evaluation

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

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, 2014

IAN G McDONALD FCA
ABN: 13 550 494 869

Chartered Accountants

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

As lead auditor for the review of the financial report of MGM Wireless Limited for the half year ended 30 June 2014, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

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

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

Ian G McDonald FCA
Chartered Accountant

Dated in Adelaide on 16 August 2014

234 Waymouth St
Adelaide SA 5000

PO Box 75
Henley Beach SA 5022

0419 620 906 / 0408 832 848
08 8356 6397

ianmcdonald@creativeauditing.com.au

nancytran@creativeauditing.com.au

IAN G McDONALD FCA
ABN: 13 550 494 869

Chartered Accountants

Independent auditor's report to the members of MGM Wireless Limited

Report on the financial report

We have audited the accompanying financial report of MGM Wireless Limited (the company), which comprises the consolidated statement of financial position as at 30 June 2014, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year end or from the time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that 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. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

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

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

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

234 Waymouth St
Adelaide SA 5000

PO Box 75
Henley Beach SA 5022

0419 620 906 / 0408 832 848
08 8356 6397

ianmcdonald@creativeauditing.com.au

nancytran@creativeauditing.com.au

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of MGM Wireless Ltd, would be in the same terms if provided to the directors as at the date of this auditor's report.

Auditor's opinion

In our opinion:

(a) the financial report of MGM Wireless Limited is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the company's financial position as at 30 June 2014 and of its performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and

(b) the company's financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Report on the remuneration report

We have audited the remuneration report included in pages 26 to 34 in the directors' report for the year ended 30 June 2014. 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*. My responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion

In our opinion, the remuneration report of MGM Wireless Limited for the year ended 30 June 2014, complies with section 300A of the *Corporations Act 2001*.

Ian G McDonald FCA
Chartered Accountant

Dated at 29 on the September 2014

Financial Index

Consolidated statement of comprehensive income

	Notes	Group Year Ended 30/06/2014 $	30/06/2013 $
Continuing Operations			
Revenue	5	3,267,253	3,023,144
Cost of sales		(293,969)	(94,764)
Doubtful debts		(713)	7,389
Borrowing costs		(16,719)	(26,789)
Amortisation & depreciation		(172,119)	(656,946)
Consulting fees		(99,537)	(78,695)
Corporate and administration		(349,668)	(187,970)
Employee costs		(1,368,682)	(1,284,541)
Profit before tax		965,846	700,828
Income tax expense	6	(248,305)	(42,993)
Profit for the year from continuing operations		717,541	657,835
Profit for the year		717,541	657,835
Other comprehensive income			
Exchange differences on translating foreign operations		-	-
Transfer to foreign currency reserve		-	-
Other comprehensive income net of tax		-	-
Total comprehensive income for the year		717,541	657,835
Profit attributable to:			
Owners of the Company		717,541	657,835
Total comprehensive income attributable to:			
Owners of the Company		717,541	657,835
Note 8.2 details profit by segment.			
Earnings per share			
From continuing and discontinued operations:			
Basic (cents per share)	7	8.49	8.14
Diluted (cents per share)	7	8.33	8.14
From continuing operations			
Basic (cents per share)	7	8.49	8.14
Diluted (cents per share)	7	8.33	8.14

The above Statement of Comprehensive Income should be read in conjunction with the attached notes.

Consolidated statement of financial position

	Notes	Group As At 30/06/2014 $	30/06/2013 $
ASSETS			
Current Assets			
Cash and cash equivalents	9	1,077,840	526,854
Trade and other receivables	10	685,763	483,331
Other	11	574,186	651,267
Total Current Assets		2,337,789	1,661,452
Non-Current Assets			
Property, plant and equipment	13	201,485	194,530
Intangibles	14	1,570,456	1,063,240
Total Non-Current Assets		1,771,941	1,257,770
Total Assets		4,109,730	2,919,222
LIABILITIES			
Current Liabilities			
Trade and other payables	15	451,812	429,666
Borrowings	16	-	-
Provisions	17	190,301	88,363
Current Tax Liabilities		210,611	42,993
Total Current Liabilities		852,724	561,022
Non-Current Liabilities			
Borrowings	16	200,000	200,000
		200,000	200,000
Total Liabilities		1,052,724	761,022
Net Assets		3,057,006	2,158,200
EQUITY			
Parent entity interest:			
Issued capital	18	7,376,993	7,195,825
Reserves	19	307,735	225,375
Accumulated losses	20	(4,627,722)	(5,263,000)
		3,057,006	2,158,200
Outside equity interest:			
Issued capital		-	-
Accumulated losses		-	-
		-	-
Total Equity		3,057,006	2,158,200

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 2012	**7,010,826**	**(5,920,969)**	**170,808**	**5,973**	**1,266,638**
Profit attributable to members	-	657,835	-	-	657,835
Shares issued to directors	159,999	-	-	-	159,999
Shares issued to investors	25,000	-	-	-	25,000
Options issued to directors	-	-	54,241	-	54,241
Currency translation differences	-	134	(5,647)	-	(5,513)
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
Payment of dividends		(83,691)			(83,691)
Shares issued to directors	159,968	-	-	-	159,968
Share issue costs	(10,500)	-	-	-	(10,500)
Shares issued in acquisition of intangible assets	31,700	-	-	-	31,700
Options issued to directors	-	-	107,340	-	107,340
Options exercised by directors	-	-	(30,737)	-	(30,737)
Currency translation differences	-	1,428	5,757	-	7,185
At 30 June 2014	**7,376,993**	**(4,627,722)**	**301,762**	**5,973**	**3,057,006**

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 30/06/2014 $	30/06/2013 $
Cash flows from operating activities			
Profit (loss) for the year		717,541	657,835
Amortisation		144,503	642,000
Non-cash salaries		-	-
Depreciation		27,616	14,946
Doubtful debts provision		713	(7,389)
Income tax expense recognised		221,143	42,993
		1,111,516	1,350,385
Movements in working capital:			
(Increase) / decrease in trade and other receivables		(203,144)	(113,212)
(Increase) / decrease in other assets		77,081	-
Increase / (decrease) in trade and other payables		(32,019)	(102,875)
Increase / (decrease) in provisions		101,937	4,974
Decrease in unearned revenue		-	(229,714)
Net cash generated from / (used in) operations		1,055,371	909,558
Cash flows from investing activities			
Payments for plant and equipment		(34,572)	(43,569)
Payments for intangible assets		(44,000)	-
Payment for research and development		(567,719)	(642,000)
Net cash provided / (used) by investing activities		(646,291)	(685,569)
Cash flows from financing activities			
Proceeds from issue of shares		159,967	184,999
Costs associated with the issue of shares		(10,500)	-
Payment of dividends		(83,691)	-
Repayment of borrowing		-	(100,000)
Non cash movement of Retained Earnings		64,347	48,727
Proceeds from options exercised		30,737	-
Net cash provided / (used) by financing activities		160,860	133,726
Net increase / decrease in cash held		569,940	357,715
Cash at the beginning of the year		526,854	169,139
Effect of exchange rate changes		(18,954)	-
Cash at the end of the year	9	1,077,840	526,854

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 19 of the Annual Report.

2. Adoption of New and Revised Accounting Standards

2.1 Adopted in current period (and/or prior periods)

The following new and revised Standards and Interpretations have been adopted in the current period and have affected the presentation, disclosure and/or amounts reported in these financial statements. Details of other Standards and Interpretations have been adopted in these financial statements but that have had no effect are set out in section 2.2 .

AASB 2011-4 'Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements"	This standard removes the individual key management personnel disclosure requirements in AASB 124 'Related Party Disclosures'. As a result the Group only discloses the key management personnel compensation in total and for each of the categories required in AASB 124. In the current year the individual key management personnel disclosure previously required by AASB 124 (note 45.2.1 and 45.3.2 in the 30 June 2013 financial statements) is now disclosed in the remuneration report due to an amendment to Corporations Regulations 2001 issued in June 2013.
AASB 2012-2 'Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities'	The Group has applied the amendments to AASB 7 'Disclosures – Offsetting Financial Assets and Financial Liabilities' for the first time in the current year. The amendments to AASB 7 require entities to disclose information about rights of offset and related arrangements (such as collateral posting requirements)

	for financial instruments under an enforceable master netting agreement or similar arrangement. The amendments have been applied retrospectively. As the Group does not have any offsetting arrangements in place, the application of the amendments does not have any material impact on the consolidated financial statements.
AASB 12 'Disclosure of Interests in Other Entities' and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards'	AASB 12 is a new disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the application of AASB 12 has resulted in more extensive disclosures in the consolidated financial statements

2.2 Standards and Interpretations affecting the reported results or financial position

There are no new and revised Standards and Interpretations adopted in these financial statements affecting the reporting results or financial position.

2.3 Standards and Interpretations adopted with no effect on financial statements

The following new and revised Standards and Interpretations have also been adopted in these financial statements. Their adoption has not had any significant impact on the amounts reported in these financial statements but may affect the accounting for future transactions or arrangements.

AASB 2012-5 'Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle'	The Annual Improvements to AASBs 2009 - 2011 have made a number of amendments to AASBs. The amendments that are relevant to the Group are the amendments to AASB 101 regarding when a statement of financial position as at the beginning of the preceding period (third statement of financial position) and the related notes are required to be presented. The

	amendments specify that a third statement of financial position is required when a) an entity applies an accounting policy retrospectively, or makes a retrospective restatement or reclassification of items in its financial statements, and b) the retrospective application, restatement or reclassification has a material effect on the information in the third statement of financial position. The amendments specify that related notes are not required to accompany the third statement of financial position.
AASB CF 2013-1 'Amendments to the Australian Conceptual Framework' and AASB 2013-9 'Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments' (Part A Conceptual Framework)	This amendment has incorporated IASB's Chapters 1 and 3 Conceptual Framework for Financial Reporting as an Appendix to the Australian Framework for the Preparation and Presentation of Financial Statements. The amendment also included not-for-profit specific paragraphs to help clarify the concepts from the perspective of not-for-profit entities in the private and public sectors. As a result the Australian Conceptual Framework now supersedes the objective and the qualitative characteristics of financial statements, as well as the guidance previously available in Statement of Accounting Concepts SAC 2 'Objective of General Purpose Financial Reporting'. The adoption of this amending standard does not have any material impact on the consolidated financial statements.

2.4 Standards and Interpretations not yet adopted or considered not applicable to current operations of Group

At the date of authorisation of the financial statements, the Standards and Interpretations listed below were in issue but not yet effective.

Standard / Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 9 'Financial Instruments', and the relevant amending standards	1 January 2015	30 June 2016
AASB 1031 'Materiality' (2013)	1 Janaury 2014	30 June 2015
AASB 2012-3 'Amendments to Australian Accounting Standards – Offsertting Financial Assets and Fianncial Liabilities	1 Janaury 2014	30 June 2015
AASB 2013-3 'Amendments to AASB 135 – Recoverable Amount Disclosures for Non-Financial Assets'	1 January 2014	30 June 2015
AASB 2013-9 'Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments'	1 January 2014	30 June 2015

At the date of authorisation of the financial statements, the following IASB Standards and IFRIC Interpretations were also in issue but not yet effective, although Australian equivalent Standards and Interpretations have not yet been issued.

Standard / Interpretation	Effective for annual reporting periods beginning on or after	Expected to be intially applied in the financial year ending
Annual Improvements to IFRSs 2010-2012 Cycle	1 July 2014	30 June 2015
Annual Improvements to IFRSs 2011-2013 Cycle	1 July 2014	30 June 2015

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 29 September 2014.

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. Historical cost is generally based on the fair values of the consideration given in exchange for goods and services. All amounts are presented in Australian dollars, unless otherwise noted. Fair

value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of AASB 2, leasing transactions that are within the scope of AASB 117, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in AASB 2 or value in use in AASB 136.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability

Going Concern

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

- The Group's revenue growth and continued profitability for the year ended 30 June 2014, and management projections of further revenue growth and positive bottom line performance as new products are installed with new and existing clients;
- The Group meeting its commitments and the continued improvement in the Group's current net asset position.

Accordingly, the Directors believe that the parent and consolidated entity will continue as going concerns and that it is appropriate to adopt that basis of accounting in the preparation of the financial report.

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 balance sheet.

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

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

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.

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.

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

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.

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 2014 at $1.49M (30 June 2013: $1.06M).

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 2014 amounting to $1,570,456.

No impairment has been recognised in respect of trade receivables for the year ended 30 June 2014 as the Directors are of the opinion that all the debts are recoverable.

4.3 Key Estimates – Useful lives of property, plant and equipment

As described in note 3 above, the Group reviews the estimated useful lives of property, plant and equipment at the end of each reporting period. During the current year, the Directors determined that the useful lives of these assets are still appropriate and as such, no financial reassessment has been made effecting depreciation expense in the current financial year.

5. Revenue

6. Income Tax

7. Earnings per share

	Group Year Ended 30/06/2014 $	Group Year Ended 30/06/2013 $
5. Revenue		
The following is an analysis of the Group's revenue for the year from continuing operations.		
Revenue		
Sales revenue	2,698,473	2,381,144
R&D tax incentive revenue	568,780	642,000
Total revenue	3,267,253	3,023,144
Note 8.2 details revenue by segment		
6. Income Tax		
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	965,846	700,828
Prima facie tax benefit at 30% (2013: 30%)	289,754	210,248
Non-assessable items	(247,366)	(276,707)
Non-deductible items	395,726	690,540
Deferred tax assets not brought to account	(227,322)	(581,088)
	210,792	42,993
Adjustments recognised in the current year in relation to the current tax of prior years	37,513	-
Total income tax expense	248,305	42,993
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	275,428

7. Earnings per share

Basic earnings per share		
From continuing operations (cents per share)	8.49	8.14
From discontinued operations (cents per share)	-	-
Total basic earnings per share (cents per share)	8.49	8.14
Diluted earnings per share		
From continuing operations (cents per share)	8.33	8.14
From discontinued operations (cents per share)	-	-
Total diluted earnings per share (cents per share)	8.33	8.14

7. Earnings per share (cont.)

	Group Year Ended	
	30/06/2014	30/06/2013
	$	$
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	717,541	657,835
Earnings used in the calculation of total basic earnings per share	717,541	657,835
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	717,541	657,835
Weighted average number of ordinary shares for the		

purposes of basic earnings per share (all measures)	8,451,465	8,081,208
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	717,541	657,835
Earnings used in the calculation of total diluted earnings per share	717,541	657,835
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	717,541	657,835

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	
	30/06/2014	30/06/2013	30/06/2014	30/06/2013
MGM Wireless Holdings	3,221,046	3,005,993	702,546	662,712
MGM Wireless	-	-	-	-
USA Message YOU LLC	-	-	(5,334)	(5,440)
NZ MGM Wireless (NZ) Pty Ltd	46,207	17,151	20,329	563
Total for Continuing Operation	3,267,253	3,023,144		
Profit after tax (continuing operations)			717,541	657,835

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales in the current year (2013: 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

8.3 Segment assets and liabilities

	Assets Year Ended		Liabilities Year Ended	
	30/06/2014	30/06/2013	30/06/2014	30/06/2013
MGM Wireless Holdings	4,010,708	2,852,943	1,030,794	744,542
MGM Wireless	250	1,000	-	-
USA Message YOU LLC	-	-	10,917	11,259
NZ MGM Wireless (NZ) Pty Ltd	98,772	65,279	11,013	5,221
Consolidated Assets	4,109,730	2,919,222		
Consolidated Liabilities			1,052,724	761,022

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

	Year Ended		Year Ended	
	30/06/2014	30/06/2013	30/06/2014	30/06/2013
MGM Wireless Holdings	172,119	656,946	34,571	43,570
MGM Wireless	-	-	-	
USA Message YOU LLC	-	-	-	0
NZ MGM Wireless (NZ) Pty Ltd	-	-	-	0
Depreciation and Amortisation	172,119	656,946		
Additions to Non-Current Assets			34,571	43,570

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 2014 and 2013.

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	
	30/06/2014	30/06/2013
	$	$
Cash and bank balances	1,077,840	526,854

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	
	30/06/2014	30/06/2013
	$	$
Current		
Trade receivables	705,350	502,205
Provision for doubtful debts	(19,587)	(18,874)
	685,763	483,331

Trade and other receivables have been reviewed and Provision for potential Doubtful Debts of $19,587 (2013: 18,874) established. No further impairment loss is considered necessary.

	Group	
	30/06/2014	30/06/2013
	$	$
Past due 0-30 days	34,293	3,676
Past due 31-90 days	35,889	6,215
Past due over 91 days	286,577	79,838
	356,759	89,729

Terms and conditions relating to the above financial instruments:

- Trade debtors are non-interest bearing and generally repayable in the range within 30-180 days.
- Due to the short term nature of these receivables, their carrying value is assumed to approximate their fair value.
- Transactions between the parent entity and its subsidiary consist of interCompany loans, upon which no interest is charged and no repayment schedule exists. The fair value approximates the carrying value of the receivable.

10.2 Past due but not impaired trade receivables

As at 30 June 2014, trade receivables of $356,759 (2013: $89,729) were past due but not impaired. These relate to a number of recent accounts where there is no recent history of default.

Movement in the provision for doubtful debts		
Balance at the beginning of the year	(18,874)	(27,332)
Amounts recovered during the year	-	11,757
(Increase)/Decrease in provision attributable	(713)	(3,299)
Balance at the end of the year	(19,587)	(18,874)

11. Other Current Assets

	Group	
11. Other Current Assets	30/06/2014	30/06/2013
	$	$
R&D tax incentive	568,221	642,000
Prepayments	5,715	8,059
Sundry debtors	250	1,208
	574,186	651,267

12. Other Financial Assets

12. Other Financial Assets

Unlisted Controlled Entity	Date of Acquisition	Country of Incorporation	Class of Shares	Cost of Parent Entity's Investment 30/06/2014 $	Cost of Parent Entity's Investment 30/06/2013 $
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

13. Plant, Equipment and Leasehold Improvements

13.1 Plant, equipment and leasehold Improvements

13. Plant, Equipment and Leasehold Improvements

	Plant and Equipment $	Leasehold Improvements $	Total $
Balance at 30 June 2012	414,235	127,237	**541,472**
Additions	6,621	36,949	**43,570**
Disposals	-	-	**-**
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**
Accumulated depreciation and impairment			
Balance at 30 June 2012	(320,056)	(55,510)	**(375,566)**
Amortisation/Depreciation expense	(11,060)	(3,886)	**(14,946)**
Eliminated on disposal of assets	-	-	**-**
Balance at 30 June 2013	(331,116)	(59,396)	**(390,512)**
Amortisation/Depreciation expense	(15,788)	(11,828)	**(27,616)**
Eliminated on disposal of assets	-	-	**-**
Balance at 30 June 2014	(346,904)	(71,224)	**(418,128)**
		Written Down Value	**201,485**

13.2 Impairment losses recognised in the year

The following useful lives are used in the calculation of depreciation:

Plant and Equipment	5 years
Leasehold Improvements	10 years

The useful lives used in the calculation of depreciation were considered appropriate estimations of expense allocations in the period. An assessment of the remaining net values were also deemed an appropriate estimation of the remaining useful life of the items with no provision for impairment required.

14. Intangible Assets

	Group	
	30/06/2014	30/06/2013
	$	$
At cost	3,297,978	2,646,259
Accumulated amortisation and impairment	(1,621,198)	(1,583,019)
Carrying Value	1,676,780	1,063,240

Cost	Intellectual Property Message You $	Distribution Rights $	Intellectual Property Software $	Total $
Balance at 30 June 2012	766,000	441,017	1,470,357	2,677,374
Additions from internal developments	-	-	642,000	642,000
Disposals	(766,000)	-	-	(766,000)
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
Accumulated amortisation and impairment				
Balance at 30 June 2012	(766,000)	-	(848,134)	(1,614,134)
Amortisation	-	-	(642,000)	(642,000)
Disposal	766,000	-	-	766,000
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)
Carrying Value	-	396,915	1,173,541	1,570,456

During the financial year, the Directors have reassessed the remaining useful lives of their intangible assets. 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. The current amortisation charges for these intangible assets are included under depreciation and amortisation expense in the Statement of Comprehensive Income. The useful life of intangible assets and impairment considerations of intangibles are subject to management estimates and judgements as discussed in Note 4.2.

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	
	30/06/2014	30/06/2013
	$	$
Trade creditors and accruals:		
Other corporations	235,336	210,294
Directors and director related entities	-	-
Tax liability	131,077	139,568
Accrued SMS charges	80,173	74,578
Unearned revenue - licence fees	5,226	5,226
	451,812	429,666

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)

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

16. Borrowings

16. Borrowings	Group 30/06/2014 $	Group 30/06/2013 $
Current		
Unsecured loans from related parties	-	-
	-	-
Non - Current		
Secured loans from related parties	200,000	300,000

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

Current	Group 30/06/2014 $	Group 30/06/2013 $
Employee benefits	190,301	88,363
Movement in provisions		
Opening	88,363	83,389
Amounts provided	116,839	38,917
Amounts used	(14,901)	(33,943)
Closing balance	190,301	88,363
Number of employees	17	16

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

18. Issued capital

18.1 Issued and paid up capital

18.2 Fully paid ordinary shares

18. Issued capital	Group 30/06/2014 $	Group 30/06/2013 $
18.1 Issued and paid up capital		
Ordinary shares, fully paid	7,376,993	7,195,825
(30 June 2014: 8,567,414, 30 June 2013: 8,359,110)		

18.2 Fully paid ordinary shares	Group Number of shares	Group Share capital $
Balance as at 30 June 2012	7,992,441	7,010,826
Shares issued to Directors	266,669	159,999
Shares issued to Investors	100,000	25,000
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

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.

18.3 Share options

At 30 June 2014 there were options over 470,000 (2013: 300,000) ordinary shares of the Company. Details of these options and movement since 30 June 2013 follow:

At 30 June 2014 there were options over 470,000 (2013: 300,000) ordinary shares of the Company. Details of these options and movement since 30 June 2013 follow:

Expiry Date	Exercise Price	Number	Expired	New	Closing
30/04/2016	$0.70 each	-	-	130,000	130,000
30/04/2017	$1.60 each	-	-	310,000	310,000
23/08/2018	$1.10 each	-	-	30,000	30,000
		-	-	470,000	470,000

Share options granted under the employee share option plan carry no rights to dividends and no voting rights. Further details of the employee share option plan are provided in Note 23.

19. Reserves

	Group	
	30/06/2014	30/06/2013
	$	$
Option issue reserve	301,762	219,402
Foreign currency translation reserve	5,973	5,973
	307,735	225,375

	Option Issue Reserve	Foreign Currency Translation Reserve
Balance as at 30 June 2012	170,808	5,973
Options issued	54,241	-
Currency translation differences	(5,647)	-
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

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 Statement of Comprehensive Income before accumulation.

20. Retained earnings

	Group	
	30/06/2014	30/06/2013
	$	$
Retained Earnings/(Accumulated losses)	(4,627,722)	(5,263,000)
Balance at the beginning of the year	(5,263,000)	(5,920,969)
Net profit / (loss) attributable to members	717,541	657,835
Payment of dividends	(83,691)	-
Currency translation	1,428	134
Adjusted accumulated depreciation	-	-
Balance at the end of the year	(4,627,722)	(5,263,000)

21. Dividends

On 8 November 2013, the Directors of MGM Wireless paid a final dividend on ordinary shares in respect of the 2013 financial year. The total amount of the dividend was $83,691, which represented an unfranked dividend of $0.01 per share. On 29 August 2014, a dividend of $0.011 per share was declared in respect of the 2014 financial year.

22. Financial instruments

22.1 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. Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and

the basis on which income and expenses are recognised, in respect of each class of financial asset and financial liability are disclosed in note 3.

22.2 Gearing ratio

	Group	
	30/06/2014	30/06/2013
The gearing ratio at end of the period was as follows.	$	$
	200,000	200,000
Net Debt	200,000	200,000
Equity	3,057,006	2,158,200
Net debt to equity ratio	6.5%	9.3%

Total debt of $200,000 (2013: $200,000) relates to secured loans from Directors that are repayable in accordance with the terms and conditions as set out in note 25.2.

22.3 Financial risk management

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

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

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

Primary responsibility for identification and control of financial risks rests with the Board. The Board reviews and agrees policies for managing each of the risks identified

below, including for interest rate risk, credit allowances and cash flow forecast projections.

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	
	30/06/2014	30/06/2013
	$	$
Cash and cash equivalents (interest-bearing accounts)	1,077,840	526,854
Net exposure	1,077,840	526,854

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	
		30/06/2014	30/06/2013
Post tax profit - higher/ (lower)		$	$
	0.50%	1,000	1,000
	-0.50%	-1,000	-1,000
Equity – higher / (lower)			
	0.50%	1,000	1,000
	-0.50%	-1,000	-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 2014 financial period.

	30/06/2014	30/06/2013
Financial assets	$	$
Cash & cash equivalents	1,077,840	526,854
Trade and other receivables	685,763	483,331
Other	574,186	651,267
	2,337,789	1,661,452
Financial liabilities		
Trade & other payables	240,562	215,520
Accrued SMS charges	80,173	74,578
Tax liability	131,077	139,568
	451,812	429,666
Net Maturity	1,885,977	1,231,786

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 deemed immaterial for the year ended 30 June 2014.

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 balance sheet, 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.

23. 2 Fair Value of share options granted during year

340,000 share options were granted during the year (2013: 300,000).

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	30/06/2014 $	30/06/2013 $
Assets		
Current assets	250	250
Non-current assets	7,530,574	7,530,574
Total assets	7,530,824	7,530,824
Liabilities		
Current liabilities	313,080	313,080
Non-current liabilities	-	-
Total liabilities	313,080	313,080
Net assets	7,217,744	7,217,744
Equity		
Issued capital	7,030,888	7,030,888
Reserves		
Other - option issue reserve	186,856	186,856
Total equity	7,217,744	7,217,744

Financial performance	Year Ended 30/06/2014 $	Year Ended 30/06/2013 $
Profit for the year	-	-
Other comprehensive income	-	-
Total comprehensive income	-	-

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

The parent entity has entered into a cross - guarantee in relation to the server - chattel mortgage entered into by MGM Wireless Holdings Pty Ltd; details of which are set out in Note 27.

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

Transactions with related parties are made in arms-length transactions both at normal commercial rates and at normal commercial terms. Outstanding balances at year-end are unsecured, interest free and settlement occurs in cash except as detailed in note 25.2 below.

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

In the 2009 financial year Mr Fortunatow and Mr Hurd each advanced the Group the sum of $150,000. During 2013, $100,000 of the loan to Mr Fortunatow was repaid. Interest paid in the current financial year in relation to the loans was $16,719 (2013:, $26,789). These are secured loans.

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:

25.1 Compensation of key management personnel

	Group	
	30/06/2014	30/06/2013
	$	$
Short-term	516,427	394,160
Post Employment	24,519	13,487
Other Long-Term	63,379	54,000
Termination Benefits		-
Share-based payment	-	-
	604,325	461,647

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.

In the 2009 financial year Mr Fortunatow and Mr Hurd each advanced the Group the sum of $150,000. During 2013, $100,000 of the loan to Mr Fortunatow was repaid. Interest paid in relation to the loans was $16,719, (2013: $26,789). These are secured loans.

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. Operating lease arrangements

Office leasing arrangements

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	
	30/06/2014	30/06/2013
	$	$
Payments recognised as an expense	48,000	72,000
Payments due under operating leases:		
Not later than one year	48,000	74,520
Later than one year and not later than 5 years		156,956
	48,000	231,476
Present value of payments	48,000	198,858

27. Commitments for expenditure

Lease commitments

Non-cancellable operating lease commitments are disclosed in note 26 to the financial statements.

Capital expenditure and finance lease commitments

During the 2013 financial year, a contract was finalised to install a new server, financed by a chattel mortgage. No payments were made in relation to the finance prior to year end, nor was the server installed ready for use by then.

	Group	
	30/06/2014	30/06/2013
	$	$
Capital expenditure commitment	-	-
Associated payments under chattel mortgage	-	-
Not later than one year	-	-
Later than one year and not later than 5 years	-	-
	-	-
Future finance charges		
	-	-
Present value of payments	-	-

The chattel mortgage is secured by a specific charge over the equipment.

28. Remuneration of auditors

	Group	
	30/06/2014	30/06/2013
Audit and review of financial statements of Group by:	$	$
- Ian G McDonald	18,958	18,139
	18,958	18,139

The auditor is Ian G. McDonald. No other services have been provided by the auditor in the 2013 - 2014 financial year.

29. 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

30. Approval of Financial Statements

The financial statements were approved by the Board of Directors and authorised for issue on 29 September 2014.

31. Subsequent Events

On 7 July 2014, the Directors of MGM Wireless appointed media and IT Specialist, Leila Henderson as a Non-Executive Director to the Board. Leila Henderson holds no shares or options in the Company as at the date of authorising these financial statements for issue (29 September 2014).

On 29 August 2014, a dividend of $0.011 per share was declared in respect of the 2014 financial year.

On 5 September 2014, the Western Australian Department of Education awarded MGM Wireless with a two-year contract to supply schools in Western Australia with a new student absence SMS notification service. This contract is valued at $2.67 million and replaces the existing contract due to expire in the 2014/2015 financial year.

Additional Stock Exchange Information as at 29 September 2014

Ordinary share capital

Number of holders	Ordinary Shares
Distribution of listed shareholders / option holders	
1-1000	230
1001-5000	227
5001-10000	114
10001-100000	120
100001 and over	13
Total number of holders	704
Total on issue	**8,567,414**
Holding less than a marketable parcel	129

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 29 September 2014

Substantial shareholders	Number	
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
KINGSTON PROPERTIES PTY LIMITED <BYRON ACCOUNT>	270,329	3.16
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
MR MARK HURD <MARK HURD INVESTMENT A/C>	205,334	2.40
MRS PAULA FORTUNATOW <FORTUNATOW FAMILY A/C>	205,001	2.39
ABN AMRO CLEARING SYDNEY NOMINEES PTY LTD <CUSTODIAN A/C>	193,452	2.26
FGDG SUPER PTY LTD <FG HEPPINGSTONE P/L S/F A/C>	160,000	1.87
MR MARK FORTUNATOW <THE A M & J M A/C>	149,005	1.74
MR MARK FORTUNATOW + MRS PAULA FORTUNATOW <FORTUNATOW FAMILY S/F A/C>	145,660	1.70
MR PETER PAIGE	125,698	1.47
BRINDLE HOLDINGS PTY LTD <O'CONNOR S/F A/C>	100,000	1.17
HV ROSS PTY LTD	100,000	1.17
MR MATTHEW CHARLES PEEK	100,000	1.17
BALLSUP PTY LTD <BALLSUP FUND GB A/C>	90,000	1.05
EVCORP AUSTRALIA PTY LTD	73,334	0.86
INNISFREE AUSTRALIA PTY LTD <THE DAWKINS FAMILY A/C>	71,668	0.84
MR STEPHEN HENRY BELL	70,000	0.82
	3,833,836	**44.75**
	4,733,578	**55.25**

Unlisted options

Expiry date	**30/04/2016**	**27/08/2018**
Exercise price	**$0.70**	**$1.10**
Total Options Issued	300,000	30,000
Number of holders	3	1
Holders with more than 20%		
- Mark Fortunatow	200,000	

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

Suite 13 The Parks
154 Fullarton Avenue
Rose Park SA 5067
Telephone (08) 8104 9555

Share Registry

Computershare Investor Services Pty Ltd
Level 5, 115 Grenfell Street
Adelaide SA 5000
Ph 1300 556 161
(08) 9415 4000
F 1300 534 087