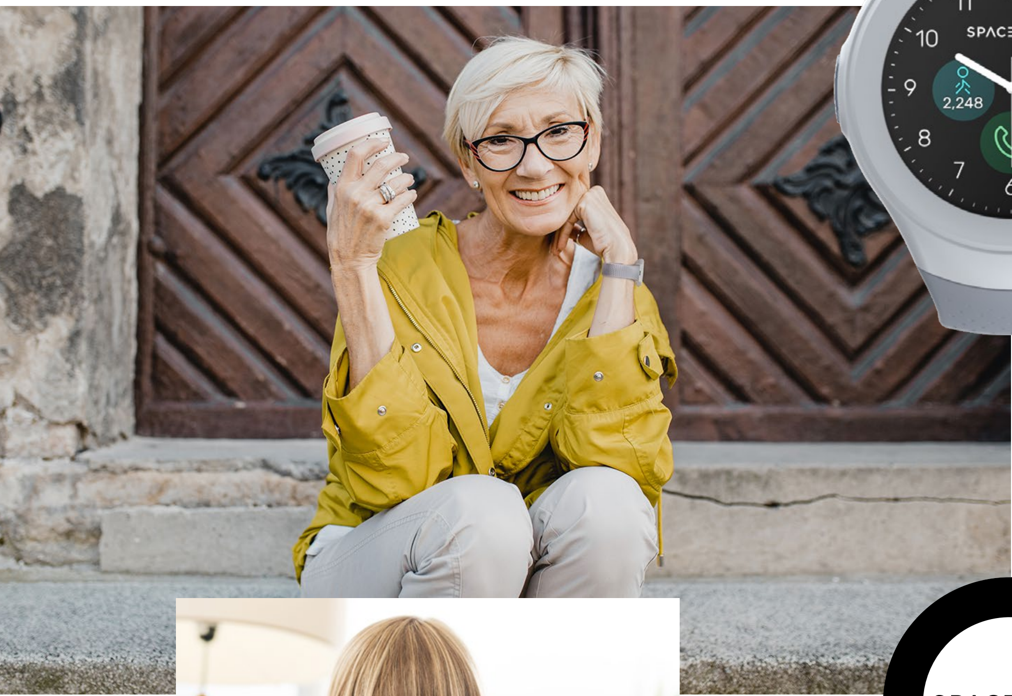
2020

MGM WIRELESS LTD

Annual Report



What a fantastic tool!

"We have been using our watches for a week now and so far they are fab. My daughters take them to school each day and shut them off and stow away until school is out as they are not allowed to wear them. At the end of the day they turn on their watches and call each other to get together before walking to my car. I am able to find out where they are if they have found each other and remind them to bring all of their items before they make the trek to me which I would not be able to do previously As I would be too worried about if they were okay by themselves. These watches have been a game changer for us in the way we drop and pick our kids to school and our ability to communicate with our kids. The other day I had to send someone else to pick them up and I was able to communicate this with them so that they were not worried."

- Shine

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FY20 Key Achievements

Up 47%

Total Revenue

$10.5m

SPACETALK

Device Revenue **+53%** pcp to $6.4m	App Revenue **+180%** to $1.2m	App ARR* **+89%** to $1.5m

Highest grossing app in the Navigation category in Australia**

4.1 user satisfaction rating**

MGM Schools

- $1.3m WA Department of Education contract
- Revenue up 25% pcp to $2.7m
- EBITDA contribution up 58% to $1.9m***

Cash at Bank

$3.1m

Plus $2.5m SPP proceeds

* ARR is Annualised Recurring Revenue.
** San Francisco based market research company App Annie https://www.appannie.com/en/.
*** Excluding corporate overhead costs.

New product

SPACETALK LIFE

New wearable mobile phone smartwatch and GPS device for the seniors market launched.

902 stores

in ANZ and the UK

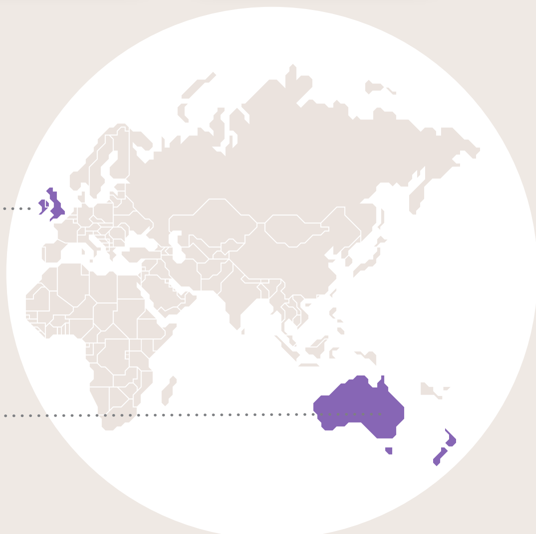
Increased distribution

New tier-1 online and bricks-and-mortar sales channels.

JB HI-FI
vodafone
Officeworks
THE GOOD GUYS
Spark nz
dick smith
noel leeming
Harvey Norman
NEW ZEALAND'S HOME OF ELECTRICAL

UK Market entry

sky
Currys PC World



Significant investment in strengthening the Board and senior executive team.

Chairman's Letter

Dear Shareholders,

MGM Wireless is a global leader in designing and developing breakthrough technologies to enrich connections between families, schools and society. We are focused and committed to delivering on our Purpose: "To build socially responsible technologies for families to feel safe and connected, so that they can live with support, independence and confidence."

On behalf of your Board of Directors, it is our pleasure to share with you the MGM Wireless Limited ("MGM Wireless" or the "Company", ASX: MWR) Annual Report for the financial year ended 30 June 2020 (FY20).

FY20 was a year of significant strategic progress towards our Purpose, strong revenue growth, exciting new product developments and launches, entries into new markets and distribution partnerships, and the attraction of high quality people talent to our Board and management.

Strategically innovating for safe family communications

Our primary strategic focus is to pioneer innovation technologies for keeping families safe and connected.

Built on the foundations of creating effective new ways for schools to communicate with parents, through developing the world's first school automated SMS student absence notification solution, MGM Wireless is recognised as a pioneer and global leader of socially responsible technology. Our suite of school communication solutions are used today by over 1,400 schools and 1.7 million parents.

Leveraging our deep understanding of how families use technology to feel safe and connected, we conceived, developed and launched SPACETALK in October 2017. SPACETALK is an all-in-one mobile phone smartwatch with GPS, designed specifically for the safety of 5 to 12 year olds. With purpose built ruggedness for child use, excellent nationwide-wide coverage and reliable battery life, SPACETALK is a high quality, mobile network carrier grade device. Regarded as the market leader in this new category, SPACETALK uses best practice data encryption, security and privacy technologies, meets all Australian Privacy Legislation and Europe's strict GDPR privacy and data compliance laws, and is arguably the most secure children's watch in the world.

Driven by feedback from families and growing market validation of SPACETALK, during FY20 your Company launched SPACETALK Life - an all-in-one mobile phone smartwatch with GPS for seniors. SPACETALK Life creates a whole new way for senior family members to stay safe and connected with their adult children and grandchildren in an independent, fun and engaging way.

Accompanying the SPACETALK devices is the AllMyTribe app, creating an ecosystem for safe family interactions which supports our purpose of enabling families to stay connected and safe while enjoying the advantages of technology. The net number of user family members connected on the AllMyTribe App (registered family users less cancelled App subscriptions) reached 195,000, and over 33 million GPS location updates were provided during FY20.

SPACETALK devices and the AllMyTribe app are market leading early movers in a new mobile phone product category in the wearables market for children and seniors. The integration of our devices with our app, which operates on both Android and iOS, is a differentiator which makes us such a compelling product for our customers and lays the foundation for future developments.

With 30 per cent of all smartwatch sales expected to be for children aged 5 to 13 (predicted by leading industry analyst Gartner), and an ageing population drawn to independent living, sales growth of SPACETALK to date supports our belief that we are witnessing just the start of a large new category for mobile phone wearables for young children and seniors.

Strong financial performance

Highlights from the FY20 financial results include:

- Total revenue growth of 47 per cent pcp to $10.5 million
- SPACETALK devices and AllMyTribe app -
  - Device revenue up 53 per cent pcp to $6.4 million
  - AllMyTribe app revenue up 180 per cent to $1.2 million
  - AllMyTribe app annualised recurring revenue (ARR) up 89 per cent to $1.5 million
  - Highest grossing app in the Navigation category in Australia, with a 4.1 user satisfaction rating[1]
- MGM Schools Division
  - Revenue up 25 per cent pcp to $2.7 million
  - EBITDA contribution (excl. corporate overhead costs) up 58% to $1.9m
  - $1.3 million contract with WA Department of Education
- A strengthened balance sheet to fund growth, with cash at bank on 30 June 2020 of $3.1 million (plus $2.5 million SPP proceeds) and no debt.

1 San Francisco based market research company App Annie https://www.appannie.com/en/.

The outstanding growth delivered by your Company across all revenue lines validates the progression of our strategic Purpose and growth strategies. Despite COVID-19 upending economic activity globally, the growing importance of family support and online connectivity are structural thematics which have become more entrenched and further support our Purpose and core value proposition.

Our focus is firmly on growth in customers and revenue. The success of our customer acquisition and growth business model is quickly replicable in new markets, and in FY20 our marketing and advertising return on investment (ROI) increased by 149 per cent pcp, while customer acquisition costs (CAC) decreased by 42 per cent pcp. Being an early mover with a long-term, mass-market opportunity ahead, we maintain a strong and flexible balance sheet, ending FY20 with a cash balance of $3.1 million (plus $2.5 million SPP proceeds) and no debt.

Business model scaled with enhanced distribution

Our business model is built on our Purpose of designing and developing products for families. and delivering customer and revenue growth through extensive but targeted marketing and distributorship agreements with market-leading retailers and mobile network operators.

Our SPACETALK devices now sell in Australia, New Zealand and the UK. In FY20, we built on the successful launch of SPACETALK with Australia's largest consumer electronics retailer JB Hi-Fi and New Zealand's largest telecommunications provider SPARK, to entering new sales and distribution agreements with Sky in the UK and Vodaphone, Harvey Norman, Officeworks, Kogan and Dick Smith across Australia and New Zealand, increasing the number of retail outlets selling SPACETALK devices to a total of 902 stores.

UK launch with major partnership

The UK represents an exciting growth opportunity as its population of 68 million is almost three times Australia's, and we continue to build out our online and brick-and-mortar sales and distribution channels. In August 2019, Europe's leading media, entertainment and telecommunications company Sky began selling SPACETALK through Sky Mobile.

Sky is the leader in customer-led entertainment and communications with a customer base of more than 12.7 million people. We have trained more than 350 Sky sales employees to execute targeted promotions. Whilst it is still early days in the UK, customer and brand awareness is growing, and we are confident that what has made us the leading brand in our category in Australia will deliver the same results with consumers in the UK. Sky has committed to market SPACETALK to its entire subscriber base and we anticipate strong sales.

Landmark agreement with Vodafone

In June 2020 your Company signed with Vodafone Hutchison Australia ("VHA") to sell the SPACETALK children's mobile phone smartwatch in Vodafone retail stores. For the first time, Australian parents are able to purchase SPACETALK with a mobile plan for one affordable monthly fee. This landmark agreement with a major Australian telco recognised the emergence of a responsible and practical solution for parents to stay connected with their children, with exhaustive device testing and certification with Vodafone completed to ensure the SPACETALK device is optimally configured for Vodafone Australia's Network.

Prudent capital management

In September 2019, the company completed a heavily oversubscribed placement of shares to Australian investors, raising $5.5 million before costs.

In April 2020, we announced the early redemption from existing cash resources of all convertible notes issued during the year having a face value of $1.75m. Voluntarily redeeming the Convertible Notes prior to the 2 October 2020 maturity date extinguished all debt from our balance sheet, reduced interest expense and simplified our capital structure.

In July 2020, the Company undertook a Share Purchase Plan, and valid applications in excess of $5m were received, exceeding the original target of $1.5m by 236%. The offer size was increased to $2.5m to ensure the Company is well capitalised to execute on growth opportunities.

We are grateful for the investment by new and existing institutional and sophisticated investors which will support future growth initiatives in products and markets.

Looking ahead

Our value proposition is defined by 1. the global market opportunity, 2. our multi-product, geography and customer category offering, 3. being a leader in the niche for children and seniors, and 4. our gaining sales traction and partner validation.

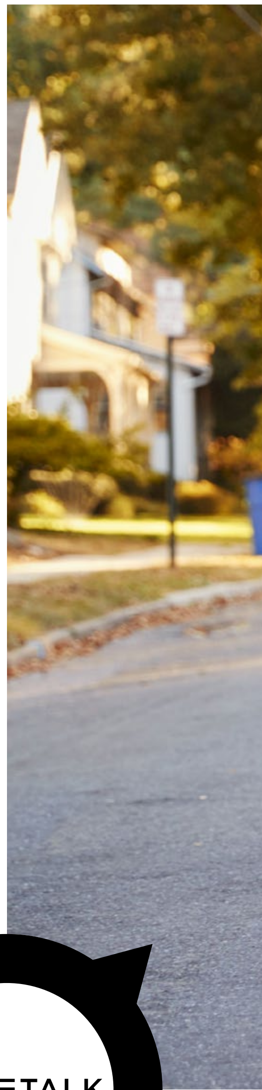
We are tremendously excited by the roll-out of our new SPACETALK Life device for seniors, upcoming launch of a new SPACETALK Kids 2 device and ongoing enhancements of our AllMyTribe subscription app, which provides tremendous opportunity to revolutionalise how families interact safely and live with support, independence and confidence.

Thank you

Finally, our rapid growth and focus to achieve our Purpose would not be possible without the innovation, hard work and dedication of our people, who have helped to drive this extraordinary transformation of our company. I would like to thank them for their effort and inspiration.

I would also like to thank you, for your investment and support as we prepare to seize the opportunities ahead of us.

Mark Fortunatow, Chairman



Our Reason for Life

We exist to enrich connections between families, schools and society.

Brilliant solution

"This is a terrific product - works reliably, clear voice calls, and fantastic features. We love this is mostly a watch but allows us to have contact with our 10 year old daughter if we need to. No distractions at school, no internet or games, just the necessary safety functions. Has given us the confidence to let her walk to the shops or home from school, we can change plans with her if we need to at school pickup, and she loves being able to call on a sleepover before bed and know we are in easy reach if she needs us. Also as it is a watch she doesn't forget it or put it down anywhere. Love it."

- Customer Review

Great for the less confident child

"My son uses this on a daily basis going to his friends, phoning him to come back home, he contacts his uncle's, aunt's and grandparents. I've not used it in the same way I expected. Just by him having it I feel much less anxious about him being on his own and exploring."

- Ross Petrie

FANTASTIC

"We bought 2 of these for our 8yr and 11yr olds. They have given us great peace-of-mind that we can track, call or text them when giving them some freedom. We have dealt with the company directly and they have been fantastic. I told a friend about them and she went and purchased one the next day!"

- Natasha Koole

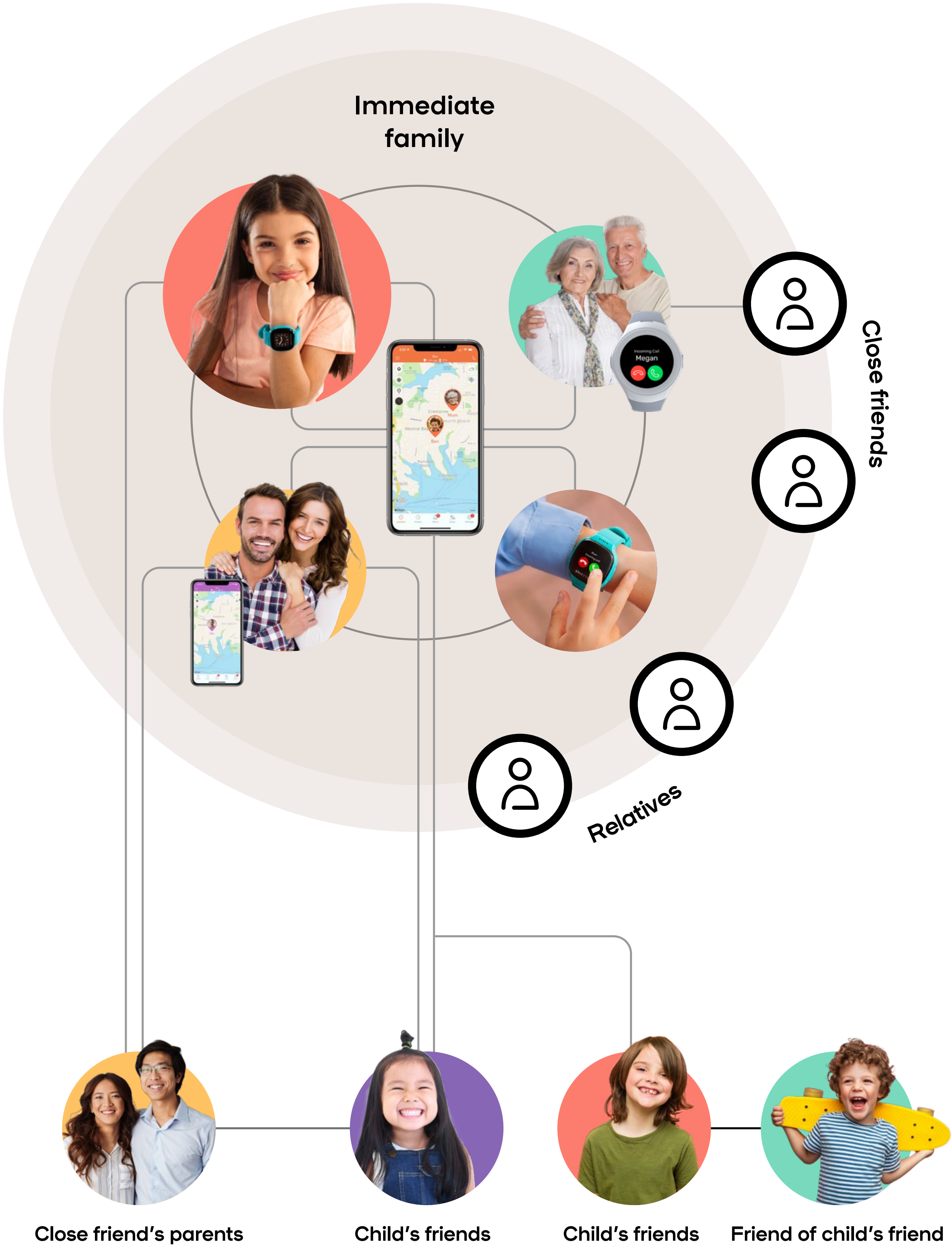
Our Vision

To build socially responsible technologies for families to feel safe and connected, so that they can live with support, independence and confidence.

Download on the App Store

ANDROID APP ON Google Play

Keeping families safe and connected



Our History

2001-03

MGM Wireless founded to develop and commercialise mobile and internet convergent technologies.

2003-16

Listed on ASX (Ticker: MWR.ASX). Invented world's first automated SMS student absence notification solution and other leading communications platform technologies for schools and families.

Jun 2013	Launch PinPoint, a location based app for keeping students safe (predecessor to the AllMyTribe app).
Jun 2015	Develop an all-in-one mobile phone smartwatch and GPS for children (predecessor to SPACETALK).

2017+

Oct 2017	Launch SPACETALK online.
Jun 2018	Commence retail bricks-and-mortar rollout.
Dec 2018	SPACETALK named "Overall Winner for Product Design" at 2018 Australian Export Awards.
May 2019	Launch SPACETALK in the United Kingdom ("UK") and open local office.
Jun 2019	SPACETALK drives record company revenue FY19.
Jul 2019	SPACETALK available in 389+ retail stores across ANZ.
Jun 2020	Launch SPACETALK Life for seniors.
Jun 2020	SPACETALK drives record company revenue FY20, AllMyTribe app ARR reaches $1.5m.
Jun 2020	SPACETALK available in 900+ retail stores across ANZ and the UK..

Our Strategy

Growing our market leadership position

Expand online and bricks-and-mortar sales channels across existing and new geographies.

Build out Business-Business-Consumer (B2B2C) distribution channels.

Increase brand awareness through digital and non-digital channels.

Become *the* software platform for safe media/content delivery and social interaction for children and families.

Stay at the forefront of our niche through ongoing innovation in technology, design and quality.

Continue to provide exceptional customer service and after market support.

Directors' Report

The directors of MGM Wireless Ltd present their annual report of the Company and its controlled entities for the financial year ended 30 June 2019. 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

LEILA HENDERSON

GLEN BUTLER

MARTIN PRETTY Appointed 18 May 2020

BRANDON GIEN Appointed 18 May 2020

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 22 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.

LEILA HENDERSON

NON-EXECUTIVE DIRECTOR

A journalist and technology PR & Marketing specialist, Ms Henderson founded media technology business NewsMaker in 2004, building it to a subscription base of over 20,000 marketing professionals. She is also Co-founder and Director of software start-up Ofreddi Pty Ltd (t/a Kondotto) and a Director of Insurance and Membership Services (IMS) Limited (COTA Insurance) and Green Industries SA.

Ms Henderson is a Fellow of the New Venture Institute at Flinders University and an investor in the SouthStart Accelerate incubator. In 2014 she was awarded the Information Technology Prize from Women in Innovation (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.

As a Public Relations practitioner with significant international experience, she has worked 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.

GLEN BUTLER

NON-EXECUTIVE DIRECTOR

Mr Butler is an experienced senior executive with a strong focus on sales, finance and manufacturing on an international level.

Mr Butler is Managing Director of Linde Materials Handling Oceania. His previous roles include President of Pratt Industries, Inc. (Visy) in the United States, General Manager of Visy Board in Australia, COO Mariani USA and Managing Director of Mariani Europe, the largest private dried fruit company in the US.

Mr Butler has been a director since 31 August 2017. He has held no other directorships with listed companies.

Information on Directors

MARTIN PRETTY

Mr Pretty has over 20 years of experience in the investment and finance industry and has had deep involvement over that time in investing in and supporting growing Australian technology businesses. He was previously an investment manager with Thorney Investment Group and held management roles at ASX-listed companies Hub24, Bell Financial Group and IWL Limited. He has worked as a finance journalist with The Australian Financial Review and is currently the managing director of boutique investment firm, Equitable Investors, and a non-executive director of ASX-listed financial services group Centrepoint Alliance (ASX: CAF). Mr Pretty holds a Bachelor of Arts (Honours) from The University of Melbourne, a Graduate Diploma of Applied Finance from Finsia, is a CFA charter holder and a Graduate of the Australian Institute of Company Directors..

DR BRANDON GIEN

Dr. Gien has over 25 years' industrial design experience and is internationally recognised as the Founder and CEO of Good Design Australia as well as Chair of the longest running national design award program, Australia's annual Good Design Awards. As an advocate for the value of design-led innovation to drive business competitiveness, Dr Gien has been appointed to multiple international honorary board positions throughout his career.

In 2015, Dr Gien was appointed as Senator of the World Design Organization (WDO), the world body for Industrial Design. He was a member of the Board of Directors for three consecutive terms and elected President of the organisation from 2013 to 2015, the first Australian to hold this position. During his term as WDO President, he led the strategic transformation of the organisation, resulting in new global definition of Industrial Design. He is currently an Adjunct Professor of Industrial Design at both the University of New South Wales and the University of Canberra and Executive Director of the Australian Design Council.

Dr Gien holds a PhD in Environmental Design from the University of Canberra's School of Design and Architecture, and studied Mechanical Engineering at the University of Newcastle where he later graduated with a Bachelor's Degree in Industrial Design.

COMPANY SECRETARY

JUSTIN NELSON LLB, BA (JUR), GradDip ACG

Mr Nelson has extensive experience in the listed company environment and was a former ASX SA State Manager and Manager Listings (Adelaide); roles he held until the Adelaide ASX offices were consolidated nationally in March 2012.

Mr Nelson is a corporate lawyer and expert in corporate governance , ASX Listing Rules and company meeting practice.

DIRECTORS' INTERESTS IN SHARES AND OPTIONS

The following table sets out each director's relevant interest in shares and options of the Company as at the date of this Report:

DIRECTOR	Mark Fortunatow	Leila Henderson	Glen Butler	Martin Pretty	Brandon Gien
ORDINARY FULLY PAID SHARES	17,333,730	450,000	500,000	219,270	128,571
OPTIONS - EXP 30 APRIL 2022 EXERCISE PRICE $0.60	1,300,000	400,000	400,000	-	-
OPTIONS - EXP 30 APRIL 2022 EXERCISE PRICE $0.80	1,500,000	-	-	-	-
OPTIONS - EXP 30 APRIL 2022 EXERCISE PRICE $1.00	1,500,000	-	-	-	-
OPTIONS - EXP 30 APRIL 2023 EXERCISE PRICE $0.90	1,250,000	50,000	-	-	-
OPTIONS - EXP 30 APRIL 2023 EXERCISE PRICE $0.70	1,250,000	50,000	-	-	-

REMUNERATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL

Information about the remuneration of directors and key management personnel is set out in the remuneration report of this directors' report on pages 20 to 25.

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
Spacetalk Holdings Pty Ltd	100% owned controlled entity
Spacetalkwatch UK Ltd	100% owned controlled entity

In August 2020, Spacetalk Pty Ltd was renamed Spacetalk Holdings Pty Ltd.

Nature of Operations and Principal Activities

The consolidated entity's principal continuing activity during the course of the financial year was development and sales of wearables, including the market leading SPACETALK all-in-one mobile phone smartwatch and GPS, and as a single source provider of mobile communications solutions.

Operating Results

The amount of the total comprehensive loss attributable to members of the Company after income tax was $4,269,937 (2019: loss of $4,686,214).

Review of Operations

During the year ended 30 June 2020,

We launched SPACETALK Life, a wearable mobile phone, smartwatch and GPS device for the senior's market. The 4G, IP67 waterproof device is a significant Company advancement and opportunity for MGM and the Company's shareholders, as it provides access to a large, new, rapidly growing market which is also complementary to our successful SPACETALK children's smartwatch business. Customer shipments began in July 2020, and feedback from users and market interest is very positive.

We built on the successful launch of SPACETALK with Australia's largest consumer electronics retailer JB Hi-Fi and New Zealand's largest telecommunications provider SPARK, to enter new sales and distribution agreements with Sky in the UK and Vodafone, Harvey Norman, Officeworks, Kogan and Dick Smith across Australian and New Zealand, increasing the number of retail outlets selling SPACETALK devices to a total of 902 stores. The Company continues to advance negotiations with other MNOs and a number of bricks-and-mortar retailers in Australia and the UK. Building distribution through MNOs is an important growth strategy for the Company as it provides significant marketing and store distribution opportunities. SPACETALK offers MNOs a new and responsible way to enter a new customer category in a young demographic, with the opportunity for the MNO to keep the customer as they transition to using a broader range of extensive telecommunications products and services.

We announced the award of a major $1.3m contract from the Western Australia Department of Education to supply MGM Student Absence Notification Messaging Software and Services to all WA Government schools.

We invested considerably in people talent to the Board, announcing the appointment of experienced investment and finance expert, Mr Martin Pretty, and internationally recognised and awarded design expert, Dr Brandon Gien, as non-executive directors of the Board.

The company is operating in an emerging, fast growth market. SPACETALK is the world leader in the children's wearable segment and its high standards of data security and privacy standards provide a competitive advantage. Since the launch of SPACETALK, sales have exceeded expectations and wearables sales as a proportion of the total is anticipated to continue to increase following the signing of exciting new sales agreements in Australia and the UK, which has 68 million people and more than approximately three times the addressable market of Australia.

Management maintains prudent spending as the company builds scale, taking advantage of its exciting mass market expansion opportunity.

1. Revenue for the full year was 47% higher at $10,486,643 (2019: $7,142,149)
2. Net loss 9% decrease to a loss of $4,265,449 (2019: loss $4,688,678)
3. EBITDA loss 2% decrease to $207,353 (2019: $250,814)
4. Cash and Cash Equivalents up 93% to $3,165,065 (2019: $1,635,872).

Statement of Financial Position

The Company's Shareholder equity increased from $4,804,999 as at 30 June 2019 to $8,313,178 as at 30 June 2020. A placement of shares at $0.34 cents per share was completed in September 2019 raising $5,500,000 before costs.

Total assets were 34% higher as at 30 June 2020 than a year earlier at $10,283,886 primarily due to an increase in operating cashflows and investment in product development.

Total current liabilities were 31% lower as at 30 June 2020 than a year earlier at $1,970,779 primary due to the $1,750,000 repayment of a convertible note in April 2020.

Events Subsequent to the End of the Financial Year

On 16 July 2020, 23,256,425 ordinary shares were issued under a share purchase plan. The shares were offered at an issue price of $0.1075 per share raising $2,500,065 before costs. There has not been any other matter or circumstances that have arisen since 30 June 2020, 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

Significant Changes in the State of Affairs

On 16 July 2020, 23,256,425 ordinary shares were issued under a share purchase plan. The shares were offered at an issue price of $0.1075 per share raising $2,500,065 before costs. There has not been any other matter or circumstances that have arisen since 30 June 2020, 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

No dividends have been declared in respect of the 2020 financial year (2019: Nil).

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	180,000	Employee rights	$0.00	01/07/2020
MGM Wireless Ltd	30,000	Employee rights	$0.00	21/02/2019
MGM Wireless Ltd	15,000	Employee rights	$0.00	28/02/2022
MGM Wireless Ltd	200,000	Employee rights	$0.00	15/08/2021
MGM Wireless Ltd	77,500	Employee rights	$0.00	30/08/2021
MGM Wireless Ltd	75,000	Employee rights	$0.00	20/01/2021
MGM Wireless Ltd	75,000	Employee rights	$0.00	20/07/2021
MGM Wireless Ltd	75,000	Employee rights	$0.00	20/01/2022
MGM Wireless Ltd	15,000	Employee rights	$0.00	23/01/2022
MGM Wireless Ltd	65,000	Employee rights	$0.00	09/06/2022
MGM Wireless Ltd	2,500,000	Options	$0.40	29/11/2020
MGM Wireless Ltd	3,000,000	Options	$0.40	29/11/2020
MGM Wireless Ltd	400,000	Options	$0.60	30/04/2022
MGM Wireless Ltd	400,000	Options	$0.60	30/04/2022
MGM Wireless Ltd	1,300,000	Options	$0.60	30/04/2022
MGM Wireless Ltd	1,500,000	Options	$0.80	30/04/2022
MGM Wireless Ltd	1,500,000	Options	$1.00	30/04/2022
MGM Wireless Ltd	1,300,000	Options	$0.70	30/04/2023
MGM Wireless Ltd	1,300,000	Options	$0.90	30/04/2023
MGM Wireless Ltd	3,000,000	Options	$0.55	30/06/2022
MGM Wireless Ltd	3,000,000	Options	$0.65	30/06/2022
MGM Wireless Ltd	300,000	Options	$0.11	31/12/2020
TOTAL	**20,127,500**			

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.

There were 1,700,000 ordinary shares under option with an exercise price of $0.14 which expired during the year. (2019: nil).

There were 100,000 ordinary shares issued during or since the end of the financial year as a result of the exercise of options (2019: 6,670,000).

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	6	5
G Butler	6	6
L Henderson	6	6
M Pretty	0	0
B Gien	0	0

CORPORATE GOVERNANCE PRACTICES

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

The Group's Corporate Governance Statement for the financial year ending 30 June 2020 is dated as at 25 September 2020 and was approved by the Board on 25 September 2020. The Corporate Governance Statement is available on MGM Wireless Limited's website at investors.spacetalkwatch.com/.

INDEMNIFICATION OF OFFICERS AND AUDITORS

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. 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.

NON-AUDIT SERVICES

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, by the auditor is compatible with the general standard of independence for auditors imposed by the Corporations Act. 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 2020 has been received and is included on page 31.

REMUNERATION REPORT (AUDITED)

This remuneration report, which forms part of the directors' report, details the nature and amount of remuneration for each Director and other key management personnel 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.

The remuneration policy, last voted upon by shareholders at the 2019 AGM and passed by 98.1% of votes cast is set out below. No consultants services were used during the year.

REMUNERATION COMMITTEE

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

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

A. REMUNERATION POLICY

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

The executive Directors and full time executives receive a superannuation guarantee contribution required by the government, which is currently 9.50%, and do not receive any other retirement benefits. Some individuals, however, may choose to sacrifice part of their salary to increase payments towards superannuation.

All remuneration paid to Directors and executives is valued at the cost to the Company and expensed.

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

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

B. REMUNERATION STRUCTURE

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

NON-EXECUTIVE DIRECTOR COMPENSATION

OBJECTIVE

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

STRUCTURE

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

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

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

EXECUTIVE COMPENSATION

OBJECTIVE

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

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

STRUCTURE

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

Remuneration consists of a fixed remuneration and a long term incentive portion as considered appropriate. Compensation may consist of the following key elements:

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

FIXED REMUNERATION

The level of fixed remuneration is set so as to provide a base level of remuneration which is both appropriate to the position and is competitive in the market. Fixed remuneration is reviewed annually by the Board having regard to the Company and individual performance, relevant comparable remuneration in the 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 (LTIs) 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 non-executive Directors are formalised in a letter of appointment. The Chief Executive Officer's terms of appointment are set out in a service contract.

D. DETAILS OF REMUNERATION FOR YEAR

DIRECTORS

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

Mark Fortunatow	Chairman (executive)
Leila Henderson	Director (non-executive)
Glen Butler	Director (non-executive)
Martin Pretty	Director (non-executive)
Brandon Gien	Director (non-executive)

EXECUTIVES

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

E. THE RELATIONSHIP BETWEEN THE REMUNERATION POLICY AND COMPANY PERFORMANCE

	30/06/2020	30/06/2019	30/06/2018	30/06/2017	30/06/2016
Revenue	10,486,518	7,142,148	2,744,102	2,626,617	2,575,684
Net profit/(loss) before tax	(5,271,345)	(5,644,342)	(1,765,009)	(986,127)	103,773
Net profit/(loss) after tax	(4,265,452)	(4,688,679)	(1,129,935)	(533,799)	503,674
	30/06/2020	**30/06/2019**	**30/06/2018**	**30/06/2017**	**30/06/2016**
Share price at start of year	0.33	0.22	0.05	0.07	0.17
Share price at end of year	0.14	0.33	0.22	0.05	0.07
Interim dividend		-	-	-	-
Final dividend		-	-	-	0.01
Basic earnings/(loss) cents per share	(3.10)	(3.88)	(11.71)	(6.15)	5.84
Diluted earnings/(loss) cents per share	(3.03)	(3.67)	(11.71)	(6.15)	5.64

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 Remunertion 2020	Mark Fortunatow	Leila Henderson	Glen Butler	Brandon Gien
Short term - Salary & Fees	397,846	20,100	-	-
Post employment - Superannuation	75,284	-	-	-
Leave Cashouts	394,620	-	-	-
Benefits & Entitlements	84,940	-	-	-
Fees paid to related entities	-	25,950	44,393	18,000
Share-based - Options (i)	654,970	26,198	-	-
Total	1,607,660	72,248	44,393	18,000
% of remuneration share-based	41%	36%	0%	0%

2019	Mark Fortunatow	Leila Henderson	Glen Butler
Short term - Salary & Fees	449,587	15,000	-
Post employment - Superannuation	40,787	-	-
Leave Cashouts	-	-	-
Benefits & Entitlements	85,123	-	-
Fees paid to related entities	-	3,080	60,061
Share-based - Options	324,520	30,869	30,869
Total	900,017	48,949	90,930
% of remuneration share-based	36%	63%	34%

(i) Options were granted to key management personnel following shareholder approval at the 2019 Annual General Meeting. The value of the options and rights granted to key management personnel as part of their remuneration is calculated as at the grant date using a binomial pricing model. The amounts disclosed as part of remuneration for the financial year have been determined by allocating the grant date value on a straight-line basis over the period from grant date to vesting date.

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

The weighted average share price during the year was $0.04 (2019: $0.08)

The average remaining contractual life of options outstanding for each Director at the end of the financial year was 1.11 years (2019: 2.84).

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	10/12/18	30/4/22	$0.43	Vests at date of grant
Mark Fortunatow	10/12/18	30/4/22	$0.42	Vests at date of grant
Mark Fortunatow	10/12/18	30/4/22	$0.41	Vests at date of grant
Lelia Henderson	10/12/18	30/4/22	$0.43	Vests at date of grant
Glen Butler	10/12/18	30/4/22	$0.43	Vests at date of grant
Mark Fortunatow	18/12/19	30/4/23	$0.33	Vests at date of grant
Lelia Henderson	18/12/19	30/4/23	$0.33	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. These options are not linked to the performance of the individual.

There were 2,600,000 options granted during the year to Directors or executives. There were 1,700,000 options previously granted to Directors and executives which lapsed during the year.

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

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

Name	Balance at 1 July	Granted as compensation	Received on exercise of options	Addition shares on share split	Net other change	Balance at 30 June
2020	**No.**	**No.**	**No.**	**No.**	**No.**	**No.**
Mark Fortunatow	1,952,873	-		17,575,857	(2,195,000)	17,333,730
Leila Henderson	35,000	-	10,000	405,000	-	450,000
Glen Butler	50,000	-		450,000	-	500,000
Martin Pretty	-	-	-	-	219,270	219,270
Brandon Gien	-	-	-	-	128,571	128,571

Name	Balance at 1 July	Granted as compensation	Received on exercise of options	Net other change	Balance at 30 June
2019	**No.**	**No.**	**No.**	**No.**	**No.**
Mark Fortunatow	1,702,873	-	250,000	-	1,952,873
Leila Henderson	-	-	50,000	(15,000)	35,000
Glen Butler	-	-	50,000	-	50,000

END OF REMUNERATION REPORT (AUDITED).

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

On behalf of the Directors,

MARK FORTUNATOW

EXECUTIVE CHAIRMAN

Signed at Adelaide on 29 September 2020

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 1.1 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) of the *Corporations Act 2001*.

On behalf of the Directors,

MARK FORTUNATOW
EXECUTIVE CHAIRMAN

Signed at Adelaide on 29 September 2020

Ian G McDonald FCA

CHARTERED ACCOUNTANTS
AUSTRALIA • NEW ZEALAND

Independent Auditor's Report
To the Members of MGM Wireless Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of MGM Wireless Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2020, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and the director's declaration.

In our opinion, the accompanying financial report of the Group is prepared, in all material respects, in accordance with the *Corporations Act 2001*, including;

a. Giving a true and fair view of the Group's financial position as at 30 June 2020 and of its performance for the year ended on that date; and
b. Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Group in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other responsibilities in accordance with the Code.

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of the most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Revenue Recognition Note 5	
In accordance with ASA 240 *The Auditors Responsibility in relation to Fraud in an audit of a Financial Report* we must consider the risk of material misstatement due to fraudulent financial reporting relating to revenue recognition. The Group recognises revenues from providing mobile messaging solutions for business enterprises. The Group enters into multi-period contracts with customers and	Our procedures included, amongst others; • documenting the processes and assessing the design effectiveness of internal controls relating to the recognition of revenue transactions; • assessing the revenue recognition policy for each stream to ensure it is in accordance with AASB 118 *Revenues;*

Independent Auditor's Report (Ctd.)

Key audit matter	How our audit addressed the key audit matter
there is risk that revenue may be recognised prematurely (in the incorrect accounting period) as the revenue to be earned under a customer contract may be received in advance of providing services. This area is a key audit matter due to revenue being a significant risk.	• performing analytical procedures to understand the movements and trends in revenue and comparing against expectations; • agreeing a sample of revenue transactions from the general ledger to source data to confirm appropriate revenue recognition had been applied; • agreeing a sample of corresponding sales contract and other supporting documentation to confirm unearned revenue had been correctly accounted for; • selecting a sample of revenue transactions near year end and agreeing to underlying source data to ensure that revenue transactions around year end was recorded in the correct period; and • assessing the adequacy of the related disclosures within the financial statements.
Inventory and existence Note	
At 30 June 2020, the Group held inventories of $0.978m. Inventory existence was an audit focus area because of the various locations where inventory is held. As described in note 11 inventories are carried at cost.	We performed several audit procedures over inventory existence and attended the local mid and year end distribution centre counts and performed independent test counts. For the UK, a local accounting firm attended the count using video technology. Due to COVID-19 restrictions they were unable to physically attend the warehouse.
Capitalisation of development costs Note 15	
During the year, the Group capitalised internal software development project costs. These projects related predominantly to the development of the *SeeThrough*, *Outreach+* and *Spacetalk* products. The cost mainly comprised of remuneration and direct costs. AASB 138 *Intangible Assets* specifies that development costs can only be capitalised if all criteria listed in this accounting standard can be met. Assessing whether these criteria are met requires an element of management judgement, particularly about whether the future economic benefits will be generated and the intention of the Group to complete development and use or sell the underlying asset. These judgements are dependent on expectations of future events. There is a risk that the costs capitalised do not meet the criteria for capitalisation in accordance with AASB 138 *Intangible Assets*. We therefore identified the capitalisation of development costs as a significant risk.	Our procedures included, among others; • documenting the processes and assessing whether the internal controls relating to capitalised development costs were designed effectively; • examining a sample of invoiced costs capitalised to determine the nature of the costs and assess whether the costs meet the capitalisation criteria under AASB 138; • selecting a sample of employee costs capitalised and agreeing to source documentation to confirm the value, role and employee time allocation to the respective projects; and • assessing the adequacy of the related disclosures within the financial statements.

Key audit matter	How our audit addressed the key audit matter
The area is a key audit matter due to the degree of management judgement involved.	
Intangible assets carrying value exceeds fair value	
The intangible assets of the Group are being amortised. AASB 136 *Impairment of Assets* requires the Group to perform a review of impairment triggers for all amortised intangible assets at each reporting date. The process undertaken by management to assess whether there are impairment triggers involves an element of management judgement. This area is a key audit matter due to the degree of management judgement and assumptions applied in assessing the presence of impairment of the intangible assets.	Our procedures included, amongst others; • obtaining the impairment trigger paper prepared by management and performing the following: • discussing the key aspects of the paper with management to assess consistency with AASB 136 *Impairment of Assets*; • evaluating the qualification and expertise of management's experts who assisted with the assumptions used in the management paper • assessing the status of significant projects against the recognition criteria of AASB 136 *Intangible Assets* through discussion with senior management and project managers; and • assessing the adequacy of the related disclosures within the financial statements.
Research and development tax offsets and deductibility	
For capitalised development costs the Group has been able to claim the research and development tax incentive offset. This year expenditure was incurred and capitalised for which the offset was not claimable. The remaining expenditure is still tax deductible.	Our procedures included, amongst others; • discussing the key aspects of the calculation with management to assess consistency with AASB 112 *Income Taxes* • evaluating the qualification and expertise of management's experts who assisted with the assumptions used in the calculations

Information Other than the Financial Report and Auditor's Report Theron

The Directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2020 but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independent Auditor's Report (Ctd.)

Responsibilities of the Director's for the Financial Report

The Directors are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the Directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors responsibilities/ar1.pdf. This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2020.

In our opinion, the Remuneration Report of MGM Wireless Limited, for the year ended 30 June 2020, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The Directors of the Group are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Ian McDonald

Ian G McDonald FCA

Grange SA 5022, 28th September 2020

Liability limited by a scheme approved under Professional Standards Legislation.

Auditor's Independence Declaration

Ian G McDonald FCA

CHARTERED ACCOUNTANTS
AUSTRALIA • NEW ZEALAND

Auditor's Independence Declaration
To the Directors of MGM Wireless Limited

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the audit of MGM Wireless Limited for the year ended 30 June 2020, I declare that, to the best of my knowledge and belief, there have been:

a. no contravention of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
b. no contravention of any applicable code of professional conduct in relation to the audit.

Ian McDonald

Ian G McDonald FCA

Grange SA 5022, 18th August 2020

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Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Notes	Group Year Ended 30/06/2020	Group Year Ended 30/06/2019
		$	$
Continuing Operations			
Revenue	5	**10,486,518**	7,142,148
Cost of sales		**(3,049,807)**	(1,923,963)
Doubtful debts		**(14,544)**	(5,167)
Interest expense		**(127,632)**	(16,685)
Amortisation & depreciation		**(2,458,697)**	(1,985,402)
Options and share issue costs		**(2,477,662)**	(3,391,440)
Corporate and administration		**(3,167,824)**	(1,981,509)
Advertising and marketing		**(1,741,184)**	(1,969,357)
Employee costs		**(2,762,209)**	(1,476,786)
(Loss)/ Gain on foreign exchange		**41,696**	(36,181)
(Loss)/ profit before tax		**(5,271,345)**	(5,644,342)
Income tax benefit	6	**1,005,893**	955,663
Net loss for the period attributable to owners of the Company		**(4,265,452)**	(4,688,679)
Other comprehensive income, net of income tax			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translating foreign operations		**(4,485)**	2,465
Other comprehensive income for the period (net of tax)		**(4,485)**	2,465
Total comprehensive income for the period attributable to owners of the Company		**(4,269,937)**	(4,686,214)
(Loss)/profit attributable to:			
Owners of the Company		**(4,269,937)**	(4,686,214)
Earnings per share			
Basic (cents per share)	7	**(3.10)**	(3.88)
Diluted (cents per share)	7	**(3.03)**	(3.67)

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

Consolidated Statement of Financial Position

	Notes	Group As At 30/06/2020	30/06/2019
		$	$
ASSETS			
Current Assets			
Cash and cash equivalents	9	3,165,125	1,635,872
Trade and other receivables	10	1,049,580	813,863
Inventories	11	977,851	1,241,938
Other current assets	12	1,061,566	1,000,700
Total Current Assets		6,254,122	4,692,373
Non-Current Assets			
Property, plant and equipment	14	182,731	187,983
Intangibles	15	3,713,004	2,786,541
Right-of-use assets	18	134,111	-
Deferred tax assets		458,488	-
Total Non-Current Assets		4,488,334	2,974,524
Total Assets		10,742,456	7,666,897
LIABILITIES			
Current Liabilities			
Trade and other payables	16	2,084,841	1,298,051
Provisions	17	208,790	307,349
Lease liabilities	18	135,642	-
Total Current Liabilities		2,429,273	1,605,400
Non-Current Liabilities			
Borrowings		-	1,250,000
Deferred Tax Liabilities		-	6,499
Total Non-Current Liabilities		-	1,256,499
Total Liabilities		2,429,273	2,861,899
Net Assets		8,313,183	4,804,998
EQUITY			
Issued capital	19	16,124,617	10,806,726
Reserves	20	6,185,717	3,729,971
Accumulated losses		(13,997,151)	(9,731,699)
Total Equity		8,313,183	4,804,998

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

Consolidated Statement of Changes in Equity

	Issued Capital	Accumulated Losses	Share based payment Reserve	Foreign Currency Translation Reserve	Total Equity
Consolidation	**$**	**$**	**$**	**$**	**$**
At 30 June 2018	9,966,782	(5,043,020)	764,521	(29,009)	5,659,274
Loss attributable to members	-	(4,688,679)	-	-	(4,688,679)
Currency translation differences	-	-	-	2,465	2,465
Total comprehensive income	-	(4,688,679)	-	2,465	(4,686,214)
Transaction with owners Contributions and distributions					
Shares issued	6,000	-	-	-	6,000
Options exercised	775,903	-	(335,945)	-	439,958
Options/rights issued	50,007	-	3,327,939	-	3,377,946
Current tax expense	8,034	-	-	-	8,034
Transactions with owners	839,944	-	2,991,994	-	3,831,938
At 30 June 2019	**10,806,726**	**(9,731,699)**	**3,756,515**	**(26,544)**	**4,804,998**
Loss attributable to members	-	(4,265,452)	-	-	(4,265,452)
Currency translation differences	-	-	-	(4,485)	(4,485)
Total comprehensive income	-	(4,265,452)	-	(4,485)	(4,269,937)
Transaction with owners Contributions and distributions					
Share issued	5,581,525	-	-	-	5,581,525
Options exercised	14,000	-	-	-	14,000
Cost of share issued	(289,224)	-	-	-	(289,224)
Options/rights issued	11,590	-	2,460,231	-	2,471,821
Transactions with owners	5,317,891	-	2,460,231	-	7,778,122
At 30 June 2020	**16,124,617**	**(13,997,151)**	**6,216,746**	**(31,029)**	**8,313,183**

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

Consolidated Statement of Cash Flows

	Group Year Ended	
	30/06/2020	30/06/2019
	$	$
Cash flows from operating activities		
Receipts from customers	**10,175,388**	7,216,287
Payments to suppliers and employees	**(10,065,525)**	(8,340,307)
Tax benefits	**955,103**	609,349
Interest and other costs of finance	**(127,632)**	(16,685)
Net cash provided by operating activities	**937,334**	(531,356)
Cash flows from investing activities		
Payments for plant and equipment	**(42,044)**	(42,581)
Payment for research and development	**(3,101,983)**	(2,190,466)
Net cash (used in)/provided by investing activities	**(3,144,027)**	(2,233,047)
Cash flows from financing activities		
Proceeds from issue of shares	**5,500,003**	-
Costs associated with issue of shares	**(289,224)**	-
Proceeds from options exercised	**14,000**	498,000
Issue of convertible note	**500,000**	1,250,000
Payment of lease liabilities	**(234,348)**	-
Repayment of convertible notes	**(1,750,000)**	-
Net cash (used in)/provided by financing activities	**3,740,431**	1,748,000
Net increase / decrease in cash held	**1,533,738**	(1,016,403)
Cash and cash equivalents at 1 July	**1,635,872**	2,649,810
Effect of exchange rate changes	**(4,485)**	2,465
Cash at the end of the year	**3,165,125**	1,635,872

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

Notes to the Financial Statements

1. GENERAL INFORMATION

1.1 STATEMENT OF COMPLIANCE

These financial statements are general purpose financial statements which have been prepared in accordance with the *Corporations Act 2001*, Accounting Standards and other authoritative pronouncements issued by the Australian Accounting Standards and other authoritative pronouncements issued by the Australian Accounting Standards Board (AASB), and comply with other requirements of 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.

Compliance with Australian Accounting Standards ensures that the financial statements and notes of the Group comply with International Financial Reporting Standards ('IFRS') as issued by the International Accounting Standards Board (IASB). Consequently, this financial report has been prepared in accordance with and complies with IFRS as issued by the IASB.

The financial statements were authorised for issue by the Directors on 25 September 2020 .

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 18 of the Annual Report.

2. APPLICATION OF NEW AND REVISED AUSTRALIAN ACCOUNTING STANDARDS

2.1 AMENDMENTS TO ACCOUNTING STANDARDS THAT ARE MANDATORILY EFFECTIVE FOR THE CURRENT REPORTING PERIOD

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for an accounting period that begins on or after 1 July 2019.

New and revised Standards and amendments thereof and Interpretations effective for the current year that are relevant to the Group include:

- AASB 16 *Leases*
- AASB 2018-1 *Amendments to Australian Accounting Standards - Annual Improvements 2015-2017 Cycle*
- Interpretation 23 *Uncertainty over Income Tax Treatments and AASB 2017-4 Amendments to Australian Accounting Standards - Uncertainty over Income Tax Treatments.*

AASB 16 Leases

In the current year, the Group has applied AASB 16 that is effective for the annual periods that begin on or after 1 January 2019.

AASB 16 replaces existing leases guidance, including AASB 117 *Leases*, Interpretation for *Determining whether an Arrangement contains a Lease*, Interpretation 115 *Operating Leases-Incentives* and Interpretation 127 *Evaluating the Substance of Transactions involving the Legal Form of a Lease*. The date of initial application of AASB 16 for the Group will be 1 July 2019.

AASB 16 introduces a single, on balance sheet lease accounting model for lessees. A lessee recognises a right of use asset representing its right to use the underlying assets and a lease liability representing its obligation to make lease payments. Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as finance or operating leases.

The Group has chosen the modified retrospective application of AASB 16 in accordance with AASB 16.C5(b). The Group has chosen to recognise the right of use ("RoU") assets in accordance with AASB 16.C8(b)(ii) upon application. Accordingly, ARTC will recognise the following for each identified lease within the scope of AASB 16 on transition:

- a lease liability measured at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate at the date of transition;
- a right-of-use asset measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position immediately before the date of initial application.

The weighted average incremental borrowing rate applied to lease liabilities recognised in the statement of financial position as at 30 June 2020 is 5.4% for properties and 6.5% for vehicles.

In contrast to lessee accounting, AASB 16 substantially carries forward the lessor accounting requirements in AASB 117.

Impact of the new definition of a lease

The Group has made use of the practical expedient available on transition to AASB 16 not to reassess whether a contract is or contains a lease. Accordingly, the Group will continue to apply conclusions reached under AASB 117 as to whether contracts existing on transition are or contain a lease.

The change in definition of a lease mainly relates to the concept of control. AASB 16 distinguishes between leases and service contracts on the basis of whether the use of an identified asset is controlled by the customer.

Control is considered to exist if the customer has:

- The right to obtain substantially all of the economic benefits from the use of an identified asset; and
- The right to direct the use of that asset.

The Group will apply the definition of a lease and related guidance set out in AASB 16 to all lease contracts entered into or modified on or after 1 July 2019 (whether it is a lessor or a lessee in the lease contract).

Impact on lessee accounting

AASB 16 introduces significant changes to lessees accounting by removing the distinction between operating and finance leases and requiring the recognition of a right-of-use asset and a lease liability at lease commencement for all leases, except for short-term leases and leases of low value assets.

(a) Former operating leases

AASB 16 changes how the group accounts for leases previously classified as operating leases under AASB 117, which were off-balance sheet.

On initial application of AASB 16, for all leases (except as noted below), the Group has recognised lease liabilities and RoU assets in the statement of financial position in accordance with the AASB 16 transition approach described above. For this purpose, the Group has applied the following practical expedients in accordance with AASB 16.C10:

- Applying a single discount rate to a portfolio of leases with reasonably similar characteristics
- Not applying the requirements of the standard to leases that end within 12 months of transition date
- Excluding initial direct costs from the measurement of the RoU assets at the date of transition
- The use of hindsight in determining the lease term taken into account in the lease calculations at the date of transition.

Applying AASB 16, for all leases the Group:

- Recognises RoU assets and lease liabilities in the consoldiated statement of financial position, initally meausred at the present value of the future lease payments
- Recognises depreciation of RoU assets and interest on lease liabilites in consolidated statement of profit or loss and other comprehensive income

Further, the Group will now recognise lease incentives receivable at or before the commencement date of the lease as an adjustment to the measurement of the RoU asset, whereas under AASB 117 they resulted in the recognition of a lease incentive, amortised as a reduction of rental expense on a straight-line basis.

Under AASB 16, RoU assets are to be tested for impairment in accordance with AASB 136 Impairment of Assets. This replaces the previous requirement to recognise a provision for onerous lease contracts.

For short-term leases (lease term of 12 months or less, excluding those with purchase options present) and leases of low-value assets, the Group has opted to recognise a lease expense on a straight-line basis as permitted by AASB 16.6.

(b) Financial impact of the initial application of AASB 16

The table below shows the amount of adjustment for each financial statement line item affected by the application of AASB 16 for the current year.

Impact on profit or loss	**2020**
	$
Decrease in operating expense	242,446
Increase in depreciation of right-of-use assets	235,881
Increase in finance costs	12,369
Increase/(decrease) in profit for the year	5,804

Other pronouncements adopted for the first time in the current year

In the current year, the Group has applied a number of amendments to Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (the Board) that are effective for an annual period that begins on or after 1 July 2019. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

AASB 2018 -1 *Amendments to Australian Accounting Standards - Annual Improvements 2015-2017 Cycle* The Group has adopted the amendments included in AASB 2008-1 for the first time in the current year. The Standard includes amendments to four Standards:

- AASB 112 *Income Taxes* - The amendments clarify that the Group should recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the Group originally recognised the transactions that generated the distributable profits. This is the case irrespective of whether different tax rates apply to distributed and undistributed profits
- AASB 123 *Borrowing Costs* - The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings
- AASB 3 *Business Combinations* - The amendments clarify that when the Group obtains control of a business that is a joint operation, the Group applies the requirements for a business combination achieved in stages, including remeasuring its previously held interest in the joint operation at fair value. The previously held interest to be remeasured includes any unrecognised assets, liabilities and goodwill relating to the joint operation
- AASB 11 *Joint Arrangements* - The amendments clarify that when a party that participates in, but does not have joint control of, a joint operation that is a business obtains joint control of such a joint operation, the Group does not remeasure its previously held interest in the joint operation.

New and revised Australian Accounting Standards and Interpretations on issue but not yet effective

Standard/amendments	Effective for annual reporting periods beginning on or after
AASB 2018-6 Amendments to Australian Accounting Standards - Definition of a Business	1 January 2020
AASB 2018-7 Amendments to Australian Accounting Standards - Definition of Material	1 January 2020
AASB 2019-1 Amendments to Australian Accounting Standards - References to the Conceptual Framework	1 January 2020
AASB 2019-5 Amendments to Australian Accounting Standards - Disclosure of the Effect of New IFRS Standards Not Yet Issued in Australia	1 January 2020
AASB 2020-1 Amendments to Australian Accounting Standards - Classification of Liabilities as Current or Non-Current	1 January 2022

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 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 value of the consideration given in exchange for goods and services.

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 17, 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.

3.2 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 inter-company 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.

3.3 REVENUE RECOGNITION

The Group recognises revenue from the following major sources:

- Sale of goods, including smart watches and apps
- School messaging services and subscriptions

Revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control of a product or service to a customer.

Sale of goods

Revenue is recognised when control of the goods has transferred to the customer, being at the point the goods are delivered to the customer. Delivery occurs when the goods have been shipped to the customer's specific location. A receivable is recognised by the Group when the goods are delivered to the customer as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due.

School messaging services and subscriptions

The Group provides school messaging services and app subscriptions to customers. Such services are recognised as a performance obligation satisfied over time. Revenue is recognised for these services based on the stage of completion of the contract. The directors have assessed that the stage of completion determined as the proportion of the total time that has elapsed at the end of the reporting period is an appropriate measure of progress towards complete satisfaction of these performance obligations under AASB 15. Payment for subscriptions and school messaging services is made on a regular basis throughout the term accrued revenue is recognised over the period in which the installation services are performed representing the entity's right to consideration for the services performed to date.

3.4 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 profit or loss.

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 profit or loss in the period in which the operation is disposed.

3.5 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.

3.6 TAXATION

3.6.1 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.

3.6.2 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.

3.6.3 Research and development tax incentive refund

Refund amounts received or receivable under the Federal Government's Research and Development Tax Incentive are recognised on an accruals basis. The refund is recognised in income tax benefit in the profit or loss.

3.6.4 Goods and Services tax

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

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

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

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

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

3.7 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.

3.8 INTANGIBLES

3.8.1 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.

- 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.

3.8.2 Internally generated intangible assets – research and development

Research costs are expensed when incurred. Any costs that cannot be reliably split between research and development are also expensed when incurred. An intangible asset arising from development expenditure on an internal project is recognised only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the development and the ability to measure reliably the expenditure attributable to the intangible asset during its development. Following the initial recognition of the development expenditure, the cost model is applied requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses. Any expenditure so capitalised is amortised over the period of expected benefits from the related project.

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

3.9 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 a 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.

3.10 FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised in the Group's statement of finanical posistion 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.

Financial assets

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.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expires, or when it is transferred the financial assets and substantially all the risk and rewards of the assets to another entity.

On derecognition of the financial assets measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in the income statement.

Impairment of financial assets

The Group recognises loss allowance for expected credit loss (ECL) on financial assets subsequently measured at amortised cost. ECL is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime ELC for trade and other receivables. The expected credit losses on these financial assets are estimated using a provision matrix on the Company's historic credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and on assessment of both the current as well as the forecast directions at the reporting date, including time value of money.

Lifetime ELC represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contracts, 12-months ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Financial liabilities and equity

All financial liabilities are measured subsequently at amortised cost using the effective interest method or at FVTPL.

Financial liabilities are classified as at FVTPL when the financial liability is:

- Contingent of an acquirer in a business combination;
- Held for trading; or
- Is designated as at FVTPL

Financial liabilities that are not subsequently measured at FVTPL are measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost a financial liability and of allocating interest expense over the relevant period. The effective rate is that rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the liability, or (where appropriate) a shorter period, to the amortised costs of a financial liability.

Derecognition of financial liabilities

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

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a company are recognised as the proceeds received, net of direct issue costs. Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

3.11 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 profit or loss 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.

3.12 EMPLOYEE BENEFITS

Wages, salaries and annual leave

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the discounted amount of the benefits expected to be paid in exchange for the service.

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

Long service leave

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

3.13 LEASES

Group as lessee

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease of 12 months or less) and leases with low value assets (such as computers, printers, small office furniture and telephone). For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern on which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined the group uses its incremental borrowing rate.

The lease liability is presented as a separate line item in the consolidated statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying mount to reflect the lease payments made.

The Group remeasured the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The right-of-use assets ("ROU assets") comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement date less any lease incentives received and any initial direct costs. ROU assets are subsequently measured at cost less accumulated depreciation and impairment losses.

The ROU assets are depreciated over the shorter period of lease term and useful life of the underlying assets. The depreciation starts at the commencement date of the lease.

ROU assets are presented as a separate line item in the consolidated statement of financial position.

Prior year policy

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

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 profit or loss 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.

4.1.2 RESEARCH AND DEVELOPMENT

The Group incurs significant expenditure conducting research and development activities for new and existing products developed internally. As a result of this, professional judgment is required in order to identify which of these expenditures represent research and which represent development costs.

Expenditure associated with research activities are expensed as incurred in accordance with AASB 138. An intangible asset is recognised to record expenditure arising from development activities 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.

Any costs that cannot be reliably split between research and development activities are expensed when incurred.

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 and distribution rights, which is included in the consolidated statement of financial position at 30 June 2020 at $3.71M (30 June 2019: $2.79M).

The carrying value of an intangible asset arising from development expenditure and distribution rights 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 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 2020 amounting to $3,713,004.

Provision for impairment of receivables

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

A provision for doubtful debts of $90,331 (2019: $76,298) has been recognised for the year ended 30 June 2020.

Research and development tax incentive refund

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

5. REVENUE AND EXPENSES

The Group derives its revenue from contracts with customers for the transfer of goods and services over time and at a point in time in the following major categories. This is consistent with the revenue information that is disclosed for each reportable segment under AASB 8 Operating Segments (see note 8).

	Group Year Ended	
	30/06/2020	30/06/2019
	$	$
Revenue		
The following is an analysis of the Group's revenue		
Schools sales	**2,740,975**	2,190,415
SPACETALK sales	**7,672,471**	4,637,982
Grants received	**-**	275,321
Other SPACETALK income	**31,309**	28,275
Sundry income	**41,763**	10,155
Total sales revenue	**10,486,518**	7,142,148

Other SPACETALK income related to repairs and shipping charges.

Expenses		
Rental expense relating to operating leases	**78,614**	176,326
Defined contribution superannuation expenses	**358,631**	231,208
Option and share issue costs	**2,477,662**	3,391,440
Research costs	**1,610,893**	920,691

6. INCOME TAX

INCOME TAX

6.1 INCOME TAX BENEFIT

The income tax benefit for the year can be reconciled to the accounting profit or loss as follows:

Loss for the year	**(5,271,345)**	(5,644,342)
Prima facie tax benefit at 27.5%	**(1,449,620)**	(1,552,194)
Non-deductible items		
Other	**678,179**	944,106
Research and development tax offset	**(239,304)**	(351,302)
Adjustments recognised in the current year in relation to the current tax of prior year	**4,852**	3,830
Adjustments recognised in the current year in relation to the deferred tax of prior year	**-**	(103)
Total income tax benefit	**(1,005,893)**	(955,663)

	Group Year Ended	
	30/06/2020	30/06/2019
	$	$
6.2 INCOME TAX EXPENSE RECOGNISED IN THE PROFIT OR LOSS		
Current tax expense	**29,975**	8,034
Research and development tax offset	**(650,611)**	(955,104)
Adjustment recognised in the current year in relation to the current tax of prior years	**4,852**	3,830
Adjustment recognised in the current year in relation to the deferred tax of prior years	**-**	(103)
Deferred tax	**(390,109)**	(12,320)
	(1,005,893)	(955,663)

6.3 INCOME TAX EXPENSE RECOGNISED THROUGH EQUITY		
Deferred tax	**(79,730)**	8,034

6.4 DEFERRED TAX ASSETS AND LIABILITIES		
Deferred tax assets		
Provision for doutful debts	**71,192**	4,587
Property, plant and equipment	**6,327**	7,224
Lease liabilities	**3,401**	-
Prepayments	**84,894**	72,767
Trade payables/accrued expenses	**146,953**	46,070
Provision for employee entitlements	**57,417**	84,521
Income tax losses	**244,572**	39,449
Other	**106,404**	27,353
	721,160	281,971

Deferred tax liabilities		
Property, plant and equipment	**(3,860)**	(460)
Right-of-use assets	**(1,805)**	-
Intangible assets	**(181,295)**	(288,010)
Other	**(75,712)**	-
	(262,672)	(288,470)
	458,488	(6,499)

7. EARNINGS PER SHARE

	Group Year Ended	
	30/06/2020	30/06/2019
	$	$
Basic earnings per share		
Total basic earnings per share (cents per share)	**(3.10)**	(3.88)
Diluted earnings per share		
Total diluted earnings per share (cents per share)	**(3.03)**	(3.67)

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 (loss)/profit for the year attributable to owners of the Company	**(4,265,452)**	(4,688,679)
Earnings used in the calculation of total basic earnings per share	**(4,265,452)**	(4,688,679)
Weighted average number of ordinary shares for the purposes of basic earnings per share (all measures)	**137,595,734**	120,827,110

7.1 DILUTED 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 (loss)/profit for the year attributable to owners of the Company	**(4,265,452)**	(4,688,679)
Earnings used in the calculation of total basic earnings per share	**(4,265,452)**	(4,688,679)
Weighted average number of ordinary shares for the purposes of basic earnings per share (all measures)	**140,706,043**	127,112,360

8. SEGMENT REVENUES AND RESULTS

8.1 PRODUCTS AND SERVICES FROM WHICH REPORTABLE SEGMENTS DERIVE THEIR REVENUES

The Group operates predominately in three business segments, defined by the Groups different product and service offerings.

The groups reportable segments under AASB 8 are therefore as follows:

- School messaging services
- Smart watches and apps
- Other

This is the basis by which management controls and reviews the operations of the Group. Segment results are routinely reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance on the same basis. No operating segments have been aggregated in arriving at the reportable segments of the group.

The school messaging reportable segment provides school messaging services and licence fees to various schools.

Smart watches and apps reportable segment supply the 'Spacetalk' smartwatches and applications through retail distribution networks and online sales.

'Other' is the aggregation of the Group's other various sundry income and expenses.

Information regarding these segments is presented below. The accounting policies of the reportable segments are the same as the Group's accounting policies described in note 3.

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/(loss) Year Ended**	
	30/6/2020	30/6/2019	**30/6/2020**	30/6/2019
School messaging services	**2,740,976**	2,190,415	**(2,006,141)**	(4,350,488)
Smart watches and apps	**7,672,471**	4,637,981	**(2,259,311)**	(338,191)
Other	**73,071**	313,752	**-**	-
Total for Continuing Operations	**10,486,518**	7,142,148		
Loss after tax (continuing operations)			**(4,265,452)**	(4,688,679)

Segment revenue reported above represents revenue generated from external customers by each service or product. There were no inter-segment sales in the current year (2019: nil).

8.3 SEGMENT ASSETS AND LIABILITIES

	Assets Year Ended		Liabilities Year Ended	
	30/6/2020	30/6/2019	**30/6/2020**	30/6/2019
School messaging services	**5,410,767**	3,462,357	**1,030,214**	1,328,599
Smart watches and apps	**1,515,203**	1,612,814	**940,571**	271,641
Total segment assets/liabilities	**6,925,970**	5,075,171	**1,970,785**	1,600,240
Unallocated assets/liabilities	**3,816,486**	2,591,726	**458,488**	1,261,659
Consolidated assets	**10,742,456**	7,666,897		
Consolidated liabilities			**2,429,273**	2,861,899

For the purpose of monitoring segment performance and allocating resources between segments:

- All assets are allocated to reportable segments other than cash and R&D incentives.
- All liabilities are allocated to reportable segments other than deferred tax liabilities and current tax liabilities.

8.4 OTHER SEGMENT INFORMATION

	Depreciation and amortisation Year Ended		Additions to non-current assets Year Ended	
	30/6/2020	30/6/2019	**30/6/2020**	30/6/2019
School messaging services	**2,458,697**	1,808,510	**3,217,821**	2,233,046
Smart watches and apps		-	**-**	
Depreciation and amortisation	**2,458,697**	1,808,510		
Additions to Non-current assets			**3,217,821**	2,233,046

8.5 GEOGRAPHICAL INFORMATION

The Group's revenue from external customers and information about its segment assets (non-current assets excluding financial instruments, deferred tax assets and other financial assets) by geographical location are detailed below:

	Revenue from external customers Year Ended	
	30/6/2020	30/6/2019
	$	$
Australia	**8,322,170**	6,318,974
United Kingdom	**1,504,155**	14,376
New Zealand	**660,193**	808,798
Total	**10,486,518**	7,142,148

Revenues in Australia result from Schools messaging services and Spacetalk Sales. Revenues in New Zealand result from the Group's preferred supplier status to New Zealand Government's Early Notification initiative and Spacetalk sales. All revenues in the United Kingdom relate to Spacetalkwatch sales.

8.6 INFORMATION ABOUT MAJOR CUSTOMERS

No single customer contributed 10% or more to the Group's revenue for both 2020 and 2019.

9. NOTES TO THE CASH FLOW STATEMENT

9.1 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 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.

	Group Year Ended	
	30/6/2020	30/6/2019
	$	$
Cash and bank balances	**3,165,125**	1,635,872

9.2. RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES

Cash and cash equivalents comprise cash and short-term bank deposits with an original maturity of three months or less, net of outstanding bank overdrafts. The carrying amount of these assets is approximately equal to their fair value. Cash and cash equivalents at the end of the reporting period as shown in the consolidated statement of cash flows can be reconciled to the related items in the consolidated reporting position as shown above.

	Group Year Ended	
	30/6/2020	30/6/2019
	$	$
(Loss)/profit for the year	**(4,265,452)**	(4,688,679)
Adjustments for:		
Depreciation and amortisation	**2,458,697**	1,985,402
Options issue costs	**2,460,231**	3,261,939
Non cash shares issues	**93,112**	63,144
Impairment losses on financial assets	**14,544**	5,167
Operationg cash flows belore movements in working capital	**761,132**	626,973
Movements in working capital		
Decrease/(increase) in inventory	**264,087**	(1,121,805)
Decrease/(increase) in trade and other receivables	**(250,261)**	(576,720)
(Decrease)/increase in trade payable	**786,789**	784,478
(Decrease)/increase in provision	**(98,559)**	89,767
Decrease/increase) in other current assets	**(60,867)**	(175,076)
(Decrease)/increase in tax liability		(154,583)
Decrease/(increase) in deferred tax asset	**(464,987)**	(4,390)
Net cash generated from operating activities	**937,334**	(531,356)

9.3 CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated cash flow statement as cash flows from financing activities.

	Liabilities from financing activities	
	Convertible note (note 21)	Total
		$
Balance 30 June 2018	-	-
Cash flows	1,250,000	1,250,000
Non-cash movements	-	-
Balance 30 June 2019	1,250,000	1,250,000
Cash flows	(1,250,000)	(1,250,000)
Non-cash movements	-	-
Balance 30 June 2020	-	-

The cash flows from convertible notes make up the net amount of proceeds from borrowings and repayments of borrowings in the cash flow statement.

10. TRADE AND OTHER RECEIVABLES

	Group Year Ended	
	30/06/2020	30/06/2019
10.1 TRADE AND OTHER RECEIVABLES	**$**	$
Trade receivables	**1,139,911**	890,161
Loss allowance	**(90,331)**	(76,298)
	1,049,580	813,863

The average credit period on sales of goods is 30 days. No interest is charged on outstanding trade receivables. The Group always measures the loss allowance for trade receivables at an amount equal to lifetime ECL. As noted within Note 2.1, the Group has measured the expected credit losses based on default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

The Group has assessed the application of *AASB 9 - Financial Instruments* and concluded that there has been no significant impact on the financial position and/or financial performance of the Group.

Terms and conditions relating to the above financial instruments:

- Trade receivables are non-interest bearing and generally repayable in the range within 30-180 days.
- Due to the short term nature of these receivables, their carrying value is assumed to approximate their fair value.

	Group Year Ended	
	30/06/2020	30/06/2019
10.2 PAST DUE BUT NOT IMPAIRED TRADE RECEIVABLES	**$**	$
Past due 0-30 days	**409,331**	383,268
Past due 31-60 days	**78,326**	39,380
Past due 61-90 days	**196,926**	206
Past due over 91 days	**324,845**	84,994
	1,009,428	507,848

The following tables explain how significant changes in the gross carrying amount of the trade receivables contributed to changes in the loss allowance:

	Group Year Ended	
	30/06/2020	30/06/2019
10.3 MOVEMENT IN THE LOSS ALLOWANCE	**$**	$
Balance at the beginning of the year	**(76,298)**	(90,715)
Decrease/(Increase) in loss allowance attributable to new sales	**(14,033)**	14,417
Balance at the end of the year	**(90,331)**	(76,298)

11. INVENTORIES

	Group Year Ended	
	30/06/2020	30/06/2019
Finished goods	**977,851**	1,241,938

The cost of inventories recognised as an expense during the year in respect of continuing operations was $3,049,807 (2019: $1,923,963). There were no write-downs of inventory to net realisable value included within the cost of inventories recognised as an expense during the year.

12. OTHER CURRENT ASSETS

	Group Year Ended	
	30/06/2020	30/06/2019
	$	$
R&D tax incentive	**650,612**	955,103
Prepayments	**410,954**	45,597
	1,061,566	1,000,700

13. SUBSIDIARIES

Information about the composition of the Group at the end of the reporting period is as follows:

Unlisted Controlled Entity	**Date of Acquisition or incorporation**	**Country of Incorporation**	**Class of shares**	**Cost of Parent Entity's Investment**	Cost of Parent Entity's Investment
				30/06/2020	30/06/2019
				$	$
MGM Wireless Holdings Pty Ltd	08/10/2003	Australia	Ordinary	**767,000**	757,000
Message You LLC	11/09/2006	USA	Ordinary	**124,440**	124,440
MGM Wireless (NZ) Pty Ltd	18/05/10	Australia	Ordinary	**80**	80
Spacetalkwatch UK Ltd	25/02/2019	United Kingdom	Ordinary	**1**	1
Spacetalk Holdings Pty Ltd	29/06/2015	Australia	Ordinary	**1**	1
				891,522	891,522

The equity holding in all companies is 100%. These investments have been eliminated on consolidation.
During the year Spacetalk Pty Ltd was renamed Spacetalk Holdings Pty Ltd.

Further information about the composition of the Group and transactions has been disclosed within note 26.

14. PROPERTY, PLANT AND EQUIPMENT

	Plant and Equipment	Leasehold Improvements	Total
	$	$	$
Cost			
Balance at 30 June 2018	354,651	189,217	543,868
Additions	23,299	19,282	42,581
Balance at 30 June 2019	377,950	208,499	586,449
Additions	36,377	3,480	39,857
Balance at 30 June 2020	414,327	211,979	626,306
Accumulated depreciation and impairment			
Balance at 30 June 2018	(267,493)	(101,829)	(369,322)
Depreciation expense	(18,785)	(10,359)	(29,144)
Balance at 30 June 2019	(286,278)	(112,188)	(398,466)
Depreciation expense	(30,113)	(14,996)	(45,109)
Balance at 30 June 2020	(316,391)	(127,184)	(443,575)
Written Down Value 30 June 2019	91,672	96,311	187,983
Written Down Value 30 June 2020	97,936	84,795	182,731

15. INTANGIBLE ASSETS

	Group Year Ended	
	30/06/2020	30/06/2019
	$	$
At cost	**14,954,301**	11,850,248
Accumulated amortisation and impairment	**(11,241,297)**	(9,063,707)
Carrying value	**3,731,004**	2,786,541

	Distribution Rights	Capitalisation Development Costs	Total
	$	$	$
Cost | Intangible Assets (cont.)			
Balance at 30 June 2018	441,017	9,218,765	9,659,782
Additions from internal developments	-	2,190,466	2,190,466
Balance at 30 June 2019	441,017	11,409,231	11,850,248
Additions from internal developments	-	3,104,053	3,104,053
Balance at 30 June 2020	441,017	14,513,284	14,954,301
Accumulated depreciation and impairment			
Balance at 30 June 2018	(220,507)	(6,980,630)	(7,111,137)
Amortisation	(44,100)	(1,908,470)	(1,952,570)
Balance at 30 June 2019	(264,607)	(8,799,100)	(9,063,707)
Amortisation	(44,100)	(2,133,490)	(2,177,590)
Balance at 30 June 2020	(308,707)	(10,932,590)	(11,241,297)
Carrying Value 30 June 2020	**132,310**	**3,580,694**	**3,713,004**

The useful life of 'Distribution Rights' is 10 years. Due to the nature of the projects developed in the current period, Capitalised cost has been amortised over a useful life of 3 years.

Distribution rights have arisen from the acquisition of territory rights from former distributors. These assets have provided the Company the right to operate in the respective territories.

16. TRADE AND OTHER PAYABLES

	Group Year Ended	
	30/06/2020	30/06/2019
	$	$
Trade payables	**1,598,784**	1,205,417
Indirect tax liability	**411,723**	26,337
Accrued SMS charges	**74,334**	66,297
	2,084,841	1,298,051

Trade payables and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases is 22 days. For most suppliers no interest is charged on the trade payables for the first day from the date of the invoice. Thereafter, interest is charged on the outstanding balances at various interest rates. The Group has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

17. PROVISIONS

	Group Year Ended	
	30/06/2020	30/06/2019
	$	$
Employee benefits	**208,790**	307,349

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

18. LEASES

18.1 RIGHT-OF-USE ASSET

	Building	**Vehicle**	**Total**
Cost	**$**	**$**	**$**
Balance at 1 July 2019	262,904	33,176	296,080
Additions	73,912	-	73,912
Balance at 30 June 2020	336,816	33,176	369,992
Accumulated amortisation and impairment			
Balance at 1 July 2019	-	-	-
Amortisation	(211,668)	(24,213)	(235,881)
Balance at 30 June 2020	(211,668)	(24,213)	(235,581)
Carrying Value 30 June 2020	**125,148**	**8,963**	**134,111**

18.2 LEASE LIABILITIES

	Group Year ended
	30/06/2020
Maturity analysis	**$**
Less than one year	137,295
	137,295
Less: unearned interest	(1,653)
	135,642
Analysed as:	
Current	135,642
Balance as at 30 June 2020	**135,642**

19. ISSUED CAPITAL

	Group Year Ended 30/06/2020	30/06/2019
	$	$
19.1 ISSUED AND PAID UP CAPITAL		
Ordinary shares, fully paid	**16,124,617**	10,806,726
(30 June 2020: 141,750,051, 30 June 2019: 125,145,000)		

	Group Year Ended Number of shares	Share capital $
19.2 FULLY PAID ORDINARY SHARES		
Balance as at 30 June 2018	11,847,500	9,966,782
Options exercised	610,000	775,903
Employee retention rights issue on 3 December 2018	22,000	46,900
Employee retention rights issue on 11 December 2018	20,000	9,506
Employee retention rights issue on 17 June 2019	15,000	7,635
Balance as at 30 June 2019	12,514,500	10,806,726
Capital raising	**1,617,648**	5,500,003
Options exercised	**10,000**	14,000
Shares issued to contractors and employees	**12,000**	63,522
Total shares before share split	**14,154,148**	16,384,251
Shares after share split	**141,541,480**	16,384,251
Shares issued on employee retention rights vested during the year	**80,000**	11,590
Shares issued to Brandon Gien	**128,571**	18,000
Balance at 30 June 2020	**141,750,051**	16,413,841

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.

During the year, effective 3 December 2019, the issued capital of the Company was subdivided on a 10:1 basis.

19.3 SHARE OPTIONS

19.3.1 OPTIONS

Expiry Date	Exercise Price	Opening	New	Expired	Exercised	Share split additions	Closing
30/04/2020	$1.40 each	240,000	-	(230,000)	(10,000)	-	-
30/04/2022	$0.6 each	210,000	-	-	-	1,890,000	2,100,000
30/04/2022	$0.8 each	150,000	-	-	-	1,350,000	1,500,000
30/04/2022	$1 each	150,000	-	-	-	1,350,000	1,500,000
16/11/2020	$0.4 each	550,000	-	-	-	4,950,000	5,500,000
30/06/2022	$0.55 each	-	3,000,000	-	-	-	3,000,000
30/06/2022	$0.65 ecah	-	3,000,000	-	-	-	3,000,000
30/04/2022	$0.7 each	-	1,300,000	-	-	-	1,300,000
30/04/2022	$0.9 each	-	1,300,000	-	-	-	1,300,000
31/12/2020	$0.11 each	-	300,000	-	-	-	300,000
		1,300,000	8,900,000	(230,000)	(10,000)	9,540,000	19,500,000

19.3.2 EMPLOYEE RIGHTS

Expiry Date	Exercise Price	Opening	New	Expired	Exercised	Share split additions	Closing
16/11/2019	$0 each	5,000	-	-	(50,000)	45,000	-
01/07/2020	$0 each	18,000	-	-	-	162,000	180,000
19/03/2021	$0 each	3,000	-		(30,000)	27,000	-
21/02/2019	$0 each	6,000	-	(30,000)	-	54,000	30,000
None	$0 each	1,500	-	(15,000)	-	13,500	-
12/10/2020	$0 each	1,500	-	(15,000)	-	13,500	-
12/07/2021	$0 each	1,500	-	(15,000)	-	13,500	-
12/04/2022	$0 each	1,500	-	(15,000)	-	13,500	-
15/08/2021	$0 each	-	200,000	-	-	-	200,000
30/08/2021	$0 each	-	77,500	-	-	-	77,500
28/02/2022	$0 each	-	7,500	-	-	-	7,500
28/02/2022	$0 each	-	7,500	-	-	-	7,500
20/01/2021	$0 each	-	75,000	-	-	-	75,000
20/07/2021	$0 each	-	75,000	-	-	-	75,000
20/01/2022	$0 each	-	75,000	-	-	-	75,000
23/01/2022	$0 each	-	15,000	-	-	-	15,000
09/06/2022	$0 each	-	65,000	-	-	-	65,000
		38,000	597,500	(90,000)	(80,000)	342,000	807,500
	Total	1,338,000	9,497,500	(320,000)	(90,000)	9,882,000	20,307,500

During the year, the company issued 10,000 ordinary shares under the share option plan and 80,000 under the employees right plan (2019: 667,000).

20. RESERVES

	Group Year Ended 30/06/2020	30/06/2019
	$	$
Option issue reserve	**6,216,746**	3,756,515
Foreign currency translation reserve	**(31,029)**	(26,544)
	6,185,717	3,729,971

	Option Issue Reserve	**Foreign Currency Translation Reserve**
	$	**$**
Balance as at 30 June 2018	764,521	(29,009)
Options issued	3,327,939	-
Options exercised	(335,945)	-
Currency translation differences	-	2,465
Balance as at 30 June 2019	3,756,515	(26,544)
Options issued	2,460,231	-
Currency translation differences	-	(4,485)
Balance as at 30 June 2020	6,216,746	(31,029)

Nature and purpose of reserve

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

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

21. BORROWINGS

	Group Year Ended 30/06/2020	30/06/2019
	$	$
Convertible Note	**-**	1,250,000

The notes are convertible into ordinary shares of the Company at any time between the date of issue of the notes and their settlement date. On issue, the convertible notes were convertible into ordinary shares at the lower of $0.35 or at a 20 per cent discount to any future share issuance. The conversion price is at a per cent premium to the share price of the ordinary shares at the date the convertible notes were issued.

If the notes have not been converted, they will be redeemed on 3 October 2020 at par. Interest of 7 per cent will be paid annually up until that settlement date.

The net proceeds received from the issue of the convertible notes have been wholly allocated as a financial liability.

The interest expensed for the year is calculated by applying an effective interest rate of 7 per cent to the liability component for the total months period since the convertible notes were issued. The liability component is measured at amortised cost. The difference between the carrying amount of the liability component at the date of issue and the amount reported in the reporting period to 30 June 2020 represents the effective interest rate less interest paid to that date.

The convertible notes have been fully repayed during the financial year.

22. DIVIDENDS

No dividends have been declared in respect of the 2020 financial year. (2019: Nil)

Due to the R&D tax incentives taken up by the group, dividends paid during the 2014 to 2016 financial years were unfranked. It is anticipated that as long as the Group is entitled to the R&D tax incentive future dividends will also be unfranked.

23. CAPITAL RISK MANAGEMENT

23.1 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.

23.2 GEARING RATIO

	Group Year Ended	
	30/06/2020	30/06/2019
	$	$
The gearing ratio at end of the period was as follows		
Lease liabilities	**136,642**	-
Borrowings	**-**	1,250,000
Net Debt	**136,642**	1,250,000
Equity	**8,313,183**	4,804,998
Net debt to equity ratio	**1.6%**	26.0%

24. FINANCIAL INSTRUMENTS

Financial risk management

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

The main risks arising from the Group'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 Group 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 Year Ended	
	30/06/2020	30/06/2019
	$	$
Cash and cash equivalents (interest-bearing accounts)	**3,165,126**	1,635,872
Net exposure	**3,165,126**	1,635,872

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 Year Ended	
	30/06/2020	30/06/2019
	$	$
Post tax profit - higher/(lower)	**638**	83
	(638)	(83)
Equity - higher/(lower)	**638**	83
	(638)	(83)

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 2020 financial period.

	Group Year Ended	
	30/06/2020	30/06/2019
	$	$
Financial assets		
Cash & cash equivalent	**3,165,126**	1,635,872
Trade and other receivables	**1,049,581**	813,963
	4,214,707	2,449,735
Financial liabilities		
Trade payables	**1,598,782**	1,205,417
Borrowings	**-**	1,250,000
Lease liabilities	**135,642**	-
Indirect tax liability	**411,723**	26,337
	2,146,147	2,481,754
Net Maturity	**2,068,560**	(32,019)

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

The directors consider that the carrying amounts of financial assets and financial liabilities recognised in the consolidated financial statements approximate their fair values.

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 12 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, operations in New Zealand being denominated in NZD, and Operations in the United Kingdom being denominated in GBP, 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 USD, NZ and GBP currency was low and immaterial for the year ended 30 June 2020.

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, NZD and GBP, to meet current operational commitments.

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

Fair value

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

25. SHARE-BASED PAYMENTS

25.1 EMPLOYEE SHARE OPTION PLAN

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

The weighted average share price during the year was $0.42 (2019: $0.845)

There were 8,900,000 options granted during the current financial year and 597,500 employee rights issued.

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

Name	Number	Grant Date	Expiry Date	Grant Date Fair Value	Exercise price	Vesting Date	Exercised
Granted 3 October 2018	5,500,000	3/10/18	16/11/20	$0.26	$0.40	Vest at date of grant	-
Granted 16 November 2018	2,100,000	16/11/18	3/4/20	$0.28	$0.60	Vest at date of grant	-
Granted 16 November 2018	1,500,000	16/11/18	3/4/20	$0.27	$0.80	Vest at date of grant	-
Granted 16 November 2018	1,500,000	16/11/18	3/4/20	$0.01	$1.00	Vest at date of grant	-
Granted 10 October 2019	3,000,000	10/10/19	30/6/22	$0.37	$0.55	Vest at date of grant	-
Granted 10 October 2019	3,000,000	10/10/19	30/6/22	$0.37	$0.65	Vest at date of grant	-
Granted 29 November 2019	1,300,000	29/11/19	30/4/22	$0.33	$0.70	Vest at date of grant	
Granted 29 November 2019	1,300,000	29/11/19	30/4/22	$0.33	$0.90	Vest at date of grant	
Granted 14 May 2020	300,000	14/5/20	31/12/20	$0.10	$0.11	Vest at date of grant	
Employee right 6	15,000	9/10/18	1/7/20	$0.30	$0.00	1/7/20	-
Employee right 7	50,000	9/10/18	1/7/20	$0.30	$0.00	1/7/20	-
Employee right 9	15,000	9/10/18	1/7/20	$0.30	$0.00	1/7/20	-
Employee right 10	50,000	9/10/18	1/7/20	$0.30	$0.00	1/7/20	-
Employee right 11	50,000	9/10/18	1/7/20	$0.30	$0.00	1/7/20	-
Employee right 13	30,000	21/2/19	30/1/21	$0.30	$0.00	30/1/21	-
Employee right 16	50,000	13/8/19	15/8/21	$0.43	$0.00	15/8/21	-
Employee right 17	150,000	13/8/19	15/8/21	$0.43	$0.00	15/8/21	-
Employee right 18	7,500	30/8/19	30/8/21	$0.39	$0.00	30/8/21	-
Employee right 19	7,500	30/8/19	30/8/21	$0.39	$0.00	30/8/21	-
Employee right 20	10,000	30/8/19	30/8/21	$0.39	$0.00	30/8/21	-
Employee right 21	10,000	30/8/19	30/8/21	$0.39	$0.00	30/8/21	-
Employee right 22	7,500	30/8/19	30/8/21	$0.39	$0.00	30/8/21	-
Employee right 23	20,000	30/8/19	30/8/21	$0.39	$0.00	30/8/21	-
Employee right 24	20,000	30/8/19	30/8/21	$0.39	$0.00	30/8/21	-
Employee right 25	10,000	30/8/19	30/8/21	$0.39	$0.00	30/8/21	-
Employee right 26	75,000	20/1/20	20/1/21	$0.29	$0.00	20/1/21	-
Employee right 26	75,000	20/1/20	20/7/21	$0.29	$0.00	20/7/21	-
Employee right 26	75,000	20/1/20	20/1/22	$0.29	$0.00	20/1/22	-
Employee right 27	15,000	24/1/20	23/1/22	$0.29	$0.00	23/1/22	-
Employee right 28	20,000	9/6/20	9/6/22	$0.14	$0.00	9/6/22	-
Employee right 29	20,000	9/6/20	9/6/22	$0.14	$0.00	9/6/22	-
Employee right 30	20,000	9/6/20	9/6/22	$0.14	$0.00	9/6/22	-
Employee right 31	5,000	9/6/20	9/6/22	$0.14	$0.00	9/6/22	-

The following table outlines the share options on issue and movements during the reporting periods presented:

Name	Balance at 1 July	Granted as compensation	Reduction due to exercise of options	Weighted average exercise price	Increase due to share split	Net other changes	Balance at 30 June	Balance vested and exercisable
2020	**No.**	**No.**	**No.**	**($)**	**No.**		**No.**	**No.**
Granted on 7 Dec 2015	240,000		(10,000)	-	-	(230,000)	-	-
Employee right 1	5,000		(5,000)	-	-		-	-
Granted 3 October 2018	550,000			-	4,950,000		5,500,000	5,500,000
Granted 16 November 2018	210,000			-	1,890,000		2,100,000	2,100,000
Granted 16 November 2018	150,000			-	1,350,000		1,500,000	1,500,000
Granted 16 November 2018	150,000			-	1,350,000		1,500,000	1,500,000
Granted 10 October 2019		3,000,000					3,000,000	3,000,000
Granted 10 October 2019		3,000,000					3,000,000	3,000,000
Granted 29 November 2019		1,300,000					1,300,000	1,300,000
Granted 29 November 2019		1,300,000					1,300,000	1,300,000
Granted 14 May 2020		300,000					300,000	300,000
Employee right 6	1,500			-	13,500		15,000	-
Employee right 7	5,000			-	45,000		50,000	-
Employee right 9	1,500			-	13,500		15,000	-
Employee right 10	5,000			-	45,000		50,000	-
Employee right 11	5,000			-	45,000		50,000	-
Employee right 12	3,000		(30,000)	-	27,000		-	-
Employee right 13	3,000			-	27,000		30,000	-
Employee right 14	3,000			-		(3,000)	-	-
Employee right 15	6,000			-		(6,000)	-	-
Employee right 16		50,000					50,000	
Employee right 17		150,000					150,000	
Employee right 18		7,500					7,500	
Employee right 19		7,500					7,500	
Employee right 20		10,000					10,000	
Employee right 21		10,000					10,000	
Employee right 22		7,500					7,500	
Employee right 23		20,000					20,000	
Employee right 24		20,000					20,000	
Employee right 25		10,000					10,000	
Employee right 26		75,000					75,000	
Employee right 26		75,000					75,000	
Employee right 26		75,000					75,000	
Employee right 27		15,000					15,000	
Employee right 28		20,000					20,000	
Employee right 29		20,000					20,000	
Employee right 30		20,000					20,000	
Employee right 31		5,000					5,000	

Name	Balance at 1 July	Granted as compensation	Reduction due to exercise of options	Weighted average exercise price	Net other change	Balance at 30 June	Balance vested and exercisable
2019	**No.**	**No.**	**No.**	**($)**	**No.**	**No.**	**No.**
Granted on 4 September 2013	30,000	-	(30,000)	-	-	-	-
Granted on 7 Dec 2015	240,000	-	-	-	-	240,000	240,000
Granted on 8 Dec 2017	80,000	-	(80,000)	-	-	-	-
Granted on 18 Dec 2017	350,000	-	(350,000)	-	-	-	-
Granted on 29 May 2018	150,000	-	(150,000)	-	-	-	-
Employee right 1	10,000	-	(5,000)	-	-	5,000	-
Employee right 2	15,000	-	(15,000)	-	-	-	-
Employee right 3	15,000	-	(15,000)	-	-	-	-
Employee right 4	10,000	-	(10,000)	-	-	-	-
Employee right 5	10,000	-	(10,000)	-	-	-	-
Granted 3 October 2018	-	550,000	-	-	-	550,000	550,000
Granted 16 November 2018	-	210,000	-	-	-	210,000	210,000
Granted 16 November 2019	-	150,000	-	-	-	150,000	150,000
Granted 16 November 2020	-	150,000	-	-	-	150,000	150,000
Employee right 6	-	1,500	-	-	-	1,500	-
Employee right 7	-	5,000	-	-	-	5,000	-
Employee right 8	-	5,000	-	-	(5,000)	-	-
Employee right 9	-	1,500	-	-	-	1,500	-
Employee right 10	-	5,000	-	-	-	5,000	-
Employee right 11	-	5,000	-	-	-	5,000	-
Employee right 12	-	3,000	-	-	-	3,000	-
Employee right 13	-	3,000	-	-	-	3,000	-
Employee right 14	-	3,000	-	-	-	3,000	-
Employee right 15	-	6,000	-	-	-	6,000	-

Share options outstanding at the end of the year had a weighted average exercise price of $0.58 (2019: $0.48) The average remaining contractual life of options outstanding at the end of the financial year was 1.89 years (2019: 1.66).

25.2 Fair Value of share options granted during the year

There were 8,900,000 options and 597,500 employee rights granted during the year (2019: 1,060,000 options and 28,000 employee rights). The weighted average fair value of the share options and employee rights granted during the financial year is $0.27 (2019: $0.30) the valuation model inputs used to determine the fair value as at grant date were as follows:

Grant Date	Expiry Date	Share price at grant date	Exercise price	Expected volatility	Option life	Dividend yield	Fair value at grant date	Number of options	Vesting date	Expensed during the period
29/11/19	30/4/23	$0.33	$0.70	159.80%	3.42 Years	0.00%	$0.26	1,300,000	Vest at date of grant	$345,446
29/11/19	30/4/23	$0.33	$0.90	159.80%	3.42 Years	0.00%	$0.26	1,300,000	Vest at date of grant	$335,722
10/10/19	30/5/22	$0.37	$0.55	155.00%	2.72 Years	0.00%	$0.28	3,000,000	Vest at date of grant	$839,465
10/10/19	30/5/22	$0.37	$0.65	155.00%	2.72 Years	0.00%	$0.27	3,000,000	Vest at date of grant	$818,405
14/5/20	31/12/20	$0.10	$0.11	63.90%	0.63 Years	0.00%	$0.01	300,000	Vest at date of grant	$4,251

Grant Date	Expiry Date	Share price at grant date	Exercise price	Expected volatility	Option life	Dividend yield	Fair value at grant date	Number of options	Vesting date	Expensed during the period
13/8/19	15/8/21	$0.43	$0.00	129.8%	2.01 Years	0.00%	$0.43	50,000	15/8/21	$9,423
13/8/19	15/8/21	$0.43	$0.00	129.8%	2.01 Years	0.00%	$0.43	150,000	15/8/21	$28,312
30/8/19	30/8/21	$0.39	$0.00	130.0%	2.00 Years	0.00%	$0.39	7,500	30/8/21	$1,214
30/8/19	28/2/22	$0.39	$0.00	130.0%	2.50 Years	0.00%	$0.39	7,500	28/2/22	$974
30/8/19	30/8/21	$0.39	$0.00	130.0%	2.00 Years	0.00%	$0.39	10,000	30/8/21	$1,622
30/8/19	30/8/21	$0.39	$0.00	130.0%	2.00 Years	0.00%	$0.39	10,000	30/8/21	$1,622
30/8/19	28/2/22	$0.39	$0.00	130.0%	2.50 Years	0.00%	$0.39	7,500	28/2/22	$974
30/8/19	30/8/21	$0.39	$0.00	130.0%	2.00 Years	0.00%	$0.39	20,000	30/8/21	$3,243
30/8/19	30/8/21	$0.39	$0.00	130.0%	2.00 Years	0.00%	$0.39	20,000	30/8/21	$3,243
30/8/19	30/8/21	$0.39	$0.00	130.0%	2.00 Years	0.00%	$0.39	10,000	30/8/21	$1,622
20/1/20	20/1/21	$0.29	$0.00	127.9%	1.00 Years	0.00%	$0.29	75,000	20/1/21	$9,627
20/1/20	20/7/21	$0.29	$0.00	127.9%	1.50 Years	0.00%	$0.29	75,000	20/7/21	$6,441
20/1/20	20/1/22	$0.29	$0.00	127.9%	2.00 Years	0.00%	$0.29	75,000	20/1/22	$4,820
24/1/20	23/1/22	$0.29	$0.00	128.1%	2.00 Years	0.00%	$0.29	15,000	23/1/22	$925
9/6/20	9/6/22	$0.14	$0.00	141.7%	2.00 Years	0.00%	$0.14	20,000	9/6/22	$81
9/6/20	9/6/22	$0.14	$0.00	141.7%	2.00 Years	0.00%	$0.14	20,000	9/6/22	$81
9/6/20	9/6/22	$0.14	$0.00	141.7%	2.00 Years	0.00%	$0.14	20,000	9/6/22	$81
9/6/20	9/6/22	$0.14	$0.00	141.7%	2.00 Years	0.00%	$0.14	5,000	9/6/22	$23

The above relate to employee remuneration expense, equity-settled share-based payment transactions of $74,326 (2019: $45,923) which have been included in profit and loss and credited to share based payment reserve.

26. RELATED PARTY TRANSACTIONS

26.1 SUBSIDIARIES

The consolidated financial statements include the financial statements of MGM Wireless Ltd and the subsidiaries that are listed in the table in Note 13.

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 13.

Investments in subsidiaries, associates and joint ventures are accounted for at cost. Dividends received from subsidiaries, associates and joint ventures are recognised in profit or loss when a right to receive the dividend is established (provided that it is probable that the economic benefits will flow to the Parent and the amount of income can be measured reliably).

26.2 PARENT ENTITY DISCLOSURE

MGM Wireless Ltd is the ultimate Australian parent entity and the ultimate parent of the Group. The accounting policies of the parent entity, which have been applied in determining the financial information shown below, are the same as those applied in the consolidated financial statements except as set out below. See note 3 for a summary of the significant accounting policies relating to the Group.

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

	Group Year Ended	
	30/06/2020	30/06/2019
Financial position	**$**	$
Assets		
Current assets	**-**	-
Non-current assets	**8,313,083**	4,804,998
Total assets	**8,313,083**	4,804,998
Liabilities		
Current liabilities	**-**	-
Non-current liabilities	**-**	-
Total liabilities	**-**	-
Net assets	**8,313,083**	4,804,998
Equity		
Issued capital	**16,124,518**	10,806,726
Retained earnings	**(7,811,435)**	(6,001,728)
Total equity	**8,313,083**	4,804,998
Financial performance		
Loss for the year	**(1,809,707)**	(2,920,789)
Other comprehensive income	**-**	-
Total comprehensive income	**(1,809,707)**	(2,920,789)

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries. There are no guarantees entered into in relation to debt for any subsidiaries.

26.3 TAX CONSOLIDATION

The company and its wholly-owned Australian resident entities are members of a taxconsolidated group under Australian tax law. The company is the head entity within the tax consolidated group. In addition to its own current and deferred tax amounts, the company also recognises the current tax liabilities and assets and deferred tax assets arising from unused tax losses and relevant tax credits of the members of the tax-consolidated group.

Amounts payable or receivable under the tax-funding arrangement between the company and the entities in the tax consolidated group are determined using a 'separate taxpayer within group' approach to determine the tax contribution amounts payable or receivable by each member of the tax-consolidated group. This approach results in the tax effect of transactions being recognised in the legal entity where that transaction occurred, and does not tax effect transactions that have no tax consequences to the group. The same basis is used for tax allocation within the tax-consolidated group.

26.4 KEY MANAGEMENT PERSONNEL

Disclosures relating to key management personnel are set out in Note 27.

26.5 OTHER EQUITY INTERESTS

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

26.6 TRANSACTIONS WITH RELATED PARTIES

During the 2020 financial year $25,950 was paid to Newsgallery for PR advisory services (2019: $3,080). Newsgallery is a related entity of Leila Henderson.

During the 2020 financial year $44,393 was paid to Mount Seventh for consulting fees (2019: $60,061). Mount Seventh is a related entity of Glen Butler.

During the 2020 financial year $18,000 was paid to Brandon Gien by way of shares amounting to 128,571 for counsulting fees (2019: nil).

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.

27. DIRECTOR AND EXECUTIVE DISCLOSURES

27.1 COMPENSATION OF KEY MANAGEMENT PERSONNEL

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

	Group Year Ended	
	30/06/2020	30/06/2019
	$	$
Short-term	**417,946**	464,587
Post employment	**75,284**	40,787
Other long-term	**479,560**	85,123
Fees paid to related entities	**88,343**	63,141
Share-based payment	**681,168**	386,259
	1,742,301	1,039,987

27.2 LOANS WITH KEY MANAGEMENT PERSONNEL

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

28. REMUNERATION OF AUDITORS

	Group Year Ended	
	30/06/2020	30/06/2019
	$	$
Audit and review of financial statements of Group by:		
Ian G McDonald	**23,000**	22,000

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. SUBSEQUENT EVENTS

On 16 July 2020, 23,256,425 ordinary shares were issued under a share purchase plan. The shares were offered at an issue price of $0.1075 per share raising $2,500,065 before costs. There has not been any other matter or circumstances that have arisen since 30 June 2020, 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.

31. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved by the board of directors and authorised for issue on 25 September 2020.

Additional Stock Exchange Information as at 17 September 2020

Ordinary share capital

Distribution of shareholders

Range	Total holders	% Units
1 - 1,000	79	0.01
1,001 - 5,000	290	0.55
5,001 - 10,000	213	1.02
10,001 - 100,000	719	17.08
100,001 Over	280	81.35
Total	**1,581**	**100.00**

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 17 September 2020

	Number	% of units
Twenty largest shareholders		
MRS PAULA FORTUNATOW <A M & J M A/C>	6,827,780	4.13
I-HOLDINGS PTY LTD <FORTUNATOW FAM SF A/C>	5,703,640	3.45
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	5,334,330	3.23
MRS PAULA FORTUNATOW + MR MARK FORTUNATOW <FORTUNATOW FAMILY A/C>	4,285,000	2.59
MR NOEL GEORGE HURD	4,000,000	2.42
UBS NOMINEES PTY LTD	3,837,810	2.32
YAVERN CREEK HOLDINGS PTY LTD	3,200,000	1.94
RYANU SERVICES PTY LTD <RYANU FAMILY A/C>	2,524,710	1.53
DR PRIYA AMARA SELVA-NAYAGAM + DR CRAIG LLOYD JAMES <THE JAMES SUPER FUND A/C>	2,357,000	1.43
MR PETER COSSETTO + MRS ANNAMARIA STEFANIA COSSETTO <COSSETTO FAMILY SUPER A/C>	2,279,070	1.38
MR BRENDAN JON TURNBULL	2,200,000	1.33
FGDG SUPER PTY LTD <FG HEPPINGSTONE P/L S/F A/C>	2,138,090	1.29
MR BILAL AHMAD	1,916,000	1.16
MR CHARLES MORPHY	1,670,020	1.01
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	1,658,090	1.00
RIGI INVESTMENTS PTY LIMITED <THE CAPE A/C>	1,600,000	0.97
MR PAUL RICHARD COOPER	1,588,920	0.96
MR MARCEL STEPHAN + MRS CORINA STEPHAN <STEPHAN SUPER FUND A/C>	1,329,510	0.80
MR CHRISTOPHER JAMES CAMERON	1,316,113	0.80
MR HAYDN THOMAS BOWBYES	1,300,070	0.79
Totals: Top 20 holders of ORDINARY FULLY PAID SHARES (Total)	57,066,153	34.55
Total Remaining Holders Balance	108,120,323	65.45

Additional Stock Exchange Information as at 17 September 2020

Unlisted options

Expiry date	**29/11/20**	**31/12/20**	**30/4/22**	**30/4/22**	**30/4/22**	**30/6/22**	**30/6/22**	**30/4/23**	**30/4/23**
Exercise price	**$0.40**	**$0.11**	**$0.60**	**$0.80**	**$1.00**	**$0.55**	**$0.65**	**$0.70**	**$0.90**
Total Options Issued	5,500,000	300,000	2,100,000	1,500,000	1,500,000	3,000,000	3,000,000	1,300,000	1,300,000
Number of holders	**11**	**1**	**3**	**1**	**1**	**6**	**6**	**2**	**2**
Holders with more than 20%									
- Mark Fortunatow			1,300,000	1,500,000	1,500,000			1,250,000	1,250,000
- GC Nominees (Australia) Pty Ltd						2,000,000	2,000,000		
- Jane Morgan		300,000							

RESTRICTED SECURITIES

There are 90,000 fully paid ordinary shares subject to voluntary escrow until 13 November 2020.

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 Road
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

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 **Telephone:** 0419 620 906
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
Stock Exchange	The securities of MGM Wireless Limited are listed on the Australian Securities Exchange. **ASX Code: MWR** ordinary fully paid shares

MGM