

Appendix 4D
MGM WIRELESS LIMITED
 ABN 93 091 351 530
Half-year Report
31 December 2004
 (Previous corresponding period: 31 December 2003)

Results for announcement to the market

Financial Results				6 months ended 31 Dec 2004 \$
Revenue from ordinary activities	up	274%	to	476,487
Profit (loss) from ordinary activities after tax attributable to members	down	7.8%	to	(332,025)
Net profit (loss) for the period attributable to members	down	7.8%	to	(332,025)

Dividends	Amount per Ordinary Security	Franked amount per security
2005 interim dividend	Nil	Nil
2004 final dividend	Nil	Nil
It is not proposed to pay a dividend.		
Record date for determining entitlements to the 2004 interim dividends		N/A

Net Tangible Asset Backing	31 December 2004	31 December 2003
Net tangible asset backing per ordinary security	0.5 cps	0.5 cps

Other explanatory notes

Control gained or lost over entities during the period	
Name of entity	
Date of gaining control	

Distributions to shareholders	N/A
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Dividend reinvestment plan details	N/A
Joint venture and associate details	N/A
Foreign entities accounting standards used	N/A

The information required by listing rule 4.2A is contained in both this Appendix 4D and the attached half-year report. This half-year report does not include notes of the type normally included in an annual financial report and should be read in conjunction with the 2004 annual financial report.

MGM WIRELESS LIMITED

ABN 93 091 351 530

INTERIM FINANCIAL REPORT

HALF-YEAR ENDED

31 DECEMBER 2004

MGM WIRELESS LIMITED

CORPORATE DIRECTORY

DIRECTORS

Mark Fortunatow
Executive Chairman

Mark Hurd
Executive Director

Richard Sciano
Non-Executive Director

SECRETARY

Neville Bassett

REGISTERED OFFICE

Suite 2
128 Hindley Street
Adelaide SA 5000

Telephone: (08) 8415 5165
Facsimile: (08) 8231 5200

AUDITOR

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

SHARE REGISTRY

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

Telephone: (08) 9323 2058
Facsimile: (08) 9323 2033

STOCK EXCHANGE

The securities of MGM Wireless Limited are listed on the Australian Stock Exchange Limited (Home Exchange – Perth)

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

MGM WIRELESS LIMITED DIRECTORS' REPORT

Your directors submit their report for the half-year ended 31 December 2004.

DIRECTORS

The names of the company's directors in office during the half-year and until the date of this report are:

Mark Fortunatow
Mark E Hurd
Richard S Sciano

Directors were in office for this entire period unless otherwise stated.

REVIEW OF OPERATIONS

The company is pleased to report sales improved by 274% to \$476,487 as compared to \$127,259 for the same period a year ago.

Working capital improved 72% to \$787,771 as compared to \$456,959 for the same period a year ago.

Cash holdings grew 77% to \$667,326 as compared to \$376,604 for the same period a year ago.

EBITA (deducting the issue of shares in lieu of fees) was a net loss of \$93,545 for the period, an improvement of 160% from \$ 243,420 for the same period a year ago.

The consolidated net loss after income tax of the consolidated entity for the half-year was \$332,025 (previous corresponding period: \$308,036).

Depreciation charges were up 56 % to \$100,480 as compared to \$64,607 for the same period a year ago.


During the period, shareholders approved an issue of shares in lieu of fees to the value of \$138,000.

As previously reported, during the period, the number of schools that have now licensed MSGU surpassed 100.

AUDITOR'S DECLARATION OF INDEPENDENCE

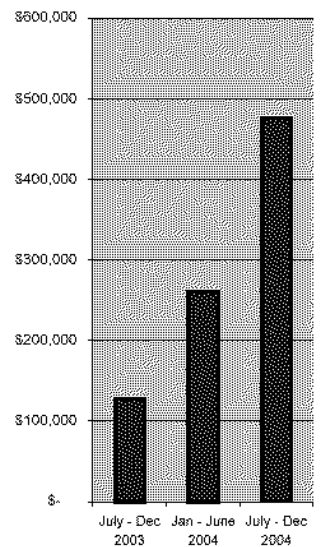
A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 in relation to the review for the half-year ended 31 December 2004 is set out on page 12.

Signed in accordance with a resolution of the directors.



M Fortunatow, Director
Adelaide, 28 February 2005

Half Yearly Revenues



MGM WIRELESS LIMITED
STATEMENT OF FINANCIAL PERFORMANCE

For the half-year ended 31 December 2004

	Consolidated	Consolidated
	6 Months Ended 31 December 2004 \$	6 Months Ended 31 December 2003 \$
Revenues from ordinary activities	476,487	127,259
Cost of sales	(55,200)	(3,704)
Bad and doubtful debts	(5,528)	-
Depreciation and amortisation expense	(100,480)	(64,607)
Sales expenses	(106,479)	-
Consulting expenses	(70,551)	(22,648)
Corporate and administration expenses	(111,695)	(100,030)
Employee benefit expenses	(358,579)	(71,475)
Merger and acquisition expenses	-	(172,831)
Loss from ordinary activities before income tax expense	<u>(332,025)</u>	<u>(308,036)</u>
Income tax expense relating to ordinary activities	-	-
Loss from ordinary activities after income tax expense	<u>(332,025)</u>	<u>(308,036)</u>
Share issue costs	(15,581)	-
Increase in option premium reserve	5,740	-
Total revenues, expenses and valuation adjustments attributable to members of MGM Wireless Limited and recognised directly in equity	<u>(9,841)</u>	<u>-</u>
Total changes in equity other than those resulting from transactions with owners as owners	<u>(341,866)</u>	<u>(308,036)</u>
Basic loss per share (cents per share)	(0.25)	(0.26)
Diluted loss per share (cents per share)	(0.25)	(0.26)

The accompanying notes form part of these financial statements

MGM WIRELESS LIMITED
STATEMENT OF FINANCIAL POSITION

As at 31 December 2004

	Consolidated	Consolidated
	31 December	30 June
	2004	2004
	\$	\$
CURRENT ASSETS		
Cash assets	667,326	378,760
Receivables	223,179	155,163
Other	5,155	548
TOTAL CURRENT ASSETS	895,660	534,471
NON-CURRENT ASSETS		
Property, plant and equipment	82,304	88,681
Intangible assets	602,900	693,700
TOTAL NON-CURRENT ASSETS	685,204	782,381
TOTAL ASSETS	1,580,864	1,316,852
CURRENT LIABILITIES		
Payables	100,389	70,012
Provisions	7,500	7,500
TOTAL CURRENT LIABILITIES	107,889	77,512
TOTAL LIABILITIES	107,889	77,512
NET ASSETS	1,472,975	1,239,340
EQUITY		
Contributed equity	4,291,583	3,731,664
Reserves	5,740	-
Accumulated losses	(2,824,348)	(2,492,324)
TOTAL EQUITY	1,472,975	1,239,340

The accompanying notes form part of these financial statements

MGM WIRELESS LIMITED

STATEMENT OF CASH FLOWS

For the half-year ended 31 December 2004

	Consolidated	Consolidated
	6 Months Ended 31 December 2004 \$	6 Months Ended 31 December 2003 \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	399,363	30,277
Payments to suppliers and employees	(538,733)	(328,347)
Interest received	3,580	12,558
Net cash used in operating activities	(135,790)	(285,512)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for plant and equipment	(3,303)	(2,950)
Net cash on acquisition of controlled entity	-	1,000
Net cash used in investing activities	(3,303)	(1,950)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	437,500	-
Expenses of share issue	(9,841)	-
Repayment of borrowings	-	(40,000)
Net cash provided by / (used in) financing activities	427,659	(40,000)
Net increase / (decrease) in cash held	288,566	(327,462)
Cash at beginning of the financial period	378,760	704,066
Cash at the end of the financial period	667,326	376,604

The accompanying notes form part of these financial statements

MGM WIRELESS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the half-year ended 31 December 2004

1. BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL REPORT

The half-year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report.

The half-year financial report should be read in conjunction with the Annual Financial Report as at 30 June 2004. It is also recommended that the half-year financial report be considered together with any public announcements made by the consolidated entity during the half-year ended 31 December 2004 in accordance with the continuous disclosure obligations arising under the Corporations Act 2001.

(a) Basis of accounting

The half-year financial report is a general purpose financial report, which have been prepared in accordance with the requirements of the Corporations Act 2001, applicable Accounting Standards including AASB 1029: Interim Financial Reporting and other mandatory professional reporting requirements (Urgent Issues Group Consensus Views).

The accounting policies have been consistently applied by the entities in the consolidated entity and are consistent with those of the previous financial year.

For the purpose of preparing the half-year consolidated report, the half-year has been treated as a discrete reporting period.

(b) Impact of International Accounting Standards

Australia is currently preparing for the introduction of International Financial Reporting Standards (IFRS) effective for financial years commencing 1 January 2005. This requires the production of accounting data for future comparative purposes at the beginning of the current financial year, being 1 July 2004. The adoption of Australian equivalents to IFRS will be first reflected in the consolidated entity's financial statements for the half-year ending 31 December 2005 and the year ending 30 June 2006.

The Company's Board of Directors, along with its auditors, are continuing to assess the significance of these changes and prepare for their implementation. This process involves evaluating the key differences in accounting policies and their financial impact, and identifying the changes to the company's financial reporting systems.

Set out below are the key areas where accounting policies will change and may have an impact on the financial report of the Company. At this stage the Company has not been able to reliably quantify the impacts on the financial report.

MGM WIRELESS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the half-year ended 31 December 2004

1. BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL REPORT (Cont.)

Internally Generated Brands

Under AASB 138: Intangible Assets, internally generated brands may not be capitalised to the Statement of Financial Position, but should be expensed in the period in which they are incurred. Current accounting policy is to capitalise these costs and amortise them over the period in which their benefit is expected to be realised. The result of this change will be to derecognise the patents and trademarks that currently are recorded as intangible assets, with an adjustment being made to opening retained earnings.

Research and Development Expenditure

Under AASB 138: Intangible Assets further requires that costs associated with research be expensed in the period in which they are incurred. In terms of current policy, research costs are capitalised to the Statement of Financial Position where it is expected beyond any reasonable doubt that sufficient future benefits will be derived and amortise them over the period in which their benefit is expected to be realised.

Classification of Financial Instruments

Under AASB 139: Financial Instruments - Recognition and Measurement, financial instruments will be required to be classified into one of five categories which will, in turn, determine the accounting treatment of the item. The classifications are loans and receivables – measured at amortised costs, held to maturity – measured at amortised cost, held for trading – measured at fair value with fair value changes charged to net profit or loss, available for sale – measured at fair value with fair changes taken equity and non-trading liabilities – measured at amortised cost. This will result in a change in the current accounting policy that does not classify financial instruments. The future financial effect of this change in accounting policy is not yet known as the classification and measurement process has not yet been fully completed.

Impairment of Assets

Under AASB 136: Impairment of Assets the recoverable amount of an asset is determined as the higher of the net selling price and value in use. This will result in a change in the consolidated entity's current accounting policy which determines the recoverable amount of an asset on the basis of net cash flows. Under the new policy it is likely that impairment of assets will be recognised sooner and that the amount of write-downs will be greater. Reliable estimation of the future financial effects of this change in accounting policy is impracticable because the conditions under which impairment will be assessed are not yet known.

Share-based payments

Under AASB 2: Share-based Payments, the company will be required to determine the fair value of options issued to employees as remuneration and recognise an expense in the Statement of Financial Performance. This standard is not limited to options and also extends to other forms of equity-based remuneration. It applies to all share-based payments issued after 7 November 2002 which have not vested as at 1 January 2005. Reliable estimation of the future financial effects of this change in accounting policy is impracticable as the details of future equity-based remuneration plans are unknown.

Income taxes

Under AASB 112: Incomes Taxes, the company will be required to use a balance sheet liability method which focuses on the tax effects of transactions and other events that affect amounts recognised in either the Statement of Financial Position or a tax-based balance sheet. It is not expected that there will be any further material impact as a result of adoption of this standard.

MGM WIRELESS LIMITED
NOTES TO THE FINANCIAL STATEMENTS

For the half-year ended 31 December 2004

	31 December 2004 \$	30 June 2004 \$
2. CONTRIBUTED EQUITY		
Issued Capital		
Ordinary shares – fully paid	4,291,583	3,731,664
 Movement in ordinary shares on issue		
	Number	\$
Balance at beginning of period	132,301,690	3,731,664
Cash issue at 2.5 cents	17,500,000	437,500
Issue in lieu of fees at 2.5 cents	5,520,000	138,000
Share transaction costs	-	(15,581)
Balance at end of period	155,321,690	4,291,583

3. NON CASH FINANCING AND INVESTING ACTIVITIES

During the financial period, the company issued 2,000,000 unlisted options exercisable at 3 cents per option with an aggregate fair value of \$5,740 in satisfaction of share placement fees. These share transaction costs are not reflected in the Statement of Cash Flows.

4. SEGMENT INFORMATION

The company operates predominantly in one business segment, being the provision of business messaging solutions and internet related services and in one geographic region, namely Australia.

5. CONTINGENT LIABILITIES

There has been no change in contingent liabilities since the last annual reporting date.

6. EVENTS SUBSEQUENT TO REPORTING DATE

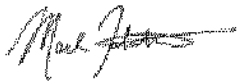
There are no matter or circumstances which have arisen since the end of the half-year which significantly affected or may significantly affect the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in subsequent financial periods.

MGM WIRELESS LIMITED
DIRECTORS' DECLARATION

The directors of the company declare that:

- 1) The financial statements and notes set out on pages 3 to 8 are in accordance with the Corporations Act 2001 and:
 - (a) comply with the Accounting Standard AASB 1029: Interim Financial Reporting and the Corporations Regulations 2001;
 - (b) give a true and fair view of the company's financial position as at 31 December 2004 and of its performance, as represented by the results of its operations and cash flows for the half-year ended 31 December 2004.
- 2) At the date of this statement there are reasonable grounds to believe that the company will be able to pay its debts when they become due and payable.

This statement is made in accordance with a resolution of the Board of Directors.



M Fortunatow
Director

Adelaide, 28 February 2005

RSM Bird Cameron Partners

Chartered Accountants

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INDEPENDENT REVIEW REPORT TO THE MEMBERS OF MGM WIRELESS LIMITED

Scope

The financial report and directors' responsibility

The financial report comprises the statement of financial position, statement of financial performance, statement of cash flows, accompanying notes to the financial statements, and the directors' declaration for MGM Wireless Limited (the consolidated entity) for the half-year ended 31 December 2004. The consolidated entity comprises both MGM Wireless Limited (the Company) and the entities it controlled during the half-year.

The directors of the Company are responsible for the preparation and true and fair presentation of the financial report in accordance with the Corporations Act 2001. This includes the responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error and for the accounting policies and accounting estimates inherent in the financial report.

Review approach

We conducted an independent review in order for the Company to lodge the financial report with the Australian Securities and Investments Commission. Our review was conducted in accordance with Australian Auditing Standards applicable to review engagements.

We performed procedures in order to state whether on the basis of the procedures described anything has come to our attention that would indicate the financial report does not present fairly, in accordance with the Corporations Act 2001, Accounting Standard AASB 1029: Interim Financial Reporting and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the consolidated entity's financial position and of its performance as represented by the results of its operations and cash flows.

We formed our statement on the basis of the review procedures performed, which were limited primarily to:

- Inquiries of company personnel; and
- Analytical procedures applied to the financial data.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our review was not designed to provide assurance on internal controls.

The procedures do not provide all the evidence that would be required in an audit, thus the level of assurance is less than given in an audit. We have not performed an audit, and accordingly, we do not express an audit opinion.

A review cannot guarantee that all material misstatements have been detected.

Independence

In conducting our review, we followed applicable independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001. We have given to the directors of the Company, a written Auditor's Independence Declaration (a copy of which is included in the Directors' Report).

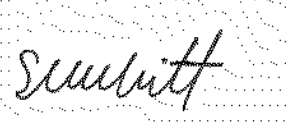
Statement

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of MGM Wireless Limited is not in accordance with:

- (a) the Corporations Act 2001, including:
 - (i) giving a true and fair view of MGM Wireless Limited's financial position as at 31 December 2004 and of its performance for the half-year ended on that date; and
 - (ii) complying with Accounting Standard AASB 1029: Interim Financial Reporting and the Corporations Regulations 2001; and
- (b) other mandatory professional reporting requirements in Australia.



RSM BIRD CAMERON PARTNERS
Chartered Accountants



S C CUBITT
Partner

Perth, WA
Dated: 28 February 2005

RSM Bird Cameron Partners

Chartered Accountants

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

In relation to our review of the interim financial report of MGM Wireless Limited for the half-year ended 31 December 2004, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.



RSM BIRD CAMERON PARTNERS
Chartered Accountants



S C CUBITT
Partner

Perth, WA
Dated: 28 February 2005