

Appendix 4D
MGM WIRELESS LIMITED
 ABN 93 091 351 530
Half-year Report
31 December 2005
 (Previous corresponding period: 31 December 2004)

Results for announcement to the market

Financial Results				6 months ended 31 Dec 2005 \$
Revenue from ordinary activities	up	183%	to	1,349,275
Profit (loss) from ordinary activities after tax attributable to members	down		to	52,222
Net profit (loss) for the period attributable to members	down		to	52,222

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 2005	31 December 2004
Net tangible asset backing per ordinary security	0.6 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 2005 annual financial report.

MGM WIRELESS LIMITED

ABN 93 091 351 530

INTERIM FINANCIAL REPORT

**HALF-YEAR ENDED
31 DECEMBER 2005**

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 13, The Parks
154 Fullarton Road
Rose Park SA 5067

Telephone: (08) 8431 2300
Facsimile: (08) 8431 2400

AUDITOR

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

SHARE REGISTRY

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

Telephone: (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 2005.

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

MGM Wireless is pleased to report its first net profit of \$52,222 and EBITDA of \$140,462 for this half-year period.

Revenue growth increased by 183% to \$1,349,275, compared to the previous corresponding period of \$476,487, an improvement of 114% from \$628,313 for the 6 month period to 30 June 2005.

Significantly, the Company has already exceeded by 24.7% its entire 2005 annual revenues of \$1,079,960.

These solid results were attributable to many factors including the growing awareness and acceptance amongst schools and government education bureaucracies of the effectiveness of the company's products and services as a proven, powerful tool to improve student attendance and safety. The improving skills and ability of MGM Wireless's sales and service personnel to grow the business was also a contributing factor.

The company now has completed the first phase in establishing a national Australian sales and service operation. The total number of schools using the messageyou product suite has now exceeded 200. However, the Australian market has barely been scratched, as the total Australian secondary school market is approximately 2,700.

Together with these quality financial results, the Company was also able to simultaneously fund all ongoing R&D investment and preparation for commencement of international rollout. The company fully expenses all such investments in current reporting periods.

MGM Wireless delivered two new product developments during the period. New versions of both messageyou™Schools and messageyou™WatchLists were completed, and R&D development was also undertaken on a new intranet product which the company believes will be of interest to central government education bureaucracies and agencies. The company expects that in turn, this will further enhance competitive advantage and product yields and pricing.

Due to Australian accounting standards, the value of MGM Wireless's intellectual property assets is not reflected in its financial accounts. MGM Wireless ongoing R&D improvement strategy means the current product and service offering is significantly better suited and more valuable to the school market as compared to only 12 months ago.

With the growth in skills and improved products and services, the company believes it is well positioned to continue to growth its Australian business and commence international operations moving forward.

CHANGES IN STATE OF AFFAIRS

During the half-year ended 31 December 2005 there was no significant change in the entity's state of affairs other than that referred to in the half-year financial statements or notes thereto.

ADOPTION OF AUSTRALIAN EQUIVALENT TO IFRS

This interim financial report has been prepared under Australian equivalents to IFRS. A reconciliation of differences between previous GAAP and Australian equivalents to IFRS has been included in Note 7 of this financial report.

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 2005 is set out on page 17.

Signed in accordance with a resolution of the directors.

M Hurd, Director
Adelaide, 16 March 2006

MGM WIRELESS LIMITED
INCOME STATEMENT
For the half-year ended 31 December 2005

	Consolidated	Consolidated
	6 Months Ended 31 December 2005 \$	6 Months Ended 31 December 2004 \$
Revenues from continuing operations	1,349,275	476,487
Cost of sales	(193,816)	(55,200)
Bad and doubtful debts	(30,000)	(5,528)
Depreciation and amortisation expense	(88,240)	(100,480)
Sales expenses	(230,899)	(106,479)
Consulting expenses	(127,632)	(70,551)
Corporate and administration expenses	(192,864)	(111,695)
Employee benefit expenses	<u>(433,602)</u>	<u>(358,579)</u>
Profit (Loss) before income tax expense	52,222	(332,025)
Income tax expense	<u>-</u>	<u>-</u>
Profit (Loss) after income tax expense	52,222	(332,025)
Profit (loss) attributable to minority interest	<u>180</u>	<u>-</u>
Net profit (loss) attributable to members of MGM Wireless Limited	<u>52,042</u>	<u>(332,025)</u>
Basic earnings/ (loss) per share (cents per share)	0.03	(0.25)
Diluted earnings/ (loss) per share (cents per share)	0.03	(0.25)

The accompanying notes form part of these financial statements

MGM WIRELESS LIMITED
BALANCE SHEET
As at 31 December 2005

	Consolidated 31 December 2005 \$	Consolidated 30 June 2005 \$
CURRENT ASSETS		
Cash and cash equivalents	500,846	649,387
Receivables	468,299	272,565
Other	5,155	5,155
TOTAL CURRENT ASSETS	974,300	927,107
NON-CURRENT ASSETS		
Plant and equipment	122,427	107,752
Intangible assets	421,300	497,900
TOTAL NON-CURRENT ASSETS	543,727	605,652
TOTAL ASSETS	1,518,027	1,532,759
CURRENT LIABILITIES		
Payables	156,372	223,326
Provisions	6,766	6,766
TOTAL CURRENT LIABILITIES	163,138	230,092
TOTAL LIABILITIES	163,138	230,092
NET ASSETS	1,354,889	1,302,667
EQUITY		
Parent entity interest		
Contributed equity	4,291,584	4,291,584
Reserves	5,740	5,740
Accumulated losses	(2,937,395)	(2,989,437)
	1,359,929	1,307,887
Outside equity interest		
Contributed equity	20	20
Accumulated losses	(5,060)	(5,240)
	(5,040)	(5,220)
TOTAL EQUITY	1,354,889	1,302,667

The accompanying notes form part of these financial statements

MGM WIRELESS LIMITED
STATEMENT OF CHANGES IN EQUITY
For the half-year ended 31 December 2005

	Issued Capital	Accumulated Losses	Option Issue Reserves	Outside Equity Interest	Total Equity
	\$	\$	\$	\$	\$
At 1 July 2004	3,731,664	(2,492,324)	-	-	1,239,340
Shares issued	559,920	-	-	-	559,920
Options issued	-	-	5,740	-	5,740
	4,291,584	(2,492,324)	5,740	-	1,805,000
Net loss	-	(332,025)	-	-	(332,025)
At 31 December 2004	4,291,584	(2,824,349)	5,740	-	1,472,975
At 1 July 2005	4,291,584	(2,989,437)	5,740	(5,220)	1,302,667
Shares issued	-	-	-	-	-
Options issued	-	-	-	-	-
	4,291,584	(2,989,437)	5,740	(5,220)	1,302,667
Profit attributable to members of parent entity	-	52,042	-	-	52,042
Profit attributable to outside equity interest	-	-	-	180	180
At 31 December 2005	4,291,584	(2,937,395)	5,740	(5,040)	1,354,889

The above statement should be read in conjunction with the accompanying notes.

MGM WIRELESS LIMITED
CASH FLOW STATEMENT
For the half-year ended 31 December 2005

	Consolidated	Consolidated
	6 Months Ended 31 December 2005 \$	6 Months Ended 31 December 2004 \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	1,108,574	399,363
Payments to suppliers and employees	(1,245,767)	(538,733)
Interest received	14,967	3,580
Net cash used in operating activities	<u>(122,226)</u>	<u>(135,790)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for plant and equipment	<u>(26,315)</u>	<u>(3,303)</u>
Net cash used in investing activities	<u>(26,315)</u>	<u>(3,303)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	-	437,500
Expenses of share issue	-	(9,841)
Net cash provided by financing activities	<u>-</u>	<u>427,659</u>
Net increase / (decrease) in cash held	(148,541)	288,566
Cash at beginning of the financial period	<u>649,387</u>	<u>378,760</u>
Cash at the end of the financial period	<u>500,846</u>	<u>667,326</u>

The accompanying notes form part of these financial statements

MGM WIRELESS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the half-year ended 31 December 2005

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

The half-year financial report is a general purpose financial report prepared in accordance with the Corporations Act 2001 and AASB 134 "Interim Financial Reporting". Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 "Interim Financial Reporting".

The half-year financial report should be read in conjunction with the Annual Financial Report of MGM Wireless Limited as at 30 June 2005. It is also recommended that the half-year financial report be considered together with any public announcements made by MGM Wireless Limited and Controlled Entities during the half-year ended 31 December 2005 in accordance with the continuous disclosure obligations arising under the Corporations Act 2001.

As this is the first interim financial report prepared under Australian equivalent to IFRS, the accounting policies applied are inconsistent with those applied in 30 June 2005 annual report as this financial report was presented under previous Australian GAAP. Accordingly, a summary of the significant accounting policies under Australian equivalents to IFRS has been included below. A reconciliation of equity and profit and loss between previous GAAP and Australian equivalents to IFRS has been prepared per Note 7.

Basis of accounting

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

The financial report covers the consolidated entity of MGM Wireless Limited and controlled entities. MGM Wireless Limited is a listed public company domiciled in Australia.

The financial report has been prepared on an accruals basis and is based on historical costs and does not take into account changing money values or, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

The following is a summary of the material accounting policies adopted by the consolidated entity in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Principles of Consolidation

A controlled entity is any entity controlled by MGM Wireless Limited. Control exists where MGM Wireless Limited has the capacity to dominate the decision-making in relation to the financial and operating policies of another entity so that the other entity operates with MGM Wireless Limited to achieve the objectives of MGM Wireless Limited.

All inter-company balances and transactions between entities in the consolidated entity, including any unrealised profit or losses, have been eliminated on consolidation.

Where controlled entities have entered or left the consolidated entity during the period, their operating results have been included from the date control was obtained or until the date control ceased.

MGM WIRELESS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the half-year ended 31 December 2005

2. SIGNIFICANT ACCOUNTING POLICIES (Cont.)

(b) Income Tax

The consolidated entity adopts the liability method of tax-effect accounting whereby the income tax expense is based on the profit from ordinary activities adjusted for any non-assessable or disallowed items.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the income statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

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 taxation legislation and the anticipation that the economic entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

(c) Plant and Equipment

Plant and equipment are measured on the cost basis less depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Depreciation

The depreciable amount of all plant and equipment is depreciated on a straight line basis over their useful lives to the consolidated entity commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable assets are:

<i>Class of Fixed Asset</i>	<i>Depreciation Rate</i>
Plant and equipment	10-20%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the income statement.

MGM WIRELESS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the half-year ended 31 December 2005

2. SIGNIFICANT ACCOUNTING POLICIES (Cont.)

(d) Intangibles

Intellectual property rights

Intellectual property rights are recognised at cost of acquisition. Intellectual property rights have a definite life and are carried at cost less any accumulated amortisation and any impairment losses. Intellectual property rights are amortised on a straight-line basis over the period of benefit, which is five years.

(e) Impairment of Assets

At each reporting date, the directors assess whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the directors make a formal estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

Recoverable amount is the greater of fair value less costs to sell and value in use. It is determined for an individual asset, unless the asset's value in use cannot be estimated to be close to its fair value less costs to sell and it does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

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.

(f) Employee Benefits

Provision is made for the company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

(g) Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less, net of bank overdrafts.

(h) Revenues

Revenue from the sale of goods is recognised upon delivery of goods to the customer.

Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

All revenue is stated net of the amount of goods and services tax (GST).

(i) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

MGM WIRELESS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the half-year ended 31 December 2005

	31 December 2005 \$	30 June 2005 \$
3. CONTRIBUTED EQUITY		
Issued Capital		
Ordinary shares – fully paid	4,291,584	4,291,584
 Movement in ordinary shares on issue		
Balance at beginning of period	155,321,690	\$ 4,291,584
Balance at end of period	155,321,690	4,291,584

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.

7. EXPLANATION OF TRANSITION TO AUSTRALIAN EQUIVALENTS TO IFRS

(1) Reconciliation of equity reported under previous Australian Generally Accepted Accounting Principles (AGAAP) to equity under Australian equivalents to IFRS (AIFRS)

(a) At the date of transition to AIFRS: 1 July 2004

	1 July 2004 \$
Total equity under AGAAP	1,239,340
Adjustments for effect of transition to AIFRS	-
Total equity under AIFRS	1,239,340

MGM WIRELESS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the half-year ended 31 December 2005

7. EXPLANATION OF TRANSITION TO AUSTRALIAN EQUIVALENTS TO IFRS (Cont.)

(b) At the end of the last half-year reporting period under previous AGAAP: 31 December 2004

	31 December 2004 \$
Total equity under AGAAP	1,472,975
Adjustments for effect of transition to AIFRS	-
Total equity under AIFRS	1,472,975

(c) At the end of the last reporting period under previous AGAAP: 30 June 2005

	30 June 2005 \$
Total equity under AGAAP	1,302,667
Adjustments for effect of transition to AIFRS	-
Total equity under AIFRS	1,302,667

(2) Reconciliation of loss reported under previous AGAAP to loss under AIFRS

(a) Reconciliation of loss for the half-year ended 31 December 2004

	31 December 2004 \$
Net loss as reported under AGAAP	332,025
Adjustments for effect of transition to AIFRS	-
Net loss under AIFRS	332,025

(b) Reconciliation of loss for the year ended 30 June 2005

	30 June 2005 \$
Net loss as reported under AGAAP	502,353
Adjustments for effect of transition to AIFRS	-
Net loss under AIFRS	502,353

(3) Reconciliation of cash flow statement for the year ended 30 June 2005

The adoption of AIFRS has not resulted in any material adjustment to the cash flow statement.

MGM WIRELESS LIMITED
DIRECTORS' DECLARATION

The directors of the company declare that:

- 1) The financial statements and notes set out on pages 4 to 13 are in accordance with the Corporations Act 2001, including:
 - (a) complying with the Accounting Standard AASB 134: 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 2005 and of its performance, as represented by the results of its operations and cash flows for the half-year ended 31 December 2005.
- 2) In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts when they become due and payable.

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

M Hurd
Director

Adelaide, 16 March 2006

RSM Bird Cameron Partners

Chartered Accountants

8 St Georges Terrace Perth WA 6000
GPO Box R1253 Perth WA 6844
T +61 8 9261 9100 F +61 8 9261 9101
www.rsmf.com.au

INDEPENDENT REVIEW REPORT TO THE MEMBERS OF MGM WIRELESS LIMITED

Scope

The financial report and directors' responsibility

The financial report comprises the balance sheet, income statement, statement of changes in equity and cash flow statement, accompanying notes to the financial statements, and the directors' declaration for MGM Wireless Limited (the company) and the consolidated entity, for the half-year ended 31 December 2005.

The consolidated entity comprises both the company and the entities it controlled during the half-year.

The directors of the company are responsible for preparing a financial report that gives a true and fair presentation of the financial report in accordance with the Corporations Act 2001. This includes 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 of the financial report in order to make a statement about it to the members of the company, and in order for the company to lodge the financial report with the Australian Stock Exchange and the Australian Securities and Investments Commission.

Our review was conducted in accordance with Australian Auditing Standards applicable to review engagements, in order to state whether, on the basis of the procedures described, anything has come to our attention that would indicate that the financial report is not presented fairly in accordance with the Corporations Act 2001, Accounting Standard AASB 134 "Interim Financial Reporting" and other mandatory financial reporting requirements in Australia, so as to present 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.

A review is limited primarily to inquiries of company personnel and analytical procedures applied to the financial data. These 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.

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 financial 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 financial report of the consolidated entity, comprising of MGM Wireless Limited and the entities it controlled during the half-year is not in accordance with:

- (a) the Corporations Act 2001, including:
 - (i) giving a true and fair view of the financial position of the consolidated entity at 31 December 2005 and of its performance for the half-year ended on that date; and
 - (ii) complying with Accounting Standard AASB 134 "Interim Financial Reporting" and the Corporations Regulations 2001; and
- (b) other mandatory financial reporting requirements in Australia.

RSM Bird Cameron Partners
RSM BIRD CAMERON PARTNERS
Chartered Accountants
Scubitt

Perth, WA
Dated: 16 March 2006

S C CUBITT
Partner

RSM Bird Cameron Partners

Chartered Accountants

8 St Georges Terrace Perth WA 6000
GPO Box R1253 Perth WA 6844
T +61 8 9261 9100 F +61 8 9261 9111
www.rsmi.com.au

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

In relation to our review of the financial report of MGM Wireless Limited for the half-year ended 31 December 2005, to the best of our 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: 16 March 2006