

Appendix 4D
MGM WIRELESS LIMITED
 ABN 93 091 351 530
Half-year Report
31 December 2006
 (Previous corresponding period: 31 December 2005)

Results for announcement to the market

Financial Results				6 months ended 31 Dec 2006 \$
Revenue	down	8%	to	1,242,177
Profit (loss) after tax attributable to members	down		to	(278,935)
Net profit (loss) for the period attributable to members	down		to	(278,935)

Dividends	Amount per Ordinary Security	Franked amount per security
2007 interim dividend	Nil	Nil
2006 final dividend	Nil	Nil
It is not proposed to pay a dividend.		
Record date for determining entitlements to the 2006 interim dividends		N/A

Net Tangible Asset Backing	31 December 2006	31 December 2005
Net tangible asset backing per ordinary security	0.26 cps	0.6 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 2006 annual financial report.

MGM WIRELESS LIMITED

ABN 93 091 351 530

HALF-YEAR REPORT

31 DECEMBER 2006

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

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

MGM WIRELESS LIMITED DIRECTORS' REPORT

Your directors submit the financial report of the consolidated entity for the half-year ended 31 December 2006.

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

During this half-year, the company made great progress and achieved significant key strategic milestones, including:

- Successful completion of the US Trial School program in Arizona
- Opening of direct US operations based in the Silicon Valley, San Francisco
- Successful commercial launch of new Electronic Roll Marking products

In addition, the company continued to significantly grow its core Australian and New Zealand business, booking a record 50% rise in operating revenues (excluding sales of sales franchise licences.)

Whilst investment and resources were required to achieve these milestones, the benefits are not reflected financially in the current period by way of increased revenues. The company is confident these positive results will commence to flow in calendar 2007.

The \$278,935 loss does not include several important factors which investors should take into consideration. Other than depreciation and amortisation of \$91,496, as in previous years, for the current period the company expects to receive cash refunds from export market development investments (EMDG) and ATO Research and Development Tax Concessions of approximately \$150,000. If these effects are taken into consideration, the operating loss for the period would be \$37,439.

This means that expansion activities the company is undertaking are being funded to a large degree by existing operations. The company believes this is solid financial performance. As revenues grow from these expansion activities, in particular the US, the financial performance of the company should improve significantly.

The challenge for the remainder of financial 2007 will also be to service the growing demand in the domestic Australian market, both from individual secondary and primary schools, as well as from central Government education departments.

The company enters 2007 with a richer suite of product offerings which monitor a student from the moment the class teacher does a roll call first thing in the morning. The teacher marks the roll using our messageyou Electronic Roll Marking solution, sends the details to the school head office where late comers and non-attenders are identified and an unobtrusive text message is sent to parents or guardians. The whole process is logged on our Watchlists system, giving the school a secure record keeping service which can help schools identify students with attendance problems.

As we look ahead, we believe MGM Wireless is well positioned to take advantage of our growth opportunities. We are optimistic about our future, and look forward to reporting to you on our

progress.

CHANGES IN STATE OF AFFAIRS

During the half-year ended 31 December 2006 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.

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 2006 is set out on page 13.

Signed in accordance with a resolution of the directors.



M Fortunatow
Director
Adelaide, 28 February 2007

MGM WIRELESS LIMITED
INCOME STATEMENT
For the half-year ended 31 December 2006

	Consolidated	Consolidated
	6 Months Ended 31 December 2006 \$	6 Months Ended 31 December 2005 \$
Revenues	1,242,177	1,349,275
Cost of sales	(382,879)	(193,816)
Bad and doubtful debts	(20,424)	(30,000)
Finance costs	(7,769)	-
Depreciation and amortisation expense	(91,496)	(88,240)
Sales expenses	(44,476)	(230,899)
Consulting expenses	(168,758)	(127,632)
Corporate and administration expenses	(204,142)	(192,864)
Employee benefit expenses	(601,168)	(433,602)
Profit (Loss) before income tax expense	(278,935)	52,222
Income tax expense	-	-
Profit (Loss) after tax	(278,935)	52,222
Profit (loss) attributable to minority interest	-	180
Net profit (loss) attributable to members of MGM Wireless Limited	(278,935)	52,042
Basic earnings/ (loss) per share (cents per share)	(0.17)	0.03
Diluted earnings/ (loss) per share (cents per share)	(0.17)	0.03

The accompanying notes form part of these financial statements

MGM WIRELESS LIMITED
BALANCE SHEET
As at 31 December 2006

	Consolidated 31 December 2006 \$	Consolidated 30 June 2006 \$
CURRENT ASSETS		
Cash and cash equivalents	373,787	562,834
Trade and other receivables	247,882	329,054
Other current assets	250	5,155
TOTAL CURRENT ASSETS	621,919	897,043
NON-CURRENT ASSETS		
Plant and equipment	154,686	158,723
Intangible assets	384,850	344,700
TOTAL NON-CURRENT ASSETS	539,536	503,423
TOTAL ASSETS	1,161,455	1,400,466
CURRENT LIABILITIES		
Trade and other payables	293,342	281,138
Provisions	50,538	22,818
TOTAL CURRENT LIABILITIES	343,880	303,956
TOTAL LIABILITIES	343,880	303,956
NET ASSETS	817,575	1,096,510
EQUITY		
Parent entity interest		
Issued capital	4,663,584	4,663,584
Reserves	75,796	75,796
Accumulated losses	(3,921,805)	(3,637,805)
	817,575	1,101,575
Minority interest		
Issued capital	20	20
Accumulated losses	(20)	(5,085)
	-	(5,065)
TOTAL EQUITY	817,575	1,096,510

The accompanying notes form part of these financial statements

MGM WIRELESS LIMITED
STATEMENT OF CHANGES IN EQUITY
For the half-year ended 31 December 2006

	Issued Capital	Accumulated Losses	Option Issue Reserves	Outside Equity Interest	Total Equity
	\$	\$	\$	\$	\$
At 1 July 2005	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
At 1 July 2006	4,663,584	(3,637,805)	75,796	(5,065)	1,096,510
Profit attributable to members of parent entity	-	(278,935)	-	-	(278,935)
Loss attributable to outside equity interest	-	-	-	-	-
Transfer of accumulated losses of minority interest in accordance with AASB 127	-	(5,065)	-	5,065	-
At 31 December 2006	4,663,584	(3,921,805)	75,796	-	817,575

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 2006

	Consolidated	Consolidated
	6 Months Ended 31 December 2006 \$	6 Months Ended 31 December 2005 \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	1,294,236	1,108,574
Payments to suppliers and employees	(1,470,008)	(1,245,767)
Interest received	5,353	14,967
Interest and other costs of finance	(7,769)	-
Net cash used in operating activities	(178,188)	(122,226)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for plant and equipment	(10,859)	(26,315)
Net cash used in investing activities	(10,859)	(26,315)
Net decrease in cash held	(189,047)	(148,541)
Cash at beginning of the financial period	562,834	649,387
Cash at the end of the financial period	373,787	500,846

The accompanying notes form part of these financial statements

MGM WIRELESS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the half-year ended 31 December 2006

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

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 2006. 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 2006 in accordance with the continuous disclosure obligations arising under the Corporations Act 2001.

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 half-year financial report has been prepared on a historical cost basis. Cost is based on the fair value of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The half-year financial report does not include full disclosures of the type normally included in an annual financial report. Therefore, it cannot be expected to provide as full an understanding of the financial performance, financial position and cash flows of the consolidated entity as in the full financial report.

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

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the company's 2006 annual financial report for the year ended 30 June 2006.

MGM WIRELESS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the half-year ended 31 December 2006

	31 December 2006 \$	30 June 2006 \$
2. ISSUED CAPITAL		
Issued Capital		
Ordinary shares – fully paid	4,663,584	4,663,584
Movement in ordinary shares on issue		
Balance at beginning of period	164,621,690	\$ 4,663,584
Balance at end of period	164,621,690	4,663,584

3. SEGMENT INFORMATION

The company operates predominantly in one business segment, being the provision of business messaging solutions and internet related services. During the half-year the company commenced the establishment of operations in the USA. The following table presents the revenue and earnings information regarding geographical segments for the half-year periods ended 31 December 2006 and 31 December 2005.

	Australia \$	USA \$	Total \$
31 December 2006			
Segment revenue	1,242,177	-	1,242,177
Segment results	(186,404)	(92,531)	(278,935)
31 December 2005			
Segment revenue	1,349,275	-	1,349,275
Segment results	52,042	-	52,042

4. CONTINGENT LIABILITIES

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

5. EVENTS SUBSEQUENT TO REPORTING DATE

After reporting date, the Company has raised \$440,000 through the issue of 8,000,000 ordinary fully paid shares at an issue price of 5.5 cents per share.

No other matter or circumstance has arisen since the end of the half-year which has 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 4 to 9 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 consolidated entity's financial position as at 31 December 2006 and of its performance for the half-year then ended.
- 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 Fortunatow
Director

Adelaide, 28 February 2007

RSM Bird Cameron Partners

Chartered Accountants

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INDEPENDENT REVIEW REPORT TO THE MEMBERS OF MGM WIRELESS LIMITED

The Financial Report

We have reviewed the accompanying half-year financial report of MGM Wireless Limited (the consolidated entity) which comprises the income statement, balance sheet, statement of changes in equity, cash flow statement, accompanying notes to the financial statements and directors' declaration for the half-year ended 31 December 2006. The consolidated entity comprises both MGM Wireless Limited (the company) and the entities it controlled during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards and the *Corporations Act 2001*. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including:

- giving a true and fair view of consolidated entity's financial position as at 31 December 2006 and its performance for the half-year ended on that date; and
- complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

As the auditor of the company, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have followed applicable independence requirements of Australian professional ethical pronouncements and the *Corporations Act 2001*.

Conclusion

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 the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2006 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

RSM Bird Cameron Partners

RSM BIRD CAMERON PARTNERS
Chartered Accountants



D J WALL
Partner

Perth, WA
Dated: 28 February 2007

RSM Bird Cameron Partners

Chartered Accountants

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AUDITOR'S INDEPENDENCE DECLARATION

As lead audit partner for the review of the financial report of MGM Wireless Limited for the half-year ended 31 December 2006, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

This declaration is in respect of MGM Wireless Limited and the entities it controlled during the period.

RSM Bird Cameron Partners.

RSM BIRD CAMERON PARTNERS
Chartered Accountants

D.J. Wall

D.J. WALL
Partner

Perth, WA
Dated: 28 February 2007