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

ASX Market Announcements
ASX Limited
20 Bridge Street
Sydney NSW 2000

MGM Wireless Half-Year Results as at December 31, 2013

February 27, 2014

HIGHLIGHTS

Six months ended	31 December 2013	31 December 2012	change
Revenue	**1,621,504**	**1,485,851**	**9.1%**
Underlying EBITDA	**485,559**	**483,706**	**0.4%**
Net Profit	**132,478**	**252,172**	**-47.5%**
Net Cash Provided By Operations	**417,138**	**84,492**	**393.7%**
Cash Balances	**1,013,533**	**444,255**	**128.1%**
Contracted Schools & Early Learning Centres	**1,099**	**963**	**14.1%**

The Directors of MGM Wireless Ltd (ASX:MWR) are pleased to announce that growth momentum was sustained during the six months ended 31 December 2013 and that the company's financial position continued to strengthen. Revenue and operating cash flows were higher than for the same period in 2012 and the underlying operating performance was strong as the company continued to gain clients. However, reported net profit was lower with the overall result adversley impacted by several factors including the cost of some short term growth initiatives and a number of non-cash accounting items.

The fall in reported net profit was primarilly attributable to a small number of factors including a lower gross margin, increased R&D spending, higher cost of Directors options

and a maiden tax expense.

- Higher revenue from continued growth in the number of contracted schools and an increase in revenue from the R&D rebate were partially offset by a strategic marketing decision to defer passing on an increase in wholesale messaging costs. Messaging charges to schools are now being reset to reflect the higher wholesale charges and will contribute to revenue growth and a restoration of gross margins in the six months ending 30 June 2014.
- There was a change in the timing in which revenue is booked under the contract with the WA Education Department which resulted in significantly less revenue compared with the previous year. As there will be no change in the annual revenue, the apparent first half shortfall will be reflected as a revenue gain in the June 2014 half year.
- Higher R&D costs were incurred ahead of the launch of Pinpoint. This included marketing, legal and consultant fees in additon to further development costs.
- Following the issue of options to Directors at the 2013 AGM, a non-cash charge of $107K was incurred compared with $54K in the same period in 2012.
- As accumulated tax losses are nearing full utilisation, the company is now incurring a liability for tax. In the period under review the effective tax rate was 12.4%

Of these factors, the most signficant controlable item was the decision relating to higher wholesale messaging charges. In view of the strong operating cash flow and the high level of cash balances, the decision was considered to be affordable and strategically important. The telecommunication providers have recognised the economic value of the SMS text messaging capability and are pricing accordingly. We have experienced a considerable uplift in messaging volume from our contracted schools and early learning centres, especially with our social messaging product,Outreach. Messaging volumes are expected to grow strongly as further enhancements to Outreach are implemented in the coming months. Accordingly, our pricing strategy is designed to support the anticipated growth in message volumes.

Whilst the overall impact of these factors was to signficantly reduce reported net profit for the six months ended 31 December 2013, the underlying EBITDA result was in line with the previous year and demonstrates the core strength of the company's operations. This will be evident in the June half year as messaging revenues continue to grow and as annual revenue under the WA Education Deprtment contract balances out.

Pinpoint, MGM's newest student safety product, was launched on 3 February 2014 to coincide with the new school year. The launch involved around 100 schools and the early trends in app download and installations on student's smartphones are very encouraging and increasing. The number of installations now exceeds 250. Parent feedback has been positive and very useful in refining and improving marketing and take-up results. Followng the completion of some marketing enhacements which will be completed in the next few weeks, Pinpoint will be rolled-out to more schools serviced by MGM.

Pinpoint has been a major undertaking for MGM and is true to the company's commitment to market leading innovation. Pinpoint builds a new sales channel diectly to Parents and Caregivers, by-passing the need to involve the school. Investment continues with a premium, parent pays version to be released later in calendar 2014 which will incorporate many additonal features not available with the free version.

The parent pays model is now emerging in response to the recent widespread availability of smartphones and tablets. Mobile techololgy now provides previously unheard of opportunities for parents to more efficiently engage with their children's schools and there is plenty of evidence that parents will pay where true value is delivered. Pinpoint and other products in MGM's pipeline are designed to tap into these needs.

MGM Wireless CEO, Mark Fortunatow, said

"MGM Wireless' underlying operational performance remains healthy with all key areas, including new clients, messaging activity and the take-up of new products, delivering growth. The successful launch of our breakthrough product, Pinpoint, heralds the next phase in the company's development which will see a range of powerful new products released over the next year as well as major enhancements to exsiting products. MGM Wireless is positioned to pursue many of the opportunties that are now flowing from the combination of a stable education sector, a high demand for parent engagement and the widespread availablity of powerful smartphones and tablets."

Appendix 4D
MGM Wireless Limited (ABN 93 091 351 530)

Half-Year Report
31 December 2013
(Previous corresponding period – 6 months ending 31 December 2012)

Results for announcement to the market

Financial Results	Percentage change from corresponding period $	Amount change from corresponding period $	6 months ended 31/12/2013 $
Revenue from ordinary activities	9%	135,653	1,621,504
Profit/(loss) from ordinary activities after tax attributable to members	-47%	(119,694)	132,478
Net profit/(loss) for the period attributable to members	-47%	(119,694)	132,478

Dividends	Amount per security	Franked amount per security
Interim dividend	Nil	Nil
Final dividend (prior year)	$0.01	Nil
Record date for determining entitlements to the interim dividends	N/A	N/A
Record date for determining entitlements to the final dividends	20/9/2013	N/A

Net Tangible Asset Backing	31 December 2013 (cents per share)	31 December 2012 (cents per share)
Net tangible asset backing per ordinary security	17.04	6.51

Explanation/Commentary on results
Refer attached report

Control gained or lost over entities during the period	
Name of entity	N/A
Date of gaining/losing control	N/A

Dividends or distributions reinvestment plan details	N/A
Joint venture and associate details	N/A
Foreign entities' accounting standards used	N/A

MGM Wireless Limited

ABN 93 091 351 530

Half-Year Report
31-Dec-13

Index

Half – Year Ended 31 December 2013

Page	Index
3	Corporate Directory
4	Directors' Report
6	Auditor's Independence Declaration
7	Independent Audit Report to the Members of MGM Wireless Ltd
9	Directors' Declaration
10	Financial Statements

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

IG McDonald FCA
1st Floor
206 Greenhill Road
EASTWOOD SA 5063
Telephone: 0419 620 906
(08) 8271 8585
Facsimile: (08) 8356 6397

Share Registry

Computershare Investor Services Pty Ltd
LEVEL 5
115 Grenfell Street
ADELAIDE, SA, AUSTRALIA, 5000

Telephone: 1300 787 272
(08) 8236 2300
Facsimile: (08) 8236 2305

Stock Exchange

The securities of MGM Wireless Limited are listed on the Australian Securities Exchange.

ASX Codes: MWR ordinary fully paid shares

Directors Report

The Directors of MGM Wireless Limited submit herewith the financial report of MGM Wireless Limited and its subsidiaries (the Group) for the half year ended 31 December 2013. In order to comply the provisions of the Corporations Act 2001, the directors report as follows:

The names of the directors of the company during or since the end of the half-year are:

Name

- Mr. Mark Fortunatow
- Mr. Mark Edwin Hurd
- Mr. Shaun Michael Collopy
- Mrs. Tara Lewis-Christie

Review of Operations

The Directors of MGM Wireless Limited are pleased to report that the company sustained its growth momentum during the period under review, achieving increased revenue and a further expansion in the number of contracted schools and early learning centres.

Profit

Net profit was lower than for the same period in 2012 primarilly due to a small number of factors including a lower gross margin (mostly related to timing of revenues and cost recovery), increased R&D spending, higher cost of Directors options and a maiden tax expense.

The key financial results for the six months ended 31 December 2013 were:

- Revenue up 9% to $1.62 million
- Underlying EBITDA of $485K was in line with the same period in 2012
- Net profit down 47.5% to $132K

Revenue

Revenue for the half year was $1,621,504 compared with $1,485,851 for the same period last year; an increase of 9%.

Customer Growth

There were 1,099 contracted schools as at 31 December 2013, compared with 963 contracted schools as at 31 December 2012. This strong result reflects the continued rapid acceptance of the company's Messaging products, with a 19% increase in the number of contracted schools compared with a year ago.

Positive Operational Cash Flows

The company's financial position continues to strengthen. Net cash provided by operating activities increased from $84,492 for the six months ending 31 December 2012 to $417,138 for the same period in 2013.

Condensed consolidated statement of financial position

The company's statement of financial position continued to strengthen with equity of $2.5 million as at at 31 December 2013, up 15% from 30 June 2013. Funds raised from the issue of shares ($160K) and an increase in the options issue reserve ($107K) were the main contributors to this increase. Dividends of $84K were paid out of retained earnings.

Net working capital further stregthened due to a signficant decline in outstanding payables since 30 June 2013. Current Assets (excluding cash balances) were largely unchanged.

Borrowings were unchanged at $200K and more than offset by cash balances of $1.0 million, up from $526K as at 30 June 2013.

Changes in the state of affairs

During the half year ended 31 December 2013 there was no significant change in the Group's state of affairs other than that referred to in the half-year financial statement or notes thereto.

Dividends

No dividends have been declared during the half year ended 31 December 2013 (2012 half-year: $nil). Dividends of $84K were paid during the half year ended 31 December 2013 (2012 half-year: $nil).

Auditor's Independence Declaration

The auditor's independence declaration for the half-year report ended 31 December 2013 has been received and is included on page 6.

Signed in accordance with a resolution of directors made pursuant to s.306(3) of the Corporations Act 2001.

On behalf of the Directors



Mark Fortunatow

Executive Chairman

Rose Park, 27 February 2014

Ian G McDonald FCA

Chartered Accountants

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

As lead auditor for the review of the financial report of MGM Wireless Limited for the half year ended 31 December 2013, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

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

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



Ian G McDonald FCA
Chartered Accountant

Dated in Adelaide on 5 February 2014

Ian G McDonald FCA

Chartered Accountants

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF MGM WIRELESS LTD

Report on the Half-Year Financial Report

I have reviewed the accompanying half year consolidated financial report of MGM Wireless Ltd (`the company'), which comprises the condensed balance sheet as at 31 December 2013, condensed income statement, condensed statement of changes in equity and condensed cash flow statement for the half-year ended on that date, notes to the financial statements, other selected explanatory notes and the directors' declaration.

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 (including the Australian Accounting Interpretations) 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 misstatements, 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

My responsibility is to express a conclusion on the half-year financial report based on my review. I conducted my review in accordance with Australian 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, I have become aware of any matter that makes me believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2013 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 I 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, I do not express an audit opinion.

234 Waymouth Street
Adelaide SA 5063

PO Box 75
Henley Beach SA 5022

Mobile 0419 620 906 Fax 08 8356 6397
Email ianmcdonald@creativeauditing.com.au

ABN 135 504 948 69

Independence

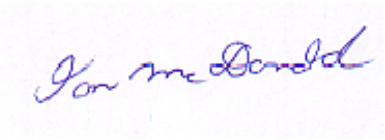
In conducting my review, I have complied with the independence requirements of the *Corporations Act 2001*. I confirm that the independence declaration required by the *Corporations Act 2001*, provided to the directors of the company on the 5 February 2014, would be in the same terms if provided to the directors as at the date of this auditor's review report.

Conclusion

Based on my review, which is not an audit, I have not become aware of any matter that makes me believe that the half-year consolidated financial report of MGM Wireless Ltd is not in accordance with the *Corporations Act 2001* including:

(a) giving a true and fair view of the company's financial position as at 31 December 2013 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.



Ian G McDonald FCA
Chartered Accountant

Dated in Adelaide, 27 on February 2014.

Directors Declaration

The directors 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; and

(b) 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.

Signed in accordance with a resolution of the directors made pursuant to s.303(5) of the *Corporations Act 2001*.

On behalf of the Directors,



Mark Fortunatow
Executive Chairman
Rose Park on 27 February, 2014

Condensed consolidated statement of profit or loss and other comprehensive income for the half-year ended 31 December 2013

	Half-Year Ended	
	31/12/2013	31/12/2012
	$	$
Continuing Operations		
Revenue	1,621,504	1,485,851
Cost of sales	(173,228)	(53,650)
Gross Profit	1,448,276	1,432,201
Doubtful debts	-	6,345
Borrowing costs	(8,491)	(13,492)
Amortisation & depreciation	(218,493)	(163,801)
Consulting fees	(38,760)	(44,570)
Issue of options	(107,340)	(54,241)
Corporate and administration	(270,972)	(242,366)
Employee costs	(652,985)	(667,904)
Profit before tax	151,235	252,172
Income tax expense	(18,757)	-
Profit for the period from continuing operations	132,478	252,172
Total comprehensive income for the period	132,478	252,172
Profit attributable to:		
Owners of the Company	132,478	252,172
Total comprehensive income attributable to:		
Owners of the Company	132,478	252,172
Earnings per share		
From continuing and discontinued operations		
Basic (cents per share)	3.14	3.14
Diluted (cents per share)	3.14	2.97
From continuing operations		
Basic (cents per share)	3.14	3.14
Diluted (cents per share)	3.14	2.97

The above condensed consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the attached notes.

Condensed consolidated statement of financial position as at 31 December 2013

	Group As At	
	31/12/2013 $	30/06/2013 $
ASSETS		
Current Assets		
Cash and cash equivalents	1,013,533	526,854
Trade and other receivables	629,584	483,331
Other	302,928	651,267
Total Current Assets	1,946,045	1,661,452
Non-Current Assets		
Property, plant and equipment	203,262	194,530
Intangibles	1,063,490	1,063,240
Total Non-Current Assets	1,266,752	1,257,770
Total Assets	3,212,797	2,919,222
LIABILITIES		
Current Liabilities		
Trade and other payables	254,587	429,666
Provisions	125,407	88,363
Current Tax Liabilities	142,890	42,993
Total Current Liabilities	522,884	561,022
Non-Current Liabilities		
Borrowings	200,000	200,000
Total Non-Current Liabilities	200,000	200,000
Total Liabilities	722,884	761,022
Net Assets	2,489,913	2,158,200
EQUITY		
Issued capital	7,356,062	7,195,825
Reserves	307,735	225,375
Accumulated losses	(5,173,884)	(5,263,000)
Total Equity	2,489,913	2,158,200

The above condensed consolidated statement of financial position should be read in conjunction with the attached notes.

Condensed consolidated statement of changes in equity for the half-year ended 31 December 2013

	Issued Capital	Accumulated Losses	Option Issue Reserve	Foreign Currency Translation Reserve	Total Equity
	$	$	$	$	$
At 1 July 2012	**7,010,826**	**(5,920,969)**	**170,808**	**5,973**	1,266,638
Profit attributable to members	-	252,172	-	-	252,172
Shares issued	25,000	-	-	-	25,000
Options issued - directors	-	-	54,241	-	54,241
Currency translation differences	-	(9,326)	-	1,126	(8,200)
At 31 December 2012	**7,035,826**	**(5,678,123)**	**225,049**	**7,099**	**1,589,851**
At 1 July 2013	**7,195,825**	**(5,263,000)**	**219,402**	**5,973**	2,158,200
Profit attributable to members	-	132,478	-	-	132,478
Payment of dividends	-	(83,691)	-	-	(83,691)
Shares issued	160,237	-	-	-	160,237
Options issued - directors	-	-	107,340	-	107,340
Currency translation differences	-	40,329	-	(24,980)	15,349
At 31 December 2013	**7,356,062**	**(5,173,884)**	**326,742**	**(19,007)**	**2,489,913**

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

Condensed consolidated statement of cash flows for the half-year ended 31 December 2013

	Consolidated Group Half-Year Ended	
	31/12/2013 $	31/12/2012 $
Cash flows from operating activities		
Receipts from customers	**1,690,350**	1,237,629
Payments to suppliers and employees	**(1,121,052)**	(972,112)
Tax payments	**(143,669)**	(167,533)
Interest and other costs of finance	**(8,491)**	(13,492)
Net cash provided by/(used in) operating activities	**417,138**	84,492
Cash flows from investing activities		
Receipt of grant income	**205,693**	316,753
Payments for plant and equipment	**(21,533)**	(1,129)
Payment for research and development	**(150,000)**	(150,000)
Net cash provided by investing activities	**34,160**	165,624
Cash flows from financing activities		
Proceeds from issue of shares	**119,000**	25,000
Dividends paid to owners of the company	**(83,619)**	-
Net cash provided by (used in) financing activities	**35,381**	**25,000**
Net increase in cash held	**486,679**	275,116
Cash and cash equivalents at 1 July	**526,854**	169,139
Effect of exchange rate changes	**-**	-
Cash and cash equivalents at 31 December	**1,013,533**	444,255

The above consolidated consolidated statement of cash flows should be read in conjunction with the attached notes.

Notes to the condensed consolidated financial statements

Significant accounting policies

1.1 Statement of compliance

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 report does not include notes of the type normally included in an annual financial report and shall be read in conjunction with the most recent annual financial report.

1.2 Basis of preparation

The condensed consolidated financial statements have been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

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 2013 annual financial report for the financial year ended 30 June 2013, except for the impact of the Standards and Interpretations described below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

MGM Wireless Limited ("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 their operations and effective for the current half-year.

- AASB 10 'Consolidated Financial Statements' and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards'
- AASB 12 'Disclosure of Interests in Other Entities' and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards'
- AASB 13 'Fair Value Measurement' and AASB 2011-8 'Amendments to Australian Accounting Standards arising from AASB 13'

- AASB 119 'Employee Benefits' (2011) and AASB 2011-10 'Amendments to Australian Accounting Standards arising from AASB 119 (2011)
- AASB 2012-2 'Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities'
- AASB 2012-5 'Amendments to Australian Accounting Standards arising from Annual Improvements 2009–2011 Cycle'
- AASB 2012-10 'Amendments to Australian Accounting Standards – Transition Guidance and Other Amendments'

Impact of the application of AASB 10

AASB 10 replaces the parts of AASB 127 'Consolidated and Separate Financial Statements' that deal with consolidated financial statements and Interpretation 112 'Consolidation – Special Purpose Entities'. AASB 10 changes the definition of control such that an investor controls an investee when a) it has power over an investee, b) it is exposed, or has rights, to variable returns from its involvement with the investee, and c) has the ability to use its power to affect its returns. All three of these criteria must be met for an investor to have control over an investee. Previously, control was defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Additional guidance has been included in AASB 10 to explain when an investor has control over an investee. This has not resulted in any changes to the half year model report.

Impact of the application of AASB 12

AASB 12 is a new disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the application of AASB 12 has resulted in more extensive disclosures in the consolidated financial statements. However this did not result in any changes to the half year model report.

Impact of the application of AASB 13

The Group has applied AASB 13 for the first time in the current year. AASB 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The scope of AASB 13 is broad; the fair value measurement requirements of AASB 13 apply to both financial instrument items and non-financial instrument items for which other AASBs require or permit fair value measurements and disclosures about fair value measurements, except for share-based payment transactions that are within the scope of AASB 2 'Share-based Payment', leasing transactions that are within the scope of AASB 117 'Leases', and measurements that have some

similarities to fair value but are not fair value (value in use for impairment assessment purposes).

AASB 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under AASB 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, AASB 13 includes extensive disclosure requirements.

AASB 13 requires prospective application from 1 January 2013. In addition, specific transitional provisions were given to entities such that they need not apply the disclosure requirements set out in the Standard in comparative information provided for periods before the initial application of the Standard. In accordance with these transitional provisions, the Group has not made any new disclosures required by AASB 13 for the 2012 comparative period, the application of AASB 13 has not had any material impact on the amounts recognised in the consolidated financial statements.

Impact of the application of AASB 119
In the current year, the Group has applied AASB 119 (as revised in 2011) 'Employee Benefits' for the first time. However this did not result in any changes to the half year model report.

Impact of the application of AASB 2012-2 'Amendments to Australian Accounting Standards - Disclosures – Offsetting Financial Assets and Financial Liabilities'
The Group has applied the amendments to AASB 7 "Disclosures – Offsetting Financial Assets and Financial Liabilities' for the first time in the current year. The amendments to AASB 7 require entities to disclose information about rights of offset and related arrangements for financial instruments under an enforceable master netting agreement or similar arrangement.

The amendments have been applied retrospectively. As the Group does not have any offsetting arrangements in place, the application of the amendments has had no material impact on the disclosures or on the amounts recognised in the consolidated financial statements.

2. Segment information
AASB 8 *Operating Segments* requires operating segments to be identified on the basis of internal reports about components of the Group that are

regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance.

In both the current and previous reporting period the Group has only been operating in one business sector and reporting to Management has been on a geographical basis. Each company represents a strategic business unit that offers different risks and rates of returns. This is the basis by which Management controls and reviews the operations of the Group.

The accounting policies of the reportable segments are the same as the Group's accounting policies.

Segment revenue and profit

	Segment revenue Half Year Ended		Segment profit Half Year Ended	
	$	$	$	$
	31/12/2013	31/12/2012	31/12/2013	31/12/2012
MGM Wireless Holdings Pty Ltd	1,600,188	1,481,853	145,585	258,331
USA Message YOU LLC	-	-	(2,656)	(2,944)
NZ MGM Wireless (NZ) Pty Ltd	21,316	3,998	(10,451)	(3,215)
Total for Continuing Operation	1,621,504	1,485,851		
Profit before tax (continuing operations)			132,478	252,172

Segment assets and liabilities

	Assets Half Year Ended		Liabilities Half Year Ended	
	31/12/2013	31/12/2012	31/12/2013	31/12/2012
	$	$	$	$
MGM Wireless Holdings Pty Ltd	3,151,170	2,315,710	703,792	768,460
MGM Wireless	250	250	-	-
USA Message YOU LLC	-	0	11,587	9,915
NZ MGM Wireless (NZ) Pty Ltd	61,377	66,829	7,505	14,563
Consolidated Assets	3,212,797	2,382,789		
Consolidated Liabilities			722,884	792,938

3. Issues of equity securities

During the half-year, the Group issued 170,000 ordinary shares for $119,000 on exercise of 170,000 share options issued under its share option plan. As a

result of this share issue, $30,737 was transferred from the option issue reserve to issued capital. The only other movements in the ordinary share capital or other issued share capital of the company in the current or prior half-year relates to the issue of options under a new share options issue to the directors for 310,000 options (previous issue 110,000 options). In addition, an employee recevied 30,000 options under the employee share bonus plan and 10,000 ordinary shares.

4. Key management personnel

Remuneration arragements of key management personnel are disclosed in the annual financial report.

5. Dividends

During the half-year, The Group made the following dividend payments:

	Half-year ended 31 December 2013		Half-year ended 31 December 2012	
	Cents Per Share	Total $	Cents Per Share	Total $
Fully paid ordinary shares				
Final dividend	1.00	83,691	-	-

6. Financial instruments

This note provides information about how the Group determines fair values of various financial assets and financial liabilities.

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