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

February 25, 2015

MGM Wireless annnounces record half-year earnings

- Sales revenue up 36% to $2.20 million
- Net profit up 383% to $0.64 million
- Cash balances up 59% to $1.61 million
- Message traffic up 16%, contracted schools & ELC up 4%
- Strong take up of Outreach Plus and Rollmarker leading edge products

Key results 2015 first half : Six months ended 31 December *$ million unless otherwise specified*	**2014**	**2013**	**Change**
Revenue	**2.21**	1.62	**+ 36%**
Gross profit	**2.05**	1.45	**+ 41%**
Underlying EBITDA *(excl. Option issue costs)*	**1.01**	0.48	**+ 108%**
Net Profit	**0.64**	0.13	**+ 383%**
EBITDA margin	**45.8%**	30.0%	**+ 16%**
Cash generated before interest and tax	**0.85**	0.57	**+49%**
Net Cash from operating activites	**0.35**	0.42	**-16%**
Cash Balances	**1.61**	1.01	**+ 59%**
Earnings per share (diluted) cents	**7.38**	3.14	**+ 135%**
Contracted Schools & Early Learning Centres	**1,143**	1,099	**+ 4%**

School messaging and software provider MGM Wireless (ASX:MWR) has released its strongest ever half year report with the announcement of financial results for the six months to 31 December 2014 ('2015 First Half ").

The company has announced net profit after tax of $640,217 for the period, up from $132,478 in the previous corresonding period and consistent with guidance. Earnings per share more than doubled to 7.38 cents from 3.14 cents in the 2014 first half.

MGM Wireless CEO Mark Fortunatow said the record financial results had been driven by the combination of revenue growth and margin expansion brought by a higher yielding product mix and greater efficiency.

"Today's announcement shows the success of our efforts across the business to build our customer base, to innovate, develop and market new products and to streamline the business and reduce costs" he said. "Our top selling products – Messageyou, Outreach Plus, Rollmarker – continue to drive revenue growth from our customer base of Australian private and government schools"

"As expected, our first half results show the emergence of financial benefits from our investment in cloud and smartphone apps. Our new products and upgrades are lifting message traffic and yield per customer as MGM Wireless products are being used more often and for higher value applications" he said.

Sales revenue increased by 36% for the period to be $2.21 million compared with $1.62 million in the previous corresponding period. The number of schools contracted at 31 December was 1,143, 4% higher than the previous corresponding figure of 1,099. Message traffic grew by 16% over the 2014 first half, reflecting the versatility and utility for schools communicating with the latest smart phones and tablets.

Market performance had seen solid contributions from established products such as messageyou and Outreach being supplemented by additional income generated by the growing suite of new and upgraded products MGM Wireless had launched over the past 12 months such as RollMarker, PinPoint and Outreach+. The company expects to roll out further upgrades and new products in 2015.

Mr Fortunatow said that advances in technology, coupled with the consumer adoption and escalating use of smartphones was creating an opportunity-rich environment for the company.

"Smartphones are becoming ubiquitous and more sophisticated. Not only are they being used more, but advances in technology are enabling the development of new applications to meet user needs in a more efficient and richer manner" he said. "For MGM Wireless, this provides the opportunty to upgrade or develop new applications that give our users improved outcomes

and our company added revenue at a higher value product mix".

As an example, the Outreach+ upgrade had proven popular with schools as it enabled newsletters, voice clips and forms to be sent by SMS.

Cash generation and balances were a feature of the half year result, with the company generating cash before interest and tax of $854,918, 50% higher than the previous corresponding figure of $569,298. Increased tax payments resulted in net cash generation from operations of $351,401, down from $417,138 in the 2014 first half. Cash balances at 31 December of $1.61 million were up 49% on the period's opening balance of $1.01 million.

Mr Fortunatow said the cash positon would be used to drive growth. "Our strong cash generation and balances means we can fund growth opportunities whilst continuing to invest in the vital ingredient of Research and Development," Mr Fortunatow said.

As previously advised, the six months to December is expected to account for the major share of earnings in the 2015 financial year. Current expectations of results for the second six months to June are for earnings broadly comparable to the June 2014 half, which would provide a full year result significantly above the 2014 net profit after tax of $717,541.

Mr Fortunatow said the company expected an exciting period of "ongoing development and new opportunities" for MGM Wireless over the balance of the year.

"Our first half results have been very pleasing and are a credit to our small team and the hard work they have invested. However we see further prospects to increase the penetration and revenue generation of our products and are resolved to capitalise on the opportunity before us.

"We believe we have the resources and business model to realise this. Now it is a matter of delivering the innovation, product development and the market share gains that will translate this potential into greater value for our company and shareholders" he said.

Appendix 4D
MGM WIRELESS LIMITED
ABN 93 091 351 530

Half-Year Report
31 December 2014
(Previous corresponding period: 31 December 2013)

Results for announcement to the market

Financial Results	Percentage change from corresponding period %	Amount change from corresponding period $	6 months ended 31/12/2014 $
Revenue from ordinary activities	36%	584,540	2,206,044
Profit/(loss) from ordinary activities after tax attributable to members	383%	507,739	640,217
Net profit/(loss) for the period attributable to members	383%	507,739	640,217

Dividends declared	Amount per security	Franked amount per security
Interim Dividend	Nil	Nil
Final Dividend	Nil	Nil
	No dividends have been declared	
Record date for determining entitlements to the interim dividends	N/A	N/A
Record date for determining entitlements to the final dividends	N/A	N/A

Net Tangible Asset Backing	31 December 2014 (cents per share)	31 December 2013 (cents per share)
Net tangible asset backing per ordinary security	23.26	17.43

Other explanatory notes
N/A

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

Dividends or distributions paid to shareholders	$94,241 dividend (prior year) paid on 3 November 2014
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-14

Index

Half – Year Ended 31 December 2014

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	Grant Thornton Audit Pty Ltd Level 1 67 Greenhill Road Wayville SA 5034 Telephone: (08) 8372 6666 Facsimile: (08) 8372 6677
Share Registry	Computershare Investor Services Pty Ltd Level 5 115 Grenfell Street Adelaide SA 5000 Telephone: 1300 556 161 Overseas Callers: 61 3 9415 4000 Facsimile: 1300 534 987
Stock Exchange	The securities of MGM Wireless Limited are listed on the Australian Securities Exchange.
ASX Code	**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 2014. In order to comply the provisions of the Corporations Act 2001, the directors report as follows:

The names of the directors of the company that held office during and since the end of the half-year (unless otherwise stated) are:

Name

- Mr. Mark Fortunatow
- Mr. Mark Edwin Hurd
- Mrs. Tara Lewis-Christie
- Ms. Leila Henderson - appointed 7 July 2014

Review of Operations

The Directors of MGM Wireless Limited are pleased to report that the company has increased its revenue, profit, cash reserves and shareholders equity during the six months ended 31 December. The improved financial results are the product of growth in customer numbers, revenue per customer and improvements realised in cost and efficiency.

The comapny had 1,143 contracted schools and early learning centres as at 31 December 2014, compared with 1,099 contracted schools as at 31 December 2013, representing growth of 4% .

Key items of the financial results and operating performance are discussed below:

Profit

The company recorded total comprehensive income for the six months ended 31 December 2014 ("2015 first half") of $640,217, representing growth of 383% on the previous corresponding result of $132,478. Earnings per share rose from 3.14 cents per share to 7.38 cents per share (diluted)

The 2015 half year included option issue costs of $0.94 million, which are considered a non-operating item and excluded from calculation of underlying profit.

Underlying EBITDA for the 2015 first half was $1,009,912, 108% higher than the 2014 first half comparative of $485,559. The results included a significant improvement in operating margin (EBITDA/Sales revenue) for the period, rising from 30.0% to 45.8%.

Factors in the 2015 first half net profit result include:

- increased revenue. Revenue for the half year was $2,206,044 compared with $1,621,504 for the same period last year; an increase of 36%, driven by growth in customers and in revenue generated per customer.
- cost of sales reduced 8% to $158,744, facilitated by lower wholesale SMS charges negotiated
- amortisation and depreciation charges of $176,428 were 19% lower, following revisions made to amortisation rates in the June 2014 accounts to more accurately reflect asset life.

- corporate and administration charges were reduced by 50% to $135,466 through efficiencies and streamlining of back office processes
- tax expense increased from $18,757 to $185,078

Cashflow

Net cash provided by operating activities decreased from $417,138 for the six months ending 31 December 2013 to $351,401 for the same period in 2014.

This decrease arises from the payment of a substantially higher tax liablity on the company's taxable income for the year ended 30 June 2014 when compared to that paid in the same period in 2013. Cash generated from operations prior to interest and tax rose substantially in comparison with the previous correspoinding period, being $854,918 compared with $589,940.

Condensed consolidated statement of financial position

The company's statement of financial position continued to strengthen, with equity of $3,698,804 as at 31 December 2014, up 21% from 30 June 2014. Increased cash balances were the main cause for this increase. Borrowings were unchanged at $200,000 and more than offset by cash balances of $1,606,296, up from $1,077,840 as at 30 June 2014, representing a net cash positon of $1,406,316 compared with net cash of $877,840 at the beginnning of the period.

Changes in the state of affairs

During the half year ended 31 December 2014 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 2014 (2013 half-year: $nil). Dividends of $94,241 were paid during the half year ended 31 December 2014 (2013 half-year: $83,691).

Auditor's Independence Declaration

The auditor's independence declaration for the half-year report ended 31 December 2014 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, 24 February 2015

Grant Thornton

Level 1,
67 Greenhill Rd
Wayville SA 5034

Correspondence to:
GPO Box 1270
Adelaide SA 5001

T 61 8 8372 6666
F 61 8 8372 6677
E info.sa@au.gt.com
W www.grantthornton.com.au

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

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the review of MGM Wireless Limited for the half-year ended 31 December 2014, I declare that, to the best of my knowledge and belief, there have been:

a No contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; and

b No contraventions of any applicable code of professional conduct in relation to the review.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

S K Edwards
Partner – Audit & Assurance

Adelaide, 24 February 2015

Grant Thornton Audit Pty Ltd ACN 130 913 594
a subsidiary or related entity of Grant Thornton Australia Ltd ABN 41 127 556 389

'Grant Thornton' refers to the brand under which the Grant Thornton member firms provide assurance, tax and advisory services to their clients and/or refers to one or more member firms, as the context requires. Grant Thornton Australia Ltd is a member firm of Grant Thornton International Ltd (GTIL). GTIL and the member firms are not a worldwide partnership. GTIL and each member firm is a separate legal entity. Services are delivered by the member firms. GTIL does not provide services to clients. GTIL and its member firms are not agents of, and do not obligate one another and are not liable for one another's acts or omissions. In the Australian context only, the use of the term 'Grant Thornton' may refer to Grant Thornton Australia Limited ABN 41 127 556 389 and its Australian subsidiaries and related entities. GTIL is not an Australian related entity to Grant Thornton Australia Limited.

Liability limited by a scheme approved under Professional Standards Legislation. Liability is limited in those States where a current scheme applies.

Grant Thornton

Level 1,
67 Greenhill Rd
Wayville SA 5034

Correspondence to:
GPO Box 1270
Adelaide SA 5001

T 61 8 8372 6666
F 61 8 8372 6677
E info.sa@au.gt.com
W www.grantthornton.com.au

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

We have reviewed the accompanying half-year financial report of MGM Wireless Ltd ("Company"), which comprises the consolidated financial statements being the statement of financial position as at 31 December 2014, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising of a description of accounting policies, other explanatory information and the directors' declaration of the consolidated entity, comprising both the Company and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' responsibility for the half-year financial report

The directors of MGM Wireless Ltd are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such controls as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the consolidated half-year financial report based on our review. We conducted our review in accordance with the Auditing Standard on Review Engagements ASRE 2410 Review of a 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 half-year financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the MGM Wireless Ltd consolidated entity's financial position as at 31 December 2014 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 MGM Wireless Ltd, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

Grant Thornton Audit Pty Ltd ACN 130 913 594
a subsidiary or related entity of Grant Thornton Australia Ltd ABN 41 127 556 389

'Grant Thornton' refers to the brand under which the Grant Thornton member firms provide assurance, tax and advisory services to their clients and/or refers to one or more member firms, as the context requires. Grant Thornton Australia Ltd is a member firm of Grant Thornton International Ltd (GTIL). GTIL and the member firms are not a worldwide partnership. GTIL and each member firm is a separate legal entity. Services are delivered by the member firms. GTIL does not provide services to clients. GTIL and its member firms are not agents of, and do not obligate one another and are not liable for one another's acts or omissions. In the Australian context only, the use of the term 'Grant Thornton' may refer to Grant Thornton Australia Limited ABN 41 127 556 389 and its Australian subsidiaries and related entities. GTIL is not an Australian related entity to Grant Thornton Australia Limited.

Liability limited by a scheme approved under Professional Standards Legislation. Liability is limited in those States where a current scheme applies.

Grant Thornton

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 assuranc 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 complied with the independence requirements of 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 Ltd 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 2014 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.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

S K Edwards
Partner – Audit & Assurance

Adelaide, 24 February 2015

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 consolidated 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 24 February, 2015

Condensed consolidated statement of profit or loss and other comprehensive income for the half-year ended 31 December 2014

	Group Half-Year Ended	
	31/12/2014 $	31/12/2013 $
Continuing Operations		
Revenue	2,206,044	1,621,504
Cost of sales	(158,744)	(173,228)
Gross Profit	2,047,300	1,448,276
Doubtful debts	-	-
Borrowing costs	(8,188)	(8,491)
Amortisation & depreciation	(176,428)	(218,493)
Consulting fees	(38,351)	(38,760)
Issue of options	(93,571)	(107,340)
Corporate and administration	(135,466)	(270,972)
Employee costs	(770,001)	(652,985)
Profit before tax	825,295	151,235
Income tax expense	(185,078)	(18,757)
Profit for the period from continuing operations	640,217	132,478
Profit for the period	640,217	132,478
Other comprehensive income		
Exchange differences on translating foreign operations	-	-
Transfer to foreign currency reserve	-	-
Other comprehensive income for the period (net of tax)	-	-
Total comprehensive income for the period	640,217	132,478
Profit attributable to:		
Owners of the Company	640,217	132,478
Total comprehensive income attributable to:		
Owners of the Company	640,217	132,478
Earnings per share		
From continuing and discontinued operations		
Basic (cents per share)	7.47	3.14
Diluted (cents per share)	7.38	3.14
From continuing operations		
Basic (cents per share)	7.47	3.14
Diluted (cents per share)	7.38	3.14

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 2014

	Notes	Group As At 31/12/2014 $	30/06/2014 $
ASSETS			
Current Assets			
Cash and cash equivalents		1,606,316	1,077,840
Trade and other receivables		1,006,993	685,763
Other assets		302,663	574,186
Total Current Assets		2,915,972	2,337,789
Non-Current Assets			
Property, plant and equipment		186,486	201,485
Intangibles		1,705,951	1,570,456
Total Non-Current Assets		1,892,437	1,771,941
Total Assets		4,808,409	4,109,730
LIABILITIES			
Current Liabilities			
Bank overdraft		20	-
Trade and other payables		494,593	451,812
Provisions		229,788	190,301
Current Tax Liabilities		185,204	210,611
Total Current Liabilities		909,605	852,724
Non-Current Liabilities			
Borrowings		200,000	200,000
Total Non-Current Liabilities		200,000	200,000
Total Liabilities		1,109,605	1,052,724
Net Assets		3,698,804	3,057,006
EQUITY			
Issued capital		7,376,993	7,376,993
Reserves		401,306	307,735
Accumulated losses		(4,079,495)	(4,627,722)
Total Equity		3,698,804	3,057,006

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 2014

	Issued Capital	Accumulated Losses	Option Issue Reserve	Foreign Currency Translation Reserve	Total Equity
	$	$	$	$	$
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
Options exercised - directors	-	-	(30,737)	-	(30,737)
Currency translation differences	-	40,329	5,757	-	46,086
At 31 December 2013	**7,356,062**	**(5,173,884)**	**301,762**	**5,973**	**2,489,913**
At 1 July 2014	7,376,993	(4,627,722)	301,762	5,973	3,057,006
Profit attributable to members	-	640,217	-	-	640,217
Payment of dividends	-	(94,241)	-	-	(94,241)
Shares issued	-	-	-	-	-
Options issued - directors	-	-	93,571	-	93,571
Currency translation differences	-	2,251	-	-	2,251
At 31 December 2014	**7,376,993**	**(4,079,495)**	**395,333**	**5,973**	**3,698,804**

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 2014

	Consolidated Group Half-Year Ended	
	31/12/2014 $	31/12/2013 $
Cash flows from operating activities		
Receipts from customers	**2,435,049**	1,690,350
Payments to suppliers and employees	**(1,580,131)**	(1,121,052)
Tax payments	**(495,329)**	(143,669)
Interest and other costs of finance	**(8,188)**	(8,491)
Net cash provided by operating activities	**351,401**	417,138
Cash flows from investing activities		
Receipt of grant income	**568,221**	205,693
Payments for plant and equipment	**(14,855)**	(21,533)
Proceeds from the sale of plant and equipment	**17,068**	-
Payment for research and development	**(299,137)**	(150,000)
Net cash provided by investing activities	**271,297**	34,160
Cash flows from financing activities		
Proceeds from issue of shares	**-**	119,000
Dividends paid to owners of the company	**(94,242)**	(83,619)
Net cash (used in)/provided by financing activities	**(94,242)**	**35,381**
Net increase in cash held	**528,456**	486,679
Cash and cash equivalents at 1 July	**1,077,840**	1,077,840
Effect of exchange rate changes	**-**	-
Cash and cash equivalents at 31 December	**1,606,296**	1,564,519

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 2014 annual financial report for the financial year ended 30 June 2014, 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 1031 'Materiality' (2013)
- AASB 2012-3 'Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities'
- AASB 2013-3 'Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets'
- AASB 2013-4 'Amendments to Australian Accounting Standards – Novation of Derivatives and Continuation of Hedge Accounting
- 'AASB 2013-5 'Amendments to Australian Accounting Standards – Investment Entities'

- AASB 2013-9 'Amendments to Australian Accounting Standards' – Part B: 'Materiality'
- AASB 2014-1 'Amendments to Australian Accounting Standards'
    - Part A: 'Annual Improvements 2010-2012 and 2011-2013 Cycles'
    - Part B: 'Defined Benefit Plans: Employee Contributions (Amendments to AASB 119)'
    - Part C: 'Materiality'

Impact of the application of AASB 1031 'Materiality' (2013)
The revised AASB 1031 is an interim standard that cross-references to other Standards and the Framework for the Preparation and Presentation of Financial Statements (issued December 2013) that contain guidance on materiality. The AASB is progressively removing references to AASB 1031 in all Standards and Interpretations, and once all these references have been removed, AASB 1031 will be withdrawn. The adoption of AASB 1031 does not have any material impact on the disclosures or the amounts recognised in the Group's condensed consolidated financial statements.

Impact of the application of AASB 2012-3 'Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities'
The Group has applied the amendments to AASB 132 for the first time in the current year. The amendments to AASB 132 clarify the requirements relating to the offset of financial assets and financial liabilities. Specifically, the amendments clarify the meaning of 'currently has a legally enforceable right of set-off' and 'simultaneous realisation and settlement'.

The amendments have been applied retrospectively.

The Group has assessed whether certain of its financial assets and financial liabilities qualify for offset based on the criteria set out in the amendments and concluded that the application of the amendments does not have any material impact on the amounts recognised in the Group's condensed consolidated financial statements.

Impact of the application of AASB 2013-3 'Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets'
The Group has applied the amendments to AASB 136 for the first time in the current year. The amendments to AASB 136 remove the requirement to disclose the recoverable amount of a cash generating unit (CGU) to which goodwill or other intangible assets with indefinite useful lives had been

allocated when there has been no impairment or reversal of impairment of the related CGU.

Furthermore, the amendments introduce additional disclosure requirements applicable to when the recoverable amount of an asset or a CGU is measured at fair value less costs of disposal.

These new disclosures include the fair value hierarchy, key assumptions and valuation techniques used which are in line with the disclosure required by AASB 13 'Fair Value Measurements'.

The application of these amendments does not have any material impact on the disclosures in the Group's condensed consolidated financial statements.

Impact of the application of AASB 2013-4 'Amendments to Australian Accounting Standards – Novation of Derivatives and Continuation of Hedge Accounting'

The Group has applied the amendments to AASB 139 for the first time in the current year. The amendments to AASB 139 provide relief from the requirement to discontinue hedge accounting when a derivative designated as a hedging instrument is novated under certain circumstances. The amendments also clarify that any change to the fair value of the derivative designated as a hedging instrument arising from the novation should be included in the assessment and measurement of hedge effectiveness.

As the Group does not have any derivatives that are subject to novation, the application of these amendments does not have any material impact on the disclosures or on the amounts recognised in the Group's condensed consolidated financial statements.

Impact of the application of AASB 2013-5 'Amendments to Australian Accounting Standards – Investment Entities'

The Group has applied the amendments to AASB 10, AASB 12 and AASB 127 for the first time in the current year. The amendments to AASB 10 define an investment entity and require a reporting entity that meets the definition of an investment entity not to consolidate its subsidiaries but instead to measure its subsidiaries at fair value through profit or loss in its consolidated and separate financial statements.

To qualify as an investment entity, a reporting entity is required to:

- obtain funds from one or more investors for the purpose of providing them with investment management services;

- commit to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and
- measure and evaluate performance of substantially all of its investments on a fair value basis.

Consequential amendments have been made to AASB 12 and AASB 127 to introduce new disclosure requirements for investment entities.
As the Company is not an investment entity (assessed based on the criteria set out in AASB 10 as at 1 January 2014), the application of the amendments does not have any material impact on the disclosures or the amounts recognised in the Group's condensed consolidated financial statements.

Impact of the application of AASB 2013-9 'Amendments to Australian Accounting Standards' – Part B: 'Materiality'
This amending standard makes amendments to particular Australian Accounting Standards to delete references to AASB 1031, at the same time it makes various editorial corrections to Australian Accounting Standards as well. The adoption of amending standard does not have any material impact on the disclosures or the amounts recognised in the Group's condensed consolidated financial statements.

Impact of the application of AASB 2014-1 'Amendments to Australian Accounting Standards'
Part A: 'Annual Improvements 2010-2012 and 2011-2013 Cycle'
The Annual Improvements 2010-2012 Cycle include a number of amendments to various AASBs, which are summarised below.

The amendments to AASB 2 (i) change the definitions of 'vesting condition' and 'market condition'; and (ii) add definitions for 'performance condition' and 'service condition' which were previously included within the definition of 'vesting condition'. The amendments to AASB 2 are effective for share-based payment transactions for which the grant date is on or after 1 July 2014.

The amendments to AASB 3 clarify that contingent consideration that is classified as an asset or a liability should be measured at fair value at each reporting date, irrespective of whether the contingent consideration is a financial instrument within the scope of AASB 9 or AASB 139 or a non-financial asset or liability. Changes in fair value (other than measurement period adjustments) should be recognised in profit and loss.

The amendments to AASB 3 are effective for business combinations for which the acquisition date is on or after 1 July 2014.
The amendments to AASB 8 (i) require an entity to disclose the judgements made by management in applying the aggregation criteria to operating segments, including a description of the operating segments aggregated and the economic indicators assessed in determining whether the operating segments have 'similar economic characteristics'; and (ii) clarify that a reconciliation of the total of the reportable segments' assets to the entity's assets should only be provided if the segment assets are regularly provided to the chief operating decision-maker.

The amendments to the basis for conclusions of AASB 13 clarify that the issue of AASB 13 and consequential amendments to AASB 139 and AASB 9 did not remove the ability to measure short-term receivables and payables with no stated interest rate at their invoice amounts without discounting, if the effect of discounting is immaterial. As the amendments do not contain any effective date, they are considered to be immediately effective.

The amendments to AASB 116 and AASB 138 remove perceived inconsistencies in the accounting for accumulated depreciation/amortisation when an item of property, plant and equipment or an intangible asset is revalued. The amended standards clarify that the gross carrying amount is adjusted in a manner consistent with the revaluation of the carrying amount of the asset and that accumulated depreciation/amortisation is the difference between the gross carrying amount and the carrying amount after taking into account accumulated impairment losses.

The amendments to AASB 124 clarify that a management entity providing key management personnel services to a reporting entity is a related party of the reporting entity. Consequently, the reporting entity should disclose as related party transactions the amounts incurred for the service paid or payable to the management entity for the provision of key management personnel services. However, disclosure of the components of such compensation is not required.

The 'Annual Improvements 2011-2013 Cycle' include a number of amendments to various AASBs, which are summarised below.

The amendments to AASB 3 clarify that the standard does not apply to the accounting for the formation of all types of joint arrangement in the financial statements of the joint arrangement itself.

The amendments to AASB 13 clarify that the scope of the portfolio exception for measuring the fair value of a group of financial assets and financial liabilities on a net basis includes all contracts that are within the scope of, and accounted for in accordance with, AASB 139 or AASB 9, even if those contracts do not meet the definitions of financial assets or financial liabilities within AASB 132.

The amendments to AASB 140 clarify that AASB 140 and AASB 3 are not mutually exclusive and application of both standards may be required. Consequently, an entity acquiring investment property must determine whether:

a) the property meets the definition of investment property in terms of AASB 140; and
b) the transaction meets the definition of a business combination under AASB 3.

Part B: 'Defined Benefit Plans Employee Contributions (Amendments to AASB 119)'

The amendments to AASB 119 clarify how an entity should account for contributions made by employees or third parties to defined benefit plans, based on whether those contributions are dependent on the number of years of service provided by the employee.

For contributions that are independent of the number of years of service, the entity may either recognise the contributions as a reduction in the service cost in the period in which the related service is rendered, or to attribute them to the employees' periods of service using the projected unit credit method; whereas for contributions that are dependent on the number of years of service, the entity is required to attribute them to the employees' periods of service.

Part C – 'Materiality'

This amending standard makes amendments to particular Australian Accounting Standards to delete their references to AASB 1031, which historically has been referenced in each Australian Accounting Standard. The adoption of amending standard does not have any material impact on the disclosures or the amounts recognised in the Group's condensed consolidated financial statements.

1.3 Critical accounting judgements and estimates

In the application of the Group's accounting policies, the Directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated judgements are based on historical experience and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the group. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

1.3.1 Internally generated intangible assets

In order to carry out the principal activities of the consolidated entity, a number of intangible assets are generated internally. These assets represent development expenditure incurred in the generation of specific products which will be marketed to consumers. Identification of the amount of development expenditure on individual products is a time consuming process, and as such, is performed in detail on an annual basis at 30 June each year. To determine the balance at 31 December 2014, an expectation has been made based on the amount capitalised at 30 June 2014, with any required adjustment being made to reflect known material variances in projects year on year.

1.3.2 R&D tax incentive receivable

The R&D tax incentive is received annually from the Australian Tax Office based on the amount of eligible research and development expenditure incurred by the consolidated entity each year. Identification of the amount of eligible research and development expenditure is a time consuming process, and as such, is performed in detail at 30 June each year. To determine the balance at 31 December 2014, an expectation has been made based on the R&D tax incentive received for 30 June 2014, with any required

adjustment being made to reflect known material variances in operations year on year.

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	
	31/12/2014	31/12/2013	**31/12/2014**	31/12/2013
MGM Wireless Holdings Pty Ltd	**2,173,054**	1,600,188	**627,691**	145,585
USA Message YOU LLC	**-**	-	**(2,300)**	(2,656)
NZ MGM Wireless (NZ) Pty Ltd	**32,990**	21,316	**14,826**	(10,451)
Total for Continuing Operation	**2,206,044**	1,621,504		
Profit before tax (continuing operations)			**640,217**	132,478

Segment assets and liabilities

	Assets Half Year Ended		Liabilities Half Year Ended	
	31/12/2014	31/12/2013	**31/12/2014**	31/12/2013
MGM Wireless	**-**	250	**20**	703,792
MGM Wireless Holdings Pty Ltd	**4,681,367**	3,151,170	**1,075,593**	703,792
USA Message YOU LLC	**-**	-	**12,607**	11,587
NZ MGM Wireless (NZ) Pty Ltd	**127,042**	61,378	**21,385**	7,505
Consolidated Assets	**4,808,409**	3,212,798		
Consolidated Liabilities			**1,109,605**	722,884

3. Issues of equity securities

During the half-year, the Group did not issue any ordinary shares (2013: 170,000 ordinary shares were issued for $119,000 on exercise of 170,000 share options issued under its share option plan). The company also issued 230,000 new share options to a number of directors (2013: issue of 310,000 options, and 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 2014		Half-year ended 31 December 2013	
	Cents Per Share	Total $	Cents Per Share	Total $
Fully paid ordinary shares				
Final dividend	**1.10**	94,241	**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.