Appendix 4D
MGM WIRELESS LIMITED
ABN 93 091 351 530

Half-Year Report
31 December 2017
(Previous corresponding period: 31 December 2016)

Results for announcement to the market

Financial Results	Percentage change from corresponding period %	Amount change from corresponding period $	6 months ended 31/12/2017 $
Revenue from ordinary activities	(4)%	(59,732)	1,579,150
Profit from ordinary activities after tax attributable to members	(93)%	(196,297)	15,013
Net profit for the period attributable to members	(93)%	(196,297)	15,013

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 2017 (cents per share)	31 December 2016 (cents per share)
Net tangible asset backing per ordinary security	15.58	22.51

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	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-17

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Half – Year Ended 31 December 2017

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 3 170 Frome St Adelaide SA 5000 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 2017. 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 – ceased 31 August 2017

Ms. Leila Henderson

Mr. Glen Butler – appointed 31 August 2017

Review of Operations

Operational Highlights

- SPACETALK, an all-in-one kids phone, GPS tracker and smartwatch launched after a three year development in October 2017
- Internal online SPACETALK 'stretch' sales targets leading up to Christmas exceeded by more than 150%
- Strong interest with Australia's largest bricks and mortar retailers discussions underway
- International expansion commenced this Half Year
- SPACETALK exhibited at Mobile World Congress (MWC18) in Barcelona
- Product trials with several Australian and international distributors/retailers commenced
- Product trials with South East Asian distributor commenced
- Initial market size expectations upgraded from 3,000 to 10,000 units per annum to 120,000 – 180,000 units ($30 million to $60 million per annum - Australia only)
- Leading Australian bricks and mortar retailers recommending to MGM Wireless management to upgrade its rollout strategy and to aim much higher to achieve mass market take up and leadership

Financial Highlights

- **Funding**. After funding all development, manufacturing, inventory, marketing and sales launch costs, closing cash balance remained strong $1.4 million as compared to $1.6 million last year - with no debt
- **Profits**. Company recorded a net profit of $15,013 after absorbing non-operating amortisation and depreciation expenses and non-cash share and option expenses of $895,320.
- **EBITDA** – was $613,259 as compared to $811,356 last year, excluding option issue costs
- **Revenue**. For the equivalent period last year, the company achieved recorded HY revenue of $1.64 million after being awarded an agreement with the Queensland Education Department to be one of several preferred suppliers of school communications products. This HY, nearly all that record revenue result was replaced with SPACETALK sales. Overall, the company achieved a 4% reduction in revenues for the current period to $1.58 million.

- **Costs**. Expenses were 10% higher than last year, totaling $1.56 million due to SPACETALK launch and production costs. All expenses were met from internally generated operational cash flows and a small rights issue to existing shareholders at 35 cents per share in October 2017, raising $293,030 before expenses.

The Company is pleased to advise that during the reporting period, and after a gruelling three year endeavour, it launched and successfully began commercialising SPACETALK – its all-in-one kids phone, GPS tracker and smartwatch with integrated AllMyTribe ecosystem.

Launching SPACETALK and already generating meaningful sales is a significant company milestone.

SPACETALK'S increasing popularity over such a short timeframe validates a significantly larger growth opportunity than initially anticipated. Also, immediate opportunities exist in international markets.

Feedback from SPACETALK customers is overwhelmingly positive, with many excellent reviews and referrals, notably in high-profile social media sites, generating additional sales. There have not been any significant technical, supply chain or customer service issues. Customers continue to praise product performance, quality and after sales service.

Customers say that SPACETALK solves a key important family need – the ability for parents to stay connected with their young children using a mobile/internet device, without exposing their kids to the dangers of social media apps, such as Facebook, Instagram, YouTube, Google and unrestricted access to the Internet.

To the best of MGM's knowledge, it has chalked up a world first by launching a quality, high performing kids watch while, at the same time, achieving meaningful sales volumes.

Based on these excellent sales and customer feedback, MGM Wireless now believes the Australian market for SPACETALK is likely to be larger than the company previously expected, in the vicinity of between 120,000 and 180,000 units per annum in Australia alone, or between $30 million and $60 million per annum. These market size levels are closer to those produced by Gartner[1] – which forecasts 30% of all smartwatch sales will be to young children.

The company's online stretch targets for SPACETALK leading into Christmas were exceeded by more than 150%.

Discussions with several Australian bricks and mortar retailers began in December 2017 and remain in progress, with several small initial trials already commenced.

Feedback from leading consumer electronics retailers is most positive. Retailer feedback suggests MGM Wireless should review its rollout sales and marketing strategy and aim much higher to capture and achieve meaningful leadership in the mass market.

Strong sales have also prompted MGM Wireless to bring forward its international expansion strategy. The company decided to exhibit and promote SPACETALK at the Mobile World Congress – which is currently underway in Barcelona (February 26 – March 1, 2018).

The annual Mobile World Congress is the world's largest such conference and attended by more than 100,000 delegates representing mobile network operators, technology companies and consumer electronic distributors and retailers from across the globe.

[1] https://www.gartner.com/newsroom/id/3790965

SPACETALK Security and Privacy Compliance

SPACETALK has been designed with the highest levels of data security and privacy in mind from the ground up. Throughout the three-year development process, the company has engaged leading international cyber security experts to test and ensure compliance with strict European privacy and other international standards. SPACETALK meets all current international privacy and security legislation and policies – including those required across Europe and in particular Germany.

Financial Performance

The company ended the period with very pleasing financial results, which reflect the transititional stage of the business. Despite completing the herculean SPACETALK effort to design, manufacture, fund inventory and funding launch costs from existing operations, the results were very sold.

Closing cash balances were strong at $1.4 million (down 12% on 2017 HY of $1.6 million). Net Profit was $15,013 after absorbing non-operating amortisation and depreciation expenses and non-cash share and option expenses of $895,320.

Revenue. During the equivalent period last year, the company's school business experienced record revenues due to it being awarded an agreement from the Queensland Education Department. The Queensland Government introduced a new "Same Day Absence Notification" policy to enforce schools to contact every parent of every absent student on the same day. The Department provided schools with grant funding to buy communication systems in order to comply with the policy. MGM Wireless was included on the preferred suppliers list. This resulted in the company securing contracts with 102 schools and achieving a record level of HY revenue.

This year, the company is very pleased to report that revenue from SPACETALK sales largely replaced last year's record school business revenue, resulting in overall HY revenue in this period to be similar (down 4%) to last year.

School Business

Exciting new revenue growth opportunities are emerging for the company's school business. The way schools need to communicate and engage with parents is undergoing change and challenges, as consumers move away from the computer desktop to a wide range of types (or channels) of mobile phone based consumption of content.

Apart from MGM's systems supporting SMS, they also support a comprehensive omni channel approach to a range of mobile specific channels, whereby Chatbots, SMS, email, Mobile App, In-App messaging, Social Media, Mobile web can all be used in any combination to effectively communicate and engage with parents.

With the emergence of and access to artificial intelligence and machine learning technologies, MGM Wireless believes opportunities exist to incorporate these new technologies into its products to further improve the effectiveness of company products while driving revenue growth.

The company's current product range remains very strong, competitive and attractive to schools. And the company sees an ongoing positive future for its school business.

Changes in the state of affairs

During the half year ended 31 December 2017 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 2017 (2016 half-year: $nil). No Dividends relating to the year ended 30 June 2017 were paid during the half year ended 31 December 2017 (2016 half-year: $97,037).

Auditor's Independence Declaration

The auditor's independence declaration for the half-year report ended 31 December 2017 has been received and is included on page 8.

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, 28 February 2018

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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 2017, 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, 28 February 2018

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Independent Auditor's Review Report
To the Members of MGM Wireless Limited

Report on the Half Year Financial Report

Conclusion

We have reviewed the accompanying half year financial report of MGM Wireless Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2017, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half year ended on that date, a description of accounting policies, other selected explanatory notes, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half year financial report of MGM Wireless Limited does not give a true and fair view of the financial position of the Group as at 31 December 2017, and of its financial performance and its cash flows for the half year ended on that date, in accordance with the Corporations Act 2001, including complying with Accounting Standard AASB 134 Interim Financial reporting.

Director's Responsibility for the Half Year Financial Report

The Directors of the Company 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 internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Grant Thornton

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 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 Group's financial position as at 31 December 2017 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 Limited, 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 complied with the independence requirements of the *Corporations Act 2001*.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

S K Edwards
Partner – Audit & Assurance

Adelaide, 28 February 2018

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 28 February, 2018

Consolidated statement of profit or loss and other comprehensive income for the half-year ended 31 December 2017

	Notes	Consolidated Group Half- Year Ended 31/12/2017 $	31/12/2016 $
Revenue		1,579,150	1,638,882
Cost of sales		(102,985)	(102,974)
Gross Profit		1,476,165	1,535,908
Doubtful debts		(20,008)	-
Borrowing costs		-	(5,652)
Amortisation & depreciation		(794,692)	(740,750)
Consulting fees		-	(29,843)
Issue of options	4	(100,628)	-
Corporate and administration		(460,350)	(114,689)
Advertising and marketing		(44,151)	-
Employee costs	4	(330,258)	(580,021)
(Loss)/ Gain on foreign exchange		(8,140)	-
(Loss)/ profit before tax		(282,062)	64,953
Income tax benefit		297,075	146,357
Net profit for the period attributable to owners of the Company		15,013	211,310
Other comprehensive income, net of income tax			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translating foreign operations		8,873	(308)
Other comprehensive income for the period (net of tax)		8,873	(308)
Total comprehensive income for the period attributable to owners of the Company		23,886	211,002
Earnings per share			
Basic (cents per share)		0.16	2.43
Diluted (cents per share)		0.16	2.38

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

Consolidated statement of financial position as at 31 December 2017

	Notes	Consolidated Group As At 31/12/2017 $	30/06/2017 $
ASSETS			
Current Assets			
Cash and cash equivalents		1,409,269	1,109,972
Trade and other receivables		300,333	362,794
Inventories		243,357	-
Other assets		596,090	922,510
Total Current Assets		2,549,049	2,395,276
Non-Current Assets			
Property, plant and equipment		161,404	174,061
Intangibles	6	2,779,359	2,647,286
Total Non-Current Assets		2,940,763	2,821,347
Total Assets		5,489,812	5,216,623
LIABILITIES			
Current Liabilities			
Trade and other payables		(423,939)	(593,906)
Provisions		(272,857)	(243,050)
Current Tax Liabilities		(177,691)	(311,011)
Total Current Liabilities		(874,487)	(1,147,967)
Non-Current Liabilities			
Deferred Tax Liabilities		(93,219)	(65,671)
Total Non-Current Liabilities		(93,219)	(65,671)
Total Liabilities		(967,706)	(1,213,638)
Net Assets		4,522,106	4,002,985
EQUITY			
Issued capital	3	7,810,653	7,469,606
Reserves		609,525	446,464
Accumulated losses		(3,898,072)	(3,913,085)
Total Equity		4,522,106	4,002,985

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

Consolidated statement of changes in equity for the half-year ended 31 December 2017

	Issued Capital	Accumulated Losses	Share based payment Reserve	Foreign Currency Translation Reserve	Total Equity
Consolidated	**$**	**$**	**$**	**$**	**$**
At 1 July 2016	**7,454,029**	**(3,266,672)**	**483,583**	**(19,708)**	**4,651,232**
Profit attributable to members	-	211,310	-	-	211,310
Currency translation differences	-	-	-	(308)	(308)
Total comprehensive income	7,454,029	(3,055,362)	483,583	(20,016)	4,862,234
Transactions with owners					
Contributions and distributions					
Payment of dividends	-	(112,614)	-	-	(112,614)
Issue of shares (DRP scheme)	15,577	-	-	-	15,577
Transactions with owners	15,577	(112,614)	-	-	(97,037)
At 31 December 2016	**7,469,606**	**(3,167,976)**	**483,583**	**(20,016)**	**4,765,197**
Consolidated					
At 1 July 2017	**7,469,606**	**(3,913,085)**	**483,583**	**(37,119)**	**4,002,985**
Profit attributable to members	-	15,013	-	-	15,013
Currency translation differences	-	-	-	8,873	8,873
Total comprehensive income	7,469,606	(3,898,072)	483,583	(28,246)	4,026,871
Transactions with owners					
Contributions and distributions					
Issue of shares	374,031	-	-	-	374,031
Share issue costs	(32,984)	-	-	-	(32,984)
Options/ rights issued	-	-	154,188	-	154,188
Transactions with owners	341,047	-	154,188	-	495,235
At 31 December 2017	**7,810,653**	**(3,898,072)**	**637,771**	**(28,246)**	**4,522,106**

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

Consolidated statement of cash flows for the half-year ended 31 December 2017

	Consolidated Group	
	Half-Year Ended	
	31/12/2017	31/12/2016
	$	$
Cash flows from operating activities		
Receipts from customers	1,799,527	1,725,919
Payments to suppliers and employees	(1,445,990)	(1,205,443)
Tax benefits	599,956	373,301
Interest and other costs of finance	-	(5,652)
Net cash provided by operating activities	953,493	888,125
Cash flows from investing activities		
Payments for plant and equipment	(16,803)	(17,133)
Payment for research and development	(906,313)	(545,175)
Net cash (used in)/provided by investing activities	(923,116)	(562,308)
Cash flows from financing activities		
Payment of dividends	-	(97,037)
Proceeds from issue of shares	293,031	-
Share issue costs	(32,984)	-
Repayment of borrowings	-	(35,000)
Net cash (used in)/provided by financing activities	260,047	(132,037)
Net increase / decrease in cash held	290,424	193,780
Cash and cash equivalents at 1 July	1,109,972	1,405,660
Effect of exchange rate changes	8,873	(308)
Cash at the end of the year	1,409,269	1,599,132

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

Notes to the 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 Consolidated financial statements have been prepared on the basis of historical cost. 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 2017 annual financial report for the financial year ended 30 June 2017. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

1.2.1 Inventories

Inventories relate to Spacetalk Smartwatches. Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on average costs basis. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

1.3 Amendments to Accounting Standards and new interpretations that are mandatorily effective for the current reporting period

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.

The adoption of these standards did not have a significant impact on the consolidated financials statements.

1.4 New and revised Australian Accounting Standards and Interpretations on issue but not yet effective

The following relevant accounting standards have recently been issued or amended but are not yet effective and have not been adopted for this half year reporting period.

Reference	Title	Application
AASB 15	Revenue from Contracts with Customers	1 January 2018
AASB9	Financial Instruments (December 2014)	1 January 2018
AASB 2014-5	Amendments to Australian Accounting Standards arising from AASB 15	1 January 2018
AASB 2014-7	Amendments to Australian Accounting Standards arising from AASB 9 (December 2014)	1 January 2018
AASB 2015-8	Amendments to Australian Accounting Standards - Effective Date of AASB 15	1 January 2018
AASB 2016-3	Amendments to Australian Accounting Standards - Clarifications to AASB 15	1 January 2018
AASB 2016-5	Amendments to Australian Accounting Standards - Classification and Measurement of Share-based Payment Transactions	1 January 2018
Interpretation 22	Foreign Currency Transactions and Advance Consideration	1 January 2018
Interpretation 23	Uncertainty over Income Tax Treatments	1 January 2019
AASB 2017-4	Amendments to Australian Accounting Standards - Uncertainty over Income Tax Treatments	1 January 2019
AASB 16	Leases	1 January 2019

Other than the impact of the standards outlined below, these standards are not expected to have a material impact on the Group's financial position or its performance.

AASB 15 Revenue from Contracts with Customers

AASB 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. AASB 15 will supersede the current revenue recognition guidance AASB 18 Revenue, when it becomes effective from 1 January 2018.

1.4 New and revised Australian Accounting Standards and Interpretations on issue but not yet effective (CONTINUED)

The core principle of AASB 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under AASB 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer.

The directors are still in the process of assessing the impact of the application of AASB 15 on the Group's financial statements and it is not practicable to provide a reasonable financial estimate of the effect until the directors complete the detailed review.

AASB 16 Leases

AASB 16:

- replaces AASB 117 Leases and some lease-related Interpretations
- requires all leases to be accounted for 'on-balance sheet' by lessees, other than short-term and low value asset leases
- provides new guidance on the application of the definition of lease and on sale and lease back accounting
- largely retains the existing lessor accounting requirements in AASB 117
- requires new and different disclosures about leases

1.4 New and revised Australian Accounting Standards and Interpretations on issue but not yet effective (CONTINUED)

The entity is yet to undertake a detailed assessment of the impact of AASB 16. However, based on the entity's preliminary assessment, the likely impact on the first time adoption of the Standard for the year ending 30 June 2020 includes:

- there will be a significant increase in lease assets and financial liabilities recognised on the balance sheet
- the reported equity will reduce as the carrying amount of lease assets will reduce more quickly than the carrying amount of lease liabilities
- EBIT in the statement of profit or loss and other comprehensive income will be higher as the implicit interest in lease payments for former off balance sheet leases will be presented as part of finance costs rather than being included in operating expenses
- operating cash outflows will be lower and financing cash flows will be higher in the statement of cash flows as principal repayments on all lease liabilities will now be included in financing activities rather than operating activities. Interest can also be included within financing activities.

1.5 Critical accouting judgements and estimates

When preparing the interim financial statements, management undertakes a number of judgements, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results.

The judgements, estimates and assumptions applied in the interim financial statements, including the key sources of estimation uncertainty were the same as those applied in the Group's last annual financial statements for the year ended 30 June 2017. The only exception is the estimate of the provision for income taxes which is determined in the interim financial statements using the estimated average annual effective income tax rate applied to the pre-tax income of the interim period.

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.

2. Segment information (CONTINUED)

The Group operates predominately in two business segments, defined by the Groups different product offerings.
The Group's reportable segments under AASB 8 are therefore as follows:

- school messaging services
- other

This is the basis by which management controls and reviews the operations of the Group.

The school messaging reportable segment provides school messaging services, licence fees and internet related services to various schools.

'Other' is the aggregation of the Group's other operating segments that are not separately reportable.

Information regarding these segments is presented below. The accounting policies of the reportable segments are the same as the Group's accounting policies.

Segment revenue and profit

	Segment revenue		Segment profit	
	Half Year Ended		Half Year Ended	
	31/12/2017	31/12/2016	31/12/2017	31/12/2016
School messaging services	1,446,612	1,630,743	(270,549)	64,630
Other	132,538	8,139	(11,513)	323
Total for Continuing Operations	1,579,150	1,638,882		
(Loss)/ Profit before tax			(282,062)	64,953
Income tax benefit			297,075	146,357
Profit after tax			15,013	211,310

Segment assets and liabilities

	Assets		Liabilities	
	Half Year Ended		Half Year Ended	
	31/12/2017	30/06/2017	31/12/2017	30/06/2017
School messaging services	3,386,791	3,205,177	691,925	836,956
Other	244,004	-	4,871	-
Total segment assets/ liabilities	3,630,795	3,205,177	696,796	836,956
Unallocated assets/ liabilities	1,859,017	2,011,446	270,910	376,682
Consolidated Assets	5,489,812	5,216,623		
Consolidated Liabilities			967,706	1,213,638

3. Issues of equity securities

During the half-year the following fully paid ordinary shares were issued:

	Number of fully paid ordinary shares	Issued Capital $
Balance at 30 June 2017	8,691,438	7,469,606
Issue of shares in entitlement offer on 3 October 2017	487,230	170,531
Issue of shares to the underwriter on 9 October 2017	350,000	122,500
Issue of shares for corporate and investor solutions on 8 December 2017	100,000	81,000
Share issue costs	-	(32,984)
	9,628,668	7,810,653

During the half-year, the company issued nil ordinary shares under the share option plan (2016: nil). (2016: 26,478 ordinary shares were issued to shareholders participating in the Group's Dividend Reinvestment Plan for a total of $15,577.)

4. Share based payment

There were a number of options and employee rights granted during the half-year, the valuation model inputs used to determine the fair value as at grant date were as follows:

Options:

Grant Date	Expiry Date	Share price at grant date	Exercise price	Expected volatility	option life	Dividend yield	Risk free interest rate	Fair value at grant date	Number of options	Vesting date	Expensed during the period
08-12-17	08-12-18	$0.81	$0.75	62.50%	1 year	0.00%	1.82%	$0.23	250,000	08-12-18	$ 5,165.00
18-12-17	30-04-20	$0.66	$0.60	62.50%	2.4 years	0.00%	1.82%	$0.27	350,000	vest at date of grant	$ 95,463.00
										Total	$ 100,628.00

The above relate to option expense, equity-settled share-based payment transactions which have been included in profit and loss and credited to share based payment reserve. (2016: nil options granted).

At 31 December 2017 $51,964 of share options granted on 8 December 2017 as consideration for corporate and investor solutions over a twelve month period, have been recorded as a prepayment and credited to share based payment reserve. (2016: nil).

Employee rights:

Grant Date	Expiry Date	Share price at grant date	Exercise price	Expected volatility	option life	Dividend yield	Risk free interest rate	Fair value at grant date	Number of options	Vesting date	Expensed during the period
16-11-17	16-05-19	$0.38	$0.00	89.90%	1.5 years%	0.00%	1.82%	$0.37	5,000	16-05-19	$ 155.00
16-11-17	16-11-19	$0.38	$0.00	89.90%	2 years	0.00%	1.82%	$0.37	5,000	16-11-19	$ 115.00
23-11-17	23-11-18	$0.51	$0.00	89.90%	1 year	0.00%	1.82%	$0.51	15,000	23-11-18	$ 794.00
23-11-17	23-05-19	$0.51	$0.00	89.90%	1.5 years	0.00%	1.82%	$0.51	15,000	23-05-19	$ 532.00
										Total	$ 1,596.00

The above relate to employee remuneration expense, equity-settled share-based payment transactions which have been included in profit and loss and credited to share based payment reserve. (2016: nil employee rights were granted).

5. Dividends

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

	Half-year ended 31 December 2017		Half-year ended 31 December 2016	
	Cents Per Share	Total $	Cents Per Share	Total $
Fully paid ordinary shares				
Final dividend	-	-	1.3	112,614

There were no dividends reinvested in 2017. In 2016 $15,577 was reinvested under the Group's Dividend Reinvestment Plan.

6. Intangible Assets

Cost	Distribution Rights $	Capitalised Development Costs $	Total $
Balance at 30 June 2016	441,017	5,784,292	**6,225,309**
Additions from internal developments	-	1,750,886	**1,750,886**
Balance at 30 June 2017	441,017	7,535,178	**7,976,195**
Additions from internal developments	-	906,313	**906,313**
Balance at 31 December 2017	441,017	8,441,491	**8,882,508**
Accumulated amortisation and impairment			
Balance at 30 June 2016	(132,305)	(3,466,359)	**(3,598,664)**
Amortisation	(44,102)	(1,686,143)	(1,730,245)
Balance at 30 June 2017	(176,407)	(5,152,502)	**(5,328,909)**
Amortisation	(25,725)	(748,515)	**(774,240)**
Balance at 31 December 2017	(202,132)	(5,901,017)	(6,103,149)
Carrying Value 31 December 2017	**238,885**	**2,540,474**	**2,779,359**

7. Fair value measurment of financial instruments

There are no financial instruments recognised at their fair value.

8. Events after reporting date

There has not arisen in the interval between 31 December 2017 and the date of this report, any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of MGM Wireless, to affect significantly the operations of the consolidated Group, the results of those operations, or the state of affairs of the consolidated Group, in future periods.

9. Commitments

There have been no changes to commitments since 30 June 2017.