

## MGM Wireless achieves record number of new license sales and milestone reached into Non-Government Sector

January 31<sup>st</sup>, 2008

South Australian based school communication services leader MGM Wireless Ltd today announced a record 68 new school license sales for the December quarter. Of further significance, a large uptake of its products and services were achieved in the non-government school sector – which the company attributes to the launch of its new product – School News Channel – and a greater sales focus on the non-government sector in general.

School News Channel ([www.schoolnewschannel.com](http://www.schoolnewschannel.com)) is a revolutionary new offering which allows immediate interaction between parents and schools via simple SMS text technology. The system is being trailed by five schools across Australia and has attracted favorable comment in its early days.

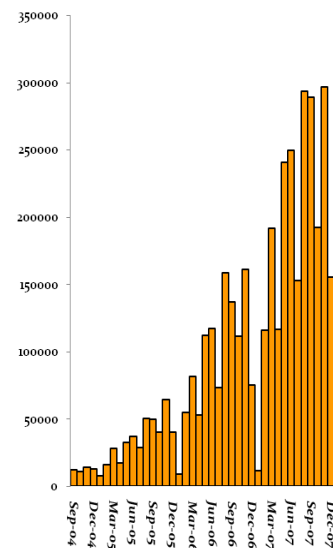
A large part of the new school license sales has come under the first stage of the company's landmark whole of State agreement with the WA Department of Education and Training. Fifty licenses resulted from the WA contract, while a further 18 school licenses were signed across Australia this quarter, the majority of which were in the non government sector. Significantly, a number of sales were achieved with the most prestigious, leading non-government schools in the country.

“We are seeing a clear trend where the private school sector is adopting our leading-edge technology as part of a greater focus on student safety and better and simpler communication within school communities.” commented Mr Mark Fortunatow, Chairman and CEO of MGM Wireless.

“The decision by these leading independent schools to implement our solutions we believe signifies a paradigm shift that SMS communication in a school community has finally come of age.”

“In particular, School News Channel is the perfect SMS communication solution for any school, as it makes available a wide variety of information such as school events, school sport, assignments due accessible to busy parents anytime instantly on their mobile phone,” he said.

The strong quarter brings the total number of school licenses sold in Australia and New Zealand to 299, and 25 in the USA. “Our American operations are one year old and have established a toe-hold in this large education market,” Mr Fortunatow said. “US schools are not just focused on attendance management, but also on quick communications with parents and students through mobile phone text technology.”



SMS Traffic through MGM Networks

Total sales half year were \$ 1.127 million, down 9% for the same period twelve months ago, and \$ 484,260 for the quarter, down 19% on the same quarter a year ago. Overall revenue was affected by a transition to new billing arrangements in Western Australia under the two-year statewide agreement which is anticipated to eventually cover up to 800 government schools. Existing individual school contracts are in the process of being rolled into the Statewide agreement. "We expect this State-wide roll out to pick up pace in 2008," Mr Fortunatow said.

Other highlights in the quarter included ongoing trials with our joint venture partner in the Indian State of Ahmedabad and the signing of SMS wholesale Carrier Agreements for delivery of SMS into the US and Indian markets.

Once all network carrier services are provisioned, we believe our growth in both US and Indian markets will accelerate, and our margins will improve. Establishing these services, especially in the Indian market has been a very complex, time consuming process.

Last quarter, MGM has also completed the development and deployment of complimentary voice communication in English and Spanish for the US market.

### ***About MGM Wireless Ltd and Messageyou, LLC***

*MGM Wireless Ltd is a public company with a market capitalisation of A\$16m listed on the Australian Stock Exchange (ASX code: MWR). The company trades as Messageyou, LLC in the United States, with its head office in Silicon Valley at Sunnyvale, Cal. The company's patented School Attendance Management solutions empower schools to effectively communicate to parents and caregivers using SMS text messaging in combination with culturally sensitive communication to improve attendance, student welfare and safety. MGM Wireless is recognized in Australia and internationally as pioneers and market leaders. MGM's professional services team delivers an integrated suite of software and communications using its own infrastructure. The solutions enable schools to reduce costs, increase productivity, discharge their duty of care, engage parent involvement, and ultimately improve student learning and social outcomes. Schools in Australia, New Zealand, America and India use Messageyou software in their day to day operations.*

For further information contact:

#### **AUSTRALIA**

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# Appendix 4C

## Quarterly report for entities admitted on the basis of commitments

Introduced 31/3/2000. Amended 30/9/2001

Name of entity

**MGM Wireless Ltd**

ABN

93 091 351 530

Quarter ended ("current quarter")

31 December 2007

### Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (.6 months) \$A'000
1.1 Receipts from customers	416	845
1.2 Payments for		
(a) staff costs	(270)	(631)
(b) advertising and marketing	(98)	(203)
(c) research and development		
(d) leased assets		
(e) other working capital	(338)	(677)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	3	10
1.5 Interest and other costs of finance paid	(4)	(6)
1.6 Income taxes paid		
1.7 Other – Grants received	267	267
<b>Net operating cash flows</b>	<b>(24)</b>	<b>(395)</b>

+ See chapter 19 for defined terms.

**Appendix 4C**  
**Quarterly report for entities**  
**admitted on the basis of commitments**

	Current quarter \$A'000	Year to date (.6 months) \$A'000
1.8 Net operating cash flows (carried forward)	(24)	(395)
<b>Cash flows related to investing activities</b>		
1.9 Payment for acquisition of:		
(a) businesses (item 5)		
(b) equity investments		
(c) intellectual property		
(d) physical non-current assets	(16)	(55)
(e) other non-current assets		
1.10 Proceeds from disposal of:		
(a) businesses (item 5)		
(b) equity investments		
(c) intellectual property		
(d) physical non-current assets		
(e) other non-current assets		
1.11 Loans to other entities		
1.12 Loans repaid by other entities		
1.13 Other – Development expenses	(99)	(193)
<b>Net investing cash flows</b>	(115)	(248)
<b>1.14 Total operating and investing cash flows</b>	(139)	(643)
<b>Cash flows related to financing activities</b>		
1.15 Proceeds from issues of shares, options, etc.	233	247
1.16 Proceeds from sale of forfeited shares		
1.17 Proceeds from borrowings		
1.18 Repayment of borrowings		
1.19 Dividends paid		
1.20 Other (provide details if material)		
<b>Net financing cash flows</b>	233	247
<b>Net increase (decrease) in cash held</b>	94	(396)
1.21 Cash at beginning of quarter/year to date	313	807
1.22 Exchange rate adjustments to item 1.20	-	(4)
1.23 <b>Cash at end of quarter</b>	407	407

+ See chapter 19 for defined terms.

**Payments to directors of the entity and associates of the directors**

**Payments to related entities of the entity and associates of the related entities**

		Current quarter \$A'000
1.24	Aggregate amount of payments to the parties included in item 1.2	126
1.25	Aggregate amount of loans to the parties included in item 1.11	-

1.26 Explanation necessary for an understanding of the transactions

**Non-cash financing and investing activities**

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

2.2 Details of outlays made by other entities to establish or increase their share in businesses in which the reporting entity has an interest

**Financing facilities available**

*Add notes as necessary for an understanding of the position. (See AASB 1026 paragraph 12.2).*

		Amount available \$A'000	Amount used \$A'000
3.1	Loan facilities		
3.2	Credit standby arrangements		

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**Reconciliation of cash**

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.		Current quarter \$A'000	Previous quarter \$A'000
4.1	Cash on hand and at bank	165	84
4.2	Deposits at call	242	229
4.3	Bank overdraft		
4.4	Other (provide details)		
<b>Total: cash at end of quarter</b> (item 1.22)		407	313

**Acquisitions and disposals of business entities**

		Acquisitions (Item 1.9(a))	Disposals (Item 1.10(a))
5.1	Name of entity	N/A	
5.2	Place of incorporation or registration	N/A	
5.3	Consideration for acquisition or disposal	N/A	
5.4	Total net assets	N/A	
5.5	Nature of business	N/A	

**Compliance statement**

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act (except to the extent that information is not required because of note 2) or other standards acceptable to ASX.
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here: M Fortunatow  
 Director

Date: 31 January 2008

Print name: Mark Fortunatow

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## Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
2. The definitions in, and provisions of, *AASB 1026: Statement of Cash Flows* apply to this report except for the paragraphs of the Standard set out below.
  - 6.2 - reconciliation of cash flows arising from operating activities to operating profit or loss
  - 9.2 - itemised disclosure relating to acquisitions
  - 9.4 - itemised disclosure relating to disposals
  - 12.1(a) - policy for classification of cash items
  - 12.3 - disclosure of restrictions on use of cash
  - 13.1 - comparative information
3. **Accounting Standards.** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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