

## MGM Wireless reaches record annual revenues of \$ 2.25 million.

July 31<sup>st</sup>, 2007

South Australian based MGM Wireless Ltd announced today that June quarter revenue (unaudited) reached \$512,245, taking annual revenue to a record \$2.253m, representing growth of 14% over the previous year.

The company also posted record traffic over its SMS network, with its Messageyou™ service handling more than 350,000 text messages during the month of June (see graph at right), a rise of more than 100,000 texts over June 2006 and exceeding the previous record month of 300,000 texts.

MGM Wireless executive chairman, Mr Mark Fortunatow, commenting on the record text traffic, said: "Messageyou has proven its ability to monitor school attendance, fight truancy and improve communication in school communities. There is no doubt that schools are becoming more familiar with the ease and flexibility of sending vital student information to parents and guardians using unobtrusive SMS texts.

"Schools are discovering just how effective it is to send up-to-the-minute information beamed direct to a portal that is never far from most Australians' hands, their mobile phones."

Wild weather during June, especially in New South Wales, also helped boost traffic (see graph below right). "Many schools were able to use Messageyou to warn their communities of weather interruption to the school day or other school events," Mr Fortunatow said.

"As you can see from our traffic data history, the volume of text messaging on our network grew slowly in our first few years, but has lately been growing exponentially as Messageyou achieves greater market penetration and acceptance within our school customer base. And that is only in Australia."

The June quarter also marked the first significant foreign revenues from overseas sales into the US and India.

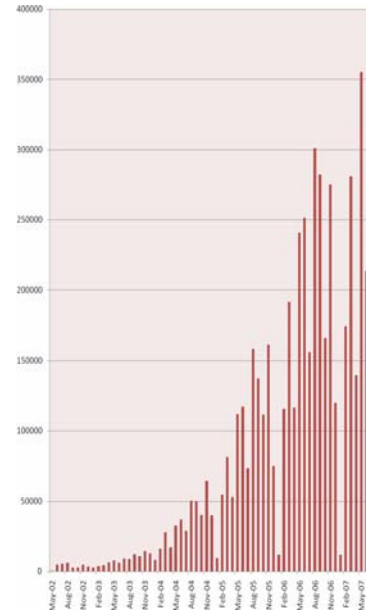
"We now have a US footprint with school district customers in California and Arizona. Our challenge as the US school year is about to start, is to capture more market share in this enormous education sector," Mr Fortunatow said.

In India, two large schools in Ahmedabad, capital of Gujurat, started Messageyou trials in the first week of July under a joint venture with Roltin Global.

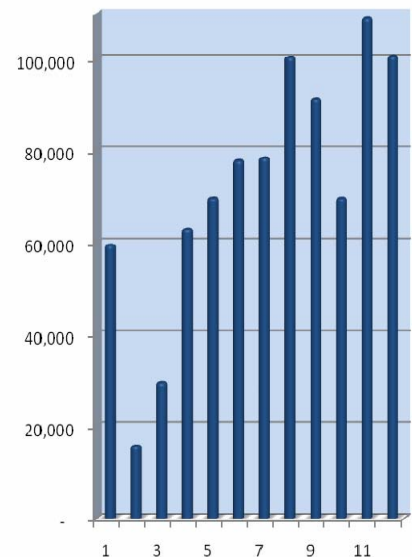
"We are excited by the prospect of growing the Indian joint venture. Our partners were able to launch Messageyou in two high-profile schools and we look forward to further opportunities being identified in that market. This is an impressive start for a deal that is only three months old."

A highlight of the Australian business was winning "preferred tenderer" status for the supply of SMS messaging software to the Western Australian Department of Education and Training, with a potential customer base of 800 schools. "Sales into the WA public school sector during the quarter were slower than expected while the tender took place," Mr Fortunatow said. "We are now pushing ahead with formal documentation of the role and look forward to lifting our level of involvement in WA Government school communities this financial year."

Monthly SMS Traffic – May 2002 – March 2007



Weekly SMS Traffic April – June 2007



# 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")

30 June 2007

### Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (12 months) \$A'000
1.1 Receipts from customers	297	2,013
1.2 Payments for		
(a) staff costs	(261)	(1,169)
(b) advertising and marketing	(44)	(121)
(c) research and development		
(d) leased assets		
(e) other working capital	(333)	(1,372)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	4	13
1.5 Interest and other costs of finance paid	(4)	(15)
1.6 Income taxes paid		
1.7 Other (provide details if material)		
<b>Net operating cash flows</b>	<b>(341)</b>	<b>(651)</b>

+ See chapter 19 for defined terms.

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

	Current quarter \$A'000	Year to date (12 months) \$A'000
1.8 Net operating cash flows (carried forward)	<b>(341)</b>	<b>(651)</b>
<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	(8)	(31)
(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	(86)	(289)
<b>Net investing cash flows</b>	<b>(94)</b>	<b>(320)</b>
<b>1.14 Total operating and investing cash flows</b>	<b>(435)</b>	<b>(971)</b>
<b>Cash flows related to financing activities</b>		
1.15 Proceeds from issues of shares, options, etc.	808	1,218
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>	<b>808</b>	<b>1,218</b>
<b>Net increase (decrease) in cash held</b>	<b>373</b>	<b>247</b>
1.21 Cash at beginning of quarter/year to date	437	563
1.22 Exchange rate adjustments to item 1.20		
1.23 <b>Cash at end of quarter</b>	<b>810</b>	<b>810</b>

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**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	97
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	198	104
4.2	Deposits at call	612	333
4.3	Bank overdraft		
4.4	Other (provide details)		
<b>Total: cash at end of quarter</b> (item 1.22)		810	437

**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 July 2007

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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