



MGM Wireless reports 25% revenue increase and strong pipeline from international operations

October 25th, 2007

South Australian based school communication services leader MGM Wireless Ltd today announced a 25% increase in September quarter revenue over the June quarter, as the first substantial international sales were recorded. As with the corresponding quarter last year, the result includes income from R&D Tax Grant and refund of Export Market Development Grants (EMDG). The company continues to invest in expansion into new territories and expects to embark on the delivery of its whole-of-State school text messaging contract with the Western Australia Department of Training and Education (WA DET) in the current quarter.

Income for the three months amounted to \$643,000 with the outlook for the current quarter bolstered by the anticipated start of the WA DET contract, estimated by WA DET to be worth more than \$ 960,000 over two years.

The United States office is beginning to gain traction, with a strong pipeline of sales for the messageyou™ software suite that indicates year-end targets will be met or exceeded.

In India, the first trial has met with resounding approval from parents and teachers at St Xavier's High School in Ahmadabad, Northern India. The service was launched at the start of Navratri, a festival that includes nine nights of traditional dancing till the early hours of the morning.

The School Principal reported record attendance, with parents responding positively to the new form of communication from this prestigious school, which is one of a chain of 50 schools in the Ahmadabad region.

During the same period, MGM also announced its world-first SMS question and answer service for parents and schools, 191ASK School News Channel, which has already achieved early sales.

MGM Wireless Executive Chairman Mr Mark Fortunatow said that this increase in international activity coupled with the breakthrough sales in Western Australia and a new, highly scalable product line, would make fundamental changes to the company.

"We have a human resources plan in place to manage the strong growth in both revenue and employee numbers associated with expansion and the introduction of School News Channel, which will be ramped up at the beginning of the new school year in 2008," Mr Fortunatow said.

Mr Fortunatow added that this increase in international activity would also offset downtime usually experience during school closures over the Southern Hemisphere summer.

"Aussie schools may be on holiday, but the US is in the middle of its school year which is traditionally our strong selling season in Australia. In India, our joint venture partner, Roltin Global, has successfully deployed its first trial sites, and is expecting to field an uplift in inquiry, especially from the 50 schools in the Loyola group."

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Mr Fortunatow explained that activity in the Australian business drops dramatically in January when schools are closed and is slow in the March quarter as schools are pre-occupied with the start of the school year.

“In the Northern Hemisphere, it is the other way around,” Mr Fortunatow said. “We would expect to be fielding the greatest amount of sales inquiry in January, February and March for our leading edge attendance monitoring and student alert systems.”

For additional information please contact Mark Fortunatow on (08) 8431 2300 or email: mfortunatow@mgmwireless.com

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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")

30 September 2007

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (.3 months) \$A'000
1.1 Receipts from customers	429	429
1.2 Payments for		
(a) staff costs	(361)	(361)
(b) advertising and marketing	(105)	(105)
(c) research and development		
(d) leased assets		
(e) other working capital	(339)	(339)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	7	7
1.5 Interest and other costs of finance paid	(2)	(2)
1.6 Income taxes paid		
1.7 Other (provide details if material)		
Net operating cash flows	(371)	(371)

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	Current quarter \$A'000	Year to date (.3 months) \$A'000
1.8 Net operating cash flows (carried forward)	(371)	(371)
Cash flows related to investing activities		
1.9 Payment for acquisition of:		
(a) businesses (item 5)		
(b) equity investments		
(c) intellectual property		
(d) physical non-current assets	(39)	(39)
(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	(94)	(94)
Net investing cash flows	(133)	(133)
1.14 Total operating and investing cash flows	(504)	(504)
Cash flows related to financing activities		
1.15 Proceeds from issues of shares, options, etc.	14	14
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)		
Net financing cash flows	14	14
Net increase (decrease) in cash held	(490)	(490)
1.21 Cash at beginning of quarter/year to date	807	807
1.22 Exchange rate adjustments to item 1.20	(4)	(4)
1.23 Cash at end of quarter	313	313

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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	133
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	84	195
4.2	Deposits at call	229	612
4.3	Bank overdraft		
4.4	Other (provide details)		
Total: cash at end of quarter (item 1.22)		313	807

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: 25 October 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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