

MGM Wireless re-aligns operations to drive towards profitability.

31 October 2008

South Australian-based school communications group MGM Wireless Ltd has completed a re-organisation of its business's operations in Australia and the United States during the September quarter with the aim of driving the business towards profitability and maintaining growth.

As a result of the restructuring, the company has reduced its cost base by an estimated \$0.9 m to approximately \$2.1 m for the year to end-June 2009 through a number of measures including streamlining operations and re-assignment of senior sales operatives. Costs associated with the restructuring were incurred during the September quarter.

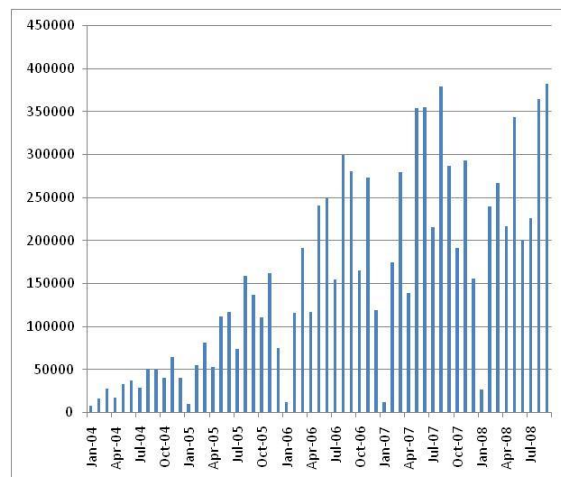
Sales for the September quarter amounted to \$423,000 as MGM Wireless continued to sign new school contracts in Australia and existing contracts were rolled over. MGM Wireless CEO Mr Fortunatow commented that more school communications systems were deployed under the whole of State contract entered into last year.

During the quarter, a net number of 20 additional schools went live. A further 38 schools that have purchased MGM solutions are yet to go live, as they are in various stages of implementation. These schools are anticipated to become operational over the next 2 quarters. The total number of active schools in Australia and the US at the end of the quarter is 248.

In Western Australia some 80 schools have now been implemented with the number likely to reach 100 by the end of the year. A further 100 schools are scheduled for 2009.

SMS communication traffic continues to grow, with the company experiencing a record month in September of 382, 934 - and the third biggest month on record for August – 365,211.

During the quarter 6 existing US schools renewed their licenses for a further 12 months. The company is re-structuring its US sales model from a direct operation to a reseller channel model, and the company will report on the progress and results on this decision in future statements.



Communication Traffic

The board of MGM Wireless has accepted an offer of a loan from entities related to certain directors amounting to \$300,000 at normal commercial terms and rates of interest. These loan funds will be utilized by the company as the company pursues its ordinary course of business activities.

MGM Wireless managing director, Mr Mark Fortunatow, commented today: "These loan funds will facilitate the ongoing growth of the company as we aim towards a breakeven situation for the current year." Currently, receivables totaled approximately \$ 380,000, whilst payables were approximately \$ 232,000

"We are highly confident that the cost reductions we have put in place will enable the company to head towards profitability while not impacting on the company's ability to grow its school client base in Australia and the US," Mr Fortunatow said.

About MGM Wireless Ltd and Messageyou, LLC

MGM Wireless Ltd is a public company with a market capitalisation of A\$ 5m listed on the Australian Securities 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 and America use Messageyou software in their day to day operations.

For further information contact:

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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 2008

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	397	397
1.2 Payments for		
(a) staff costs	(409)	(409)
(b) advertising and marketing	(34)	(34)
(c) research and development		
(d) leased assets		
(e) other working capital	(330)	(330)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	-	-
1.5 Interest and other costs of finance paid	(11)	(11)
1.6 Income taxes paid		
1.7 Other – Grants received	-	-
Net operating cash flows	(387)	(387)

+ See chapter 19 for defined terms.

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admitted on the basis of commitments

	Current quarter \$A'000	Year to date (.3 months) \$A'000
1.8 Net operating cash flows (carried forward)	(387)	(387)
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	(1)	(1)
(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	-	-
Net investing cash flows	(1)	(1)
1.14 Total operating and investing cash flows	(388)	(388)
Cash flows related to financing activities		
1.15 Proceeds from issues of shares, options, etc.		
1.16 Proceeds from sale of forfeited shares		
1.17 Proceeds from borrowings	150	150
1.18 Repayment of borrowings		
1.19 Dividends paid		
1.20 Other (provide details if material)		
Net financing cash flows	150	150
Net increase (decrease) in cash held	(238)	(238)
1.21 Cash at beginning of quarter/year to date	236	236
1.22 Exchange rate adjustments to item 1.20	3	3
1.23 Cash at end of quarter	1	1

+ 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	50
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	1	236
4.2 Deposits at call		
4.3 Bank overdraft		
4.4 Other (provide details)		
Total: cash at end of quarter (item 1.22)	1	236

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 October 2008

Print name: Mark Fortunatow

+ See chapter 19 for defined terms.

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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