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MGM Wireless reaches record annual revenues of \$ 1.98 million.

July 27th, 2006

South Australian based MGM Wireless Ltd announced today that revenue for the June quarter in the Australian and New Zealand business reached \$350,000 taking annual revenue to a record \$1.98m, highlighted by sales growth to New South Wales schools.

"The pleasing thing for us is that for the current half year, the record annual revenues were achieved entirely from sales to new schools, annual license fees, our share of sales of text messages and communication fees," commented MGM Wireless executive chairman, Mr Mark Fortunatow. "Previous quarters had included revenue from the one-off sales of State licenses to sell our systems. These licenses cover every State excluding ACT and New South Wales, which is currently our fastest growing market."

Approximately 10% of all Australian secondary schools (both Government and Private) now use the messageyou™ solution, a strong achievement given that only three years ago – the concept of School-Parent text messaging was non-existent. The total number of school contracted to using the messageyou™ solution is now 224.

This quarter, the company experienced rapid take-up in New South Wales, particularly in the South-west suburban region of Sydney. Some 24 of the 63 State secondary schools in the region have now purchased messageyou, or 38% of all high schools in the region. This is directly attributable to the strong reputation messageyou has achieved in significantly improving student attendance.

MGM Wireless also registered another milestone when the company handled its three millionth text message on behalf of its Australian and New Zealand client base. "Our text message business is growing rapidly with compound growth rates in sent texts currently running at 30% a month," Mr Fortunatow said.

"Not only are we seeing strong growth in sent text message communication, but we are seeing even stronger growth in parent reply text messages to the schools – a very important indicator of the acceptance of text message communication by Parents."

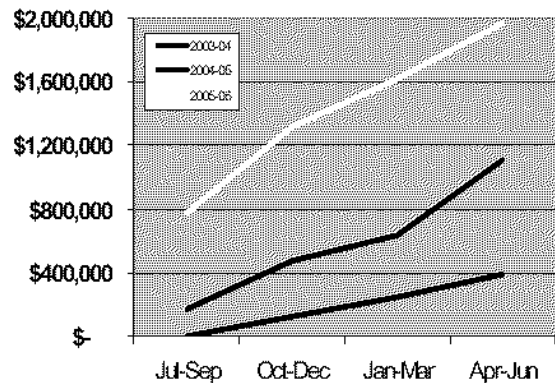
"Our focus for the next six months is to continue to develop the Australian market and further increase our market share of secondary schools and colleges. We are also looking to push harder into the private and primary school market, where we are only now discovering latent demand for our attendance monitoring systems.

"At the same time, MGM Wireless will be concentrating efforts to build its US business from scratch in the new US school year."

"The US school year is kicking off this month and we aim to establish a beach head by the end of the calendar year. If we can achieve anything like the growth rates we have enjoyed in Australia over the past three years, we will have quite a business in the US," Mr Fortunatow said.

"Truancy in the US is just as big an issue as in Australia. We expect strong acceptance of our text based solution systems in these trials. Initial results and trends should be available fairly soon after the start of the school year."

Cummulative Quarterly Revenue



Other items of the June quarter include:

- Raising of \$372,000 in fresh capital to fast track expansion into the US
- No change in cash holdings from last quarter, but a decrease in 14% from \$650,000 to \$562,000 for the same period a year ago
- Receivables of approximately \$329,000 (June 2005 qtr \$ 272,500)
- Total Payables of approximately \$308,000 (June 2005 qtr \$140,000)
- Solid forward sales pipelines which reflect strong demand for the messageyou™schools product and the complementary messageyou™watchlists attendance analysis solution
- Growing international interest outside the US in the messageyou solution, reflected in growing inquiry from international education service companies. Truancy is truly a global issue and MGM Wireless, with its suite of attendance improving and monitoring products, is at the forefront of the global technological solution

**For additional information please contact Mark Fortunatow on (08) 8431 2300 or email:
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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 June 2006

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	409	1,880
1.2 Payments for		
(a) staff costs	(282)	(1,001)
(b) advertising and marketing	(38)	(328)
(c) research and development		
(d) leased assets		
(e) other working capital	(320)	(955)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	4	24
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Other (provide details if material)		
Net operating cash flows	(227)	(380)

+ 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 (12 months) \$A'000
1.8 Net operating cash flows (carried forward)	(227)	(380)
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	(40)	(78)
(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 (provide details if material)		
Net investing cash flows	(40)	(78)
1.14 Total operating and investing cash flows	(267)	(458)
Cash flows related to financing activities		
1.15 Proceeds from issues of shares, options, etc.	372	372
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	372	372
Net increase (decrease) in cash held	105	(86)
1.21 Cash at beginning of quarter/year to date	459	650
1.22 Exchange rate adjustments to item 1.20		
1.23 Cash at end of quarter	564	564

+ 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	86
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		

+ See chapter 19 for defined terms.

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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	143	103
4.2 Deposits at call	421	356
4.3 Bank overdraft		
4.4 Other (provide details)		
Total: cash at end of quarter (item 1.22)	564	459

Acquisitions and disposals of business entities

	Acquisitions <i>(Item 1.9(a))</i>	Disposals <i>(Item 1.10(a))</i>
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: 27 July 2006

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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