

Appendix 4E
Preliminary Final Report
Under Listing Rule 4.3A

MGM Wireless Limited
(ABN 93 091 351 530)
Year Ending 30 June 2008
(Previous corresponding period – Year ending 30 June 2007)

Results for announcement to the market

			\$
Revenues from ordinary activities	down 13%	to	1,902,566
(Loss) after tax from continuing operations	up 184%	to	(2,227,502)
Net (Loss) for period attributable to members	up 184%	to	(2,227,502)

Dividends (distributions)	Amount per security	Franked amount per security
Final dividend	Nil¢	Nil¢
Previous corresponding period	Nil¢	Nil¢
Record date for determining entitlements to dividends	Not applicable	

The company has proposed not to pay a dividend.

MGM Wireless Limited
Commentary on Results
For the Year Ended 30 June 2008

Review of Operations

2008 has been the most invigorating and challenging year in our history. This past year, we invested and strongly focused on our operations to grow our business long term both in the US and Australia in order to maintain and extend our market leadership position.

In Australia, we are seeing a trend of market expansion and maturing in text based communication solutions for schools – as is the case in the US, where earlier in 2008, the Yankee Group predicted that our market sector – the fast-growing alert and notification market, would grow to an estimated \$1.2 billion in revenue in the United States by 2011. This would represent a five-year compounded average annual growth rate of over 30 percent.

In line with the expansion of the market and signs of maturity – a second major Australian Government contract was let (NSW Education – Sydney Region and awarded to MGM). During the year, we continued steady and growing sales success into the new markets of Independent and Catholic schools sectors with a number of highly prestigious schools across Australia purchasing our solutions.

The result of our investment in operations has meant that we now have a broad and diverse customer base spanning two Australian Government contracts – Western Australia covering up to 800 schools, NSW Sydney region up to 2,300 schools and 144 TAFE colleges, and over 200 individual state, Independent and Catholic schools, in addition to 23 schools in the US. It should be noted that due to the 'opt-in' nature of the both Government agreements, the actual number of school in Western Australia installing our systems may be closer to the 300-400 range, and for NSW at this stage, is too early to forecast the actual school take-up numbers – but the company believes that collectively these agreements will lead to a much larger customer base than what is the case today.

As a result of our investment, the company has a more experienced and mature management team, a richer and broader product range that meets the needs of a greater variety of schools at different price points and requirements.

Income - New Revenue Recognition Policy

The company has taken the decision to recognise Annual Licence Fee revenue over the life of the contract with Schools rather than the previous practice of recognising revenue at the time of invoice. As our Company has grown and our sources of income have become more diversified and complex, we have recognised the need to standardise our revenue reporting to give shareholders a clearer picture of our business going forward.

Effect of Different Interpretations on Financial Statements

Using previous accounting policy, income for the year would have been \$ 2.37 mill, an increase of 8% on the previous year. However, under the new Revenue Recognition Policy, this amount has been reduced by \$ 468,826 to \$ 1.902 mill.

Factors influencing top – line revenue growth were:

- Existing Western Australian Government schools migrating to the new contract arrangements with MGM. These agreements differ to our individual school model as a degree of implementation, training and professional services are performed by the Customer themselves – and MGM received a direct licensee fee and/or royalty. The company believes that as the number of new schools increases over time, the value of the new agreement will more compensate and exceed current shortfall in revenues.

- No new direct sales in the WA Government sector due to the rollout of the new contract.
- Some NSW existing customers rolling over to the new agreement with NSW Education with similar rollout characteristics to WA.
- Individual NSW Government schools reluctance to make direct purchase decisions with MGM Wireless until all details of the new NSW Education contract were made available.

The Australian Market

The size of the opportunity for our products and services grew over the past year. We have seen a greater number and broader spread of schools expressing interest in communication solutions than ever before. The application of our products has expanded well beyond the traditional areas of attendance communication, to sport, event reminders and emergency notification. During the year we released new products specifically for the Independent, Catholic School market and Primary schools with the School News Channel service. With the growth in demand came more complexities, some new competition, challenges in sales channels and meeting the needs of customers at different price points. Moving forward, our challenge is to meet these opportunities head on and maintain our high standards of product and perhaps more importantly, customised service to our school and school district clients.

US market

Since opening our offices in January 2007 in the US market – we have acquired 23 schools. In the past year, we invested \$ 494,645. We are proud of this achievement and remain focussed on building on this foothold in the biggest education market in the world. The challenge for the company moving forward in the US market is to change and leverage our current sales processes, successes and customer base into more cost effective sales channels. To this effect, in July 2008, MGM signed the first stage of a re-seller channel agreement for the US with an Miami based provider of School Infraction Management solutions with an existing customer base of over 700 schools.

Our products have been demonstrated to be highly effective in improving student attendance and mass communication in the US, and the company is keen to make greater inroads and at a faster rate in to this large market.

As previously mentioned, our market in the US - the fast-growing alert and notification market is estimated \$1.2 billion in revenue in the United States by 2011, representing a five-year compounded average annual growth rate of over 30 percent (Yankee Group).

Sales

Throughout 2008 the company experienced a proportion of its existing customers migrating to major account / high school number systemic wide agreements. These agreements differ to our individual school pricing model due to the fact the Government Departments normally perform a degree of implementation, training and professional services themselves – and pay MGM a direct licensee fee and/or royalty.

This had a downward effect on the company's top line revenue number – which was not adequately offset by sufficient numbers of new individual school sales, but the company believes that if the individual Education Departments in Western Australia and NSW can maintain and increase momentum in the rate of their respective rollouts, then the effect of greater numbers of schools using MGM solutions will compensate and exceed the current situation in the next 9 – 24 months.

R&D

The company ongoing success to a large degree rests on its ability to re-invent itself with new and exciting products and new organisational structure appropriate for the market. As a greater proportion of School operating environments move to a web based solution, MGM in the past year released its first web application - School News Channel. Released as an operating environment or portal with sub-modules that can be enabled for school customers as their needs grow, School News Channel was initially released with the 191 ASK - Parent Question and Answer service, and then a second module – Outreach – a powerful broadcasting tool.

With the ability to import data from student management systems and send and receive personalised SMS from any web enabled computer, Outreach is an ideal product for Junior / Primary schools or schools with a limited budget. School News Channel scales very well, with minimal effort required at the school level and from the company's point of view simpler to support.

School News Channel – Outreach was chosen by NSW Education and is currently being deployed across schools in the Sydney Region and is being made available to all Government Schools and TAFE colleges across NSW. The company also continued to expand all enhance all of its existing products, especially our communication network and billing infrastructure – or Message Centre to improve performance, connectivity to multiple carrier networks in Australia and the US. The Message Centre remains highly valuable, strategic infrastructure that enables the company to offer higher levels of functionality and services to schools, and in particular Government Departments.

Communication Traffic and Message Centre

MGM operates its own highly sophisticated network infrastructure – collectively called Message Centre - which enables the company to provide and maintain a higher degree of services, flexibility and functionality to Schools and Parents.

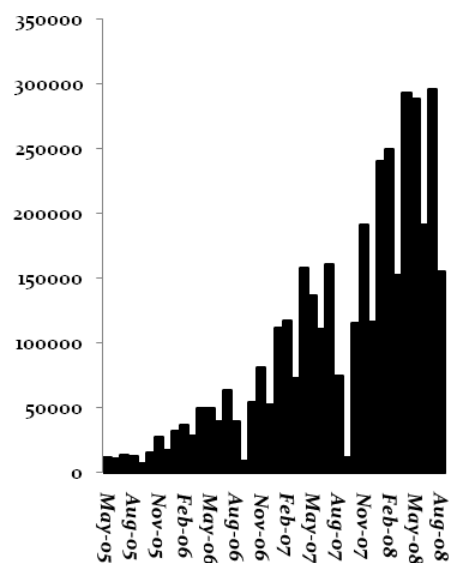
During the course of 2008, MGM developed and refined the Message Centre to enable SMS, email and voice mail delivery from multiple regions and countries to specific carriers directly. Traffic optimisation was improved, new features and billings were enhanced.

This has resulted in a for more powerful platform to meet the needs of international markets and local systemic Education organisations. In addition to this, MGM has developed this infrastructure as a product in its own right, and has licensed this platform to both NSW and WA Education.

We continue to see communication traffic grow and with the increased volumes the company is building a solid revenue stream that continues to financially improve with economies of scale.

Customer Satisfaction

We continue to be pleased to hear that our customers are delighted with our products and services. Revenue from existing customers represents an ever increasing proportion of total revenues, and moving forward into 2009, the company believes it will achieve approximately \$ 1.3 million of revenue commitments from existing Customers and grant income.



Monthly Communication Traffic

Moving Forward

MGM's challenge moving forward is to continue adapting to a increasingly larger and more complex market opportunity both in the US and Australia. With our market sector now recognised as a fast growing sector, the company needs to build on its existing market share and dominance at an even faster rate. This will need to be achieved by improving existing sales channels, leveraging our current market dominance, adapting to new business and organisational structure and ongoing product R&D. We look forward to this exciting opportunity and reporting to Shareholders of our progress.

MGM Wireless Limited
Income Statement
For the Year Ended 30 June 2008

	Note	2008 \$	2007 \$
Revenue	2	1,902,566	2,198,029
Cost of sales		(905,664)	(737,550)
Doubtful debts		(86,089)	(22,960)
Borrowing costs		(13,950)	(17,253)
Amortisation & depreciation		(338,797)	(184,255)
Advertising and marketing		(195,060)	(121,199)
Consulting fees		(144,530)	(151,153)
Corporate and administration expenses		(619,114)	(484,259)
Share based payment expense		(109,560)	-
Employee benefit expenses		(1,714,683)	(1,257,278)
Net foreign currency losses		(2,621)	(6,054)
Loss before income tax expense		(2,227,502)	(783,932)
Income tax expense		-	-
Loss after tax		(2,227,502)	(783,932)
Net loss attributable to minority interest		-	-
Net loss attributable to members of MGM Wireless Limited		(2,227,502)	(783,932)
Basic earnings per share (cents per share)	3	(1.20)	(0.46)
Diluted earnings per share (cents per share)	3	(1.20)	(0.46)

The above Income Statement should be read in conjunction with the attached notes.

MGM Wireless Limited
Balance Sheet
As at 30 June 2008

	Note	2008 \$	2007 \$
ASSETS			
Current Assets			
Cash and cash equivalents	6	236,651	806,812
Trade and other receivables		670,001	475,076
Other		3,236	1,342
Total Current Assets		909,888	1,283,230
Non-Current Assets			
Property, plant & equipment		196,643	158,557
Intangibles		584,386	615,383
Total Non-Current Assets		781,029	773,940
Total Assets		1,690,917	2,057,170
LIABILITIES			
Current Liabilities			
Trade and other payables		1,478,047	351,906
Provisions		56,038	39,758
Total Current Liabilities		1,534,085	391,664
Total Liabilities		1,534,085	391,664
Net Assets		156,832	1,665,506
EQUITY			
Parent entity interest			
Issued capital	4	6,677,112	6,016,512
Reserves	5	134,024	75,796
Accumulated losses		(6,654,304)	(4,426,802)
		156,832	1,665,506
Outside equity interest			
Issued capital		20	20
Accumulated losses		(20)	(20)
		-	-
Total Equity		156,832	1,665,506

The above Balance Sheet should be read in conjunction with the attached notes.

MGM Wireless Limited
Statement of Changes in Equity
For the Year Ended 30 June 2008

	Issued Capital	Accumulated Losses	Option Issue Reserves	Outside Equity Interest	Total Equity
	\$	\$	\$	\$	\$
At 1 July 2006	4,663,584	(3,637,805)	75,796	(5,065)	1,096,510
Loss attributable to members of parent entity	-	(783,932)	-	-	(783,932)
Transfer of accumulated losses of minority interest in accordance with AASB 127	-	(5,065)	-	5,065	-
Shares issued	1,430,000	-	-	-	1,430,000
Transaction costs	(77,072)	-	-	-	(77,072)
At 30 June 2007	6,016,512	(4,426,802)	75,796	-	1,665,506

	Issued Capital	Accumulated Losses	Option Issue Reserves	Foreign Currency Translation Reserve	Total Equity
	\$	\$	\$	\$	\$
At 1 July 2007	6,016,512	(4,426,802)	75,796	-	1,665,506
Loss attributable to members of parent entity	-	(2,227,502)	-	-	(2,227,502)
Shares issued	611,100	-	-	-	611,100
Cost of share based payment	49,500	-	60,060	-	109,560
Currency translation differences	-	-	-	(1,832)	(1,832)
At 30 June 2008	6,677,112	(6,654,304)	135,856	(1,832)	156,832

The above Statement of Changes in Equity should be read in conjunction with the attached notes.

MGM Wireless Limited
Cash Flow Statement
For the Year Ended 30 June 2008

	Note	2008 \$	2007 \$
Cash flows from operating activities			
Receipts from customers		2,121,217	2,015,639
Payments to suppliers and employees		(2,958,171)	(2,659,918)
Interest received		12,361	13,408
Interest and other costs of finance		(13,950)	(17,253)
Net cash (used in) operating activities	6(a)	(838,543)	(648,124)
Cash flows from investing activities			
Payments for plant & equipment		(74,648)	(30,889)
Payment for research and development		(271,238)	(288,883)
Net cash provided by investing activities		(345,886)	(319,772)
Cash flows from financing activities			
Proceeds from issue of shares		611,100	1,295,000
Expenses of share issues		-	(77,072)
Proceeds from borrowings		5,000	-
Net cash provided by (used in) financing activities		616,100	1,217,928
Net decrease in cash held		568,329	250,032
Cash at beginning of the year		806,812	562,834
Effect of exchange rate changes		(1,832)	(6,054)
Cash at end of the year	6(b)	236,651	806,812

The above Cash Flow Statement should be read in conjunction with the attached notes.

MGM Wireless Limited
Notes to the Financial Statements for the Year Ended 30 June 2008

1. Significant Accounting Policies

Statement of Compliance

The Appendix 4E preliminary final report has been prepared in accordance with ASX listing rules and the recognition and measurement criteria of Accounting Standards and interpretations. Accounting Standards include Australian equivalents to International Financial Reporting Standards.

Basis of Preparation

The Appendix 4E has been prepared on the basis of historical cost. The accounting policies and methods of computation adopted in the preparation of the Appendix 4E are consistent with those adopted and disclosed in the company's 2007 annual financial report except for the change in account policy detailed below.

The company has changed its revenue recognition policy for the year ended 30 June 2008 and is now recognising Annual Licence Fee revenue over the life of the contract rather than the previous practice of recognising revenue at the time of signing the purchase contract. Management believes that this will result in the financial report providing reliable and more relevant information about the entity's financial performance and financial position. The change in accounting policy has led to a once-off write-down of revenue by \$486,826. The effect of the change is detailed below.

	Net loss under old policy \$	Effect of change in accounting policy \$	Net loss under new policy \$
2008	(1,758,676)	468,826	(2,227,502)

Management has concluded that it is impracticable to apply the change in accounting policy retrospectively due to the unavailability of reliable information relating to prior year's annual licence fees.

	2008 \$	2007 \$
2. Revenue from Ordinary Activities		
Revenue from ordinary activities		
Sales revenue	1,890,205	2,184,621
Interest received – other persons	12,361	13,408
Total Revenue from Ordinary Activities	<u>1,902,566</u>	<u>2,198,029</u>

3. Earnings per Share (EPS)

Net loss from continuing operations attributable to members of the parent entity	(2,227,502)	(783,932)
Weighted average number of ordinary shares outstanding during the year used in the calculation of basic earnings per share	187,000,624	168,296,113
Earnings per share (cents)	(1.20)	(0.46)

There are no potential ordinary shares on issue that are considered to be dilutive, therefore basic earnings per share also represents diluted earnings per share.

Notes to the Financial Statements for the Year Ended 30 June 2008 (Cont.)

	2008 \$	2007 \$
4. Contributed Equity		
Issued and paid up capital		
Ordinary shares – fully paid	<u>6,677,112</u>	<u>6,016,512</u>
Movement in ordinary shares on issue	Number	\$
Balance at beginning of year	182,046,348	6,016,512
Issue for cash on exercise of options – 3 cents per option	8,250,000	247,500
Issue for cash on exercise of options – 7 cents per option	1,142,857	80,000
Share based payment	450,000	49,500
Issue for cash at 5 cents – Share purchase plan	5,672,000	283,600
Balance at end of year	<u>197,561,205</u>	<u>6,677,112</u>
5. Reserves		
Option issue reserve	135,856	75,796
Foreign currency translation reserve	<u>(1,832)</u>	<u>-</u>
	<u>134,024</u>	<u>75,796</u>
(a) Option issue reserve		
(i) <i>Movements in reserve</i>		
Opening balance 1 July	75,796	75,796
Share-based payments	60,060	-
Closing balance 30 June	<u>135,856</u>	<u>75,796</u>
(ii) <i>Nature and purpose of reserve</i>		
The option issue reserve contains amounts received or the value on the issue of options over unissued capital of the company.		
(b) Foreign currency translation reserve		
(i) <i>Movements in reserve</i>		
Opening balance 1 July	-	-
Currency translation differences	(1,832)	-
Closing balance 30 June	<u>(1,832)</u>	<u>-</u>
(ii) <i>Nature and purpose of reserve</i>		
The foreign currency translation reserve records exchange differences arising on translation of a foreign controlled entity.		
Net cash used in operating activities	<u>(838,543)</u>	<u>(648,124)</u>

Notes to the Financial Statements for the Year Ended 30 June 2008 (Cont.)

	2008 \$	2007 \$
6. Cash Flow Statement		
(a) Reconciliation of cash		
Cash at the end of the year as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:		
Cash at bank and on hand	<u>236,651</u>	<u>806,812</u>
(b) Reconciliation of net cash used in operating activities to loss ordinary activities after income tax:		
Net loss	(2,227,502)	(783,932)
Non-cash items		
Amortisation	302,235	153,200
Depreciation	36,562	31,055
Bad and doubtful debts	86,089	22,960
Provision for employee entitlements	16,280	16,940
Equity settled share based payment	109,560	-
Foreign exchange loss	-	6,054
Changes in assets and liabilities		
Receivables	(281,014)	(168,982)
Payables	1,151,225	34,554
Tax assets	(30,085)	36,214
Other assets	(1,893)	3,813
Net cash used in operating activities	<u>(838,543)</u>	<u>(648,124)</u>
7. Net Tangible Asset per Security		
Net tangible assets	(427,554)	1,050,123
Number of shares on issue at 30 June	197,561,205	182,046,348
Net tangible assets per share (cents)	(0.22)	0.58

8. Dividends Paid

No dividends were paid or proposed during the financial year ended 30 June 2008.

9. Dividend Reinvestment Plans

The Company does not have Dividend Reinvestment Plans.

Notes to the Financial Statements for the Year Ended 30 June 2008 (Cont.)

10. Segment Information

The company operates predominantly in one business segment, being the provision of business messaging solutions and internet related services. The Group's primary segment format is geographical as each segment represents a strategic business unit that offers different risks and rates of return. The following table presents the revenue and earnings information regarding geographical segments and the assets and liabilities.

	Australia \$	USA \$	Total \$
2008			
Segment revenue	1,806,909	95,657	1,902,566
Segment results	(1,918,263)	(309,239)	(2,227,502)
Segment assets	1,657,499	33,418	1,690,917
Segment liabilities	1,514,210	19,875	1,534,085
2007			
Segment revenue	2,163,977	34,052	2,198,029
Segment results	(805,110)	21,178	(783,932)
Segment assets	1,971,122	86,048	2,057,170
Segment liabilities	384,663	7,001	391,664

11. Additional Commentary on Results

(a) Earnings per Security (EPS)

Basic EPS for the year ended 30 June 2008 was (1.20) cents.

Details of the calculation of basic and diluted EPS is outlined in note 3.

(b) Returns to Shareholders

The Company has not made any distributions or buy backs during the financial year ended 30 June 2008.

12. Subsequent Events

Any event of material significance has been reported. There has been no other event, item or transaction between the end of the financial year and the date of this report of a material and unusual nature likely, in the opinion of the Directors, to have a significant effect on the Company operations, results or outcomes in subsequent years.

13. Contingent Liability

In June 2008, MGM Wireless Holdings Pty Ltd received a request from the ACCC for information regarding its dealings with the Western Australia and South Australian Licensees. The Company has responded to the ACCC's requests for information. At this point, the Company is not able to determine what financial impact (if any) this may have on the Company.

14. Status of Audit or Review

The statutory financial statements of the consolidated entity are in the process of being audited.

Signed: Mark Fortunatow
Director