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ASX Release
MGM Wireless Ltd
Monday, September 21, 2011

September 2011 4C Quarter Results

School communications group MGM Wireless Ltd (ASX:MWR) is pleased to announce financial results, company advancements and customer growth for the September 2011 quarter.

Customer Growth

- | | |
|---|-----|
| • Operational school this quarter, September 30, 2011 | 738 |
| • Operational school last quarter, June 30, 2011 | 698 |

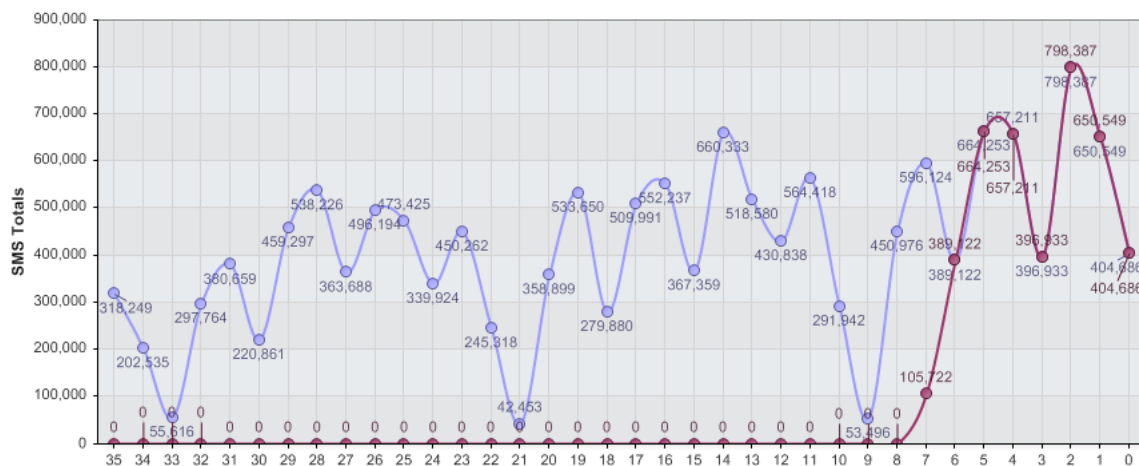
The company continues to achieve strong levels of enquiry and take-up of its SMS text messaging services by both government and independent schools using our Internet based sales and marketing strategies.

Revenues

- Revenue for the quarter was \$498,155, up 5% from the same period last year of \$474,931. This was attributable to both the increasing number of school installations and growing SMS traffic volume.

Message Traffic

The company is experienced accelerating growth in SMS traffic, which constitutes a key indicator of underlying business growth and school use of its products and services. The graph below shows 3 year historical SMS traffic, with month 0 being the current month (October 2011), with value as of 5:00PM, Thursday, October 27, 2011.



Month 1 represents September 2011, month 2 August 2011 and so on. The troughs in the graph reflect reduced traffic during school holidays, with the lowest troughs being the summer school holidays. The purple line indicates the traffic sent through the company's high security Sydney-based data centre deployed earlier this year; the blue line is the total traffic including the company's older infrastructure which is no longer in production.

During the September quarter, the company sent 3.44 million SMS messages, compared with 2.94 million messages for the corresponding quarter last year, representing a 17% increase. This solid gain reflects the company's efforts in providing new services through its software and training to educate users how to make greater use of SMS communication for social (non attendance related) purposes.

In other developments:

- In the two weeks since the company announced its entry into the childcare market, enquiries from over 60 sites have been received, The company expects to convert these enquires to sales in the current quarter.
- The company continues to actively progress the development and rollout of its new products to drive revenue growth. These include School News Channel and Rollmarker solutions, both of which continue to progress towards commercialization. The company will keep shareholders and investors updated on developments.

The September quarter is the quietest period of the year, with schools focusing on a range of academic activities preventing them from making buying decisions. End of school term 3 school holidays are also a disruptive factor during the quarter.

Cash Flow

The company generated a small operating cash flow surplus in the September 2011 quarter. This was slightly lower than for the same quarter in 2010 due to slow collections from schools resulting from term holiday school closures, and delays in processing of the company's R&D Tax Grant of \$273,000. The company has been advised it will receive the grant in the coming weeks.

But for these two factors, cash receipts would have been considerably higher than in the same quarter last year. Further, cash payments for staff costs and working capital were markedly lower than for the September 2010 reflecting operational improvements that have been implemented over the past year.

Nonetheless, during the quarter, the company experienced a blowout in its receivables to a total of \$625,000 currently outstanding, which resulted in a much lower than planned closing cash balance of \$21,541.81. The company does not expect any collection risk with these receivables, as amounts owing are from high quality debtors such as schools and the ATO.

Outlook

The December quarter is traditionally seasonally strong as the school year draws to a close. Accordingly, we anticipate a higher level of cash generation, and a marked wind-down in the receivables position over the next few months.

Further, revenues and the cash position are expected to be boosted by ongoing school signings and a take-up of our offering by child care centres.

About MGM Wireless Ltd and Messageyou, LLC

MGM Wireless Ltd is an Australian public company with a market capitalisation of A\$1.92 m listed on the Australian Securities Exchange (ASX code: MWR). The company trades as Messageyou, LLC in the United States, based in Silicon Valley, Sunnyvale, California.

MGM Wireless is recognized in Australia and internationally as a pioneer of socially responsible technology-enabled school communications with a proven capacity to design, develop and successfully commercialise innovative world class technology products in Australia and internationally.

The company's patented SMS School communication solutions empower schools to effectively communicate to parents and caregivers using SMS text messaging to improve student attendance, welfare, safety and parent engagement. Measurable benefits for schools include reduced operating costs, increased productivity and improved parent and community engagement, which ultimately improve student learning and social outcomes.

Schools in Australia, New Zealand and the United States 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 2011

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	518	518
1.2	Payments for (a) staff costs	(268)	(268)
	(b) advertising and marketing	-	-
	(c) research and development	-	-
	(d) leased assets	-	-
	(e) other working capital	(219)	(219)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	-	-
1.5	Interest and other costs of finance paid	(13)	(13)
1.6	Income taxes paid	-	-
1.7	Other	-	-
	Net operating cash flows	18	18

		Current quarter \$A'000	Year to date (3 months) \$A'000
1.8	Net operating cash flows (carried forward)	18	18
	Cash flows related to investing activities		
1.9	Payment for acquisition of:		
	(a) businesses (item 5)	-	-
	(b) equity investments	-	-
	(c) intellectual property	(56)	(56)
	(d) physical non-current assets	-	-
	(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	(56)	(56)
1.14	Total operating and investing cash flows	(38)	(38)
	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	-	-
1.18	Repayment of borrowings	-	-
1.19	Dividends paid	-	-
1.20	Other (provide details if material)	-	-
	Net financing cash flows	-	-
	Net increase (decrease) in cash held	(86)	(86)
1.21	Cash at beginning of quarter/year to date	108	108
1.22	Exchange rate adjustments to item 1.20	-	-
1.23	Cash at end of quarter	22	22

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	80
1.25	Aggregate amount of loans to the parties included in item 1.11	-
1.26	Explanation necessary for an understanding of the transactions	
	Nil	

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

Nil

- 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

Nil

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	-	-

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	22	108
4.2	Deposits at call		
4.3	Bank overdraft		
4.4	Other (provide details)		
Total: cash at end of quarter (item 1.22)		22	108

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: 28 July 2011

Print name: Mark Fortunatow

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.