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ASX Release
MGM Wireless Ltd
Tuesday 31 January 2011

December 2011 Quarter 4C

School communications group, MGM Wireless achieved a net operating cash flow surplus of \$197K in the December 2011 quarter. This compares with a slightly better than break-even result in the previous quarter and a net operating cash flow surplus \$163K in the December 2010 quarter.

The December quarter is typically strong as schools review their communication requirements in preparation for the next school year prior to the summer break. The result for the December 2011 quarter reflects continued growth in the number of schools subscribing to the communications service and the subsequent growth in SMS traffic, the initial roll-out to child care centres and further reduced operating costs.

Between June and December 2011, the number of operational schools increased from 698 to 753.

The company's cash balance at 31 December 2011 was \$219K.

In other developments:

- The company released its Rollmarker, Cloud Attendance Management and Student Welfare system (www.rollmarker.com). In development for almost 2 years, the company believes Rollmarker's advanced functionality and design makes it the most powerful system of its type available in Australia. Rollmarker is an enterprise grade application capable of supporting several million students records simultaneously and is ideally positioned for uptake as the National Broadband Network is rolled-out across Australia.

Being designed and built specifically for cloud technology, Rollmarker can be easily and inexpensively installed by schools, and systemic, statewide education providers, as there is no hardware or software management required by schools. Teachers can log into Rollmaker to manage attendance and student welfare records from anywhere, such as classroom, excursion, school oval, sport fixture or their home using any internet enabled device. Rollmarker interfaces to all MGM's communication

solutions to provide schools with a powerful, end-to-end cloud based, student attendance management and communication solution.

Released late in the quarter, Rollmaker has been well received, with the company already securing sales from two leading schools in December.

- The company soft-launched its Smartphone App for Outreach – MGM's cloud based social SMS solution for schools. The App enables school staff, using an iPhone, iPad or any Android mobile device to send and receive SMS messages directly from the Schools database and account. User access is restricted by security profile, meaning users can only view and communicate to Parents and Students that they have been given permission to by the School. All messages sent and received by the users Smartphone device are recorded centrally on the school's servers and the cloud by Outreach for audit and security purposes. The Smartphone App increases the value of MGM's existing applications, and will generate both additional license fees and greater SMS traffic. First licenses for the Smartphone App were also sold in December.
- Two of the most prestigious schools in the country purchased MGM SMS communication solutions:

St Peters College, South Australia and Wenona, New South Wales – considered as amongst the most prestigious boys and girls schools respectively in Australia and internationally, entered into multi-year licensing agreements for MGM's entire suite of SMS communication solutions.

About MGM Wireless Ltd and Messageyou, LLC

MGM Wireless Ltd is a Australian public company with a market capitalisation of A\$2.0 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 track record 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")

31 December 2011

Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter \$A'000	Year to date (6 months) \$A'000
1.1	Receipts from customers	675	1,193
1.2	Payments for		
	(a) staff costs	(272)	(540)
	(b) advertising and marketing	-	-
	(c) research and development	-	-
	(d) leased assets	-	-
	(e) other working capital	(265)	(484)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	-	-
1.5	Interest and other costs of finance paid	(2)	(15)
1.6	Income taxes paid	(28)	(28)
1.7	Other	106	106
Net operating cash flows		214	232

	Current quarter \$A'000	Year to date (6 months) \$A'000
1.8 Net operating cash flows (carried forward)	214	232
Cash flows related to investing activities		
1.9 Payment for acquisition of:		
(a) businesses (item 5)	-	-
(b) equity investments	-	-
(c) intellectual property	(50)	(106)
(d) physical non-current assets	(12)	(12)
(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	(62)	(118)
1.14 Total operating and investing cash flows	152	114
Cash flows related to financing activities		
1.15 Proceeds from issues of shares, options, etc.	-	8
1.16 Proceeds from sale of forfeited shares	-	-
1.17 Proceeds from borrowings	-	-
1.18 Repayment of borrowings	(10)	(10)
1.19 Dividends paid	-	-
1.20 Other (provide details if material)	55	-
Net financing cash flows	45	(2)
Net increase (decrease) in cash held	197	112
1.21 Cash at beginning of quarter/year to date	22	107
1.22 Exchange rate adjustments to item 1.20	-	-
1.23 Cash at end of quarter	219	219

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	149
1.25 Aggregate amount of loans to the parties included in item 1.11	-
1.26 Explanation necessary for an understanding of the transactions	
Item 1.7 is grant received in relation to expenditure on eligible research & development expenditure. Item 1.20 for the current quarter is the result of typographical errors made in the September 2011 quarter's 4C. The adjustment is necessary to ensure the cash inflows/outflows of the current quarter are correctly stated.	

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	219	219
4.2	Deposits at call		
4.3	Bank overdraft		
4.4	Other (provide details)		
Total: cash at end of quarter (item 1.22)		219	219

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 January 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.