Chairman's Report

On behalf of Directors, I welcome shareholders and visitors to the 2014 Annual General Meeting of MGM Wireless. 2014 was a successful year for the company; both in terms of its financial performance and product and business development, which has set the foundation for stronger growth in 2015.

I will have more to say on that later, but first I would like to reflect on what I see as the key aspects of the 2014 result and their significance.

First, the financial results. The company recorded Net Profit of $717,541, up 9% on the previous year and revenue growth of 8% to reach $3.27 million. This is the fourth successive year of growth in revenue, profit, earnings per share and free cashflow. We expect further increments this year. It is noteworthy that these results are not driven by business cycles or financial engineering. Our revenue and earnings are growing strongly and consistently because our technology products are successful, and deliver real, tangible benefits to our customers.

In simple terms, more schools are choosing MGM products, and they are using them more often and for more tasks. In 2014, our message traffic grew 18% and our customer base of operational schools grew by 16% to a then record of 1,088 schools. (It has since grown to 1,134 schools.) We are achieving this growth because of our capability in innovating and commercialising products that give our customers solutions to their day-to-day communication, engagement, productivity and student welfare and safety needs.

The foundation for this growth has been our sustained investment over many years in research and development. This commitment has generated an ongoing pipeline of new products that broaden our offerings and leverage the opportunities offered by emerging new technologies; the most recent and significant being the opportunities provided through smartphones and cloud computing and the societal changes their adoption is driving.

We started to see the fruits of our investments in cloud and smartphone apps in 2014 with the successful launch of Pinpoint and Outreach+. In 2015 we expect to see the financial benefits start to emerge.

It is also worth noting the company generated more than sufficient cash to fund its growth, lift its cash balances by 105% and announce an increased, 1.1 cent dividend to shareholders. We expect further growth in cash generation this year. This amply demonstrates the soundness of our business model and its capacity to deliver sustainable returns for our shareholders.

The key features of our product and sales performance in 2014 were the new product launches for RollMarker, Pinpoint and Outreach+, together with solid and growing contributions from our existing flagship offerings, messageyou and Watchlists. I would like to touch on each of these briefly.

RollMarker. RollMarker is becoming more established and is gaining momentum in the market as its effectiveness in streamlining school business processes and improving staff productivity is appreciated. Favourable feedback is being received from schools. Sales and awareness are rising.

RollMarker has much wider potential than achieved so far, but larger scale adoption has been held back by lack of, or unclear, Education Department policies regarding the use of school data, security and privacy legislation with cloud applications which has held back many school purchases. We are hopeful this will be resolved soon and we can escalate the product's roll-out.

In the Northern Territory, the value of our products was recognised by the Office of Prime Minister and Cabinet with the provision of Federal Government funding for 7 schools to employ our RollMarker, messageyou and Watchlists products as part of the effort to bridge the gap in attendance rates between indigenous and non-indigenous students.

Pinpoint. Pinpoint is a student safety product app that works with our messageyou and Outreach SMS solutions to provide parents with the instant location of their child should the child be in danger or absent from school.

We launched Pinpoint in Feb 2014 with a restricted and heavily locked down feature set, given concerns we held about the potential for backlash on privacy grounds. The launch was highly successful; not only were our concerns not realised but parents surveyed told us they really liked the product but, due to its deliberately constrained availability to locate their children, they found it not as useful as they would like. MGM will be launching a new release of Pinpoint in the New Year. The product has already achieved 1940 app installations and has been mandated by several high profile independent schools.

Outreach+ is an upgrade to our existing Outreach product, a school specific web based SMS and now wider featured messaging communication platform. The upgrade has just been released to an excellent reception and, importantly, is expected to lift revenue and profit yield from our large base of existing installations. Outreach+ is currently deployed in over 563 schools in Australia and New Zealand. Outreach+ will also accelerate new client sales, with its vastly improved feature set, new and clean user interface and competitive advantages.

Our established messageyou SMS and WatchLists analytics products were the winners of a comprehensive and highly contested tender by the WA Education Department in a contract covering 327 schools.

The new products and upgrades released in 2014, and those under development, illustrate the shift in the development of our service offering from a focus on SMS to a broader portfolio of communication, engagement and productivity tools.

As with any portfolio, different products address different needs and offer different return, revenue growth and risk profiles. Collectively they make our business base both wider and deeper: we have more products generating revenue and our yield and traffic per user is rising.

We have an established solid core business that we expect to generate base-line growth of 5 -10 per cent per annum in revenue and profit for the foreseeable future. On top of this, it is our assessment is that there is real potential for greater improvement. We are maintaining our commitment to research and development of new products and traction strategies to deliver much higher growth rates and realise our ambition of growing MGM into a much larger company offering greater value for shareholders.

Current trading

The company has begun 2015 strongly with new contracts and school commitments. Growth rates across all key metrics have accelerated, with both new and established products contributing.

As advised to the ASX, our first quarter results had message volumes tracking 16% ahead of the previous corresponding period, and the expectation that full year revenue will be between 8% to 14% up on 2014 levels.

However, it should be noted that the current quarter is the peak sales period as schools commit for the forthcoming school year. Accordingly our sales results for the December quarter are highly significant for our half year expectations.

Thus far, the results are good, but before we form a conclusive opinion on the half-year results, we will just need to be patient, work hard and see how the business performs in the next 4-5 weeks in the run-up to the end of the school year.

Board of Directors

Subsequent to the end of the year Ms Leila Henderson was appointed to the board of directors. Ms Henderson brings a unique and highly relevant skill set in communications, marketing, information technology and public relations which will be of great value to the company as it continues to develop.

Finally, on behalf of our Directors I would like to acknowledge the contribution to the year's results and our promising outlook made by our people, a small team of less than 20 people. I can assure you that the enthusiasm is running strong in our team and there is a real energy, desire and a strong culture to deliver on the potential that has been built into the business.

Thank you, and now to our formal proceedings.