



MGM WIRELESS LTD

ABN 93 091 351 530

Chairman's Address to Shareholders

November 19, 2009

Good morning Ladies, Gentlemen and fellow shareholders,

Introduction

It is with pleasure and a sense of anticipation that I stand here before you to report on the progress that MGM Wireless has made over the past 12 months and the bright future that it has on the back of:

- Continued growth, positive cash flow and a maiden profit; and
- Continued innovation and rollout of segment-leading new products.

In this address I plan to talk briefly about the progress that MGM Wireless has made over the last 12 months before talking about company drivers and goals for the next year. I will then address the share purchase plan, currently in progress, before covering some of the ongoing and recent innovation. My address will then conclude with some comments on the share price and our determination to improve it.

Company goals, targets and performance

A year ago our goals and targets moving forward were to:

- Deliver revenue improvement and a profit result for the year;
- Generate positive cash flow from operations; and
- Continue to invest in research and development with a view to creating new growth opportunities.

So what happened? In the financial year ended 30 June 2010, revenue increased by 20% to \$2.2-million and net profit by \$553-thousand to \$203-thousand, with cash generated from operations reinvested in innovation. The number of operational customers also grew over this period by 205 customers to 575 schools. This demonstrates that the goals for last year were met.

What were the drivers in this performance?

Your Board's strategy in achieving this improvement and setting a foundation for better performance in 2011 and subsequent years was built around:

- Continuing innovation of product mix;
- Continuing monitoring of developments within the educational sector, which is proving to be a dynamic and fast moving sector, and a key focus and area of initiative of both State and Federal governments;
- Continued involvement of the founders in the day-day operations of the business;
- Continuing adaptation, refinement and fine-tuning of the business model to meet the needs and requirements of the education sector and the various stakeholders within that sector; and
- Careful examination and consideration of all costs within the business; reducing and modifying where appropriate so as to achieve continual and incremental improvement in overall business performance.

These drivers will continue to be the focus of your Board in 2011.

Goals for 2011

The Board considers that the Company has laid a solid foundation or corner-stone in 2010 to achieve a stronger performance in 2011. More specifically your Board has the following goals for 2011:

- Accelerate revenue growth, while maintaining positive cash flow;
- Leading to improved profits; as a result of
- Continuing to innovate and invest in the development of new products; including
- Capitalising on new products already announced such as School News Channel and other products and developments in the pipeline; thereby
- Differentiating MGM Wireless in the marketplace and positioning its product suite as the pre-eminent school safety, attendance, messaging and social networking solutions.

I will say more about these products a little later in this address.

Education Sector and Account Management

As discussed in more detail last year the education sector, when coupled with MGM's rolling 3-year client contract structure provides a relatively stable recurring income stream. This creates a significant "asset" for the company in excess of \$2 million which is not booked in the financial statements. This year, as part of our continued growth strategy we are actively raising our Account Management strategies and practices to a higher level, and expect to generate substantially more income from existing customers by expanding services and new product offerings.

Social Sustainability

We know that if students' school attendance is improved or problems with attendance detected at an early stage, better educational outcomes are likely to result, which in turn are likely to lead to better outcomes throughout a student's life. This is a key focus of Government interest in the education sector. The solutions that MGM Wireless offers are proven successes in being able to help achieve the socially sustainable outcomes of improved attendance and better connectivity within school communities.

US Market

Funding in the US school system remains challenging with little scope for schools to invest in new services like MGM's product offering. Our new School News Channel platform is expected to fit well into this environment, and we look forward to pursuing these significant opportunities with the assistance of our US domiciled director, Shaun Collopy.

NZ Market

Earlier in 2010 MGM Wireless won preferred supplier status (1 of 3) with the NZ ministry for the supply of school messaging. As of today 45 schools have been signed up. This necessitated the creation of a new product to meet the specifications of the NZ Ministry. There has been some slippage in the finalisation of this product, however it is currently in its final stages of testing and we expect no further delays.

Share Purchase Plan

As you are all no doubt aware MGM Wireless is currently running a share purchase plan (SPP). Without wanting to go over old ground the purpose of this opportunity is to raise extra capital to raise up to \$350-thousand to assist with:

- Rollout of new products;
- Assist in the payout of a former distributor, due at the end of this month;
- Improve working capital; and
- Strengthen working capital.

This opportunity closes on Tuesday 23 November.

When the SPP price was set it was set at a generous discount to the then market price, thereby seeking to reward existing shareholders and attempting to minimise the dilutionary effect of the SPP on the shareholders who participate.

It is the intention of both the Board and senior management to participate in the SPP, and we believe this to be a unique opportunity for existing shareholders to acquire additional shares at very low prices.

School News Channel

School News Channel (SNC) is expected to be a breakthrough product for MGM Wireless in terms of driving revenue and profit growth. It is a very exciting product that offers a number of advantages for the Company and opens up significant opportunities that are expected to help achieve the afore-mentioned goals for 2011.

School News Channel improves and automates the opportunity for schools to use messaging to improve their communication to, and unite with, both present and past school communities, helping achieve school goals of better functioning, more cohesive communities, well connected to their alumni.

School News Channel uses internet marketing including social and viral marketing to market to the end-user of MGM Wireless products, the parents, family friends and other care-givers who lodge a request for the service with the Company.

If the school already has the service, extra recipients can be added, subject to routine checks, by the payment of a small ongoing charge to the extra recipients on their mobile phone bills.

If on the other hand the school does not have the service it provides a trigger and a reason for school decision makers to talk to MGM Wireless about the services and solutions that the Company can provide.

The advantages for MGM Wireless is that School News Channel allows the Company to:

- Better service and provide more comprehensive solutions to its existing database;
- Gain more direct and quicker access to schools, as parents are typically seen as key influencers by school hierarchies, leading to a shortening in the average sale cycle from initial approach to conclusion of a sale;
- Market on a business-to-end-user or consumer (B2C) as well as the traditional business-to-business (B2B) basis of MGM Wireless, with a view to generating a demand-pull effect for its products;
- Market on a segmented basis so as to better cater for individual groups of interested stakeholders such as separated parents of students;
- Open up the possibility of viral growth of interest in MGM's socially sustainable suite of solutions and products for schools;
- Fit in well to all of the Company's market, but in particular the US market; and
- Position MGM for a significant growth in revenue and profit, with only minimal change to the Company's cost base.

We have begun demonstrating this product to schools and have received promising interest without actively marketing the product. It has proved in these very early days to be of particular interest to separated parents. We are seeking to test it in selected Australian schools before taking it to other markets in the New Year

Rollstar™

An exciting new product that I am pleased to announce today that we are currently developing is a cloud-based roll-marking solution called Rollstar.

The information technology industry is shifting rapidly to cloud computing, where customers use software applications via the internet as a service. In addition to benefits to schools like driving costs down by not requiring staff to carryout software testing, upgrades and maintenance, the benefits to MGM include no longer having to support many installations at individual schools and older versions of software and bugs can be fixed once rather than sending patches to hundreds or even thousands of customers.

Development is well advanced and is currently at the stage where we have a working prototype that we are able to demonstrate to customers as of Monday next week. We expect the final product to be completed by March 2011 ready for the school year.

Whilst all design, architecture and testing is being done in Adelaide, actual development of this exciting new technology has been done off-shore in a compressed time-frame and at a cost that would not have been possible in Australia.

We believe this to be a key platform for all MGM future products, as with the construction of the Australian National Broadband Network, introduction of high speed internet connectivity in every classroom and the former governments program of supplying notebook computers for every teacher, we are approaching the tipping point where the daily use of such applications will very soon become a reality.

The Rollstar application, is hosted in an cloud environment in Australia so that we will maintain our policy position that no student data will be going off-shore, and despite all data being stored centrally, data confidentiality and integrity will be maintained.

Key features of this software are:

- One application to service all schools of every type;
- Full integration with MGM current messaging solutions;
- The most advanced, easy to use attendance and student welfare management features and capability; and the
- Ability to migrate all current MGM roll marking clients to this new platform.

Investor Relations

Over the next year we plan on improving our shareholder and investor communications to ensure that the good news surrounding MGM is more widely accessible to, and understood by the market.

Conclusion

I believe that the future of MGM Wireless will continue to improve building on the good performance last year. The possibilities opened up by our continuing innovation are exciting. I thank you for your attention and hope that you share that excitement.

I now invite questions on the Company's affairs.