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Companies Announcement Office
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ASX Release

MGM Wireless Ltd

Monday 31 January 2011

December 2010 4C Quarter and Key Half Year Results

Revenue for Dec quarter 2010	Increased 17% to \$ 789,635
Revenue for half year to Dec 2010	Increased 20% to \$1,225,602

Sales for Dec Quarter 2010	Increased 40% to \$ 688,022
Sales for half year to Dec 2010	Increased 7% to \$1,053,215

Operational School Customers

December Quarter 2010	...Declined 3.4% to 560
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South Australian-based school communications group MGM Wireless Ltd said today it experienced strong revenue growth in the December quarter due to more profitable recurring income from multi-year subscriptions, improved terms of trade in New South Wales and strong sales of its SMS messaging products across Australia and New Zealand.

Australian revenue receipts grew 17% in the period while sales jumped 40% compared to the same quarter a year earlier. The company's half yearly results show solid revenue growth of 20% with sales rising by 7%, clipped by delays in New Zealand Product Approvals which are expected in early February 2011. As a result, the closing cash balance as at 31 December 2010 of \$191,000 excludes any cash receipts from New Zealand.

This momentum in sales is expected to continue into the second half as SMS products continue to gain mainstream acceptance while blended SMS-web services find traction with new applications in the Australian market. Final touches are being added to the company's latest product, School News Channel which is based on innovative patented technology and revenue / billing models to provide a school-wide social messaging platform. These new features will provide improved SMS traffic and revenues and are expected to contribute to a faster take-up in the Australian market initially, and when economic conditions improve, in the company's US client base.

The small decline in absolute operational school numbers this quarter was concentrated in New South Wales where the unwinding of an arrangement with the State Government led to the renegotiation of contracts with over 60 schools. This delivered improved revenue and sales results for the December quarter and more than compensated for the fall in school numbers.

Positive Operational Cashflows

2010/11 \$200,814 vs 2009/10 \$44,960

MGM Wireless Ltd experienced an increase (347%) in positive cashflow from operations in the December first half as compared to the same period in 2009/10. The prime contributor was that multi-year subscription income reached a critical mass where subscription levels now profitably fund the company's ongoing operations and development. This was assisted by ongoing business process improvements throughout the company and marks a significant milestone in the MGM Wireless' history.

In November, the company successfully raised \$154,275 before costs from a new share placement via a Share Purchase Plan which closed on November 9. The funds will be used to fund further product development and commercialisation of new and existing products and assisted with the acquisition of former distributor territories discussed above.

The December quarter also saw the final instalment of \$260,000 paid to former WA and South Australian distributors in settlement of the repurchase of these territories by the company as agreed in 2009.

Amendment of September 4C

Following a more detailed review of the accounts leading up to the half year audit of the company's financial statements, the Company has amended the September quarter 4C Appendix Report Revenue and Sales figures to reflect an overall increase in sales as follows.

September quarter Revenue

Previously reported as \$474,931 now \$435,967

September quarter Sales

Previously recorded as \$303 669 now \$365,193

Cash balance is unchanged. The adjustments were the result of a clerical error and have been disclosed as soon as the Company became aware of the error.

About MGM Wireless Ltd and Messageyou, LLC

MGM Wireless Ltd is a South Australian (Adelaide) based public company with a market capitalisation of A\$1.7 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")

31 December 2010

Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (6 months) \$A'000
Cash flows related to operating activities		
1.1 Receipts from customers	774	1,213
1.2 Payments for		
(a) staff costs	(404)	(668)
(b) advertising and marketing	-	-
(c) research and development	-	-
(d) leased assets	-	-
(e) other working capital	(188)	(308)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	-	-
1.5 Interest and other costs of finance paid	(19)	(36)
1.6 Income taxes paid	-	-
1.7 Other	-	-
Net operating cash flows	163	201

	Current quarter \$A'000	Year to date (6 months) \$A'000
1.8 Net operating cash flows (carried forward)	163	201
Cash flows related to investing activities		
1.9 Payment for acquisition of:		
(a) businesses (item 5)	-	-
(b) equity investments	-	-
(c) intellectual property	(52)	(110)
(d) physical non-current assets	(2)	(28)
(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	(54)	(138)
1.14 Total operating and investing cash flows	109	63
Cash flows related to financing activities		
1.15 Proceeds from issues of shares, options, etc.	154	154
1.16 Proceeds from sale of forfeited shares	-	-
1.17 Proceeds from borrowings	-	23
1.18 Repayment of borrowings	(262)	(262)
1.19 Dividends paid	-	-
1.20 Other (provide details if material)	(12)	(11)
Net financing cash flows	(120)	(96)
Net increase (decrease) in cash held	(11)	(33)
1.21 Cash at beginning of quarter/year to date	202	224
1.22 Exchange rate adjustments to item 1.20	-	-
1.23 Cash at end of quarter	191	191

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	168
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	191	202
4.2	Deposits at call		
4.3	Bank overdraft		
4.4	Other (provide details)		
Total: cash at end of quarter (item 1.22)		191	202

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.

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 2010 (Corrected)

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (.3 months) \$A'000
1.1 Receipts from customers	439	439
1.2 Payments for		
(a) staff costs	(264)	(264)
(b) advertising and marketing	-	-
(c) research and development	-	-
(d) leased assets	-	-
(e) other working capital	(120)	(120)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	-	-
1.5 Interest and other costs of finance paid	(17)	(17)
1.6 Income taxes paid	-	-
1.7 Other		
Net operating cash flows	38	38

	Current quarter \$A'000	Year to date (3 months) \$A'000
1.8 Net operating cash flows (carried forward)	38	38
Cash flows related to investing activities		
1.9 Payment for acquisition of:		
(a) businesses (item 5)	-	-
(b) equity investments	-	-
(c) intellectual property	(58)	(58)
(d) physical non-current assets	(26)	(26)
(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	(84)	(84)
1.14 Total operating and investing cash flows	(46)	(46)
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	23	23
1.18 Repayment of borrowings	-	-
1.19 Dividends paid	-	-
1.20 Other (provide details if material)	1	1
Net financing cash flows	24	24
Net increase (decrease) in cash held	(22)	(22)
1.21 Cash at beginning of quarter/year to date	224	224
1.22 Exchange rate adjustments to item 1.20	-	-
1.23 Cash at end of quarter	202	202

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	125
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

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4.3	Bank overdraft		
4.4	Other (provide details)		
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