



Appendix 4E
Preliminary Final Report
Under Listing Rule 4.3A

MGM Wireless Limited
(ABN 93 091 351 530)
Year Ending 30 June 2010
(Previous corresponding period – Year ending 30 June 2009)



Appendix 4E
Preliminary Final Report

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(ABN 93 091 351 530)
Year Ending 30 June 2010
(Previous corresponding period – Year ending 30 June 2009)

Results for announcement to the market

			\$
Revenues	Up 20%	to	2,270,678
Net Profit after tax from continuing operations	Up158%	to	202,985
Net Profit for period attributable to members	Up158%	to	202,985
Dividends (distributions)	Amount per security	Franked amount per security	
Final dividend	Nil¢	Nil¢	
Previous corresponding period	Nil¢	Nil¢	
Record date for determining entitlements to dividends	Not applicable		
The company has proposed not to pay a dividend.			

MGM Wireless Limited
Commentary on Results
For the Year Ended 30 June 2010

MGM Wireless Ltd is Australia's leading supplier of text message-based communications and attendance improvement solutions to the Australian Education sector. Based in Adelaide, MGM Wireless is entering its sixth year of operations. Our leading edge technology provides Australia's best solution to the widespread challenge of combating truancy in schools. Our clients include schools in New Zealand and the US. During the 12 months to end June 2010, the Company has made important progress towards its continuing goals of maintaining and improving growth whilst simultaneously improving operations to achieve profitability and positive cash flow. The Company continues to invest in its product suite as a key driver towards these goals.

Key financial results for the year include:

1. For the full year to June 30, 2010 the company EBITDA profit was \$427,363 with a net profit of \$202,985.
2. For the full year, the company grew its customer base of operational schools by 55% to a total of 575 live schools by June 30, 2010 as compared to 370 schools at the start of the year.
3. Revenue for the full year was 20% higher at \$2,270,678.
4. For the six months to June 30, 2010 the company is pleased to announce an EBITDA profit of \$353,347, with a net profit of \$198,142.
5. For the six months to June 30, 2010, the company grew its customer base of operational schools by 17 % or 84 new schools, as compared to growth of 33% and 121 new schools for the six months to December 31, 2009.
6. Late in the year, the New Zealand Government awarded the company preferred supplier status in the provision of SMS attendance improvement systems to secondary schools. MGM Wireless was one of three providers awarded this status and has signed up over 30 schools so far. These schools are not yet operational.

Current Liabilities

Total current liabilities were \$1,780,751 which included \$268,806 for unearned revenue and accrued SMS charges of \$142,947. Trade payables were \$163,620.

Commentary

The company is pleased with the growth that it was able to achieve in its business while at the same time reviewing and reducing its cost of operating, leading to its improved trading result.

The Company continued with a robust program of improving internal and service delivery systems in order to streamline operations, improve efficiencies and productivity while also reducing costs. Due to the growth in the business and the expected continued growth these programs have been essential. As part of this process the company undertook upgrades to its infrastructure with the deployment of new servers installed at year end, so as to enable the Company to cope with current and expected future growth.

The Company has continued and intends to continue developing new and innovative products and incrementally improving existing ones as part of its strategy of providing functionally richer and socially sustainable products to the marketplace. The rollout of these new and improved products in the various markets is the key focus of the coming year. Having invested over 12 months of intense R&D effort into these products, the company is excited to be near ready to launch these products and has high expectations they will lead to solid revenue growth for the company.

The company is committed to continuing and building on the progress achieved in 2010 in the coming and future years. The Company is excited about its future prospects.

MGM Wireless Limited
Consolidated Statement of Comprehensive Income
For the Year Ended 30 June 2010

	Note	2010 \$	2009 \$
Continuing Operations			
Revenue	2	2,270,678	1,887,067
Cost of sales		(52,753)	(141,341)
Doubtful debts		42,182	(81,468)
Borrowing costs		(39,643)	(28,698)
Amortisation and depreciation		(224,378)	(196,522)
Advertising and marketing		(8,730)	(38,968)
Consulting fees		(17,432)	(87,911)
Corporate and administration		(390,302)	(478,626)
Employee costs		(1,376,637)	(1,183,642)
Profit before tax		202,985	(350,109)
Income tax expense		-	-
Profit for the year from continuing operations		202,985	(350,109)
Profit for the year		202,985	(350,109)
Other comprehensive income			
Exchange differences on translating foreign operations		2,295	(151)
Transfer to foreign currency translation reserve		(2,295)	151
Other comprehensive income net of tax		-	-
Total comprehensive income for the year		202,985	(350,109)
Profit attributable to :			
Owners of the Company		202,985	(350,109)
Total comprehensive income attributable to:			
Owners of the Company		202,985	(350,109)
Earnings per share:			
From continuing and discontinued operations:			
Basic (cents per share)	3	0.09	(0.18)
Diluted (cents per share)	3	0.09	(0.18)
From continuing operations:			
Basic (cents per share)	3	0.09	(0.18)
Diluted (cents per share)	3	0.09	(0.18)

The above Statement of Comprehensive Income should be read in conjunction with the attached notes.

MGM Wireless Limited
Consolidated Statement of Financial Position
As at 30 June 2010

	Note	2010 \$	2009 \$
ASSETS			
Current Assets			
Cash and cash equivalents	6	223,583	241,448
Trade and other receivables		509,543	320,265
Other		5,624	10,712
Total Current Assets		<u>738,750</u>	<u>572,425</u>
Non-Current Assets			
Property, plant & equipment		146,884	169,111
Intangibles		1,094,521	718,646
Total Non-Current Assets		<u>1,241,405</u>	<u>887,757</u>
Total Assets		<u>1,980,155</u>	<u>1,460,182</u>
LIABILITIES			
Trade and other payables		1,400,779	1,277,712
Borrowings		300,000	300,000
Provisions		79,972	30,898
Total Current Liabilities		<u>1,780,751</u>	<u>1,608,610</u>
Total Liabilities		<u>1,780,751</u>	<u>1,608,610</u>
Net Assets		<u>199,404</u>	<u>(148,428)</u>
EQUITY			
Parent entity interest			
Issued capital	4	6,864,663	6,722,112
Reserves	5	136,168	133,873
Accumulated losses		(6,801,427)	(7,004,413)
		<u>199,404</u>	<u>(148,428)</u>
Outside equity interest			
Issued capital		-	20
Accumulated losses		-	(20)
		<u>-</u>	<u>-</u>
Total Equity		<u>199,404</u>	<u>(148,428)</u>

The above Consolidated Statement of Financial Position should be read in conjunction with the attached notes.

MGM Wireless Limited
Consolidated Statement of Changes in Equity
For the Year Ended 30 June 2010

	Issued Capital	Accum. Losses	Option Issue Reserve	Foreign Currency Translation Reserve	Total Equity
	\$	\$	\$	\$	\$
At 1 July 2008	6,677,112	(6,654,304)	135,856	(1,832)	156,832
Loss attributable to members of parent entity	-	(350,109)	-		(350,109)
Shares issued	45,000	-	-		45,000
Currency translation differences	-	-	-	(151)	(151)
At 30 June 2009	6,722,112	(7004,413)	135,856	(1,983)	(148,428)
Profit attributable to members of parent entity	-	202,986	-		202,986
Shares issued	146,500	-	-		146500
Cost of share issue	(3,949)	-	-		(3,949)
Currency translation differences	-	-	-	2,295	2,295
At 30 June 2010	6,864,663	(6,801,427)	135,856	312	199,404

MGM Wireless Limited
Consolidated Statement of Cash Flows
For the Year Ended 30 June 2010

	Notes	2010 \$	2009 \$
Cash flows from operating activities			
Profit (loss) for the year		202,986	(350,109)
Amortisation		198,497	163,105
Depreciation		25,881	33,417
Doubtful debts provision		(42,182)	81,468
		385,182	(72,119)
Movements in working capital:			
(Increase) / decrease in trade and other receivables		(240,999)	268,268
(Increase) / decrease in other assets		5,088	(7,477)
Increase / (decrease) in trade and other payables		108,700	(197,746)
Increase / (decrease) in provisions		49,074	(25,140)
Decrease in unearned revenue		(99,132)	(144,088)
		207,913	(178,302)
Cash flows from investing activities			
Payments for plant and equipment		(3,654)	(5,885)
Payment for research and development		(220,470)	(252,365)
		(224,124)	(258,250)
Cash flows from financing activities			
Proceeds from issue of shares		-	146,500
Costs associated with issue of shares		(3,949)	-
Proceeds from borrowing		-	295,000
		(3,949)	441,500
Net cash provided by / (used in) financing activities		(3,949)	441,500
Net increase / (decrease) in cash held		(20,160)	4,948
Cash at the beginning of the year		241,448	236,651
Effect of exchange rate changes		2,295	(151)
		223,583	241,448
Cash at the of the year	6	223,583	241,448

The above Consolidated Statement of Cash Flows should be read in conjunction with the attached notes.

MGM Wireless Limited
Notes to the Financial Statements for the Year Ended 30 June 2010

1. Significant Accounting Policies

Statement of Compliance

The Appendix 4E preliminary final report has been prepared in accordance with ASX listing rules and the recognition and measurement criteria of Accounting Standards and interpretations. Accounting Standards include Australian equivalents to International Financial Reporting Standards.

Basis of Preparation

The Appendix 4E has been prepared on the basis of historical cost. The accounting policies and methods of computation adopted in the preparation of the Appendix 4E are consistent with those adopted and disclosed in the company's 2010 annual financial report.

	2010	2009
	\$	\$
2. Revenue		
Revenue		
Sales revenue	2,270,658	1,887,008
Interest received – other persons	20	59
Total Revenue	2,270,678	1,887,067

3. Earnings per Share (EPS)

Net profit / (loss) from continuing operations attributable to members of the parent entity	202,985	(350,109)
Weighted average number of ordinary shares outstanding during the year used in the calculation of basic earnings per share	219,971,563	198,259,835
Earnings per share (cents)	0.09	(0.18)

There are no potential ordinary shares on issue that are considered to be dilutive, therefore basic earnings per share also represents diluted earnings per share.

MGM Wireless Limited

Notes to the Financial Statements for the Year Ended 30 June 2010 (Cont.)

	2010	2009
	\$	\$
4. Contributed Equity		
Issued and paid up capital		
Ordinary shares – fully paid	<u>6,864,663</u>	<u>6,722,112</u>
Movement in ordinary shares on issue	Number	\$
Balance at beginning of year	202,561,205	6,722,112
Issued pursuant to capital raising (July 2009)	16,555,563	146,500
Share issue costs	0	(3,949)
Issued to management (Dec 2009)	1,500,000	0
Balance at end of year	<u>220,616,768</u>	<u>6,864,663</u>
5. Reserves		
Option issue reserve	135,856	135,856
Foreign currency translation reserve	<u>312</u>	<u>(1,983)</u>
	<u>136,168</u>	<u>133,873</u>
(a) Option issue reserve		
(i) <i>Movements in reserve</i>		
Opening balance 1 July	135,856	135,856
Share-based payments	-	-
Closing balance 30 June	<u>135,856</u>	<u>135,856</u>
(ii) <i>Nature and purpose of reserve</i>		
The option issue reserve contains amounts received or the value on the issue of options over unissued capital of the company.		
(b) Foreign currency translation reserve		
(i) <i>Movements in reserve</i>		
Opening balance 1 July	(1,983)	(1,832)
Currency translation differences	2,293	(151)
Closing balance 30 June	<u>312</u>	<u>(1,983)</u>
(ii) <i>Nature and purpose of reserve</i>		
The foreign currency translation reserve records exchange differences arising on translation of a foreign controlled entity.		

MGM Wireless Limited
Notes to the Financial Statements for the Year Ended 30 June 2010 (Cont.)

	2010	2009
	\$	\$
6. Cash Flow Statement - reconciliation of cash		
Cash at the end of the year as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:		
Cash at bank and on hand	223,583	241,448
7. Net Tangible Asset per Security		
Net tangible assets	(895,117)	(867,074)
Number of shares on issue at 30 June	220,616,768	202,561,205
Net tangible assets per share (cents)	(0.41)	(0.43)

8. Dividends Paid

No dividends were paid or proposed during the financial year ended 30 June 2010.

9. Dividend Reinvestment Plans

The Company does not have Dividend Reinvestment Plans.

10. Segment Information

The company operates predominantly in one business segment, being the provision of school messaging solutions and internet related services. The Group functions with a subsidiary operating in each geographical segment. Each company represents a strategic business unit that offers different risks and rates of return. This is the basis by which management controls and reviews the operations of the Group. The following table presents the revenue and earnings information regarding each segment and their assets and liabilities.

	Australia MGM Wireless Holdings Ltd	– USA – Message You LLC	NZ – MGM Wireless (NZ) Pty Ltd		Total
2010					
Segment revenue	2,240,795		12,848	17,035	2,270,678
Segment results	210,830		(7,679)	(166)	202,985
Segment assets	1,951,046		9,945	19,164	1,980,155
Segment liabilities	1,747,578		31,044	2,129	1,780,751
2009					
Segment revenue	1,837,341		49,726	-	1,887,067
Segment results	(244,898)		(105,211)	-	(350,109)
Segment assets	1,445,450		14,732	-	1,460,182
Segment liabilities	1,575,079		33,531	-	1,608,610

MGM Wireless Limited

Notes to the Financial Statements for the Year Ended 30 June 2010 (Cont.)

11. Additional Commentary on Results

(a) Earnings per Security (EPS)

Basic EPS for the year ended 30 June 2010 was 0.1 cents.

Details of the calculation of basic and diluted EPS are outlined in note 3.

(b) Returns to Shareholders

The Company has not made any distributions or buy backs during the financial year ended 30 June 2010.

12. Subsequent Events

Except for as disclosed above, there has not been any matter or circumstance that has arisen since 30 June 2010, which has significantly affected, or may significantly affect the operations of the Group, the result of those operations, or the state of affairs of the Group in subsequent financial years.

13. Status of Audit or Review

The statutory financial statements of the consolidated entity are in the process of being audited.

Signed: Mark Fortunatow
Director