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ASX Market Announcements
ASX Limited
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ASX Release
MGM Wireless Ltd

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MGM WIRELESS GUIDANCE

The Directors of MGM Wireless (ASX:MWR) advise that the company's financial data is currently being audited and the results for the six months ended 31 December 2013 will be published at the end of February, 2014.

During the period, the company's growth momentum continued with the number of schools and early learning centres serviced by the company increasing from 1,053 to 1,099 since the end of June.

During this period, the company finalised the development and testing of its breakthrough student safety product, MGM Pinpoint ahead of its release at the commencement of the 2014 school year. Pinpoint had a limited release on 3 February involving around 100 schools. The early trends in app download and installations on student's smartphones are very encouraging and increasing. Parent feedback has been positive and very useful in refining and improving marketing and take-up results.

Whilst Pinpoint will play a very important role in driving growth over the next few years, it is one part of a pipeline of new products as well as major enhancements and upgrades to existing products to be rolled out over the course of the next year or so, which will contribute to growth.

Revenue for the six months ended 31 December 2013 was about 9% ahead of the same period last year with a steady underlying EBITDA. Cash flow generated from operations was in excess of \$300K compared with \$84K for the same period in 2012 whilst cash balances as at 31 December 2013 were \$1.0 million, up from \$0.52 million at 30 June 2013.

During the period, pre-release costs associated with Pinpoint such as legal and consulting fees were incurred whilst a marketing decision was made to defer the passing-on of an increase in wholesale SMS messaging charges. These were important growth initiatives although there has been a short term impact on profit.

Significantly the company also moved to a tax payable status whilst a change in the timing in which revenue is booked under the contract with the WA Education Department resulted in significantly less revenue compared with the previous year which also impacted the result.

The revenue shortfall under the contract with the WA Education Department will be made-up in the June 2014 half year whilst SMS charges to clients are being increased to reflect higher wholesale rates. Both will have a positive impact on the second half results.

After including the non-cash cost of options issued to Directors following the 2013 AGM, net profit after tax for the six months ended 31 December 2013 is expected to be approximately 50% lower than for the same period in 2012.

Mark Fortunatow, CEO of MGM Wireless said

“This was a solid result by MGM Wireless with continuing strong growth from all key areas including securing new clients, increased messaging activity from existing clients and the take-up of new products. Underlying EBITDA was steady and cash flow was stronger despite a number of short term factors that will result in a lower reported net profit. Most of these factors will in fact be positive for the long term positioning of the company. We have a terrific pipeline of new products that will be released this year which will broaden our revenue base and open up new growth opportunities.”

About MGM Wireless Ltd and Messageyou, LLC

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.

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 and New Zealand use Messageyou software in their day to day operations.

For further information contact:

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