



ASX Market Announcements
Australian Securities Exchange
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ASX Release
MGM Wireless Ltd

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Update on 2017 Financial Results

School Communications technology specialist MGM Wireless (ASX: MWR) reports that following a balance sheet review of the company's accounting recognition of certain research and development expenditures, and a year-end review of receivables, the net profit for the 2017 financial year will now be materially lower than previously expected.

The changes have no impact on revenue of \$2,626,617 and cash holdings of \$1,109,072 at 30 June 2017.

As advised on 14 July 2017, preliminary accounts indicated a breakeven net profit subject to audit and board balance sheet review and approval. Audit review has resulted in the modification of the accounts resulting in more aggressive expensing of research and development.

The impact of the accounting treatment is to reclassify expenses of approximately \$532,000, primarily through expensing of costs attributable to R&D which were previously capitalised in the accounts.

A reduction in amortisation expenses associated with this adjustment has been offset by an increase in provisions for bad and doubtful debts.

Statutory accounts, which are still to receive final board approval, indicate a loss after tax of approximately \$535,000 for the 12 months to 30 June 2017.

MGM Wireless anticipates finalising and announcing its accounts for the 2017 financial year on 30 August 2017.

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.

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Schools in Australia and New Zealand use messageyou software in their day to day operations.