



MGM Wireless school numbers grow as financial performance improves.

27 February 2009

South Australian-based school communications group MGM Wireless Ltd today confirms that during the six months to December 2008, solid progress was achieved on cost reductions and operational improvements in Australia and the United States whilst maintaining growth momentum.

Sales for the period were solid, with a net number of 40 additional schools going operational, bringing the total number of operating schools to 257. A further 92 schools were contracted as at 31st December 2008, which will progressively become operational during 2009. As of today's date, 264 schools have gone operational, with a further 114 contracted which will progressively go operational in 2009.

During the period, the company's revenues were \$ 965,146 as compared to \$ 1,111,298 for the corresponding half year in 2007. Due to operational improvements and cost reductions, the company EBITDA loss improved to \$ 131,314 as compared to a loss of \$ 752,422 for the corresponding period last year.

The company has recognised within trade and other payables, unearned license fee revenues of \$ 329,290 and associated accrued expenses of \$ 93,819. As disclosed in the June 2008 annual report, the company revised its revenue recognition policy resulting in annual license fee revenue being recognised over the life of the contract. The company's terms of sale with customers stipulate that these amounts are not refundable.

Costs associated with the re-organisation came to approximately \$ 160,000 - which were felt early in the September quarter. The aim of this re-organisation is to move the company into a profitable and cash-flow positive position.

At this stage, in Australia, the company is not experiencing any negative effect on its business due to the global financial crisis, with interest remaining solid from new school enquires.

The company continues to pursue development of its US sales operations – however US school districts are reporting large scale government funding cutbacks causing schools to delay most expenditure on new projects.

About MGM Wireless Ltd and Messageyou, LLC

MGM Wireless Ltd is a public company with a market capitalisation of A\$ 1.9 m listed on the Australian Securities Exchange (ASX code: MWR). The company trades as Messageyou, LLC in the United States, with its head office in Silicon Valley at Sunnyvale, Cal.

The company's patented School Attendance Management solutions empower schools to effectively communicate to parents and caregivers using SMS text messaging in combination with culturally sensitive communication to improve attendance, student welfare and safety. MGM Wireless is recognized in Australia and internationally as pioneers and market leaders. MGM's professional services team delivers an integrated suite of software and communications using its own infrastructure. The solutions enable schools to reduce costs, increase productivity, discharge their duty of care, engage parent involvement, and ultimately improve student learning and social outcomes. Schools in Australia, New Zealand and America use Messageyou software in their day to day operations.

For further information contact:

MGM Wireless Ltd. - (ASX:MWR, MWRO)

Mark Fortunatow- CEO

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Appendix 4D
MGM WIRELESS LIMITED
 ABN 93 091 351 530
Half-year Report
31 December 2008
 (Previous corresponding period: 31 December 2007)

Results for announcement to the market

Financial Results				6 months ended 31 Dec 2008 \$
Revenue	down	13%	to	965,146
Profit (loss) after tax attributable to members	down	75%	to	(231,254)
Net profit (loss) for the period attributable to members	down	75%	to	(231,254)

Dividends	Amount per Ordinary Security	Franked amount per security
Interim dividend	Nil	Nil
Final dividend	Nil	Nil
It is not proposed to pay a dividend.		
Record date for determining entitlements to the interim dividends		N/A

Net Tangible Asset Backing	31 December 2008	31 December 2007
Net tangible asset backing per ordinary security	(0.39) cps	0.24 cps

Other explanatory notes

Control gained or lost over entities during the period	
Name of entity	N/A
Date of gaining control	N/A

Distributions to shareholders	N/A
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Dividend reinvestment plan details	N/A
Joint venture and associate details	N/A
Foreign entities accounting standards used	N/A

The information required by listing rule 4.2A is contained in both this Appendix 4D and the attached half-year report. This half-year report does not include notes of the type normally included in an annual financial report and should be read in conjunction with the 2008 annual financial report.

MGM WIRELESS LIMITED

ABN 93 091 351 530

HALF-YEAR REPORT

31 DECEMBER 2008

MGM WIRELESS LIMITED

CORPORATE DIRECTORY

DIRECTORS

Mark Fortunatow
Executive Chairman

Mark Hurd
Executive Director

The Hon John Dawkins AO
Non-Executive Director

SECRETARY

Neville Bassett

REGISTERED OFFICE

Suite 13, The Parks
154 Fullarton Road
Rose Park SA 5067

Telephone: (08) 8431 2300
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AUDITOR

RSM Bird Cameron Partners
8 St George's Terrace
Perth WA 6000

SHARE REGISTRY

Computershare Investor Services Pty Ltd
Level 2
45 St George's Terrace
Perth WA 6000

Telephone: 1300 557 010
(08) 9323 2000
Facsimile: (08) 9323 2033

STOCK EXCHANGE

The securities of MGM Wireless Limited are listed on the Australian Stock Exchange Limited

ASX Codes: MWR ordinary fully paid shares
MWRO options, expiring 30 November 2010

MGM WIRELESS LIMITED DIRECTORS' REPORT

Your directors submit the financial report of the consolidated entity for the half-year ended 31 December 2008.

DIRECTORS

The names of the company's directors in office during the half-year and until the date of this report are:

Mark Fortunatow
Mark Edwin Hurd
John Sydney Dawkins

Directors were in office for this entire period unless otherwise stated.

REVIEW OF OPERATIONS

During this reporting period, solid progress was achieved on cost reductions in Australia and the United States whilst maintaining growth momentum.

Due to these cost reductions, the company EBITDA loss improved to \$ 131,314 as compared to a loss of \$ 752,422 for the corresponding period last year.

Sales for the half-year were pleasing, with a net number of 40 additional schools going live, bringing the total number of live and operating schools to 257. A further 92 schools were contracted as at December and will progressively go live in the coming months. During the period, the company's revenues were \$ 965,146, as compared to \$ 1,111,298 for the corresponding half year.

Costs associated with the re-organisation came to approximately \$ 160,000 - which were felt early in the September quarter. The aim of this re-organisation is to propel the company into a profitable and cash-flow positive position.

At this stage, in Australia, the company is not experiencing any negative effect on its business due to the global financial crisis, with interest remaining solid from new school enquires.

The company continues to peruse developing its US sales operations – however US school districts are reporting large scale government funding cutbacks causing schools to delay most expenditure on new projects.

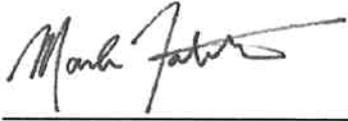
CHANGES IN STATE OF AFFAIRS

During the half-year ended 31 December 2008 there was no significant change in the entity's state of affairs other than that referred to in the half-year financial statements or notes thereto.

AUDITOR'S DECLARATION OF INDEPENDENCE

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 in relation to the review for the half-year ended 31 December 2008 is set out on page 14.

Signed in accordance with a resolution of the directors.



M Fortunatow
Director
Adelaide, 27 February 2009

MGM WIRELESS LIMITED
INCOME STATEMENT
For the half-year ended 31 December 2008

	Consolidated	Consolidated
	6 Months Ended 31 December 2008	6 Months Ended 31 December 2007
	\$	\$
Revenues	965,146	1,111,298
Cost of sales	25,202	(357,651)
Bad and doubtful debts	(71,670)	(34,649)
Finance costs	(12,581)	(6,199)
Depreciation and amortisation expense	(87,359)	(171,194)
Impairment of intangible assets	-	(19,893)
Sales expenses	(37,618)	(153,115)
Consulting expenses	(38,866)	(98,766)
Corporate and administration expenses	(281,801)	(305,200)
Share based payment expense	-	(109,560)
Employee benefit expenses	(691,707)	(781,673)
Net foreign currency loss	-	(3,213)
Loss before income tax expense	(231,254)	(929,815)
Income tax expense	-	-
Loss after tax	(231,254)	(929,815)
Profit (loss) attributable to minority interest	-	-
Net loss attributable to members of MGM Wireless Limited	(231,254)	(929,815)
Basic earnings/ (loss) per share (cents per share)	(0.12)	(0.51)
Diluted earnings/ (loss) per share (cents per share)	(0.12)	(0.51)

The accompanying notes form part of these financial statements

MGM WIRELESS LIMITED
BALANCE SHEET
As at 31 December 2008

	Consolidated 31 December 2008 \$	Consolidated 30 June 2008 \$
CURRENT ASSETS		
Cash and cash equivalents	29,641	236,651
Trade and other receivables	286,233	670,001
Other current assets	1,812	3,236
TOTAL CURRENT ASSETS	317,686	909,888
NON-CURRENT ASSETS		
Plant and equipment	182,187	196,643
Intangible assets	696,951	584,386
TOTAL NON-CURRENT ASSETS	879,138	781,029
TOTAL ASSETS	1,196,824	1,690,917
CURRENT LIABILITIES		
Trade and other payables	919,105	1,473,047
Borrowings	300,000	5,000
Provisions	54,598	56,038
TOTAL CURRENT LIABILITIES	1,273,703	1,534,085
TOTAL LIABILITIES	1,273,703	1,534,085
NET ASSETS / (LIABILITIES)	(76,879)	156,832
EQUITY		
Parent entity interest		
Issued capital	6,677,112	6,677,112
Reserves	131,567	134,024
Accumulated losses	(6,885,558)	(6,654,304)
	(76,879)	156,832
Minority interest		
Issued capital	20	20
Accumulated losses	(20)	(20)
	-	-
TOTAL EQUITY / (DEFICIENCY)	(76,879)	156,832

The accompanying notes form part of these financial statements

MGM WIRELESS LIMITED
STATEMENT OF CHANGES IN EQUITY
For the half-year ended 31 December 2008

	Issued Capital	Accumulated Losses	Option Issue Reserve	Foreign Currency Translation Reserve	Total Equity / (Deficiency)
	\$	\$	\$	\$	
At 1 July 2007	6,016,512	(4,426,802)	75,796	-	\$ 1,665,506
Loss attributable to members of parent entity		(929,815)	-	-	(929,815)
Shares issued	247,500	-	-	-	247,500
Cost of share based payment	49,500	-	60,060	-	109,560
Currency translation differences	-	-	-	(4,483)	(4,483)
At 31 December 2007	6,313,512	(5,356,617)	135,856	(4,483)	1,088,268
At 1 July 2008	6,677,112	(6,654,304)	135,856	(1,832)	156,832
Loss attributable to members of parent entity	-	(231,254)	-	-	(231,254)
Currency translation differences	-	-	-	(2,457)	(2,457)
At 31 December 2008	6,677,112	(6,885,558)	135,856	(4,289)	(76,879)

The above statement should be read in conjunction with the accompanying notes.

MGM WIRELESS LIMITED
CASH FLOW STATEMENT
For the half-year ended 31 December 2008

	Consolidated	Consolidated
	6 Months Ended 31 December 2008 \$	6 Months Ended 31 December 2007 \$
Cash flows from operating activities		
Receipts from customers	1,094,474	1,113,702
Payments to suppliers and employees	(1,396,012)	(1,512,721)
Interest received	34	9,897
Interest and other costs of finance	(12,581)	(6,199)
Net cash used in operating activities	<u>(314,085)</u>	<u>(395,321)</u>
Cash flows from investing activities		
Payments for plant and equipment	(1,791)	(54,697)
Payment for research and development	(183,677)	(192,978)
Net cash used in investing activities	<u>(185,468)</u>	<u>(247,675)</u>
Cash flows from financing activities		
Proceeds from issue of shares	-	247,500
Proceeds from borrowings	295,000	-
Net cash provided by financing activities	<u>295,000</u>	<u>247,500</u>
Net decrease in cash held	(204,553)	(395,496)
Cash at beginning of the financial period	236,651	806,812
Effect of exchange rate changes	(2,457)	(4,483)
Cash at the end of the financial period	<u><u>29,641</u></u>	<u><u>406,833</u></u>

The accompanying notes form part of these financial statements

MGM WIRELESS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the half-year ended 31 December 2008

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The half-year financial report is a general purpose financial report prepared in accordance with the Corporations Act 2001 and AASB 134 "Interim Financial Reporting". Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 "Interim Financial Reporting".

The half-year financial report should be read in conjunction with the Annual Financial Report of MGM Wireless Limited as at 30 June 2008. It is also recommended that the half-year financial report be considered together with any public announcements made by MGM Wireless Limited and Controlled Entities during the half-year ended 31 December 2008 in accordance with the continuous disclosure obligations arising under the Corporations Act 2001.

The financial report covers the consolidated entity of MGM Wireless Limited and controlled entities. MGM Wireless Limited is a listed public company domiciled in Australia.

Basis of preparation

The half-year financial report has been prepared on a historical cost basis. Cost is based on the fair value of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted. The half-year financial report does not include full disclosures of the type normally included in an annual financial report. Therefore, it cannot be expected to provide as full an understanding of the financial performance, financial position and cash flows of the consolidated entity as in the full financial report.

For the purpose of preparing the half-year financial report, the half-year has been treated as a discrete reporting period. The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the consolidated entity's 2008 annual financial report for the year ended 30 June 2008.

As disclosed in the June 2008 financial report, the consolidated entity revised its revenue recognition policy for the year ended 30 June 2008 and is now recognising Annual Licence Fee revenue over the life of the contract rather than the previous practice of recognising revenue at the time of signing the purchase contract. Management believes that this will result in the financial report providing reliable and more relevant information about the entity's financial performance and financial position.

Going Concern

As disclosed in the financial report, the consolidated entity recorded an operating loss of \$231,254 and a cash outflow from operating activities of \$314,085 for the half-year ended 31 December 2008 and at balance date, had net current liabilities of \$956,017 and net total liabilities of \$76,879.. These factors indicate significant uncertainty whether the consolidated entity will continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

The Board considers that the consolidated entity is a going concern and recognises that additional funding is required to ensure that it can continue to fund the consolidated entity's operations for the 12 month period from the date of this financial report.

MGM WIRELESS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the half-year ended 31 December 2008

The Directors believe after consideration of the above matters, there are reasonable grounds to believe that the consolidated entity will be able to pay its debts as and when they become due and payable and is a going concern because of the following factors:

- The ability to issue additional shares under the Corporations Act 2001;
- The possible exercise of options by related parties;
- Further commercial exploitation of the consolidated entity's technologies and products at amounts sufficient to meet proposed expenditure commitments; and/or
- Related party creditors have indicated they will not demand payment of their debts until the consolidated entity has sufficient funds to be able to meet the commitment

Accordingly, the Directors believe that the consolidated entity will obtain sufficient funding to enable it to continue as a going concern and that it is appropriate to adopt that basis of accounting in the preparation of this half-year financial report.

The financial report does not contain any adjustments to the amounts or classification of recorded assets or liabilities that might be necessary if the company does not continue as a going concern.

Significant accounting judgements and key estimates

The preparation of interim financial reports requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

In preparing this half-year report, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial report for the year ended 30 June 2008.

Adoption of new and revised Accounting Standards

In the half-year ended 31 December 2008, the Group has reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for annual reporting periods beginning on or after 1 July 2008.

It has been determined by the Group that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change is necessary to Group accounting policies.

MGM WIRELESS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the half-year ended 31 December 2008

	31 December 2008 \$	30 June 2008 \$
2. ISSUED CAPITAL		
Issued Capital		
Ordinary shares – fully paid	6,677,112	6,677,112
Movement in ordinary shares on issue		
Balance at beginning of period	197,561,205	6,677,112
Movement	-	-
Balance at end of period	197,561,205	6,677,112

3. SEGMENT INFORMATION

The company operates predominantly in one business segment, being the provision of business messaging solutions and internet related services. The following table presents the revenue and earnings information regarding geographical segments for the half-year periods ended 31 December 2008 and 31 December 2007.

	Australia \$	USA \$	Total \$
31 December 2008			
Segment revenue	926,951	38,195	965,146
Segment results	(179,893)	(51,361)	(231,254)
31 December 2007			
Segment revenue	1,059,963	51,335	1,111,298
Segment results	(713,593)	(216,222)	(929,815)

4. CONTINGENT LIABILITIES

On 23 December 2008, the Company announced via the Australian Securities Exchange that Lionpalm Pty Ltd, Ian Cameron and Dean Cameron had instigated legal action against MGM Wireless Limited and Mark Fortunatow. The company is currently seeking advice from its legal representatives and it is the Company's intention to defend the matter.

5. EVENTS SUBSEQUENT TO REPORTING DATE

There are no matter or circumstances which have arisen since the end of the half-year which significantly affected or may significantly affect the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in subsequent financial periods.

MGM WIRELESS LIMITED

DIRECTORS' DECLARATION

The directors of the company declare that:

- 1) The financial statements and notes set out on pages 4 to 10 are in accordance with the Corporations Act 2001, including:
 - (a) complying with the Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001;
 - (b) give a true and fair view of the consolidated entity's financial position as at 31 December 2008 and of its performance for the half-year then ended.
- 2) In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.



M Fortunatow
Director

Adelaide, 27 February 2009

RSM Bird Cameron Partners

Chartered Accountants

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INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF MGM WIRELESS LIMITED

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of MGM Wireless Limited ("the consolidated entity") which comprises the balance sheet as at 31 December 2008, and the income statement, statement of changes in equity and cash flow statement for the half-year ended on that date, accompanying notes to the financial statements and the directors' declaration. The consolidated entity comprises both MGM Wireless Limited (the company) and the entities it controlled during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the consolidated entity are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including:

- giving a true and fair view of the consolidated entity's financial position as at 31 December 2008 and its performance for the half-year ended on that date; and
- complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

As the auditor of MGM Wireless Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of MGM Wireless Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2008 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

Material Uncertainty Regarding Continuation as a Going Concern

Without qualification to the conclusion expressed above, we draw attention to Note 1 in the financial report, which indicates that:

- (a) during the half-year ended 31 December 2008, the consolidated entity incurred a net loss of \$231,254 and a cash outflow from operating activities of \$314,085; and
- (b) at balance date, the consolidated entity has net current liabilities of \$956,017 and net total liabilities of \$76,879.

These conditions indicate the existence of a material uncertainty which may cast significant doubt about the consolidated entity's ability to continue as a going concern and, therefore, whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

RSM Bird Cameron Partners

RSM BIRD CAMERON PARTNERS
Chartered Accountants

D J Wall

D J WALL
Partner

Perth, WA

Dated: 27 FEBRUARY 2009

RSM Bird Cameron Partners

Chartered Accountants

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AUDITOR'S INDEPENDENCE DECLARATION TO THE BOARD OF DIRECTORS OF MGM WIRELESS LIMITED

As lead auditor for the review of the financial report of MGM Wireless Limited for the half year ended 31 December 2008, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

RSM Bird Cameron Partners.

RSM BIRD CAMERON PARTNERS
Chartered Accountants

D J Wall

Perth, WA

Dated: *27 FEBRUARY 2009.*

D J WALL
Partner