

-Traction on Aerus service offering significantly exceeds expectations-

OTTAWA, Sept. 27, 2013 /CNW/ - Magor Corporation (TSX-V:MCC), a global leader in visual collaboration solutions, today announced its first quarter (Q1) financial results for the three month period ended July 31, 2013, an update on the progress of Aerus adoption by service providers and solutions integrators and a Joint Venture to sale and market its products in the Chinese market.

Financial and Operational Highlights

- Revenue of \$196,537 in Q1 2014, compared to \$394,194 in Q1 2013.
- Q1 was adversely impacted by a \$500,000 shipment that will not be recognized until Q2.
- Order backlog of \$242,305 as at July 31, 2013, compared to \$436,179 as at April 30, 2013
- More than 20 carriers and solutions integrators across the globe are currently in or planning trials with Magor to deploy Aerus within their relative markets to their enterprise and government clients.
- Subsequent to the quarter Magor entered into a joint venture agreement with three Chinese parties, Harbin Venture Capital Management Co. Ltd., Harbin Aobo Venture Capital Management Co. Ltd., and Harbin Kaifu Investment Consulting Co. Ltd.
- On September 12th, Magor announced that it intends to raise up to \$2,000,000 by way of a brokered private placement offering up to 6,666,666 units at a price of \$0.30 per unit. Each unit will consist of one common share and one common share purchase warrant exercisable at \$0.60 for a period of three years following the closing date of the offering.
- On September 26th, Magor announced that the pricing of the private placement was amended from the previous terms. The Company will issue units a price of \$0.25

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per unit with each unit consisting of one common share and one-half common share purchase warrant. Each full warrant entitles the holder to purchase one common share at a price of \$0.40 for a period of three years following the closing date of the offering.

"We are encouraged by the activity shown by carriers around the globe towards our Aerus services," said Mike Pascoe, President and CEO of Magor Corporation. "With the full launch of our Aerus cloud-based visual collaboration solutions in the next couple of weeks, we have been successful at securing service trials from more than 20 carriers and solutions integrators across the globe aimed towards deploying Aerus into their markets. Approximately half of these opportunities are large Tier 1 and Tier 2 carriers and we expect more to be added over the next quarter. These contracts will transition us into a recurring revenue model that will bring significant predictability into our cash flow going forward. While excited about our Aerus progress, it is important to note the continued progress in our existing transaction business as this will continue to be a key part of revenue this year and beyond. Our efforts during the quarter have been focused toward building a solid foundation for Magor to grow on, and with the initiatives that were taken, we expect accelerated growth for the Company in the upcoming quarters."

Financial Highlights

Revenue

Total revenue was \$196,537 for the three-month period ended July 31, 2013, compared to \$394,194 for the corresponding period in 2012.

Revenue from hardware was \$103,845 for the three-month period ended July 31, 2013, compared to \$208,654 for the corresponding periods in 2012.

Revenue from software was \$20,008 for the three-month period ended July 31, 2013, compared to

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\$87,304
for the corresponding period in 2012.

Revenue from support and other services was \$72,684 for the three-month period ended July 31, 2013, compared to \$98,236 for the corresponding period in 2012.

The decreases in hardware and software revenues for the quarter were due to the timing in the fulfillment of an order that was delayed until a future quarter.

The decrease in support services revenue for the quarter was due to a decline in customer renewals of their support agreements on previous software installations, combined with a reduction in installation revenues in the current year compared the prior year due to lower hardware sales.

Gross Profit and Gross Profit Margin

Gross profit was \$52,283 for the three-month period ended July 31, 2013, compared to \$207,890 for the corresponding period in 2012.

Gross profit margin was 26.6% for the three-month period ended July 31, 2013, compared to 52.7% for the corresponding periods in 2012.

The decrease in gross margins in the current quarter was due to reduction in higher margin software revenue, and the amount of fixed overhead expenses included in the cost of sales.

Operating Expenses

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Operating expenses were \$1,644,149 for the three-month period ended July 31, 2013, compared to \$1,154,831 for the corresponding period in 2012.

Sales and Marketing Sales and marketing expenses were \$731,267 for the three-month period ended July 31, 2013, compared to \$543,961 for the corresponding periods in 2012. The increase in Sales and Marketing for the quarter was largely attributed to higher staffing and consulting expenses incurred with the recruitment of additional sales professionals in Canada, United States and Europe. The Company also incurred additional costs on promotional presentations and website materials relating to the launch of Aerus cloud-based services.

General and Administrative General and administrative expenses were \$350,361 for the three-month period ended July 31, 2013, compared to \$255,368 for the corresponding periods in 2012. The increase in general and administrative expenses during the quarter was largely attributable to the additional costs incurred by the Company as a result of becoming a publicly listed company and additional staff costs relating to the recruitment of a Chief Financial Officer.

Research and Development Research and development expenses were \$363,854 for the three-month period ended July 31, 2013, compared to \$271,211 for the corresponding periods in 2012. The increase in research and development for the quarter was due to a reduction of \$72,000 in investment tax credits recorded in the current year over the prior year, and higher staffing costs incurred in the current year due to an increase in headcount.

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Net Loss

Net loss and total comprehensive loss was \$1,668,547 or \$0.04 per share for the three-month period ended July 31, 2013, compared to \$1,301,526 or \$0.07 per share for the corresponding periods in 2012.

Cash and Working Capital

As at July 31, 2013, the Company had cash on hand of \$1,175,977 compared to \$2,792,075 as at April 30, 2013

As at July 31, 2013, the Company's working capital was \$1,555,301 compared to a working capital of \$3,154,028 as at April 30, 2012

Issuance of Options

Magor announces that it has granted an aggregate of 287,500 options to directors, employees and consultants of the Corporation. Each option entitles the holder to acquire one common share in capital of the Corporation at an exercise price of \$0.59. These options will expire on September 27, 2018

About Magor Corporation: Magor enables people to engage in high-quality visual

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conversations while simultaneously sharing, viewing and editing relevant collaborative material on desktops, laptops, tablets, smartphone applications, whiteboards and other devices. Magor fits any workflow so that users have the freedom to work together naturally anytime, regardless of location, network or device. To find out more about Magor Corporation (TSX-V: MCC), visit our website at <http://www.magorcorp.com>.

This news release may contain "forward-looking information" within the meaning of applicable Canadian securities legislation. Statements made in this news release, other than those concerning historical financial information, may be forward-looking and therefore subject to various risks and uncertainties. The words "may", "will", "could", "should", "would", "suspect", "outlook", "believe", "plan", "anticipate", "estimate", "expect", "intend", "forecast", "objective", "hope", and "continue" (or the negative thereof), and words and expressions of similar import are intended to identify forward-looking statements. Certain material factors or assumptions are implied in making forward-looking statements and actual results may differ materially from those expressed or implied in such statements. Factors that could cause results to vary include those identified in the Corporation's filings with Canadian securities regulatory authorities, as well as the applicability of patents and proprietary technology; the outcome of pending corporate transactions; possible patent litigation; regulatory approval of products in development; changes in government regulation or regulatory approval processes; government and third party reimbursement; dependence on strategic partnerships; intensifying competition; rapid technological change in the industry; anticipated future losses; the ability to access capital; and the ability to attract and retain key personnel. All forward-looking information presented herein should be considered in conjunction with such filings. Except as required by Canadian securities laws, the Corporation does not undertake to update any forward-looking statements; such statements speak only as of the date made.

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