

Commentary to MGM Wireless Quarterly Cashflow Report
Jan 1st, 2004 – March 31st, 2004

The report reflects continued sales growth and the resulting improved trading performance driven by the company's success in the Education Market.

Significant business milestones and items effecting cashflow that shareholders should note include:

- Successful entry/contracts awarded from all other states across Australia: NSW (4), ACT (4), VIC (3), WA (5) & QLD (1); revenues from these to be received in the 4th quarter.
- Revenues generated from markets external to South Australia exceeded local sales
- Completion of payments for all major costs relating to merger
- The sale of listed company investments in early January for \$ 57,942.32 realising a profit of \$ 37,942.32
- Particularly strong sales in the month of March 2004, (excess of \$ 100,000)

Positive items effecting cashflow not reflected in the report include:

- receivables from sales in excess of \$ 100,000.00
- payables of approximately \$ 40,000.00

We are pleased to advise that Schools outside of South Australia are reporting similar positive results to schools in Adelaide. Forward sales pipelines across Australia are strong and the company expects continued sales growth.

For additional information please contact Mark Fortunatow on (08) 8415 5165.

+ See chapter 19 for defined terms.

Appendix 4C

Quarterly report for entities admitted on the basis of commitments

Introduced 31/3/2000. Amended 30/9/2001

Name of entity

MGM WIRELESS LIMITED

ABN

93 091 351 530

Quarter ended ("current quarter")

31 March 2004

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (9 months) \$A'000
1.1 Receipts from customers	52	82
1.2 Payments for		
(a) staff costs	(82)	(212)
(b) advertising and marketing	(11)	(26)
(c) research and development	-	-
(d) leased assets	-	-
(e) other working capital	(82)	(266)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	2	13
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	-	-
Net operating cash flows	(121)	(409)

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Quarterly report for entities
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		Current quarter \$A'000	Year to date (9 months) \$A'000
1.8	Net operating cash flows (carried forward)	(121)	(409)
Cash flows related to investing activities			
1.9	Payment for acquisition of:		
	(a) businesses (Note 1)	-	-
	(b) equity investments	-	-
	(c) intellectual property	-	-
	(d) physical non-current assets	-	(3)
	(e) other non-current assets	-	-
1.10	Proceeds from disposal of:		
	(a) businesses (item 5)	-	-
	(b) equity investments	58	58
	(c) intellectual property	-	-
	(d) physical non-current assets	-	-
	(e) other non-current assets	-	-
1.11	Loans to other entities	-	-
1.12	Loans repaid by other entities	-	-
1.13	Other (provide details if material)	-	1
	Net investing cash flows	58	56
1.14	Total operating and investing cash flows	(63)	(353)
Cash flows related to financing activities			
1.15	Proceeds from issues of shares, options, etc.	-	-
1.16	Proceeds from sale of forfeited shares	-	-
1.17	Proceeds from borrowings	-	-
1.18	Repayment of borrowings	-	(40)
1.19	Dividends paid	-	-
1.20	Other (share issue costs)	-	-
	Net financing cash flows	-	(40)
	Net increase (decrease) in cash held	(63)	(393)
1.21	Cash at beginning of quarter/year to date	374	704
1.22	Exchange rate adjustments to item 1.20	-	-
1.23	Cash at end of quarter	311	311

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Quarterly report for entities
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Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.24	Aggregate amount of payments to the parties included in item 1.2	48
1.25	Aggregate amount of loans to the parties included in item 1.11	-

1.26 Explanation necessary for an understanding of the transactions

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

Nil

2.2 Details of outlays made by other entities to establish or increase their share in businesses in which the reporting entity has an interest

Nil

Financing facilities available

Add notes as necessary for an understanding of the position. (See AASB 1026 paragraph 12.2).

		Amount available \$A'000	Amount used \$A'000
3.1	Loan facilities	-	-
3.2	Credit standby arrangements	-	-

+ See chapter 19 for defined terms.

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
2. The definitions in, and provisions of, *AASB 1026: Statement of Cash Flows* apply to this report except for the paragraphs of the Standard set out below.
 - 6.2 - reconciliation of cash flows arising from operating activities to operating profit or loss
 - 9.2 - itemised disclosure relating to acquisitions
 - 9.4 - itemised disclosure relating to disposals
 - 12.1(a) - policy for classification of cash items
 - 12.3 - disclosure of restrictions on use of cash
 - 13.1 - comparative information
3. **Accounting Standards.** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.