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Commentary to Quarterly 4C Cashflow Report, January 1st – March 31st, 2005

Sales for the quarter grew 23% to \$158,886 as compared to \$129,541 for the same period a year ago, but a decrease of 49% from \$310,431 last quarter.

Working capital increased by 70% to \$580,000 as compared to \$343,000 for the same period a year ago, a decrease of 27% from \$793,517 last quarter.

Cash holdings grew %61 to \$502,000 as compared to \$311,000 for the same period a year ago, a decrease of 25% from \$670,000 last quarter.

This quarter was seasonally difficult due to schools being closed in January and part of February, distractions to school management resulting from school year start-up activities, early Easter holidays and a short school term. In several circumstances, time ran out to finalise sale agreements within the quarter. These sales have since been closed.

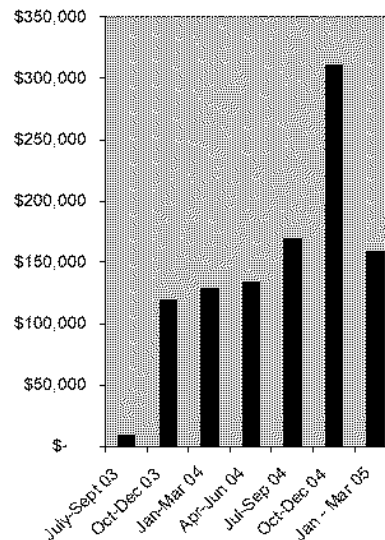
Due to solid sales growth in the past 18 months and strong demand from schools, the company invested in SMS message centre and other infrastructure to cope with increased customer volumes and demands.

These investments total \$48,000, and have resulted in a twenty-fold increase in capacity in the company's messaging network.

Items affecting cash flow not reflected in the report include:

- Receivables of approximately \$193,000
- Payables and other current liabilities of approximately \$120,000

For additional information please contact Mark Fortunatow on (08) 8431 2300.



+ See chapter 19 for defined terms.

Appendix 4C
Quarterly report for entities
admitted on the basis of commitments

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 Ltd

ABN

93 091 351 530

Quarter ended ("current quarter")

31 March 2005

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	154	491
1.2 Payments for		
(a) staff costs	(125)	(408)
(b) advertising and marketing	(57)	(157)
(c) research and development		
(d) leased assets		
(e) other working capital	(110)	(273)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	10	14
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Other (provide details if material)		68
Net operating cash flows	(128)	(265)

+ See chapter 19 for defined terms.

	Current quarter \$A'000	Year to date (... months) \$A'000
1.8 Net operating cash flows (carried forward)	(128)	(265)
Cash flows related to investing activities		
1.9 Payment for acquisition of:		
(a) businesses (item 5)		
(b) equity investments		
(c) intellectual property		
(d) physical non-current assets		
(e) other non-current assets	(37)	(40)
1.10 Proceeds from disposal of:		
(a) businesses (item 5)		
(b) equity investments		
(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)		
Net investing cash flows	(37)	(40)
1.14 Total operating and investing cash flows	(165)	(305)
Cash flows related to financing activities		
1.15 Proceeds from issues of shares, options, etc.		428
1.16 Proceeds from sale of forfeited shares		
1.17 Proceeds from borrowings		
1.18 Repayment of borrowings		
1.19 Dividends paid		
1.20 Other (provide details if material)		
Net financing cash flows	0	428
Net increase (decrease) in cash held	(165)	123
1.21 Cash at beginning of quarter/year to date	667	379
1.22 Exchange rate adjustments to item 1.20		
1.23 Cash at end of quarter	502	502

+ See chapter 19 for defined terms.

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	56
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

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- 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

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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.

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
4.1 Cash on hand and at bank	-	463
4.2 Deposits at call	504	207
4.3 Bank overdraft	2	-
4.4 Other (provide details)		
Total: cash at end of quarter (item 1.22)	502	670

Acquisitions and disposals of business entities

	Acquisitions (Item 1.9(a))	Disposals (Item 1.10(a))
5.1 Name of entity	N/A	
5.2 Place of incorporation or registration	N/A	
5.3 Consideration for acquisition or disposal	N/A	
5.4 Total net assets	N/A	
5.5 Nature of business	N/A	

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act (except to the extent that information is not required because of note 2) or other standards acceptable to ASX.
- 2 This statement does /does not* (*delete one*) give a true and fair view of the matters disclosed.

Sign here: M Fortunatow
(Director)

Date: 22 April 2005

Print name: Mark Fortunatow

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.

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Appendix 4C
Quarterly report for entities
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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.

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