

Commentary to Quarterly 4C Cashflow Report, July 1st – September 30th, 2005

Income for the quarter grew 360% to \$ 780,000 as compared to \$ 169,396 for the same period a year ago, and an improvement of 66% from \$ 469,427 in the previous June quarter. The quarter's sales included one licensee establishment fee. Excluding the licensee establishment fee, new sales continued to grow strongly.

Working capital improved by 238% to \$ 887,000 as compared to \$ 274,000 for the same period a year ago, an improvement of 18% from \$ 782,000 last quarter.

Cash holdings grew 224% to \$ 735,000 as compared to \$ 234,000 for the same period a year ago, and an increase of 17% from \$ 650,000 last quarter.

Underlying new sales growth continued to improve this quarter, with the previously reported trends of new sales being derived at higher yields continuing. This quarter figures were also enhanced by the pre-official release of the company's new product – messageyou™WatchLists – that is enjoying very strong interest from both new school sales and the existing user base.

The company attributes the pleasing growth in revenues to the emergence of our clear market leadership and most trusted supplier position in the education sector, and the heightened awareness of automated school attendance communication solutions as 'must have' standard school infrastructure.

We are pleased to report that our previous customer-driven R&D investment has resulted in a flow of new products and services, as well as re-designed existing services. MGM Wireless is now able to provide more complete communication and analysis solutions for schools, which means schools have greater flexibility in automating the very sensitive process of school-parent communication.

We plan to continue and grow R&D investment further to accelerate the flow of new product and accelerate growth in market share. We are experiencing success in our ability to leverage our expertise in automated school attendance communication due to the strong acceptance of these new products – both in new sales and our existing customer base.

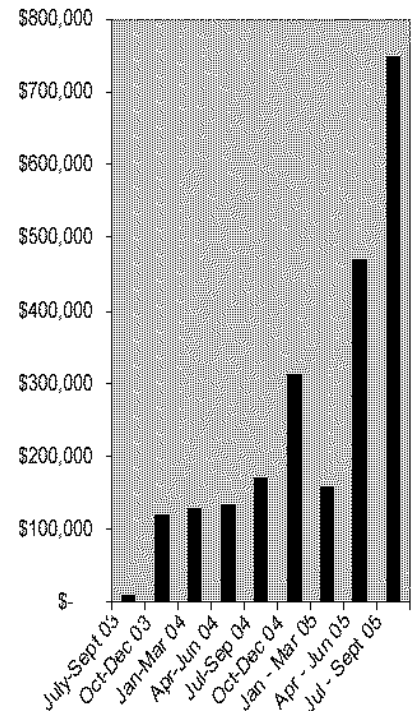
The company is pleased to report all revenue streams are operating well and continue to improve. Revenues of product upgrades and consulting services are also growing. The quarter's income included an Australian Tax Office rebate in respect of Research & Development expenditure.

The number of contracted schools now exceeds 180.

Items affecting cash flow not reflected in the report include:

1. Receivables of approximately \$ 450,000
2. Payables of approximately \$ 298,000

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



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")

30 September 2005

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (3 months) \$A'000
1.1 Receipts from customers	595	595
1.2 Payments for		
(a) staff costs	(216)	(216)
(b) advertising and marketing	(171)	(171)
(c) research and development		
(d) leased assets		
(e) other working capital	(123)	(123)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	7	7
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	92	92

+ See chapter 19 for defined terms.

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

	Current quarter \$A'000	Year to date (3 months) \$A'000
1.8 Net operating cash flows (carried forward)	92	92
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	(7)	(7)
(e) other non-current assets		
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	(7)	(7)
1.14 Total operating and investing cash flows	85	85
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		
1.19 Dividends paid		
1.20 Other (provide details if material)		
Net financing cash flows	-	-
Net increase (decrease) in cash held	85	85
1.21 Cash at beginning of quarter/year to date	650	650
1.22 Exchange rate adjustments to item 1.20		
1.23 Cash at end of quarter	735	735

+ 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	23
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

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

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		

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Appendix 4C
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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	82	96
4.2 Deposits at call	653	554
4.3 Bank overdraft		
4.4 Other (provide details)		
Total: cash at end of quarter (item 1.22)	735	650

Acquisitions and disposals of business entities

	Acquisitions <i>(Item 1.9(a))</i>	Disposals <i>(Item 1.10(a))</i>
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 give a true and fair view of the matters disclosed.

Sign here: M Fortunatow
 Director

Date: 31 October 2005

Print name: Mark Fortunatow

+ 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.

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