Commentary to MGM Wireless Quarterly Cashflow Report

April 1, 2004 – June 30th, 2004

The company is pleased to report that sales for this quarter increased by 31% to $ 131,000, and working capital grew by 34% to $ 498,000.

Significant items effecting cashflow that investors should note include:

- Accelerating sales growth and demand for the company's products and services in the Australian national education market
- Share placement realising a net increase in working capital by $ 180,000
- Successful completion of sale of unmarketable parcels process and associated corporate costs
- A greater proportion of working capital being tied up in receivables as sales growth accelerates

Items effecting cashflow not reflected in the report include:

- Receivables of approximately $ 158,000
- Payables of approximately $ 40,000

Other highlights of the quarter included MGM Wireless receiving significant press coverage in The Sydney Morning Herald, The Age, The West Australian, The Advertiser newspapers, Channel 7 TV News, BBC Radio 5 (UK) and other radio stations and media regarding the success of the company's products and services towards improving student attendance and communication to Parents in the Education Sector

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

Rule 4.7B

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	Quarter ended ("current quarter")
93 091 351 530	30 June 2004

Consolidated statement of cash flows

	Cash flows related to operating activities		Current quarter $A'000	Year to date (12 months) $A'000
1.1	Receipts from customers		77	159
1.2	Payments for	(a) staff costs	(45)	(257)
		(b) advertising and marketing	(36)	(62)
		(c) research and development	-	-
		(d) leased assets	-	-
		(e) other working capital	(131)	(397)
1.3	Dividends received		-	-
1.4	Interest and other items of a similar nature received		7	20
1.5	Interest and other costs of finance paid		-	-
1.6	Income taxes paid		-	-
1.7	Other (provide details if material)		16	16
	Net operating cash flows		(112)	(521)

+ See chapter 19 for defined terms.

		Current quarter $A'000	Year to date (12 months) $A'000
1.8	Net operating cash flows (carried forward)	**(112)**	**(521)**
	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	(2)	(5)
	(e) other non-current assets	-	-
1.10	Proceeds from disposal of:		
	(a) businesses (item 5)	-	-
	(b) equity investments	-	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	(2)	54
1.14	**Total operating and investing cash flows**	(114)	(467)
	Cash flows related to financing activities		
1.15	Proceeds from issues of shares, options, etc.	210	210
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)	(27)	(27)
	Net financing cash flows	183	143
	Net increase (decrease) in cash held	69	(324)
1.21	Cash at beginning of quarter/year to date	311	704
1.22	Exchange rate adjustments to item 1.20	-	-
1.23	**Cash at end of quarter**	380	380

+ 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	32
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	-	-

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	140	17
4.2 Deposits at call	240	294
4.3 Bank overdraft	-	-
4.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	380	311

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 give a true and fair view of the matters disclosed.

Sign here: N J Bassett (Secretary) Date: 28 July 2004

Print name: Neville John Bassett

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.