MGMwireless

Suite e6, 128 Hindley Street
Adelaide SA 5000
P: 08 8415 5165 F: 08 8231 5200
W: www.mgmwireless.com
ABN 29 104 182 42

27 October 2004

Companies Announcement Office
Australian Stock Exchange Limited
20 Bridge Street
SYDNEY NSW 2000

Dispatch of Annual Report and Notice of Annual General Meeting

The company advises that it has dispatched its year 2004 Annual Report to members, together with the Notice of Annual General Meeting.

The Annual Report comprises only the financial documents already given to the ASX. A copy of the Annual Report, Notice of Annual General Meeting and accompanying Explanatory Statement is attached.

N J Bassett
Company Secretary

MGM WIRELESS LIMITED

ABN 93 091 351 530

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of Shareholders of MGM Wireless Limited will be held at 1.00pm on Monday, 29 November 2004 at the Majestic Roof Garden Hotel, 55 Frome Street, Adelaide, South Australia.

Ordinary Business

1. To receive and consider the Financial Report and the Reports of the Directors and Auditors thereon for the year ended 30 June 2004.

2. **Resolution 1**: Re-election of Director

   To consider and, if thought fit, to pass the following resolution:

   That Mr Richard S Sciano, who retires by rotation in accordance with the company's Constitution and having offered himself for re-election and being eligible, is hereby re- elected as a director of the company.

Special Business

3. **Resolution 2**: Ratification of Placement - 2 June 2004

   That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, the prior issue and allotment of 14,000,000 fully paid ordinary shares in the capital of the Company at an issue price of 1.5 cents each to the party listed in the Explanatory Statement accompanying this Notice of Annual General Meeting and otherwise on the basis set out therein, is ratified and approved.

   > The Company will disregard any votes cast on this resolution by the party who participated in the issue as listed in the Explanatory Statement and any associate of them. However, the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Dated this 20th day of October 2004
By Order of the Board

N J Bassett
Company Secretary

Proxies

For the purposes of determining voting entitlements at the annual general meeting, Shares will be taken to be held by persons who are registered as holding Shares at 5.00pm on 26 November 2004. Accordingly, transactions registered after that time will be disregarded in determining entitlements to attend and vote at the annual general meeting.

Proxy and Voting Entitlement Instructions are included on the Proxy Form accompanying this Notice of Annual General Meeting.

MGM WIRELESS LIMITED
ABN 93 091 351 530

EXPLANATORY STATEMENT

1. INTRODUCTION

This Explanatory Statement has been prepared for the information of members of MGM Wireless Limited ("the Company") in connection with the special business to be conducted at the annual general meeting of members to be held at the Majestic Roof Garden Hotel, 55 Frome Street, Adelaide, SA on Monday, 29 November 2004 at 1.00pm.

This Explanatory Statement forms part of and should be read in conjunction with the accompanying Notice of Annual General Meeting.

2. RATIFICATION OF PLACEMENT – 2 June 2004 (Resolution 2)

ASX Listing Rule 7.1 relevantly provides that the prior approval of the shareholders of the Company is required to an issue of equity securities if the securities will, when aggregated with the securities issued by the Company during the previous 12 months, exceed 15% of the number of securities on issue at the commencement of that 12 month period.

The issue and allotment of shares outlined in resolution 2 did not exceed the 15% limit, however, ASX Listing Rules 7.1 and 7.4 provide that, where a company in general meeting ratifies an issue of equity securities the issue will be treated as having been made with approval for the purpose of ASX Listing Rule 7.1, thereby enabling the company to issue further equity securities without exceeding the 15% in 12 months limitation.

Shareholder approval is sought so as to refresh the Company's 15% equity security placement limit pursuant to ASX Listing Rule 7.1.

Resolution 2 of the Notice of Annual General Meeting proposes the ratification for the issue and allotment of 14,000,000 Shares, thereby satisfying the requirements of ASX Listing Rule 7.4.

In compliance with the information requirements of ASX Listing Rule 7.5 members are advised of the following particulars in relation to the placement:

(a) Number of securities allotted:

14,000,000 Shares

(b) Price at which the securities were issued:

1.5 cents per Share

(c) Terms of the securities:

The Shares rank equally in all respects with the existing Shares on issue.

(d) Name of the allottee:

Taycol Nominees Pty Ltd - 14,000,000 Shares

(e) Intended use of funds raised:

The purpose of the issue was to provide additional working capital for the conduct of the company's current and future activities and to assist in the marketing of "Message You" to Australian Schools.

-End-

PROXY FORM

MGM WIRELESS LIMITED
ABN 93 091 351 530

Please return this proxy to:
The Secretary
MGM Wireless Limited
Suite e6
128 Hindley Street
Adelaide SA 5000

I/We...
(block letters)

of..
being a shareholder(s) of MGM Wireless Limited

HEREBY APPOINT

....

of..

or failing him,...

of..
or failing him, the Chairman as my/our proxy to vote for me/us on my/our behalf at the Annual General Meeting of the Company, to be held at 1.00pm on Monday, 29 November 2004, and at any adjournment thereof in respect of:

- the whole of my/our shares
- ....of my/our shares

* Please delete whichever is not required. If no deletion is made and the number of shares is not inserted and only one proxy is appointed, it will be assumed that the proxy is for all the shares registered in the name of the shareholder.

This form is to be used to vote on each of the Resolutions set out overleaf.

Signed this day of 2004.

If the member is an individual or joint holder

Signed by ....
Usual Signature Usual Signature

If the member is a company

Signed in accordance with the constitution of the company (affix common seal if appropriate)

....
Director/Sole Director Secretary Director/Secretary Sole Director and Sole

RESOLUTIONS TO BE PROPOSED

1	Re-election of Director - Mr Richard S Sciano	☐ FOR*	☐ AGAINST*	☐ ABSTAIN*
2	Ratification of Placement	☐ FOR*	☐ AGAINST*	☐ ABSTAIN*

* **Instructions as to Voting**

If you wish to direct your proxy how to vote with respect to the proposed resolutions, please indicate the manner in which your proxy is to vote by placing a "X" in the appropriate box for each Resolution, otherwise your proxy will vote as he/she thinks fit or abstain from voting.

If you do not wish to direct your proxy how to vote, please place a mark in the box. ☐

By marking this box, you acknowledge that the Chairman may exercise your proxy even if he has an interest in the outcome of the resolution and votes cast by him other than as proxy holder will be disregarded because of that interest.

NOTES

1. Every shareholder entitled to attend and vote at the Annual General Meeting is entitled to appoint not more than two proxies to attend and vote instead of such shareholder. Where more than one proxy is appointed each proxy must be appointed for a specified proportion of the shareholder's voting rights.
2. The instruments appointing a proxy must be in writing under the hand of the appointor or his attorney duly authorised in writing or if the appointor is a corporation under its common seal or otherwise in accordance with its Constitution. A proxy need not be a shareholder of the Company.
3. A proxy form must be deposited at the Company's principal office, Suite e6, 128 Hindley Street , Adelaide, SA 5000 or faxed to (08) 8231 5200 not less than 48 hours before the time appointed for the meeting.
4. The power of attorney (if any) or the instrument appointing a proxy and the power of attorney (if any) under which it is signed or an office copy or notarially certified copy thereof must be deposited at the principal office of the Company not less than forty-eight (48) hours before the time for the holding of the Annual General Meeting or adjourned meeting.
5. Should you wish to direct your proxy how to vote, please tick accordingly as set out above, otherwise your proxy may vote as he thinks fit.
6. The Chairman intends to vote all undirected proxies in favour of all resolutions.

MGMwireless Limited

(Formerly Ezyimage Limited) ABN 93 091 351 530

annual report 2004

CONTENTS

CORPORATE DIRECTORY 2

DIRECTORS' REPORT 3

CORPORATE GOVERNANCE STATEMENT 9

STATEMENT BY DIRECTOR 14

STATEMENT OF FINANCIAL PERFORMANCE 15

STATEMENT OF FINANCIAL POSITION 16

STATEMENT OF CASH FLOWS 17

NOTES TO THE FINANCIAL STATEMENTS 18

SHAREHOLDER INFORMATION 33

CORPORATE DIRECTORY

DIRECTORS

Mark Fortunatow
Executive Chairman

Mark Hurd
Executive Director

Richard Sciano
Non-Executive Director

SECRETARY

Neville Bassett

REGISTERED OFFICE

Level 2
8 Parliament Place
West Perth WA 6005

PRINCIPAL OFFICE

Suite e6
128 Hindley Street
Adelaide SA 5000

Telephone:	(08) 8415 5165
Facsimile:	(08) 8231 5200

AUDITOR

RSM Bird Cameron Partners
8 St George's Terrace
Perth WA 6000

SHARE REGISTRY

Computershare Investor Services Pty Ltd
Level 2
45 St George's Terrace
Perth WA 6000

Telephone:	(08) 9323 2058
Facsimile:	(08) 9323 2033

STOCK EXCHANGE

The securities of MGM Wireless Limited are listed on the Australian Stock Exchange Limited (Home Exchange – Perth)

ASX Codes:	MWR	ordinary fully paid shares
	MWRO	options, expiring 30 November 2010

Your Directors present their report together with the financial report of the Company for the year ending 30 June 2004.

Directors

The names and qualifications of persons holding the position of Director of the Company, during the financial period and up to the date of this report are:-

Mark Fortunatow BSc BEc - Executive Chairman

Executive Chairman Mark Fortunatow, founder and chief executive of the Company's subsidiary MGM Wireless Holdings Pty Ltd, brings more than 13 years of senior executive management experience in marketing, engineering, information systems, finance and customer support.

Mr Fortunatow previously founded three successful technology-based enterprises, Linx Computer Systems (s developer and marketer of financial software), Timekeeping Australia (a leader in the Australian workforce management market) and Netline Technologies (a company designing, engineering, selling and distributing voice based mobile wireless solutions), accumulating substantial practical experience in the many disciplines required to successfully launch and sustainably grow a successful technology enterprise.

Mr Fortunatow's international experience includes establishing distribution networks in more than 15 countries, as well as successfully executing several strategic relationships and alliances, joint ventures and acquisitions.

He holds a degree of Bachelor of Science and Bachelor of Economics from Adelaide University.

Mr Fortunatow joined the board on 3 October 2003.

Mark Edwin Hurd BSc(Hons) - Executive Director

Mr Hurd is co-founder and Chief Technical Officer of MGM Wireless Holdings Pty Ltd.

He holds an honours degree in Mathematical and Computer Sciences and has received numerous awards for outstanding academic and software engineering achievements. He is the chief architect of MGM's technology.

A regular active contributor to Microsoft technical forums, Mr Hurd is sought after internationally by leading software engineers and corporations for his advice and software architecture expertise.

Prior to MGM, Mr Hurd was Chief Technical Officer at Netline Technologies, and before that held positions with Logica and Coopers and Lybrand and carried out numerous academic research projects.

In 1998, Mr Hurd co-founded Netline Technologies to design, Engineer, sell and distribute voice based mobile wireless solutions. The company achievements included Winner – Most outstanding Wireless Mobile Product.

Mr Hurd joined the board on 3 October 2003.

Richard Salvatore Sciano - Non-executive Director

Mr Sciano, 35, was born and educated in Western Australia. He has been involved in the Australian property investment and development industry for over 15 years. Mr Sciano is also the Executive Director of ASX-listed minerals explorer Golden State Resources Ltd, and a director of a number of private companies whose businesses are focused on property investment and development.

Phillip Sidney Redmond Jackson BJuris LLB MBA, FAICD - Chairman and Non-Executive Director

Mr Jackson is a barrister and solicitor with over 20 years experience in international business, including financing, project development and marketing, gained as both an external legal counsel and as an in-house counsel and manager with major international resources and technology companies, including Western Mining Corporation. He is a director of the Asia Pacific subsidiary of an international resource services company with revenues in excess of $10 billion pa. He has lived and worked in North America, Asia and the Middle East. He is a graduate of the University of Western Australia with degrees in Law and Business Administration, and is a fellow of the Australian Institute of Company Directors.

Mr Jackson resigned as a director on 3 October 2003.

Peter Campbell Ruttledge BSc CA ASIA - Non-executive Director and Company Secretary

Mr Ruttledge is a chartered accountant with over 16 years experience in the administration of public companies. His international experience includes senior executive roles with Rank Xerox in London and Deloitte in Dublin. He is also Chief Financial Officer and Company Secretary of Dalrymple Resources NL, 40% owner of the Thunderbox Gold Mine in WA.

Mr Ruttledge resigned as a director and company secretary on 3 October 2003.

Principal Activity

The principal activity and focus of the Company's operations during the period was a single source provider of mobile messaging solutions for business enterprises.

Operating Results

The amount of the operating loss of the Company after income tax was $579,988 (2003: $751,351 - loss).

Dividends

Since the incorporation of the Company, no dividends have been paid by the Company or are recommended to be paid by the directors.

Review of Operations and Likely Developments in the Future

2004 was a turning point and an exceptional year for the Company. With the Ezyimage / MGM Wireless merger, change in the company's operations, a highly successful new product launch into the Education Markets, national expansion, and completion of many corporate initiatives, the year has been truly significant.

After successfully completing the Ezyimage / MGM Wireless merger, on October 1st, 2003, the company launched the first of its industry specific SMS messaging solutions.

MsgU™, an SMS communication solution designed specifically for schools to improve student attendance, was launched in South Australia after 14 months of comprehensive research & development, investment and planning.

The first South Australian schools to license the MsgU solution immediately and enthusiastically reported dramatic improvements in student attendance and, in the space of a few weeks, front-page newspaper stories across the country were hailing the system's success and commending the company for its innovation.

Within days of this media, the South Australian Premier, the Hon. Mike Rann, announced the Government would make available $1 million in additional funding for schools to address truancy and student retention, with the highest priority project being implementation of the MGM Wireless MsgU system.

The company is pleased to report that since then, more than half of all South Australian government high schools have now purchased licenses for MsgU, and the numbers continue to grow.

Having expanded sales channels nationwide during the year, we are pleased to report over 80 schools, geographically covering every mainland (excluding NT) state of Australia have now purchased MsgU. However, whilst impressive, this number still only represents 4% of the total Australian market size.

Extensive media coverage on MsgU and MGM Wireless in the Sydney Morning Herald, The Age, The Brisbane Courier Mail, Adelaide Advertiser, The West Australian, Channel 7 News, A Current Affair, numerous Radio Talkback shows, BBC Radio channel 5 (UK), and numerous educational publications further acknowledged the success of the product and the positive impact it is making on the next generation of Australians.

During the course of the year, MsgU was also independently proven by Governments, Education Departments and Schools nationally to deliver, within weeks of implementation, sustained improvements in student attendance and reductions in truancy by between 30-80%.

We are pleased to report the company has already achieved clear market leadership and dominates the Australian marketplace. MGM Wireless invented this technology, is pioneering a new market and industry, and achieving commercial success.

From a social point of view, unfortunately, the truth remains that in our affluent Australian society, some 120,000 to 150,000 teenage kids are missing from school every day – that's the equivalent of 150 large schools being empty. Truancy is a first step in a downward spiral that often results in poor engagement in school activities and in students leaving school before completing their studies.

With every Australian high school costing an average of $11 million a year to run, the public is asking, "What is the point in our governments throwing money into an education system if the children aren't there?" On a political level, governments are beginning to acknowledge the Truancy epidemic.

Truancy – and its concomitant problems such as low retention rates, vandalism, shoplifting, unwanted teen pregnancy and crime – is a growing and somewhat hidden problem in Australia. Prime Minister John Howard recently announced that if re-elected, the Liberal Party would move to base future $7 billion school funding conditional on schools publicly reporting on daily student attendance rates.

On September 3rd, 2004, Labor leader Mark Latham promised to invest $65 million over four years to help schools and teachers tackle student discipline and truancy.

The company is pleased to report that an independent estimate holds MsgU directly responsible for an additional 1 million days spent at school by Australian children since October 1st, 2003.

Financial Overview

The successful launch and market acceptance of new technology is always impressive, however the simultaneous achievement of commercial success is even more rewarding.

The return on investment for Schools purchasing MsgU is significant. Schools are generally funded by the number of enrolled students and attendance. In Australia, each student represents approximately $ 8000 in annual funding. Funding is generally continuously adjusted according to student numbers, with funding cuts as student numbers and attendance decrease. However the cost of absenteeism impacts not only on individual schools and families but also on Australia's future social and economic health. Students who are absent for two or more days each school month achieve 25% less in academic terms than their fellow students. Truancy is an indicator for petty and more serious crime, including theft, graffiti and vandalism.

By rapidly achieving a sustained improvement of 30-80% in daily attendance, the financial justification for schools to invest in MsgU is solid. In fact, we often see Governments assisting schools through grants and other means to purchase our solution.

Providing schools with a solution that specifically address their needs, rather than just a product offering, means the company achieves strong margins.

In May 2004, MGM Wireless changed its pricing model to feature schools making payment not only for initial consulting and license fees, but also for ongoing annual license fees and communication charges.

This has had the effect of the company growing a significant ongoing income stream. By September 30th, 2004, this deferred income already grew to $120,000 and is expected to grow each quarter by $70,000 or more.

The company continues to grow from financial strength to strength, and highlights include:

- Achievement in first year sales (9 months) of $325,055.
- Quarter on quarter sales growth of 20-30%.
- Expected to move into trading profitability over the next 6-9 months.
- The company achieving $20,000 in deferred income for annual license fees which schools are contractually obliged to pay each year. Income will commence to be realised in May 2005.
- Approximately $70,000 (and growing quarterly at 20-30%) in additional deferred income is being accumulated each quarter for annual license fees.
- Sale of unmarketable share parcels.
- Share placement of $210,000.
- Sale of non-core investments.

Innovation

The founders of MGM Wireless have a strong history in innovation. The MsgU solution is unique, and the company continuously develops enhancements, new features and functionality based on Customer feedback.

We are also pleased to inform shareholders the company has been working on a new product that will increase our competitiveness and raise the bar even further.

MsgU Watchlists™ has been in development since March 2004, and reflects the significant experience the company has achieved working with schools. It has been designed to deliver improvements in student attendance to even greater heights. It will break down the barriers and significantly enhance communication between Parents, Schools, and third parties even further.

Three schools have been scheduled for the Beta release program in the December 2004 quarter, and the company is confident this innovation will further strengthen our lead in the education market.

MGM Wireless has already lodged and received a patent for MsgU Watchlists, and it is worth noting that now four (4) separate Australian Patents protect the company's products and technology.

At all times, the company is committed to enhancing our flagship products through innovation to capitalise our commanding lead in the markets we serve.

Keeping the Customer Satisfied

Excellent products attract customers. Excellent experience with those products will keep customers for the long run, and this is a key factor in rapidly growing our business and outpacing future competition.

Whilst never losing sight that MGM Wireless is a technology and communications company, we know how to deliver services well and profitably. Recent Customer satisfaction surveys showed 100% of schools surveyed would recommend MGM Wireless to another school, and their experience with our consultants and professional services exceeded their expectations.

We take Customer satisfaction very seriously. We measure customer satisfaction and make sure they are pleased with our service outcome. We look for ways to improve the customer experience. For example, as a natural consequence of MGM Wireless offering highly sophisticated SMS messaging solutions to schools, customers encounter complex situations. Bringing these into balance requires a range of skills. We have developed advanced service methodologies for schools to specifically address these complexities that result in remarkable improvements in Parent engagement with the school.

MGM Wireless professional services cover the full spectrum from implementation support for successful start-up, to maintenance services that protect the Customers investment.

However, no matter what kind of service is involved, the goal is clear: We are interested in building long-term relationships with our Customers.

The Path Ahead

The company is exceptionally well placed and confident moving forward. We are the pioneer and innovator in this emerging and rapidly growing mobile phone messaging solutions for schools market.

In the coming year, we will move rapidly to expand our commanding lead and accelerate sales growth. We will continue our aggressive push into Australian markets nationally and simultaneously move on international markets.

Our value proposition of the MsgU for schools solution has never been better, the company never stronger and the market opportunity significant. We possess the vision, leadership, and financial capability and are confident that we will achieve our goals.

Significant Changes in the State of Affairs

During the year the Company completed the acquisition of 100% of MGM Wireless Holdings Pty Ltd, the consideration for which was the allotment and issue of 59,000,000 ordinary fully paid shares. Further particulars on MGM Wireless Holdings Pty Ltd are included in the Review of Operations.

As a result of the acquisition of MGM Wireless Holdings Pty Ltd, the company changed its name from "Ezyimage Limited" to "MGM Wireless Limited.

On 28 May 2004, 14,000,000 ordinary shares were issued at an issue price of 1.5 cents per share, thereby raising $210,000.

In the opinion of the Directors, there were no other significant changes in the state of affairs of the Company that occurred during the financial period under review, not otherwise disclosed in these financial statements and Directors' report.

Events subsequent to end of the financial year

Since the end of the financial year under review and the date of this report, there has not arisen any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to significantly affect the operations of the consolidated entity, in subsequent financial years, other than as detailed in the Review of Operations

Likely Developments

Comments on likely developments and expected results have been covered generally herein and in the Review of Operations.

Share Options

No options were issued during the year.

Directors' Interests in Shares and Options of the Company

Directors' interests in equity instruments of the Company are set out in Note 15 to the financial statements.

Directors' and Senior Executives' Remuneration

The remuneration of directors and senior executives are as disclosed in Note 15 to the financial report.

Meetings of Directors

The attendance of Directors at the meetings of the Company's Board of Directors held during the year is as follows:

Directors	Number of Meetings Held whilst in office	Number of meetings attended
M Fortunatow	7	7
M Hurd	7	7
R Sciano	9	9
P Jackson	2	2
P Ruttledge	2	2

Corporate Governance Practices

The Company's corporate governance practices are set out in the Corporate Governance Statement contained in this Financial Report.

Officers' Indemnity and Insurance

The Company has not, during or since the financial year, in respect of any person who is or has been an officer or auditor of the Company or a related body corporate:

- indemnified or made any relevant agreement for indemnifying against a liability incurred as an officer, including costs and expenses in successfully defending legal proceedings; or
- paid or agreed to pay a premium in respect of a contract insuring against a liability incurred as an officer for the costs or expenses to defend legal proceedings.

Environmental Regulation

The Company's operations are not regulated by any significant environmental regulation under a Law of the Commonwealth or of a State or Territory.

Legal Proceedings

No person has applied for leave of court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the year.

Signed in accordance with a resolution of directors

Mark Fortunatow
Executive Chairman
Signed at Perth on 30 September 2004

CORPORATE GOVERNANCE

Board of Directors

The Board's primary role is the protection and enhancement of long-term shareholder value.

To fulfill this role, the Board is responsible for oversight of the management and the overall corporate governance of the Company including its strategic direction, establishing goals for management and monitoring the achievement of these goals.

The Board considers that the Company is not currently of a size, nor are its affairs of such complexity to justify the formation of separate or special committees at this time. The Board as a whole is able to address the governance aspects of the full scope of the Company's activities and to ensure that it adheres to appropriate ethical standards.

ASX Principles of Good Corporate Governance

The Board has reviewed its current practices in light of the ASX Principles of Good Corporate Governance and Best Practice Guidelines 2004 with a view to making amendments where applicable after considering the Company's size and resources it has available.

As the Company's activities develop in size, nature and scope, the size of the Board and the implementation of any additional formal corporate governance committees will be given further consideration.

During the financial year the Company has complied with each of the 10 Essential Corporate Governance Principles and the corresponding Best Practice Recommendations, other than in relation to the matters specified below:

Principle Ref	Recommendation Ref	Notification of Departure	Explanation for Departure
1	1.1	Formalise and disclose the functions reserved to the Board and those delegated to management	As from 28 June 2004 the Company achieved compliance. Prior to this time the functions were delegated and practised but without formalisation and disclosure.
2	2.1	Majority of Board not independent	The size and scope of the Company's activities does not justify the cost of appointing two additional independent directors
2	2.2 & 2.3	Chairman is not independent	The Board considers that, at this stage of the Company's development, the executive role carried out by the Chairman is in the best interests of the Company.
2	2.4	The Company does not have a Nomination Committee	The role of the Nomination Committee has been assumed by the full Board. The size and scope of the Company's activities does not justify the establishment of such a Committee.
3	3.1 & 3.2	There was no written code of conduct for directors and executives or a written securities trading policy	On 28 June 2004 the Company adopted a code of conduct for executives and a written securities trading policy. These documents reflect the existing but undocumented practices of the Company's directors, executives and employees in this area.
4	4.2, 4.3 & 4.4	The Company does not have an Audit Committee	The role of the Audit Committee has been assumed by the full Board. The size and scope of the Company's activities does not justify the establishment of such a Committee.
4	4.5	No Audit Committee charter	All matters concerning the Company's financial statements were scrutinised and determined by the Board. The Company utilises the services of an independent audit firm that is subject to partner rotation.
5	5.1	Written policies and procedures to ensure compliance with ASX Listing Rule disclosure requirements were adopted on 28 June 2004	Prior to 28 June 2004 the Company had undocumented policies for compliance.

6	6.1	Formalisation of a communications strategy with shareholders	In line with adherence to continuous disclosure requirements of ASX all shareholders are kept informed of major developments affecting the company. This disclosure is through regular shareholder communications including the Annual Report, Half-Year Report, Quarterly Reports and the distribution of specific releases covering major transactions or events. The Company's auditors attend all shareholders' meetings.
7	7.1	The Board or appropriate board committee should establish policies of risk oversight and management	While the Company does not have formalised policies on risk management the Board recognises its responsibility for identifying areas of significant business risk and for ensuring that arrangements are in place for adequately managing these risks. This issue is regularly reviewed at Board meetings.
8	8.1	The process for evaluation of the Board, individual directors and key executives was not disclosed	The Company will consider formal procedures for evaluation in its 2004/2005 financial year.
9	9.2	The Company does not have a Remuneration Committee	The role of the Remuneration Committee has been assumed by the full Board. The size and scope of the Company's activities does not justify the establishment of such a Committee. No director participated in any deliberation regarding his own remuneration or related issues.
9	9.5	No Remuneration Committee Charter	All matters of remuneration were scrutinised by and determined by the Board.
10	10.1	There was no disclosed code of conduct for the Company	On 28 June 2004 the Company adopted a code based on the existing business practices promoted in the Company.

Skills, Experience, Expertise and Term of Office of each Director

A profile of each director containing the applicable information is set out in the Directors' Report.

Identification of Independent Directors

The independent director of the Company is Mr R Sciano. Mr Sciano meets all the criteria for independence as set out in Box 2.1 of the ASX Principles and Recommendations ("Independence Criteria").

Independent Professional Advice

If a director considers it necessary to obtain independent professional advice to properly discharge the responsibility of his/her office as a director, then, provided the director first obtains approval for incurring such expense form the chairperson, the Company will pay the reasonable expenses associated with obtaining such advice.

Appointments to Other Boards

Directors are required to take into consideration any potential conflicts of interest when accepting appointments to other Boards.

Ethical Standards

All Directors and employees are expected to act with the utmost of integrity and objectivity, striving at all times to enhance the reputation and performance of the Company.

Conflict of Interest

In accordance with the Corporations Act 2001 and the Company's Constitution, Directors must keep the Board advised, on an ongoing basis, of any interest that could potentially conflict with those of the Company. Where the Board believes that a significant conflict exists the Director concerned does not receive the relevant board papers and is not present at the meeting whilst the item is considered.

Directors Dealings in Company Shares

The Constitution permits Directors to acquire shares in the Company. Company policy prohibits Directors from dealing in Company shares whilst in possession of price sensitive information. Directors must notify the Company Secretary once they have bought or sold shares in the Company or exercised options over ordinary shares. In accordance with the provisions of the Corporations Act 2001 and the Listing Rules of the Australian stock Exchange, the Company on behalf of the Directors must advise the Australian Stock Exchange of any transactions conducted by them in shares and/or options in the Company.

Nomination Committee

The full Board carries out the functions of the Nomination Committee. The Board did not meet formally as the Nomination Committee during the financial year, however any relevant matters were discussed on as-required basis from time to time during regular meetings of the Board.

Audit Committee

The Company does not have an Audit Committee. The role of the Audit Committee has been assumed by the full Board.

The Audit Committee will meet bi-annually in the future (in respect of the full year and half year reports).

Performance Evaluation of the Board and its Members

During the financial year an evaluation of the Board and its members was not formally carried out. To date, there has been no formal process in place for performance evaluation. During the reporting period the Chairman informally carried out an evaluation of the Board.

Company's Remuneration Policies

Remuneration levels for executives are competitively set to attract the most qualified and experienced candidates, taking into account prevailing market conditions and individual's experience and qualifications.

Each of the non-executive directors receives a fixed fee for their services as directors. There is no direct link between remuneration paid to any of the directors and corporate performance such as bonus payments for achievement of certain key performance indicators.

Existence and Terms of any Schemes for Retirement Benefits for Non-Executive Directors

There are no retirement benefits for non-executive directors.

RSM! Bird Cameron Partners
Chartered Accountants

8 St Georges Terrace Perth WA 6000
GPO Box R1253 Perth WA 6844
T +61 8 9261 9100 F +61 8 9261 9101
www.rsmi.com.au

INDEPENDENT AUDIT REPORT
TO THE MEMBERS OF
MGM WIRELESS LIMITED

Scope

The financial report and directors' responsibility

The financial report comprises the statement of financial position, statement of financial performance, statement of cash flows, accompanying notes to the financial statements and the directors' declaration for MGM Wireless Limited (the Company) and the consolidated entity, for the year ended 30 June 2004. The consolidated entity comprises both the Company and the entities it controlled during that year.

The directors of the Company are responsible for preparing a financial report that gives a true and fair presentation of the financial report in accordance with the Corporations Act 2001. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit Approach

We conducted an independent audit of the financial report in order to express an opinion on it to the members of the Company. Our audit was conducted in accordance with Australian Auditing Standards, in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the Corporations Act 2001, including compliance with Accounting Standards in Australia and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the Company's and the consolidated entity's financial position and of their performance as represented by the results of their operations and cash flows.

We formed our audit opinion on the basis of these procedures, which included:-

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report; and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the directors.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

We performed procedures to assess whether the substance of business transactions was accurately reflected in the financial report. These and our other procedures did not include consideration or judgement of the appropriateness or reasonableness of the business plans or strategies adopted by the directors and management of the Company.

Independence

We are independent of the Company and have met the independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001.

Audit Opinion

In our opinion, the financial report of MGM Wireless Limited is in accordance with:

(a) the Corporations Act 2001, including:

(i) giving a true and fair view of the financial position of MGM Wireless Limited and the consolidated entity at 30 June 2004 and of their performance for the year ended on that date; and

(ii) complying with Accounting Standards in Australia and the Corporations Regulations 2001; and

(b) other mandatory financial reporting requirements in Australia.

RSM Bird Cameron Partners

RSM BIRD CAMERON PARTNERS
Chartered Accountants

SCubitt

S C CUBITT
Partner

Perth, WA
Dated: 30 September 2004

STATEMENT BY DIRECTOR

The Directors declare that the financial statements and notes set out on pages 13 to 30 are in accordance with the Corporations Act 2001 and:

(a) comply with Accounting Standards, other mandatory professional reporting requirements and the Corporations Regulations 2001;

(b) give a true and fair view of the Company's financial position as at 30 June 2004 and of its performance, as represented by the results of its operations and its cash flows, for the year ended 30 June 2004; and

In the Directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Directors.

M Fortunatow

Director

Signed at Perth on the 30th day of September 2004

STATEMENT OF FINANCIAL PERFORMANCE

For the year ended 30 June 2004

	Note	Consolidated 2004 $	Consolidated 2003 $	Parent Entity 2004 $	Parent Entity 2003 $
Revenues from operating activities		325,055	1,032	325,055	1,032
Revenues from non-operating activities		81,193	46,342	81,193	46,342
Total revenues from ordinary activities	2	406,248	47,374	406,248	47,374
Cost of sales		(5,492)	-	(5,492)	-
Doubtful debts		(15,500)	-	(15,500)	-
Borrowing costs		(206)	-	(206)	-
Depreciation and amortisation expense		(162,521)	(98,512)	(41,621)	(98,512)
Advertising and marketing		(77,291)	-	(77,291)	-
Consulting expenses		(67,385)	(544,570)	(67,385)	(544,570)
Corporate and administration expenses		(184,771)	(84,999)	(184,766)	(84,999)
Employee benefit expenses		(292,636)	(57,994)	(292,636)	(57,994)
Cost of investments sold		(24,084)	-	(24,084)	-
Merger and acquisition costs		(156,350)	-	(156,350)	-
Other expenses from operating activities		-	(12,650)	-	(12,650)
Loss from ordinary activities before income tax expense	3	(579,988)	(751,351)	(459,083)	(751,351)
Income tax expense relating to ordinary activities		-	-	-	-
Loss from ordinary activities after income tax expense	4	(579,988)	(751,351)	(459,083)	(751,351)
Share issues costs		(27,000)	-	(27,000)	-
Total revenues, expenses and valuation adjustments attributable to members of MGM Wireless Limited and recognised directly in equity		(27,000)	-	(27,000)	-
Total changes in equity other than those resulting from transactions with owners as owners		(606,988)	(751,351)	(486,083)	(751,351)
Basic loss per share (cents per share)	18	(0.56)	(1.27)		
Diluted loss per share (cents per share)	18	(0.56)	(1.27)		

The accompanying notes form part of these financial statements

STATEMENT OF FINANCIAL POSITION

As at 30 June 2004

	Note	Consolidated 2004 $	Consolidated 2003 $	Parent Entity 2004 $	Parent Entity 2003 $
CURRENT ASSETS					
Cash assets	16(a)	378,760	704,066	377,760	704,066
Receivables	5	155,163	150	155,163	150
Tax asset	6	-	12,993	-	12,993
Other current assets	7	548	3,440	548	3,440
TOTAL CURRENT ASSETS		534,471	720,649	533,471	720,649
NON CURRENT ASSETS					
Other financial assets	8	-	20,107	767,005	20,107
Receivables	5	-	-	40,000	-
Plant and equipment	9	88,681	67,275	54,681	67,275
Intangible assets	10	693,700	71,000	42,600	71,000
TOTAL NON CURRENT ASSETS		782,381	158,382	904,286	158,382
TOTAL ASSETS		1,316,852	879,031	1,437,757	879,031
CURRENT LIABILITIES					
Payables	11	70,012	9,703	70,012	9,703
Provisions	12	7,500	-	7,500	-
TOTAL LIABILITIES		77,512	9,703	77,512	9,703
NET ASSETS		1,239,340	869,328	1,360,245	869,328
EQUITY					
Contributed equity	13	3,731,664	2,781,664	3,731,664	2,781,664
Accumulated losses	14	(2,492,324)	(1,912,336)	(2,371,419)	(1,912,336)
TOTAL EQUITY		1,239,340	869,328	1,360,245	869,328

The accompanying notes form part of these financial statements

STATEMENT OF CASH FLOWS

For the year ended 30 June 2004

	Note	Consolidated 2004 $	Consolidated 2003 $	Parent Entity 2004 $	Parent Entity 2003 $
Cash flows from operating activities					
Receipts from customers		154,542	18,464	154,542	18,464
Payments to suppliers and employees		(697,347)	(836,041)	(697,347)	(836,041)
Interest received		19,771	56,182	19,771	56,182
Interest and other costs of finance		(206)	-	(206)	-
Net cash used in operating activities	16(b)	(523,240)	(761,395)	(523,240)	(761,395)
Cash flows from investing activities					
Payments for other financial assets		-	(20,102)	-	(20,102)
Proceeds from sale of investments		58,538	-	58,538	-
Payments for plant and equipment		(4,604)	(1,494)	(4,604)	(1,494)
Net cash on acquisition of controlled entity		1,000	-	-	-
Net cash provided by/(used in) investing activities		54,934	(21,596)	53,934	(21,596)
Cash flows from financing activities					
Proceeds from issue of shares		210,000	-	210,000	-
Expenses of share issues		(27,000)	-	(27,000)	-
Repayment of borrowings		(40,000)	-	(40,000)	-
Net cash provided by financing activities		143,000	-	143,000	-
Net increase/ (decrease) in cash held		(325,306)	(782,991)	(326,306)	(782,991)
Cash held at the beginning of the financial year		704,066	1,487,057	704,066	1,487,057
Cash held at the end of the financial year	16(a)	378,760	704,066	377,760	704,066

The accompanying notes form part of these financial statements

For the year ended 30 June 2004

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The financial report is a general purpose financial report that has been prepared in accordance with Accounting Standards, other mandatory professional reporting requirements (Urgent Issues Group Consensus Views) and the Corporations Act 2001.

The financial report has been prepared on an accruals basis and is based on historical costs and does not take into account changing money values or, except where stated, current valuations of non current assets. Cost is based on the fair values of the consideration given in exchange for assets.

The financial report has been prepared on a going concern basis taking to account the following factors:

- Increased sales revenue subsequent to balance date in the period in the period to the date of these financial statement, from the MsgU™ platform, leading to projected profitable trading during the course of the year ended 30 June 2005;
- Contributing to the above trading performance, the company commencing to receive deferred annual license fee revenue in May 2005, estimated to be $120,000 annually; and
- The future appointment of licensed operators under agreements whereby for each agreement entered into, $150,000 is payable to the company to distribute the MsgU™ platform.

In consideration of the above matters, the Directors believe the going concern basis to be appropriate in the preparation of the financial statements.

The accounting policies have been consistently applied, unless otherwise stated.

(b) Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of MGM Wireless Limited (the parent entity) and all entities which MGM Wireless Limited controlled from time to time during the year and at balance date.

Information from the financial statements of controlled entities is included from the date the parent entity obtains control until such time as control ceases. Where there is a loss of control of a controlled entity, the consolidated financial statements include the results for the part of the reporting period during which the parent entity has control.

Acquisitions of entities are accounted for using the purchase method of accounting.

The financial statements of subsidiaries are prepared for the same reporting period as the parent entity, using consistent accounting policies. Adjustments are made to bring into line dissimilar accounting policies which may exist.

All inter-company balances and transactions have been eliminated in full on consolidation.

For the year ended 30 June 2004

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

(c) Income tax

The company adopts the liability method of tax effect accounting whereby the income tax expense shown in the statement of financial performance is based on the operating profit before income tax adjusted for any permanent differences.

Timing differences which arise due to the different accounting periods in which items of revenue and expense are included in the determination of operating profit before income tax and taxable income, are brought to account as either provision for deferred income tax or an asset described as future income tax benefit at the rate of income tax applicable to the period in which the benefit will be received or the liability will become payable.

Future income tax benefits are not brought to account unless realisation of the asset is assured beyond any reasonable doubt. Future income tax benefits in relation to tax losses are not brought to account unless there is virtual certainty of realisation of the benefit. The amount of these benefits is based on the assumption that no adverse change will occur in income tax legislation and the anticipation that the company will derive sufficient future assessable income and comply with the conditions of deductibility imposed by the law to permit a future income tax benefit to be obtained.

(d) Cash and cash equivalents

Cash on hand and in banks and short-term deposits are stated at nominal value.

For the purposes of the statement of cash flows, cash includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdraft.

(e) Trade and other receivables

Trade receivables are recognised and carried at original invoice amount less a provision for any uncollectible debts. An estimate of doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off as incurred.

Receivables from related parties are recognised and carried at the nominal amount due. Interest is taken up as income on an accrual basis.

(f) Investments

Investments in controlled entities are valued in the parent entity's financial statements at cost less amounts written off for permanent diminution in the value of investments.

All other non-current investments are carried at the lower of cost and recoverable amount.

(g) Plant and equipment

Plant and equipment are brought to account at cost, less where applicable, any accumulated depreciation. The carrying amount of property, plant and equipment is reviewed annually by Directors to ensure it is not in excess of the recoverable amount from those assets. The recoverable amount is assessed on the basis of the expected net cash flows which will be received from the assets employed and subsequent disposal. The expected net cash flows have not been discounted to present values in determining recoverable amount.

(h) Intangible assets

Intellectual property rights and website development costs are carried at cost and amortised on a straight line basis over the period of the expected benefit, not exceeding five years.

For the year ended 30 June 2004

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

(i) Recoverable amount of non-current assets

The carrying amounts of non-current assets valued on a cost basis, including the intellectual property of the MSGU™ Messaging System ('the system'), are reviewed to determine whether they are in excess of their recoverable amount at reporting date. If the carrying amount exceeds its recoverable amount, the asset is written down to the lower amount. The write-down is expensed in the reporting period.

The Company's and consolidated entity's financial statements have been prepared taking into account the Directors' current assessment of the prospects for successful development, deployment and the commercialisation of the Company's and consolidated entity's messaging system. Recoverability of the Company's and consolidated entity's recorded amounts for non- current assets depends on the future events which involve risk and uncertainties.

These events include consumer acceptance of the messaging system and the achievement of the Company's and consolidated entity's business forecasts. The Directors have carefully considered the above factors and have reviewed the progress of the Company and consolidated entity in achieving these business plans and forecasts to date. At this time the Directors are of the view that the outlook for continued successful development, deployment and commercialisation of the Company's and consolidated entity's technology is positive and that the recorded amounts of the Company's and consolidated entity's non-current intangible assets are not stated in excess of their recoverable amounts. The Directors will continue to regularly monitor progress against plans and, where necessary, any required write-downs in the carrying value of these assets will be made.

(j) Trade and other payables

Liabilities for trade creditors and other amounts are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the consolidated entity.

Payables to related parties are carried at the principal amount. Interest, when charged, by the lender, is recognised as an expense on an accruals basis.

(k) Employee benefits

Provision is made for employee entitlement benefits accumulated as a result of employees rendering services up to the reporting date. These benefits include wages and salaries, annual leave and long service leave.

Liabilities arising in respect to wages and salaries, annual leave and any other employee entitlements expected to be settled within twelve months of the reporting date are measured at their nominal amounts based on remuneration rates which are expected to be paid when the liability is settled. All other employee benefits are measured at the present value of the estimated future cash outflow to be made in respect of services provided employees up to the reporting date. In determining the present value of future cash outflows, the interest rates attaching to government guaranteed securities which have terms to maturity approximating the terms of the related liability are used.

(l) Contributed equity

Issued and paid up capital is recognised at the fair value of the consideration received by the company. Any costs arising on the issue of ordinary shares are recognised directly in equity as a reduction in the proceeds received.

For the year ended 30 June 2004

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

(m) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Sale of Goods

Control of the goods has passed to the buyer.

Interest

Control of a right to receive consideration for the provision of, or investment in, assets has been attained.

Dividends

Control of a right to receive consideration for the investment in assets is attained, usually evidenced by approval of the dividend at a meeting of shareholders.

(n) Earnings per share

Basic earnings per share (EPS) is calculated by dividing the net profit attributable to the Company for the reporting period, by the weighted average number of ordinary shares of the Company, adjusted for any bonus issue.

Diluted EPS is calculated by dividing the basic EPS earnings, adjusted by the after-tax of financing costs associated with dilutive potential ordinary shares and the effect of revenues and expenses of conversion to ordinary shares associated with dilutive potential ordinary shares, by the weighted average number of ordinary shares and dilutive potential ordinary shares adjusted for any bonus issues.

(o) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the Statement of Financial Position are shown inclusive of GST.

(p) Comparative figures

Where required by Accounting Standards, comparative figures have been adjusted to conform with changes in presentation for current financial year.

(q) International Financial Reporting Standards

Australia is currently preparing for the introduction of International Financial Reporting Standards (IFRS) effective for financial years commencing 1 January 2005. This requires the production of accounting data for future comparative purposes at the beginning of the current financial year, being 1 July 2004. The adoption of Australian equivalents to IFRS will be first reflected in the consolidated entity's financial statements for the half-year ending 31 December 2005 and the year ending 30 June 2006.

The Company's Board of Directors, along with its auditors, are continuing to assess the significance of these changes and prepare for their implementation. This process involves evaluating the key differences in accounting policies and their financial impact, and identifying the changes to the company's financial reporting systems.

Set out below are the key areas where accounting policies will change and may have an impact on the financial report of the Company. At this stage the Company has not been able to reliably quantify the impacts on the financial report.

For the year ended 30 June 2004

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

(q) International Financial Reporting Standards (cont.)

Internally Generated Brands

Under the pending AASB 138: Intangible Assets, internally generated brands may not be capitalised to the statement of financial position, but should be expensed in the period in which they are incurred. Current accounting policy is to capitalise these costs and amortise them over the period in which their benefit is expected to be realised. The result of this change will be to derecognise the patents and trademarks that currently are recorded as intangible assets, with an adjustment being made to opening retained earnings.

Research and Development Expenditure

Pending standard AASB 138: Intangible Assets further requires that costs associated with research be expensed in the period in which they are incurred. In terms of current policy, research costs are capitalised to the statement of financial position where it is expected beyond any reasonable doubt that sufficient future benefits will be derived so as to recover these deferred costs.

Classification of Financial Instruments

Under AASB 139 Financial Instruments: Recognition and Measurement, financial instruments will be required to be classified into one of five categories which will, in turn, determine the accounting treatment of the item. The classifications are loans and receivables – measured at amortised cots, held to maturity – measured at amortised cost, held for trading – measured at fair value with fair value changes charged to net profit or loss, available for sale – measured at fair value with fair changes taken equity and non-trading liabilities – measured at amortised cost. This will result in a change in the current accounting policy that does not classify financial instruments. The future financial effect of this change in accounting policy is not yet known as the classification and measurement process has not yet been fully completed.

Impairment of Assets

Under the Australian equivalent to IAS 36 Impairment of Assets the recoverable amount of an asset is determined as the higher of the net selling price and value in use. This will result in a change in the consolidated entity's current accounting policy which determines the recoverable amount of an asset on the basis of net cash flows. Under the new policy it is likely that impairment of assets will be recognised sooner and that the amount of write-downs will be greater. Reliable estimation of the future financial effects of this change in accounting policy is impracticable because the conditions under which impairment will be assessed are not yet known.

Share based payments

Under AASB 2 Share based Payments, the Company will be required to determine the fair value of options issued to employees as remuneration and recognise an expense in the Statement of Financial Performance. This standard is not limited to options and also extends to other forms of equity based remuneration. It applies to all share-based payments issued after 7 November 2002 which have not vested as at 1 January 2005. Reliable estimation of the future financial effects of this change in accounting policy is impracticable as the details of future equity bases remuneration plans are unknown.

Income taxes

Under the Australian equivalent to IAS 12 Incomes Taxes, the Company will be required to use a balance sheet liability method which focuses on the tax effects of transactions and other events that affect amounts recognised in either the Statement of Financial Position or a tax-based balance sheet. The most significant impact will be the recognition of a deferred tax liability in relation to the asset revaluation reserve. Previously, the capital gains tax effects of asset revaluations were not recognised. It is not expected that there will be any further material impact as a result of adoption of this standard.

For the year ended 30 June 2004

		Consolidated		Parent Entity	
		2004 $	2003 $	2004 $	2003 $
2.	REVENUE FROM ORDINARY ACTIVITIES				
	Revenue from operating activities				
	Sales revenue	325,055	1,032	325,055	1,032
	Revenue from outside of operating activities				
	Sale of investments	58,538	-	58,538	-
	Interest	19,771	46,342	19,771	46,342
	Other income	2,884	-	2,884	-
	Total revenue from ordinary activities	406,248	47,374	406,248	47,374
3.	EXPENSES AND LOSSES/(GAINS)				
	Depreciation of plant and equipment	19,221	16,712	13,221	16,712
	Amortisation of intangibles	143,300	81,800	28,400	81,800
	Total depreciation and amortisation expense	162,521	98,512	41,621	98,512
	Doubtful debts	15,500	-	15,500	-
	Loss on sale of plant and equipment	3,977	-	3,977	-
	Profit on sale of investments	(38,431)	-	(38,431)	-
	Auditor's remuneration				
	Audit and review of financial reports	7,500	3,500	7,500	3,500
4.	INCOME TAX EXPENSE				
	The prima facie tax on the loss from ordinary activities is reconciled to income tax expenses as follows:				
	Loss from ordinary activities	579,988	751,351	459,083	751,351
	Prima facie tax benefit at 30% (2003 : 30%)	173,996	225,405	137,725	225,405
	Less tax effect of non-deductible Expenses	(71,226)	(2,373)	(36,756)	(2,373)
	Less tax effect of future income tax benefits not brought to account	(102,770)	(223,032)	(100,969)	(223,032)
	Income tax benefit relating to ordinary activities	-	-	-	-

For the year ended 30 June 2004

4. INCOME TAX EXPENSE (Cont.)

No income tax is payable by the company as it incurred a loss for the year for income tax purposes.

Losses for income tax unrecouped at balance date amounted to approximately $2,318,687 (2003: $1,976,119) (subject to confirmation by the Commissioner of Taxation). The future income tax benefit of $695,606 (2003: $592,836) which may be derived from such losses has not been carried forward as an asset in the statement of financial position and will only be obtained if:

(a) the company derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the loss to be realised;

(b) the company continues to comply with the conditions for deductibility imposed by the law; and

(c) no changes in tax legislation adversely affect the company in realising the benefit from the deductions for the losses.

	Consolidated		Parent Entity	
	2004 $	2003 $	2004 $	2003 $
5. RECEIVABLES				
Current				
Trade debtors	170,663	150	170,663	150
Less: Provision for doubtful debts	(15,500)	-	(15,500)	-
	155,163	150	155,163	150
Non-Current				
Amount owed by controlled entity	-	-	40,000	-

Terms and conditions relating to the above financial instruments:

(i) Trade debtors are non-interest bearing and generally on 30 day terms.

(ii) Amount receivable from the controlled entity are non-interest bearing and repayable on request from the parent entity.

6. TAX ASSET

GST refundable	-	12,993	-	12,993

7. OTHER CURRENT ASSETS

Prepayments	548	3,440	548	3,440

For the year ended 30 June 2004

	Consolidated 2004 $	Consolidated 2003 $	Parent Entity 2004 $	Parent Entity 2003 $
8. OTHER FINANCIAL ASSETS				
Shares in unlisted controlled entities	-	5	767,005	5
Shares in listed parent entity	-	20,102	-	20,102
	-	20,107	767,005	20,107
Market value of listed shares	-	27,510	-	27,510

Controlled entities:

Name of entity	Date of Acquisition	Country of Incorporation	Class of Shares	Equity Holding	Cost of Parent Entity's Investment
MGM Wireless Holdings Pty Ltd	8 October 2003	Australia	Ordinary	100%	767,000
Ezyalbum Pty Ltd	7 July 2000	Australia	Ordinary	100%	1
Ezyauto Pty Ltd	7 July 2000	Australia	Ordinary	100%	1
Ezyrealty Pty Ltd	7 July 2000	Australia	Ordinary	100%	1
Ezytours Pty Ltd	7 August 2000	Australia	Ordinary	100%	1
Land Fund Pty Ltd	31 January 2002	Australia	Ordinary	100%	1
					767,005

	Consolidated 2004 $	Consolidated 2003 $	Parent Entity 2004 $	Parent Entity 2003 $
9. PLANT AND EQUIPMENT				
Plant and equipment				
Cost	149,893	111,086	109,893	111,086
Accumulated depreciation	(61,212)	(43,811)	(55,212)	(43,811)
Total written down amount	88,681	67,275	54,681	67,275
Reconciliation of the carrying amounts of plant and equipment at the beginning and end of the current and previous financial year:				
Plant and equipment				
Opening balance	67,275	82,493	67,275	82,493
Additions	44,604	1,494	4,604	1,494
Disposals	(3,977)	-	(3,977)	-
Depreciation	(19,221)	(16,712)	(13,221)	(16,712)
Closing balance	88,681	67,275	54,681	67,275

For the year ended 30 June 2004

	Consolidated		Parent Entity	
	2004 $	2003 $	2004 $	2003 $
10. INTANGIBLE ASSETS				
Intellectual Property - MSGU™				
Cost	766,000	-	-	-
Accumulated amortisation	(114,900)	-	-	-
	651,100	-	-	-
Website development expenditure				
Cost	142,000	142,000	142,000	142,000
Accumulated amortisation	(99,400)	(71,000)	(99,400)	(71,000)
	42,600	71,000	42,600	71,000
Licence fee				
Cost	-	49,000	-	49,000
Accumulated amortisation	-	(49,000)	-	(49,000)
	-	-	-	-
	693,700	71,000	42,600	71,000

The basis of recovery of the MsgU™ platform is disclosed in Note 1(i).

	Consolidated 2004 $	Consolidated 2003 $	Parent Entity 2004 $	Parent Entity 2003 $
11. PAYABLES				
Trade creditors and accruals				
Other corporations	37,412	9,703	37,412	9,703
Directors and director related entities	21,763	-	21,763	-
Tax liability	10,837	-	10,837	-
	70,012	9,703	70,012	9,703

Trade creditors are non-interest bearing and are normally settled on 30 day terms.

	Consolidated 2004 $	Consolidated 2003 $	Parent Entity 2004 $	Parent Entity 2003 $
12. PROVISIONS				
Current				
Employee benefits	7,500	-	7,500	-

For the year ended 30 June 2004

	Note	Consolidated 2004 $	Consolidated 2003 $	Parent Entity 2004 $	Parent Entity 2003 $

13. CONTRIBUTED EQUITY

(a) Issued and paid up capital

Ordinary shares, fully paid	3,731,664	2,781,664	3,731,664	2,781,664

(b) Movement in shares on issue

		Number	2004 $	Number	2003 $
Balance at beginning of year		59,301,690	2,781,664	59,301,690	2,781,664
Issue at 1.3 cents - Acquisition of MGM Wireless Limited	(i)	59,000,000	767,000	-	-
Cash issue at 1.5 cents	(ii)	14,000,000	210,000	-	-
Expenses of issue		-	(27,000)	-	-
Balance at end of year		132,301,690	3,731,664	59,301,690	2,781,664

(i) On 8 October 2003, 59,000,000 ordinary shares were issued as consideration for acquisition of 100% of MGM Wireless Holdings Pty Ltd. The value placed on the issue was the market price at the date of entering into the acquisition agreement.

(ii) On 28 May 2004, 14,000,000 ordinary shares were issued at an issue price of 1.5 cents per share, thereby raising $210,000.

(c) Share Options

- 14,103,380 listed options expiring 30 November 2010 at an exercise price of 20 cents.
- 5,100,000 unlisted options expiring 31 December 2010 at an exercise price of 20 cents.

(d) Terms and conditions of contributed equity

Ordinary shares have the right to receive dividends as declared and, in the event of the winding up the company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held.

Ordinary shares entitle their holders to one vote, either in person or by proxy, at a meeting of the company.

14. ACCUMULATED LOSSES

	Consolidated 2004 $	Consolidated 2003 $	Parent Entity 2004 $	Parent Entity 2003 $
Balance at beginning of year	(1,912,336)	(1,160,985)	(1,912,336)	(1,160,985)
Net loss attributable to members	(579,988)	(751,351)	(459,083)	(751,351)
Balance at end of year	(2,492,324)	(1,912,336)	(2,371,419)	(1,912,336)

For the year ended 30 June 2004

15. DIRECTOR AND EXECUTIVE DISCLOSURES

Directors

Executive Chairman
M Fortunatow (Appointed 3 October 2003)

Executive Director - Technical
M Hurd (Appointed 3 October 2003)

Non Executive Director
R Sciano
P Jackson (Resigned 3 October 2003)
P Ruttledge (Resigned 3 October 2003)

Executive (other than directors) with the greatest authority for strategic direction and management

As the Board of the Company has total authority for the strategic direction and management of the consolidated entity, no person within the consolidated entity has been classified as a "specified executive".

Details of remuneration

Details of the remuneration of each director of MGM Wireless Limited, including their personally-related entities, are set out in the following table.

Director	Year	Primary		Post Employment	Equity	Other	
		Salary and fees $	Cash Bonus $	Superannuation $	Options $	$	Total $
M Fortunatow	2004	103,273	-	-	-	-	103,273
	2003	-	-	-	-	-	-
M Hurd	2004	64,364	-	-	-	-	64,364
	2003	-	-	-	-	-	-
R Sciano	2004	35,000	-		-	-	35,000
	2003	26,800	-	-	-	-	26,800
P Jackson	2004	5,625					5,625
	2003	24,375	-	-	-	-	24,375
P Ruttledge	2004	5,625	-	-	-	-	5,625
	2003	27,459	-	-	-	-	27,459

Equity instruments disclosures relating to directors and executives

Option holdings

The number of options over ordinary shares in the Company held by a director of MGM Wireless Limited or by their personally-related entities, are set out below.

Director	Held at 1 July 2003	Options Granted	Options Exercised	Other Changes	Held at 30 June 2004
M Fortunatow	-	-	-	-	-
M Hurd	-	-	-	-	-
R Sciano	-	-	-	-	-
P Jackson	425,000	-	-	-	425,000#
P Ruttledge	425,000	-	-	-	425,000#

\# Balance at date of resignation of Mr Jackson and Mr Ruttledge, being 3 October 2003.

For the year ended 30 June 2004

15. DIRECTOR AND EXECUTIVE DISCLOSURES (Cont.)

Share holdings

The numbers of shares in the Company held during the financial year by each director of MGM Wireless Limited, including their personally-related entities, are set out below.

Director	Held at 1 July 2003	Purchases	Exercise of Options	Sales	Held at 30 June 2004
M Fortunatow	-	49,206,576*	-	(2,911,154)	46,295,422
M Hurd	-	10,582,500**	-	-	10,582,500
R Sciano	2,586,307	-	-	(2,586,307)	-
P Jackson	190,384	-	-	-	190,384#
P Ruttledge	-	-	-	-	-

** Includes 45,906,576 shares acquired pursuant to acquisition by the Company of MGM Wireless Holdings Pty Ltd.*

*** Includes 9,882,500 shares acquired pursuant to acquisition by the Company of MGM Wireless Holdings Pty Ltd.*

 # Balance at date of resignation of Mr Jackson, being 3 October 2003.

Other transactions with directors

All fees paid or payable to directors and their director-related entities have been included in directors remuneration disclosed above.

The terms and conditions of the transactions with directors and director-related entities were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-director related entities on an arms length basis.

No amounts were receivable from directors and their director-related entities at balance date arising from these transactions.

Amounts payable to directors and their director-related entities at balance date arising from these transactions were as follows:

		Consolidated		Parent Entity	
	Note	2004 $	2003 $	2004 $	2003 $
Current payables					
Trade creditors	11	21,763	-	21,763	-

Wholly owned group

Details of interests in wholly owned controlled entities are set out in Note 8.

For the year ended 30 June 2004

	Consolidated 2004 $	Consolidated 2003 $	Parent Entity 2004 $	Parent Entity 2003 $
16. NOTES TO THE STATEMENT OF CASH FLOWS				
(a) Reconciliation of cash: Cash at the end of the financial year as shown in the statement of cash flows and the statement of financial position:				
Cash at bank	378,760	704,066	377,760	704,066
(b) Reconciliation of net cash used in operating activities to loss from ordinary activities:				
Loss from ordinary activities after income tax expense	(579,988)	(751,351)	(459,083)	(751,351)
Non-cash items				
Amortisation	143,300	81,800	28,400	81,800
Depreciation	19,221	16,712	13,221	16,712
Loss on sale of plant and equipment	3,977	-	3,977	-
Profit on sale of investments	(38,431)	-	(38,436)	-
Provision for doubtful debts	15,500	-	15,500	-
Changes in assets and liabilities:				
Receivables	(170,513)	27,170	(170,513)	27,170
Tax asset	23,830	17,797	23,830	17,797
Other assets	2,892	(3,440)	2,892	(3,440)
Payables	49,472	(150,083)	49,472	(150,083)
Provisions	7,500	-	7,500	-
Cash flows used by operating activities	(523,240)	(761,395)	(523,240)	(761,395)

(c) Acquisition of controlled entity:

During the year the Company issued 59,000,000 ordinary fully paid shares at a deemed issue price of 1.3 cents each as consideration for the acquisition of all of the issued capital of MGM Wireless Holdings Pty Ltd. Details of the transaction are as follows:

Consideration- Shares issued	767,000	-
Net assets of MGM Wireless Ltd at date of acquisition:		
Cash	1,000	-
Plant and equipment	40,000	-
Intangible – Intellectual Property	766,000	-
Borrowings	(40,000)	-
	767,000	-
Net cash effect:		
Cash consideration paid	-	-
Cash included in nets assets acquired	1,000	-
Cash inflow on purchase of controlled entity as reflected in the statement of cash flows	1,000	-

For the year ended 30 June 2004

	Consolidated		Parent Entity	
	2004 $	2003 $	2004 $	2003 $

17. SEGMENT REPORTING

The company operates predominantly in one business segment, being provision of business messaging solutions and internet related services utilising Web server technology and one geographic region, namely Australia.

18. EARNINGS PER SHARE

Reconciliation of earnings to net loss		
Net loss for year	(579,988)	(751,351)
Earnings used in calculation of basic EPS	(579,988)	(751,351)
	No of Shares	No of Shares
Weighted average number of ordinary shares used in the calculation of basic earnings per share	103,564,704	59,301,690

There are no potential ordinary shares on issue that are considered to be dilutive, therefore basic earnings per share also represents diluted earnings per share.

19. CONTINGENT LIABILITIES

There were no contingent liabilities at balance date.

20. COMMITMENTS

There were no commitments at balance date.

21. FINANCIAL INSTRUMENTS

(a) Interest rate risk exposure

The consolidated entity's exposure to interest rate risk, which is the risk that a financial instruments value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on those financial assets and liabilities, is as follows:

	Weighted Average Interest Rate		Floating Interest Rate		Non-Interest Bearing		Total	
	2004	2003	2004 $	2003 $	2004 $	2003 $	2004 $	2003 $
Financial Assets								
Cash	4.80%	3.80%	378,760	704,066	-	-	378,760	704,066
Receivables	-	-	-	-	155,163	150	155,163	150
Other financial assets	-	-	-	-	-	20,107	-	20,107
Total financial assets			378,760	704,066	155,163	20,257	533,923	724,323
Financial Liabilities								
Payables	-	-	-	-	70,012	9,703	70,012	9,703
Total financial liabilities			-	-	70,012	9,703	70,012	9,703

For the year ended 30 June 2004

21. FINANCIAL INSTRUMENTS (Cont.)

(b) Credit risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets is the carrying amount, net of any provisions for doubtful debts, as disclosed in the statement of financial position and notes to the financial statements.

(c) Net fair values

The net fair value of financial assets and liabilities of the company approximates their carrying amount. The company has no financial assets and liabilities where the carrying amount exceeds the net fair value at balance date.

No financial assets and financial liabilities are readily traded on organised markets in standardised form, other than listed investments. The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the statement of financial position and notes to the financial statements.

Information relating to shareholders and optionholders at 15 October 2004

		Ordinary shares	Listed Options 30 Nov 2010
1.	**Number of Holders**	382	130
2.	**Distribution of shareholders/optionholders**		
	1 - 1,000	5	-
	1,001 - 5,000	45	-
	5,001 - 10,000	34	3
	10,001 - 100,000	171	117
	100,001 and over	127	10
	Total number of holders	382	130
	Total on issue	132,301,690	14,103,380
	Number of holders of less than a marketable parcel	135	
3.	**Percentage of total holdings of 20 largest holders**	66.06%	83.17%

		Number	%
4.	**Substantial Shareholders**	**Number**	**%**
	P Fortunatow <Fortunatow Family A/C>	2,361,000	16.90%
	M Fortunatow <The AM & JM Trust>	15,782,500	11.93%
	M E Hurd <Mark Hurd Investment A/C>	9,882,500	7.47%
	Nicola Barbato	8,036,717	6.07%
5.	**Twenty largest shareholders**	**Number**	**%**
	P Fortunatow <Fortunatow Family A/C>	22,361,000	16.90%
	M Fortunatow <The AM & JM Trust>	5,782,500	11.93%
	M E Hurd <Mark Hurd Investment A/C>	9,882,500	7.47%
	M Fortunatow <The I-Bank Trust>	4,851,922	3.67%
	N, F and M Barbato <BarbatoSuper Fund A/C>	3,375,525	2.55%
	P Fortunatow <Fortunatow Family A/C>	3,300,000	2.49%
	Diego Holdings Pty Ltd <Barbato Family A/C>	3,296,553	2.49%
	Mrs C E Whiting	3,000,000	2.27%
	M C Samra <Michael C Samra Family A/C>	2,911,154	2.20%
	Wobbly Investments Pty Ltd	2,101,792	1.59%
	Boardwalk Pty Ltd <Greg Jacobs A/C>	2,000,000	1.51%
	D J & B L Le Cornu (Meegan Hotel P/L Super A/C>	2,000,000	1.51%
	Nurragi Investments Pty Ltd	2,000,000	1.51%
	K & V Lamb Pty Ltd	1,800,000	1.36%
	Tayscrip Nominees Pty Ltd	1,511,306	1.14%
	Boardwalk Pty Ltd	1,500,000	1.13%
	Cheval Holdings Pty Ltd	1,500,000	1.13%
	Oswin Pty Ltd	1,500,000	1.13%
	Unus Investments Pty Ltd	1,408,435	1.06%
	Mr D W Eddington	1,350,000	1.02%
		87,432,687	66.06%

6. Twenty largest listed optionholders

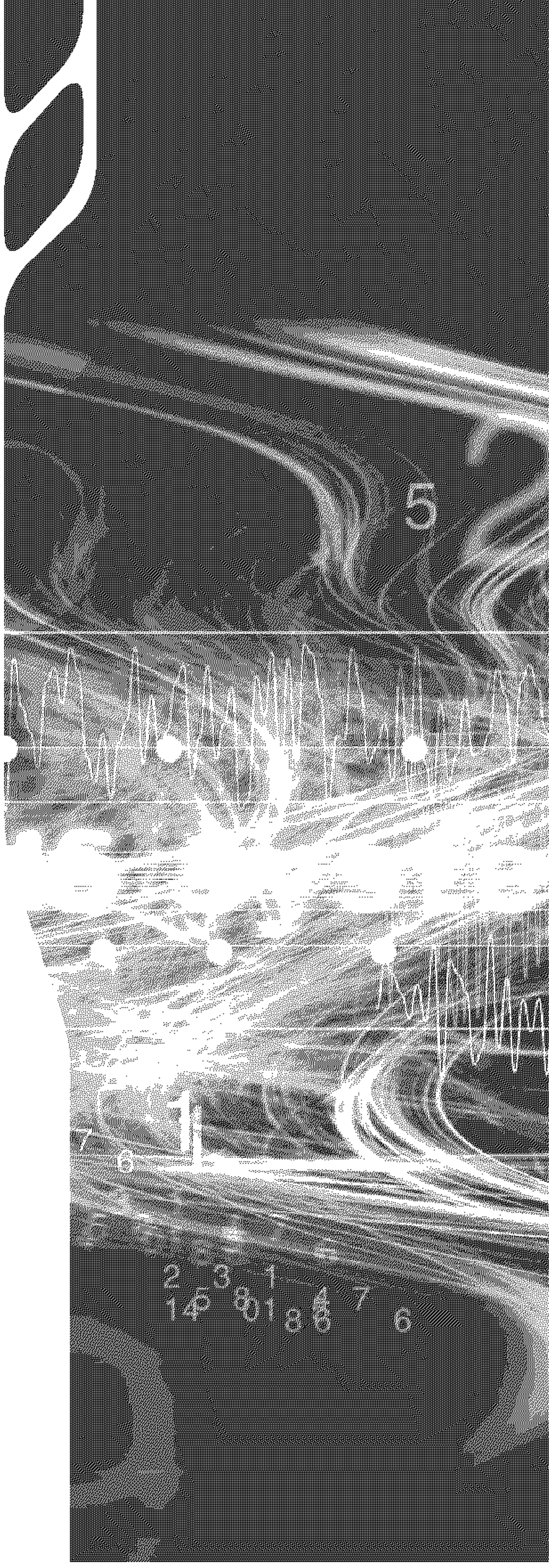
	Number	%
C P Ball <1998 Pope A/C>	3,010,000	21.34%
Mr D W Eddington	3,010,000	21.34%
Kalgoorlie Mine Management Pty Ltd	2,000,000	14.18%
Mrs L A Corns	1,030,000	7.30%
T P Coleman & M Marciniak	530,000	3.76%
J Hawkins <Hawkins Investments A/C>	500,000	3.55%
Mr C W Manners	350,000	2.48%
Grosvenor Pirie Management Limited	220,000	1.56%
Anketell Pty Ltd	150,000	1.06%
T P Coleman & M Marciniak	120,000	0.85%
Belmark Investments Pty Ltd	100,000	0.71%
Mr G N Kenny	100,000	0.71%
L J Thomson Pty Ltd	100,000	0.71%
Mr T Marchese	100,000	0.71%
Mr A J Sawyer	100,000	0.71%
Mr R R Porter	88,000	0.62%
Mr G T Foley	60,000	0.43%
Miss R M Osgood	60,000	0.43%
Quadruplex Pty Ltd	52,000	0.37%
Mr R J Gabriel	50,000	0.35%
	1,730,000	83.17%

7. Unlisted Options expiring 31 December 2010 (Exercisable at 20 cents)

Number of optionholders	6
Total options issued	5,100,000
Holders with more than 20% of this class	
Mr M L Stevens	2,000,000
Mr G P O'hara	1,200,000

8. Voting Rights

Each member present in person, or by proxy, representative or attorney, has one vote on a show of hands and one vote per share on a poll for each share held. Each member is entitled to notice of, and to attend and vote at, general meetings.



MGMwireless Limited

(Formerly Ezyimage Limited) ABN 93 091 351 530