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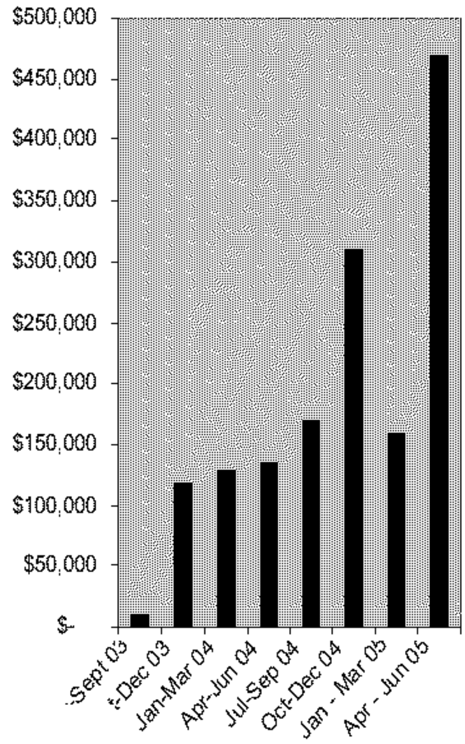
Commentary to Quarterly 4C Cashflow Report, April 1st – June 30th, 2005

Sales for the quarter grew 249% to $ 469,427 as compared to $ 134,469 for the same period a year ago, an improvement of 195% from $ 158,886 last quarter. The quarter's sales included one licensee establishment fee. Excluding the licensee establishment fee the sales growth was strong.



Annual sales for 2005 grew by 170% to approximately $ 1.1 million as compared to $ 406,208 last year.

Working capital improved by 57% to $ 782,000 as compared to $ 498,000 for the same period a year ago, an improvement of 35% from $ 580,000 last quarter.

Cash holdings grew 71% to $ 650,000 as compared to $ 380,000 for the same period a year ago, an increase of 29% from $ 502,000 last quarter.

Underlying new sales growth was strong for the quarter. Results were particularly pleasing because most new sales were derived at a wholesale pricing level rather than the historically higher end user price level due to the company now deriving most new business through its licensees. The quarter's income included an Australian Tax Office rebate in respect of Research & Development expenditure.

The number of contracted schools now exceeds 150 with representation in every state and territory in Australia. As previously announced, the company has secured its first contracts with schools in New Zealand

Forwards sales pipelines remain strong.

Items effecting cashflow not reflected in the report include:

1. Receivables of approximately $272,500

2. Payables and other current liabilities of approximately $140,000

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

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 Ltd

ABN	Quarter ended ("current quarter")
93 091 351 530	30 June 2005

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		378	937
1.2	Payments for	(a) staff costs	(106)	(514)
		(b) advertising and marketing	(76)	(233)
		(c) research and development		
		(d) leased assets		
		(e) other working capital	(48)	(321)
1.3	Dividends received			
1.4	Interest and other items of a similar nature received		6	20
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		154	(111)

		Current quarter $A'000	Year to date (.12.months) $A'000
1.8	Net operating cash flows (carried forward)	**154**	**(111)**
	Cash flows related to investing activities		
1.9	Payment for acquisition of:		
	(a) businesses (item 5)		
	(b) equity investments		
	(c) intellectual property	(6)	(6)
	(d) physical non-current assets	-	(40)
	(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	(6)	(46)
1.14	**Total operating and investing cash flows**	148	(157)
	Cash flows related to financing activities		
1.15	Proceeds from issues of shares, options, etc.	-	428
1.16	Proceeds from sale of forfeited shares		
1.17	Proceeds from borrowings		
1.18	Repayment of borrowings		
1.19	Dividends paid		
1.20	Other (provide details if material)		
	Net financing cash flows	-	428
	Net increase (decrease) in cash held	148	271
1.21	Cash at beginning of quarter/year to date	502	379
1.22	Exchange rate adjustments to item 1.20		
1.23	**Cash at end of quarter**	650	650

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	68
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		

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	96	(2)
4.2	Deposits at call	554	504
4.3	Bank overdraft		
4.4	Other (provide details)		
	Total: cash at end of quarter (item 1.22)	650	502

Acquisitions and disposals of business entities

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

Compliance statement

1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act (except to the extent that information is not required because of note 2) or other standards acceptable to ASX.

2 This statement does /does not* *(delete one)* give a true and fair view of the matters disclosed.

Sign here: M Fortunatow Date: 28 July 2005
Director

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.

+ See chapter 19 for defined terms.