



Appendix 4C – Quarter ended 31 December 2003

POCKETMAIL REPORTS OPERATING CASH SURPLUS FOR THE DECEMBER QUARTER

Sydney, Friday 30 January PocketMail Group Limited (ASX: PKT), a leading provider of value-priced mobile e-mail services, today released its Statement of Cash Flows for the Quarter ended 31 December 2003.

Statement of Cash Flows

The group achieved a Net Operating Cash Surplus of A\$ 0.07 million for the December quarter.

Total receipts from customers increased to \$A 2.8 million (September quarter 2003 \$A 1.7 million). Receipts from customers included A\$ 0.79 million attributable to a contract with the United States Government, for use of PocketMail technology.

The Group achieved this Net Operating Cash Surplus while increasing investment in inventory (by A\$ 0.3 million during the quarter) to meet expected device sales growth in the 2004 calendar year

Comments

PKT Chief Executive, David Marchant, commented:

“The Group has now had six successive quarters of EBITDA positive results to December 2003. Our results reflect the steady progress that we are making throughout the business. Our goal remains sustainable and increased profitability through revenue growth.”

About PocketMail

PocketMail Group Limited (ASX:PKT) is a leading provider of value-priced, world-wide mobile e-mail services. The company's services are available locally throughout the United States, Canada, Western Europe and Australia, and internationally from every other country in the world. PocketMail has operations in Sydney, Australia in addition to its US operations in San Jose, California. For more information about PocketMail and its mobile e-mail services, please visit www.pocketmail.com

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Appendix 4C

Quarterly report for entities admitted on the basis of commitments

Introduced 31/3/2000. Amended 30/9/2001

Name of entity

PocketMail Group Limited

ABN

008 719 015

Quarter ended ("current quarter")

31 December 2003

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (6 months) \$A'000
1.1 Receipts from customers	2,800	4,503
1.2 Payments for		
(a) staff costs	(929)	(1,660)
(b) advertising and marketing	(45)	(203)
(c) research and development		
(d) leased assets	(101)	(199)
(e) other working capital	(1,522)	(2,318)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	1	1
1.5 Interest and other costs of finance paid	(137)	(153)
1.6 Income taxes paid		
1.7 Other (provide details if material)		
Net operating cash flows	67	(29)

+ See chapter 19 for defined terms.

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

	Current quarter \$A'000	Year to date (12 months) \$A'000
1.8 Net operating cash flows (carried forward)	67	(29)
Cash flows related to investing activities		
1.9 Payment for acquisition of:		
(a) businesses (item 5)		
(b) equity investments		
(c) intellectual property		
(d) physical non-current assets	(23)	(37)
(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)		
	(23)	(37)
Net investing cash flows		
1.14 Total operating and investing cash flows	(44)	(66)
Cash flows related to financing activities		
1.15 Proceeds from issues of shares, options, etc.		
1.16 Proceeds from sale of forfeited shares		
1.17 Proceeds from borrowings		
1.18 Repayment of borrowings	(53)	(131)
1.19 Dividends paid		
1.20 Other (provide details if material)		
	(53)	(131)
Net financing cash flows		
Net increase (decrease) in cash held	(9)	(197)
1.21 Cash at beginning of quarter/year to date	251	431
1.22 Exchange rate adjustments to item 1.20	(56)	48
1.23 Cash at end of quarter	186	186

+ 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	80
1.25	Aggregate amount of loans to the parties included in item 1.11	
1.26	Explanation necessary for an understanding of the transactions	

Non-cash financing and investing activities

- 2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

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- 2.2 Details of outlays made by other entities to establish or increase their share in businesses in which the reporting entity has an interest

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Financing facilities available

Add notes as necessary for an understanding of the position. (See AASB 1026 paragraph 12.2).

		Amount available \$A'000	Amount used \$A'000
3.1	Loan facilities – related parties & shareholders	2,649	2,649
	- Hire Purchase facility	48	48
	- non related loan facilities	170	170
3.2	Credit standby arrangements	2,867	2,867

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Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
4.1 Cash on hand and at bank	186	186
4.2 Deposits at call		
4.3 Bank overdraft		
4.4 Other (provide details)		
Total: cash at end of quarter (item 1.22)	186	186

Acquisitions and disposals of business entities

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

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: 
 Print name: David McArthur
 Company Secretary

Date: 30 January 2004

Notes

+ See chapter 19 for defined terms.

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.