
Macquarie Telecom Group Limited

Appendix 4E

Preliminary final report Financial year ended 30 June 2014

1. Results for announcement to the market

\$A'000

Revenue and other income	down	4.7%	to	196,792
(Loss) after tax attributable to members	down	106.9%	to	(776)
Net (loss) for the period attributable to members	down	106.9%	to	(776)
Dividends (distributions)		Amount per security		Franked amount per security
Final dividend		NIL ¢		NIL ¢
Previous corresponding period		12 ¢		12 ¢
Record date for determining entitlements to the dividend		N/A		
Payment date		N/A		

2. Statement of Comprehensive Income

	Notes	CONSOLIDATED	
		2014	2013
		\$'000	\$'000
Revenue and other income	6.1	196,792	206,414
Expenses	6.1	(197,665)	(191,093)
Results from operating activities		(873)	15,321
Finance income		175	551
Finance costs		(1,307)	(508)
(Loss)/profit before income tax		(2,005)	15,364
Income tax credit/(expense)		1,229	(4,036)
(Loss)/profit after income tax for the year attributable to owners of the parent		(776)	11,328
Other comprehensive income			
Items that may be reclassified to profit and loss:			
Exchange differences on translation of foreign operations		(7)	(15)
Total comprehensive (loss)/income for the year attributable to owners of the parent		(783)	11,313

3. Statement of Financial Position

	CONSOLIDATED	
	2014	2013
	\$'000	\$'000
CURRENT ASSETS		
Cash and cash equivalents	4,715	9,703
Receivables	9,793	6,872
Accrued income	4,489	5,026
Current tax receivable	605	1,509
Other	5,167	4,029
TOTAL CURRENT ASSETS	24,769	27,139
NON-CURRENT ASSETS		
Property, plant and equipment	102,012	96,211
Intangibles	15,052	13,445
Deferred tax assets	4,047	3,052
Other	353	656
TOTAL NON-CURRENT ASSETS	121,464	113,364
TOTAL ASSETS	146,233	140,503
CURRENT LIABILITIES		
Payables	27,357	30,278
Current tax liabilities	-	-
Provisions	1,588	1,443
Other	299	320
TOTAL CURRENT LIABILITIES	29,244	32,041
NON-CURRENT LIABILITIES		
Borrowings	23,500	9,000
Deferred tax liabilities	-	-
Provisions	991	1,277
Other	707	579
TOTAL NON-CURRENT LIABILITIES	25,198	10,856
TOTAL LIABILITIES	54,442	42,897
NET ASSETS	91,791	97,606
EQUITY		
Contributed equity	42,991	42,991
Reserves	172	179
Retained profit	48,628	54,436
TOTAL EQUITY	91,791	97,606

4. Statement of Changes in Equity

	Contributed Equity	Reserves	Retained Profit/(Loss)	Total
	\$'000	\$'000	\$'000	\$'000
At 1 July 2012	42,991	194	48,140	91,325
Total comprehensive income for the year	-	(15)	11,328	11,313
Transactions with owners in their capacity as owners:				
Dividends provided for or paid	-	-	(5,032)	(5,032)
	-	-	(5,032)	(5,032)
At 30 June 2013	42,991	179	54,436	97,606

	Contributed Equity	Reserves	Retained Profit/(Loss)	Total
	\$'000	\$'000	\$'000	\$'000
At 1 July 2013	42,991	179	54,436	97,606
Total comprehensive (loss) for the year	-	(7)	(776)	(783)
Transactions with owners in their capacity as owners:				
Dividends provided for or paid	-	-	(5,032)	(5,032)
	-	-	(5,032)	(5,032)
At 30 June 2014	42,991	172	48,628	91,791

5. Statement of Cash Flows

	Notes	CONSOLIDATED	
		2014	2013
		\$'000	\$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		212,587	225,574
Payments to suppliers and employees		(193,734)	(191,866)
Interest received		179	663
Interest paid		(1,277)	(490)
Income tax refunded/(paid)		1,138	(7,841)
Other receipts		118	11
NET CASH FLOWS FROM OPERATING ACTIVITIES	6.2	19,011	26,051
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of non-current assets		(33,487)	(51,493)
NET CASH FLOWS (USED IN) INVESTING ACTIVITIES		(33,487)	(51,493)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		14,500	9,000
Dividends paid on ordinary shares		(5,032)	(5,032)
NET CASH FLOWS FROM FINANCING ACTIVITIES		9,468	3,968
NET (DECREASE) IN CASH AND CASH EQUIVALENTS		(5,008)	(21,474)
Opening cash and cash equivalents brought forward		9,703	30,808
Effects of exchange rate changes on cash and cash equivalents		20	369
CASH AND CASH EQUIVALENTS AT THE END OF YEAR	6.2	4,715	9,703

6. Notes to the financial statements

6.1 Revenue and expenses

	Current period \$'000	Previous corresponding period \$'000
Revenue and other income		
Revenue		
Revenue from services	196,667	206,081
Other income		
Net profit on disposal of plant and equipment	-	2
Net foreign exchange gains	-	269
Other income	125	62
	196,792	206,414
Expenses		
Net foreign exchange losses	42	-
Bad and doubtful debts	559	40
Operating lease rental	6,293	5,810
Employment costs	62,802	63,802
Carrier costs	80,166	81,071
Depreciation and amortisation	26,382	19,802
Other expenses	21,421	20,568
	197,665	191,093

6.2 Reconciliation of cash

	2014 \$'000	2013 \$'000
Reconciliation of cash at the end of the period (as shown in the consolidated statement of cash flows) to the related items in the financial statements is as follows:		
Cash on hand and at bank	4,715	6,777
Short term deposits	-	2,926
Total cash at end of period	4,715	9,703
Reconciliation of the profit after income tax to the net cash flows from operations		
(Loss)/profit after income tax	(776)	11,328
Amortisation of non-current assets	8,306	5,328
Depreciation of non-current assets	18,076	14,474
(Profit) on sale of plant and equipment	-	(2)
Net foreign currency gains	(26)	(384)
Changes in assets and liabilities		
(Increase)/decrease in:		
Trade receivables	(1,121)	(480)
Accrued income	537	574
Prepayments	(1,138)	(1,651)
Current tax receivable	904	(1,509)
Deferred tax assets	(995)	1,337
Other receivables	(1,800)	(179)
Increase/(decrease) in:		
Trade and other creditors	(2,922)	453
Current tax liabilities	-	(3,631)
Provisions	(141)	358
Other liabilities	107	35
Net cash inflow from operating activities	19,011	26,051

7. NTA backing

	Current period	Previous corresponding Period
Net tangible asset backing per ordinary security	\$3.66	\$4.01

8 Review of operations

8.1 Significant information on financial performance and position

Further commentary on significant information is contained in the press release dated 27 August 2014 accompanying this statement.

8.2 Events occurring after the reporting period

There have been no significant events occurring after the statement of financial position date which may affect either the consolidated entity's operations or results of those operations or the consolidated entity's state of affairs.

9. Commentary on the results for the period

9.1 Earnings per share (EPS)

Details of basic and diluted EPS are as follows:

	Current period cents	Previous corresponding period cents
Basic earnings per share		
Basic earnings per share attributable to the ordinary equity holders of the company	(3.7)	54.0
Diluted earnings per share		
Diluted earnings per share attributable to the ordinary equity holders of the company	(3.7)	54.0
	Number	Number
Weighted average number of ordinary shares used in calculating basic profit per share	20,967,121	20,967,121
Weighted average number of ordinary shares and potential ordinary shares used in calculating diluted profit per share	20,967,121	20,967,121
	\$'000	\$'000
(Loss)/profit used in calculating basic and diluted profit per share	(776)	11,328

9.2 Segment reporting

Refer attachment 1.

9.3 Trends in performance

Ratios	Current period	Previous corresponding period
(Loss)/profit before tax from continuing operations / revenue from continuing operations Consolidated (loss)/profit from continuing operations before tax as a percentage of revenue from continuing operations	(1.0%)	7.4%
(Loss)/profit after tax from continuing operations / equity interests Consolidated net (loss)/profit after tax from continuing operations attributable to members as a percentage of total equity (similarly attributable) at the end of the period	(0.8%)	11.6%

9.4 Additional commentary

Further commentary on the results for the period is contained in the press release dated 27 August 2014 accompanying this statement.

10. Annual meeting

The annual meeting will be held as follows:

Place	Macquarie Telecom, Intellicentre 2
Date	21 November 2014
Time	9.00am
Approximate date the annual report will be available	24 October 2014

Compliance statement

1. **Basis of preparation of the Preliminary Final Report**
The preliminary final report has been prepared in accordance with ASX Listing Rule 4.3A, the disclosure requirements of ASX Appendix 4E and Australian Accounting Standards. The accounting policies have been consistently applied by each entity in the consolidated entity and, except where there is a change in accounting policy, are consistent with the prior year.
2. **Changes in accounting policies**
Nil.
3. This report, and the financial statements upon which the report is based, use the same accounting policies.
4. This report does give a true and fair view of the matters disclosed.
5. This report is based on accounts which have been audited.
6. The entity has a formally constituted audit committee.

Signed:



David Tudehope
Director

Date: 27 August 2014

ATTACHMENT 1

Segment Description

The consolidated entity operates in four primary operating segments providing services to corporate and government customers. The Voice segment relates to the provision of voice telecommunications services. The Data segment relates to the provision of services utilising the Macquarie Telecom data network. The Hosting segment relates to the provision of services utilising Macquarie Telecom's data hosting facilities. The Mobile segment relates to the provision of mobile telecommunications services.

All activities are principally conducted in Australia.

Segment Accounting Policies

Segment accounting policies are the same as the consolidated entity's policies described in Note 2 to the Financial Statements.

Operating segments

	Voice		Data		Hosting		Mobiles		Consolidated	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Revenue										
Sales to customers outside the consolidated entity	55,631	65,814	60,493	61,050	60,978	60,371	19,565	18,846	196,667	206,081
Other income	-	-	-	2	125	93	-	-	125	95
Total segment revenue	55,631	65,814	60,493	61,052	61,103	60,464	19,565	18,846	196,792	206,176
Unallocated revenue									-	238
Total consolidated revenue									196,792	206,414
Results										
Segment result before income tax	15,447	16,127	3,699	6,132	(11,212)	67	(569)	1,706	7,365	24,032
Unallocated revenue and expenses									(8,238)	(8,711)
(Loss)/profit before income tax and finance costs									(873)	15,321
Finance income									175	551
Finance costs									(1,307)	(508)
Consolidated entity (loss)/profit before income tax									(2,005)	15,364
Income tax credit/(expense)									1,229	(4,036)
Consolidated entity (loss)/profit after income tax									(776)	11,328