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# Macquarie Telecom Group Limited

## Appendix 4E

### Preliminary final report Financial year ended 30 June 2015

#### 1. Results for announcement to the market

				\$A'000
Revenue and other income	down	2.2%	to	192,393
(Loss) after tax attributable to members	down	451.8%	to	(4,282)
Net (loss) for the period attributable to members	down	451.8%	to	(4,282)
<b>Dividends (distributions)</b>		<b>Amount per security</b>		<b>Franked amount per security</b>
Final dividend		25 ¢		25 ¢
Previous corresponding period		NIL ¢		NIL ¢
Record date for determining entitlements to the dividend		15 September 2015		
Payment date		13 October 2015		

## 2. Statement of Comprehensive Income

	Notes	CONSOLIDATED	
		2015 \$'000	2014 \$'000
Revenue and other income	6.1	192,393	196,792
Expenses	6.1	(197,366)	(197,665)
<b>Results from operating activities</b>		(4,973)	(873)
Finance income		119	175
Finance costs		(1,582)	(1,307)
<b>(Loss) before income tax</b>		(6,436)	(2,005)
Income tax credit		2,154	1,229
<b>(Loss) after income tax for the year attributable to owners of the parent</b>		(4,282)	(776)
<b>Other comprehensive income</b>			
Items that may be reclassified to profit and loss:			
Exchange differences on translation of foreign operations		(55)	(7)
<b>Total comprehensive (loss) for the year attributable to owners of the parent</b>		(4,337)	(783)

### 3. Statement of Financial Position

	<b>CONSOLIDATED</b>	
	<b>2015</b>	<b>2014</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	6,410	4,715
Receivables	7,790	9,793
Accrued income	5,081	4,489
Current tax receivable	-	605
Assets held for sale	43,275	-
Other	4,157	5,167
<b>TOTAL CURRENT ASSETS</b>	<b>66,713</b>	<b>24,769</b>
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	51,679	102,012
Intangibles	11,065	15,052
Deferred tax assets	6,201	4,047
Other	51	353
<b>TOTAL NON-CURRENT ASSETS</b>	<b>68,996</b>	<b>121,464</b>
<b>TOTAL ASSETS</b>	<b>135,709</b>	<b>146,233</b>
<b>CURRENT LIABILITIES</b>		
Payables	23,011	27,357
Borrowings	21,000	-
Current tax liabilities	-	-
Provisions	1,595	1,588
Other	229	299
<b>TOTAL CURRENT LIABILITIES</b>	<b>45,835</b>	<b>29,244</b>
<b>NON-CURRENT LIABILITIES</b>		
Borrowings	-	23,500
Deferred tax liabilities	-	-
Provisions	865	991
Other	1,503	707
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>2,368</b>	<b>25,198</b>
<b>TOTAL LIABILITIES</b>	<b>48,203</b>	<b>54,442</b>
<b>NET ASSETS</b>	<b>87,506</b>	<b>91,791</b>
<b>EQUITY</b>		
Contributed equity	42,991	42,991
Reserves	169	172
Retained earnings	44,346	48,628
<b>TOTAL EQUITY</b>	<b>87,506</b>	<b>91,791</b>

#### 4. Statement of Changes in Equity

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

	Contributed Equity	Reserves	Retained Earnings	Total
	\$'000	\$'000	\$'000	\$'000
<b>At 1 July 2014</b>	42,991	172	48,628	91,791
<b>Total comprehensive (loss) for the year</b>	-	(55)	(4,282)	(4,337)
<b>Transactions with owners in their capacity as owners:</b>				
Share based payment	-	52	-	52
Total	-	52	-	52
<b>At 30 June 2015</b>	42,991	169	44,346	87,506

## 5. Statement of Cash Flows

	Notes	CONSOLIDATED	
		2015 \$'000	2014 \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers		212,585	212,587
Payments to suppliers and employees		(188,107)	(193,734)
Interest received		120	179
Interest paid		(1,608)	(1,277)
Income tax refunded		605	1,138
Other receipts		245	118
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	6.2	<b>23,840</b>	<b>19,011</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Acquisition of non-current assets		(19,922)	(33,487)
Proceeds from the sale of non-current assets		8	-
<b>NET CASH FLOWS (USED IN) INVESTING ACTIVITIES</b>		<b>(19,914)</b>	<b>(33,487)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
(Repayments of)/proceeds from borrowings		(2,500)	14,500
Dividends paid on ordinary shares		-	(5,032)
<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>		<b>(2,500)</b>	<b>9,468</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>1,426</b>	<b>(5,008)</b>
Opening cash and cash equivalents brought forward		4,715	9,703
Effects of exchange rate changes on cash and cash equivalents		269	20
<b>CASH AND CASH EQUIVALENTS AT THE END OF YEAR</b>	6.2	<b>6,410</b>	<b>4,715</b>

## 6. Notes to the financial statements

### 6.1 Revenue and expenses

	Current period \$'000	Previous corresponding period \$'000
<b>Revenue and other income</b>		
<b>Revenue</b>		
Revenue from services	192,077	196,667
<b>Other income</b>		
Net profit on disposal of plant and equipment	8	-
Net foreign exchange gains	50	-
Other income	258	125
	<b>192,393</b>	<b>196,792</b>
<b>Expenses</b>		
Net foreign exchange losses	-	42
Bad and doubtful debts (released)/expensed	(368)	559
Operating lease rental	6,734	6,293
Employment costs	57,660	62,802
Carrier costs	82,831	80,166
Depreciation and amortisation	31,268	26,382
Other expenses	19,241	21,421
	<b>197,366</b>	<b>197,665</b>

## 6.2 Reconciliation of cash

	2015 \$'000	2014 \$'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	6,410	4,715
<b>Total cash at end of period</b>	<b>6,410</b>	<b>4,715</b>
 <b>Reconciliation of the profit after income tax to the net cash flows from operations</b>		
(Loss) after income tax	(4,282)	(776)
Amortisation of non-current assets	11,709	8,306
Depreciation of non-current assets	19,559	18,076
(Profit) on sale of plant and equipment	(8)	-
Share based payment	52	-
Net foreign currency gains	(323)	(26)
<b>Changes in assets and liabilities</b>		
<b>(Increase)/decrease in:</b>		
Trade receivables	1,588	(1,121)
Accrued income	(592)	537
Prepayments	1,010	(1,138)
Current tax receivable	605	904
Deferred tax assets	(2,154)	(995)
Other receivables	415	(1,800)
<b>Increase/(decrease) in:</b>		
Trade and other creditors	(4,346)	(2,922)
Provisions	(119)	(141)
Other liabilities	726	107
<b>Net cash inflow from operating activities</b>	<b>23,840</b>	<b>19,011</b>

## 7. NTA backing

	Current period	Previous corresponding Period
Net tangible asset backing per ordinary security	\$3.65	\$3.66

## 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 25 August 2015 accompanying this statement.

### 8.2 Events occurring after the reporting period

On 25 August 2015, the directors declared a fully franked dividend of 25 cents per share to the holders of fully paid ordinary shares in respect of the financial year ended 30 June 2015, to be paid to the shareholders on 13 October 2015. This dividend has not been included as a liability in these financial statements. The total estimated dividend to be paid is \$5.2 million. The impact of the franking account of this dividend will be a reduction in the franking account of \$2.2 million.

On 10 August 2015, the sale of land and the shell and core building of Intellicentre 2, which has a carrying value of \$43.3 million, was completed with Keppel DC REIT and the settlement funds of \$40.3 million, being the first tranche of the sales price of \$43.3 million, was received. The remaining \$3.0 million is to be received in 12 months post settlement. The Company has entered into a triple-net-lease agreement with Keppel for the shell and core building retaining control of all repairs and maintenance on mechanical and electrical plant, facilities management, security and operations. The lease is for an initial 20 years with two five year options for approximately \$3m per annum.



## 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
<b>Basic earnings per share</b>		
Basic earnings per share attributable to the ordinary equity holders of the company	(20.4)	(3.7)
<b>Diluted earnings per share</b>		
Diluted earnings per share attributable to the ordinary equity holders of the company	(20.4)	(3.7)
	Number	Number
Weighted average number of ordinary shares used in calculating basic profit per share	20,967,121	20,967,121
Effect of dilutive securities: Performance rights	-	-
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) used in calculating basic and diluted profit per share	(4,282)	(776)

### 9.2 Segment reporting

Refer attachment 1.

### 9.3 Trends in performance

<b>Ratios</b>	Current period	Previous corresponding period
<p><b>(Loss) before tax from continuing operations / revenue from continuing operations</b>            Consolidated (loss) from continuing operations before tax as a percentage of revenue from continuing operations</p>	(3.3%)	(1.0%)
<p><b>(Loss) after tax from continuing operations / equity interests</b>            Consolidated net (loss) after tax from continuing operations attributable to members as a percentage of total equity (similarly attributable) at the end of the period</p>	(4.9%)	(0.8%)

### 9.4 Additional commentary

Further commentary on the results for the period is contained in the press release dated 25 August 2015 accompanying this statement.

## 10. Annual meeting

The annual meeting will be held as follows:

Place

Macquarie Telecom  
Level 15, 2 Market St, Sydney

Date

20 November 2015

Time

9.00am

Approximate date the annual report will be available

24 October 2015

## 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: 25 August 2015

## ATTACHMENT 1

### Segment Description

The consolidated entity operates in two primary operating segments providing services to corporate and government customers. The Telco segment relates to the provision of voice and mobile telecommunications services and 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.

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**

	Telco		Hosting		Consolidated	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
<b>Revenue</b>						
Sales to customers outside the consolidated entity	129,708	135,689	62,369	60,978	192,077	196,667
Other income	-	-	258	125	258	125
<b>Total segment revenue</b>	<b>129,708</b>	<b>135,689</b>	<b>62,627</b>	<b>61,103</b>	<b>192,335</b>	<b>196,792</b>
Unallocated revenue					58	-
<b>Total consolidated revenue</b>					<b>192,393</b>	<b>196,792</b>
<b>Results</b>						
Segment result before income tax	15,723	18,577	(12,146)	(11,212)	3,577	7,365
Unallocated revenue and expenses					(8,550)	(8,238)
<b>(Loss) before income tax and finance costs</b>					<b>(4,973)</b>	<b>(873)</b>
Finance income					119	175
Finance costs					(1,582)	(1,307)
<b>Consolidated entity (loss) before income tax</b>					<b>(6,436)</b>	<b>(2,005)</b>
Income tax credit					2,154	1,229
<b>Consolidated entity (loss) after income tax</b>					<b>(4,282)</b>	<b>(776)</b>