
Macquarie Telecom Group Limited

Appendix 4E

Preliminary final report Financial year ended 30 June 2016

1. Results for announcement to the market

			\$A'000
Revenue and other income	up	5.6%	to 203,155
Profit after tax attributable to members	up	223%	to 5,254
Net profit for the period attributable to members	up	223%	to 5,254
Dividends (distributions)		Amount per security	Franked amount per security
Final dividend		25 ¢	25 ¢
Previous corresponding period		25 ¢	25 ¢
Record date for determining entitlements to the dividend	14 September 2016		
Payment date	12 October 2016		

2. Statement of Comprehensive Income

	Notes	CONSOLIDATED	
		2016	2015
		\$'000	\$'000
Revenue and other income	6.1	203,155	192,393
Expenses	6.1	(196,263)	(197,366)
Results from operating activities		6,892	(4,973)
Finance income		567	119
Finance costs		(85)	(1,582)
Profit/(loss) before income tax		7,374	(6,436)
Income tax (expense)/credit		(2,120)	2,154
Profit/(loss) after income tax for the year attributable to owners of the parent		5,254	(4,282)
Other comprehensive income			
Items that may be reclassified to profit and loss:			
Exchange differences on translation of foreign operations		(2)	(55)
Total comprehensive income/(loss) for the year attributable to owners of the parent		5,252	(4,337)

3. Statement of Financial Position

	CONSOLIDATED	
	2016	2015
	\$'000	\$'000
CURRENT ASSETS		
Cash and cash equivalents	36,465	6,410
Receivables	8,386	5,316
Accrued income	5,620	5,081
Assets held for sale	-	43,275
Other	6,742	5,473
TOTAL CURRENT ASSETS	57,213	65,555
NON-CURRENT ASSETS		
Property, plant and equipment	47,222	51,679
Intangibles	8,167	11,065
Deferred tax assets	5,447	6,201
Other	1,780	1,209
TOTAL NON-CURRENT ASSETS	62,616	70,154
TOTAL ASSETS	119,829	135,709
CURRENT LIABILITIES		
Payables	27,096	22,441
Borrowings	-	21,000
Current tax liabilities	1,366	-
Provisions	1,442	1,595
Other	2,411	530
TOTAL CURRENT LIABILITIES	32,315	45,566
NON-CURRENT LIABILITIES		
Provisions	985	865
Other	4,103	1,772
TOTAL NON-CURRENT LIABILITIES	5,088	2,637
TOTAL LIABILITIES	37,403	48,203
NET ASSETS	82,426	87,506
EQUITY		
Contributed equity	42,991	42,991
Reserves	319	169
Retained earnings	39,116	44,346
TOTAL EQUITY	82,426	87,506

4. Statement of Changes in Equity

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

	Contributed Equity	Reserves	Retained Earnings	Total
	\$'000	\$'000	\$'000	\$'000
At 1 July 2015	42,991	169	44,346	87,506
Profit after income tax	-	-	5,254	5,254
Other comprehensive income	-	(2)	-	(2)
Total comprehensive income for the year	-	(2)	5,254	5,252
Transactions with owners in their capacity as owners:				
Dividend provided for or paid	-	-	(10,484)	(10,484)
Share based payment	-	152	-	152
Total	-	152	(10,484)	(10,332)
At 30 June 2016	42,991	319	39,116	82,426

5. Statement of Cash Flows

	Notes	CONSOLIDATED	
		2016 \$'000	2015 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		222,472	212,585
Payments to suppliers and employees		(183,578)	(188,107)
Interest received		530	120
Interest paid		(108)	(1,608)
Income tax refunded		-	605
Other receipts		125	245
NET CASH FLOWS FROM OPERATING ACTIVITIES	6.2	39,441	23,840
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of non-current assets		(18,022)	(19,922)
Proceeds from the sale of non-current assets		40,074	8
NET CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES		22,052	(19,914)
CASH FLOWS FROM FINANCING ACTIVITIES			
(Repayments of)/proceeds from borrowings		(21,000)	(2,500)
Dividends paid on ordinary shares		(10,484)	-
NET CASH FLOWS (USED IN) FINANCING ACTIVITIES		(31,484)	(2,500)
NET INCREASE IN CASH AND CASH EQUIVALENTS		30,009	1,426
Opening cash and cash equivalents brought forward		6,410	4,715
Effects of exchange rate changes on cash and cash equivalents		46	269
CASH AND CASH EQUIVALENTS AT THE END OF YEAR	6.2	36,465	6,410

6. Notes to the financial statements

6.1 Revenue and expenses

	2016 \$'000	2015 \$'000
Revenue and other income		
Revenue		
Revenue from services	202,641	192,077
Other income		
Net profit on disposal of plant and equipment	364	8
Net foreign exchange gains	-	50
Other income	150	258
	203,155	192,393
Expenses		
Net foreign exchange losses	58	-
Bad and doubtful debts expensed/(released)	18	(368)
Operating lease rental	9,073	6,734
Employment costs	56,555	57,660
Carrier costs	85,636	82,831
Depreciation and amortisation	25,374	31,268
Other expenses	19,549	19,241
	196,263	197,366

6.2 Reconciliation of cash

	2016 \$'000	2015 \$'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	31,465	6,410
Short term deposits	5,000	-
Total cash at end of period	36,465	6,410

Reconciliation of the profit after income tax to the net cash flows from operations

Profit/(loss) after income tax	5,254	(4,282)
Amortisation of non-current assets	8,406	11,709
Depreciation of non-current assets	16,968	19,559
(Profit) on sale of plant and equipment	(364)	(8)
Share based payment	152	52
Net foreign currency gains	(48)	(323)
Changes in assets and liabilities		
(Increase)/decrease in:		
Trade receivables	(147)	1,588
Accrued Income	(539)	(592)
Prepayments	(1,273)	1,010
Current tax receivable	-	605
Deferred tax assets	754	(2,154)
Other receivables	78	415
Increase/(decrease) in:		
Trade and other creditors	4,655	(4,346)
Current tax liabilities	1,366	-
Provisions	(33)	(119)
Other liabilities	4,212	726
Net cash inflow from operating activities	39,441	23,840

7. NTA backing

	2016	2015
Net tangible asset backing per ordinary security	\$3.54	\$3.65

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 24 August 2016 accompanying this statement.

8.2 Events occurring after the reporting period

On 24 August 2016, 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 2016, to be paid to the shareholders on 12 October 2016. This dividend has not been included as a liability in these financial statements. The total dividend to be paid is \$5.2 million; the reduction in the franking account will be \$2.2 million.

9. Commentary on the results for the period

9.1 Earnings per share (EPS)

Details of basic and diluted EPS are as follows:

	2016	2015
	cents	cents
Basic earnings per share		
Basic earnings per share attributable to the ordinary equity holders of the company	25.1	(20.4)
Diluted earnings per share		
Diluted earnings per share attributable to the ordinary equity holders of the company	24.8	(20.4)
	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	182,176	-
Weighted average number of ordinary shares and potential ordinary shares used in calculating diluted profit per share	21,149,297	20,967,121
	\$'000	\$'000
Profit/(loss) used in calculating basic and diluted profit per share	5,254	(4,282)

9.2 Segment reporting

Refer attachment 1.

9.3 Trends in performance

Ratios	Current period	Previous corresponding period
<p>Profit/(loss) before tax from continuing operations / revenue from continuing operations Consolidated profit/(loss) from continuing operations before tax as a percentage of revenue from continuing operations</p>	3.6%	(3.3%)
<p>Profit/(loss) after tax from continuing operations / equity interests Consolidated net profit/(loss) after tax from continuing operations attributable to members as a percentage of total equity (similarly attributable) at the end of the period</p>	6.4%	(4.9%)

9.4 Additional commentary

Further commentary on the results for the period is contained in the press release dated 24 August 2016 accompanying this statement.

10. Annual meeting

The annual meeting will be held as follows:

Place	Macquarie Telecom Level 15, 2 Market St, Sydney
Date	18 November 2016
Time	9.00am
Approximate date the annual report will be available	21 October 2016

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 2016

ATTACHMENT 1

Segment Description

The consolidated entity operates in two primary operating segments providing services to corporate and government customers. The Telecom 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.

	Telecom		Hosting		Consolidated	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Revenue						
External service revenue	138,955	135,185	63,686	56,892	202,641	192,077
Inter-segment revenue	-	-	4,712	4,800	4,712	4,800
Other income	8	38	506	278	514	316
Total segment revenue and other income	138,963	135,223	68,904	61,970	207,867	197,193
Inter-segment elimination	-	-	(4,712)	(4,800)	(4,712)	(4,800)
Total consolidated revenue and other income	138,963	135,223	64,192	57,170	203,155	192,393
Results						
EBITDA	18,323	16,508	13,943	9,787	32,266	26,295
Depreciation and amortisation	(7,799)	(8,214)	(17,575)	(23,054)	(25,374)	(31,268)
Segment result before interest and tax	10,524	8,294	(3,632)	(13,267)	6,892	(4,973)
Interest income					567	119
Interest expense					(85)	(1,582)
Consolidated entity profit/(loss) from ordinary activities before income tax expense					7,374	(6,436)
Income tax (expense)/benefit					(2,120)	2,154
Net profit/(loss)					5,254	(4,282)

Restatement of previously reported information

Subsequent to the review of the Group's strategy and business structure in the previous financial year the composition of the reportable segments were revised to appropriately reflect this change including the allocation of Corporate Office costs.

The corresponding items of segment information for the corresponding period have been restated to reflect this change. The totals of Group consolidated revenue and profit/(loss) have not been effected.