Macquarie Telecom Group Limited

Appendix 4E

Preliminary final report
Financial year ended 30 June 2008

1. Results for announcement to the market

				$A'000
Revenue and other income	down	3.7%	to	246,015
Loss after tax attributable to members	down	67.6%	to	(1,165)
Net loss for the period attributable to members	down	67.6%	to	(1,165)

Dividends (distributions)	Amount per security	Franked amount per security
Final dividend	NIL ¢	NIL ¢
Previous corresponding period	NIL ¢	NIL ¢

Record date for determining entitlements to the dividend	N/A

2. Income Statement

	Notes	CONSOLIDATED	
		2008	**2007**
		$'000	**$'000**
Revenue and other income	6.1	246,015	255,525
Expenses	6.1	(246,592)	(258,752)
Loss before income tax and finance costs		(577)	(3,227)
Finance costs		(806)	(1,012)
Loss before income tax		(1,383)	(4,239)
Income tax benefit		218	645
Net loss attributable to members		(1,165)	(3,594)

3. Balance Sheet

	CONSOLIDATED	
	2008	**2007**
	$'000	**$'000**
CURRENT ASSETS		
Cash and cash equivalents	22,558	19,998
Receivables	18,815	18,604
Accrued income	10,876	16,803
Other financial assets	1,402	1,246
Other	1,815	1,492
TOTAL CURRENT ASSETS	55,466	58,143
NON-CURRENT ASSETS		
Plant and equipment	27,563	29,729
Deferred tax assets	7,309	6,617
Other	2,171	2,474
TOTAL NON-CURRENT ASSETS	37,043	38,820
TOTAL ASSETS	92,509	96,963
CURRENT LIABILITIES		
Payables	41,909	42,514
Borrowings	1,845	3,008
Current tax liabilities	314	-
Provisions	506	381
Other	95	149
TOTAL CURRENT LIABILITIES	44,669	46,052
NON-CURRENT LIABILITIES		
Borrowings	1,772	3,617
Deferred tax liabilities	11	60
Provisions	1,169	1,046
Other	1,550	1,702
TOTAL NON-CURRENT LIABILITIES	4,502	6,425
TOTAL LIABILITIES	49,171	52,477
NET ASSETS	43,338	44,486
EQUITY		
Contributed equity	87,025	87,025
Reserves	4	(13)
Accumulated losses	(43,691)	(42,526)
TOTAL EQUITY	43,338	44,486

4. Statement of Changes in Equity

	Issued Capital	Reserves	Accumulated Losses	Total
	$'000	$'000	$'000	$'000
CONSOLIDATED				
At 1 July 2006	87,025	214	(38,932)	48,307
Currency translation differences	-	(257)	-	(257)
Total income and expense for the period recognised directly in equity	-	(257)	-	(257)
Loss for the period	-	-	(3,594)	(3,594)
Share based payments expense	-	30	-	30
At 30 June 2007	87,025	(13)	(42,526)	44,486
Currency translation difference	-	(7)	-	(7)
Total income and expense for the period recognised directly in equity	-	(7)	-	(7)
Loss for the period	-	-	(1,165)	(1,165)
Share based payments expense	-	24	-	24
At 30 June 2008	87,025	4	(43,691)	43,338

5. Statement of Cash Flows

	Notes	CONSOLIDATED	
		2008	**2007**
		$'000	**$'000**
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		273,197	277,967
Payments to suppliers and employees		(249,664)	(258,397)
Interest received		1,067	903
Interest paid		(806)	(1,012)
Goods and services tax paid		(5,043)	(5,209)
NET CASH FLOWS FROM OPERATING ACTIVITIES	6.2	18,751	14,252
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of plant and equipment		(13,030)	(11,870)
Proceeds from sale of non-current assets		3	-
Cash outflow/(inflow) from other financial assets		(156)	738
NET CASH FLOWS USED IN INVESTING ACTIVITIES		(13,183)	(11,132)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from finance leases		-	3,505
Repayment of finance lease principal		(3,008)	(2,582)
NET CASH FLOWS (USED IN)/FROM FINANCING ACTIVITIES		(3,008)	923
NET INCREASE IN CASH HELD		2,560	4,043
Opening cash and cash equivalents brought forward		19,998	15,955
CLOSING CASH AND CASH EQUIVALENTS CARRIED FORWARD	6.2	22,558	19,998

6. Notes to the financial statements

6.1 Revenue and expenses

	Current period - $'000	Previous corresponding period - $'000
Revenue from services	244,894	254,607
Interest	1,121	918
Net gain on disposal of plant and equipment	-	-
Total revenue and other income	**246,015**	**255,525**
Details of relevant expenses:		
Bad and doubtful debts	780	1,306
Operating lease rental	3,168	3,222
Employment costs	53,144	50,796
Carrier costs	155,991	172,318
Other expenses from ordinary activities	18,013	15,717
Net loss on disposal of plant and equipment	47	11
Depreciation and amortisation	15,449	15,382
Total expenses	**246,592**	**258,752**

6.2 Reconciliation of cash

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.	2008 $'000	2007 $'000
Cash on hand and at bank	22,558	19,998
Deposits at call	-	-
Total cash at end of period	**22,558**	**19,998**

Reconciliation of the loss after income tax to the net cash flows from operations	2008 $'000	2007 $'000
Loss after income tax	(1,165)	(3,594)
Amortisation of non-current assets	507	607
Depreciation of non-current assets	14,942	14,775
Loss on sale of non-current assets	47	11
Share based payments expense	24	30
Net foreign currency (losses)	(7)	(257)
Changes in assets and liabilities		
Receivables	(211)	495
Accrued income	5,927	16
Prepayments	(323)	413
Deferred tax assets	(692)	74
Payables	(605)	1,892
Current tax liabilities	314	-
Other liabilities	(206)	(243)
Deferred tax liabilities	(49)	(83)
Provision for employee benefits	248	116
Net cash inflow from operating activities	18,751	14,252

7. NTA backing

	Current period	Previous corresponding Period
Net tangible asset backing per ordinary security	$2.10	$2.16

8. Significant information on financial performance and position

Further commentary on significant information is contained in the press release dated 27 August 2008 accompanying this statement.

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	Previous corresponding period
	Cents	Cents
Basic loss per share	(5.7)	(17.4)
Diluted loss per share	(5.7)	(17.4)
	Number	Number
Weighted average number of ordinary shares used in calculating basic loss per share	20,608,621	20,608,621
Weighted average number of ordinary shares and potential ordinary shares used in calculating diluted loss per share	20,608,621	20,608,621
	$'000	$'000
Loss used in calculating basic and diluted loss per share	(1,165)	(3,594)

9.2 Segment reporting

Refer attachment 1

9.3 Trends in performance

Ratios	Current period	Previous corresponding period
Profit/(loss) before tax / revenue Consolidated profit/(loss) from ordinary activities before tax as a percentage of revenue	(0.6%)	(1.7%)
Loss after tax / equity interests Consolidated net loss from ordinary activities after tax attributable to members as a percentage of total equity (similarly attributable) at the end of the period	(2.7%)	(8.1%)

9.4 Additional commentary

Further commentary on the results for the period is contained in the press release dated 27 August 2008 accompanying this statement.

10. Annual meeting

The annual meeting will be held as follows:

Place	Museum of Sydney
Date	28 November 2008
Time	9.00am
Approximate date the annual report will be available	30 October 2008

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.

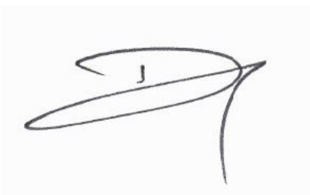
3. This report, and the financial statements upon which the report is based, use the same accounting policies.

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: Date: 27 August 2008



David Tudehope
Director

ATTACHMENT 1

Segment Description

The consolidated entity operates in three primary business segments. The voice segment relates to the provision of voice telecommunications services to Australian corporate, Australian government, and Singapore corporate customers. The data & hosting segment relates to the provision of services utilising the Macquarie data network and data hosting facility to Australian corporate, Australian government customers and Singapore corporate customers. The mobiles segment relates to the provision of mobile telecommunications services to Australian corporate and Australian government customers.

Geographically, the consolidated entity operates in two locations being Australia and Singapore.

Segment Accounting Policies

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

Business segments

	Voice		Data & Hosting		Mobiles		Consolidated	
	2008 $'000	**2007 $'000**	**2008 $'000**	**2007 $'000**	**2008 $'000**	**2007 $'000**	**2008 $'000**	**2007 $'000**
Revenue								
Sales to customers outside the consolidated entity	132,864	156,149	83,722	72,075	28,308	26,383	244,894	254,607
Other revenues from customers outside the consolidated entity	-	-	-	-	-	-	-	-
Segment revenue	132,864	156,149	83,722	72,075	28,308	26,383	244,894	254,607
Unallocated revenue							1,121	918
Total consolidated revenue							246,015	255,525
Results								
Segment result before income tax	8,764	8,069	(4,177)	(6,485)	1,545	573	6,132	2,157
Unallocated expenses							(6,709)	(5,384)
Consolidated entity loss before income tax benefit and finance cost							(577)	(3,227)
Finance cost							(806)	(1,012)
Consolidated entity loss before income tax benefit							(1,383)	(4,239)
Income tax benefit							218	645
Consolidated entity loss after income tax benefit							(1,165)	(3,594)