Macquarie Telecom Group Limited

Appendix 4E

Preliminary final report
Financial year ended 30 June 2009

1. Results for announcement to the market

				$A'000
Revenue and other income	up	3.7%	to	255,045
Profit after tax attributable to members	up	739%	to	7,447
Net profit for the period attributable to members	up	739%	to	7,447

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	
		2009	**2008**
		$'000	**$'000**
Revenue and other income	6.1	255,045	246,015
Expenses	6.1	(244,120)	(246,592)
Profit/(loss) before income tax and finance costs		10,925	(577)
Finance costs		(402)	(806)
Profit/(loss) before income tax		10,523	(1,383)
Income tax (expense)/benefit		(3,076)	218
Net profit/(loss) attributable to members		7,447	(1,165)

3. Balance Sheet

	CONSOLIDATED	
	2009	**2008**
	$'000	**$'000**
CURRENT ASSETS		
Cash and cash equivalents	35,313	22,558
Receivables	12,687	18,815
Accrued income	10,373	10,876
Other financial assets	1,506	1,402
Other	2,947	1,815
TOTAL CURRENT ASSETS	62,826	55,466
NON-CURRENT ASSETS		
Plant and equipment	25,581	27,563
Deferred tax assets	5,712	7,309
Other	1,868	2,171
TOTAL NON-CURRENT ASSETS	33,161	37,043
TOTAL ASSETS	95,987	92,509
CURRENT LIABILITIES		
Payables	37,628	41,909
Borrowings	1,430	1,845
Current tax liabilities	1,754	314
Provisions	971	506
Other	479	95
TOTAL CURRENT LIABILITIES	42,262	44,669
NON-CURRENT LIABILITIES		
Borrowings	342	1,772
Deferred tax liabilities	3	11
Provisions	1,136	1,169
Other	1,420	1,550
TOTAL NON-CURRENT LIABILITIES	2,901	4,502
TOTAL LIABILITIES	45,163	49,171
NET ASSETS	50,824	43,338
EQUITY		
Contributed equity	87,025	87,025
Reserves	43	4
Accumulated losses	(36,244)	(43,691)
TOTAL EQUITY	50,824	43,338

4. Statement of Changes in Equity

	Issued Capital	Reserves	Accumulated Losses	Total
	$'000	$'000	$'000	$'000
CONSOLIDATED				
At 1 July 2007	87,025	(13)	(42,526)	44,486
Currency translation differences	-	(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
Currency translation difference	-	42	-	42
Total income and expense for the period recognised directly in equity	-	42	-	42
Profit for the period	-	-	7,447	7,447
Share based payments (credit)	-	(3)	-	(3)
At 30 June 2009	87,025	43	(36,244)	50,824

5. Statement of Cash Flows

	Notes	CONSOLIDATED	
		2009	**2008**
		$'000	**$'000**
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		282,210	273,197
Payments to suppliers and employees		(248,750)	(249,664)
Interest received		1,280	1,067
Interest paid		(402)	(806)
Goods and services tax paid		(6,787)	(5,043)
NET CASH FLOWS FROM OPERATING ACTIVITIES	6.2	27,551	18,751
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of plant and equipment		(12,962)	(13,030)
Proceeds from sale of non-current assets		11	3
(Payments for) other financial assets		-	(156)
NET CASH FLOWS USED IN INVESTING ACTIVITIES		(12,951)	(13,183)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of finance lease principal		(1,845)	(3,008)
NET CASH FLOWS (USED IN) FINANCING ACTIVITIES		(1,845)	(3,008)
NET INCREASE IN CASH HELD		12,755	2,560
Opening cash and cash equivalents brought forward		22,558	19,998
CASH AND CASH EQUIVALENTS AT THE END OF YEAR	6.2	35,313	22,558

6. Notes to the financial statements

6.1 Revenue and expenses

	Current period - $'000	Previous corresponding period - $'000
Revenue from services	253,810	244,894
Interest	1,235	1,121
Total revenue and other income	**255,045**	**246,015**
Details of relevant expenses:		
Bad and doubtful debts	1,791	780
Operating lease rental	3,712	3,168
Employment costs	56,226	53,144
Carrier costs	148,263	155,991
Other expenses from ordinary activities	18,781	18,013
Net loss on disposal of plant and equipment	16	47
Depreciation and amortisation	15,331	15,449
Total expenses	**244,120**	**246,592**

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.	**2009 $'000**	**2008 $'000**
Cash on hand and at bank	19,313	22,558
Deposits at call	16,000	-
Total cash at end of period	**35,313**	**22,558**

Reconciliation of the profit/(loss) after income tax to the net cash flows from operations	**2009 $'000**	**2008 $'000**
Profit/(loss) after income tax	7,447	(1,165)
Amortisation of non-current assets	580	507
Depreciation of non-current assets	14,751	14,942
Loss on disposal of non-current assets	16	47
Share based payments (credit)/expense	(3)	24
Net foreign currency gains/(losses)	(173)	(7)
Changes in assets and liabilities		
Receivables	6,128	(211)
Accrued income	503	5,927
Prepayments	(1,132)	(323)
Deferred tax assets	1,597	(692)
Payables	(4,281)	(605)
Current tax liabilities	1,440	314
Other liabilities	254	(206)
Deferred tax liabilities	(8)	(49)
Provision for employee benefits	432	248
Net cash inflow from operating activities	27,551	18,751

7. NTA backing

	Current period	Previous corresponding Period
Net tangible asset backing per ordinary security	$2.47	$2.10

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 2009 accompanying this statement.

8.2 Events occurring after the balance sheet date

On 30 July 2009 Macquarie Telecom Group Limited, the Parent entity of the consolidated group, announced that it had entered into a Share Sale Agreement with CITIC 1616 Holdings Limited. The Parent agreed to sell all the issued shares in Macquarie Telecom Pte Limited, a wholly owned subsidiary incorporated in Singapore, for a consideration of SGD10.5 million (AUD8.7 million) subject to adjustment for net current asset balance as at 31 July 2009. The transaction was completed on 31 July 2009.

The transaction is expected to result in a gain on sale to the consolidated entity of approximately AUD$7 million subject to finalisation of net current assets as referred to above and selling costs. The financial effect of the sale has not been recognised in the financial statements at 30 June 2009.

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 profit/(loss) per share	36.1	(5.7)
Diluted profit/(loss) per share	35.9	(5.7)
	Number	Number
Weighted average number of ordinary shares used in calculating basic profit/(loss) per share	20,608,621	20,608,621
Weighted average number of ordinary shares and potential ordinary shares used in calculating diluted profit/(loss) per share	20,755,113	20,608,621
	$'000	$'000
Profit/(loss) used in calculating basic and diluted profit/(loss) per share	7,447	(1,165)

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	4.1%	(0.6%)
Profit/(loss) after tax / equity interests Consolidated net profit/(loss) from ordinary activities after tax attributable to members as a percentage of total equity (similarly attributable) at the end of the period	14.6%	(2.7%)

9.4 Additional commentary

Further commentary on the results for the period is contained in the press release dated 27 August 2009 accompanying this statement.

10. Annual meeting

The annual meeting will be held as follows:

Place	Museum of Sydney
Date	27 November 2009
Time	9.00am
Approximate date the annual report will be available	29 October 2009

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 2009

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 operated 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	
	2009 $'000	**2008 $'000**	**2009 $'000**	**2008 $'000**	**2009 $'000**	**2008 $'000**	**2009 $'000**	**2008 $'000**
Revenue								
Sales to customers outside the consolidated entity	125,506	132,864	100,164	83,722	28,140	28,308	253,810	244,894
Other revenues from customers outside the consolidated entity	-	-	-	-	-	-	-	-
Segment revenue	125,506	132,864	100,164	83,722	28,140	28,308	253,810	244,894
Unallocated revenue							1,235	1,121
Total consolidated revenue							255,045	246,015
Results								
Segment result before income tax	18,469	8,764	(2,842)	(4,177)	2,097	1,545	17,724	6,132
Unallocated expenses							(6,799)	(6,709)
Consolidated entity profit/(loss) before income tax benefit and finance cost							10,925	(577)
Finance cost							(402)	(806)
Consolidated entity profit/(loss) before income tax (expense)/benefit							10,523	(1,383)
Income tax (expense)/benefit							(3,076)	218
Consolidated entity profit/(loss) after income tax (expense)/benefit							7,447	(1,165)