Appendix 4D

Half year report
Six months ended 31 December 2009

1. Results for announcement to the market

				$A'000
Revenue and other income	Down	6.80%		121,176
Profit after tax attributable to members	Up	294%	to	12,308
Net profit for the period attributable to members	Up	294%	to	12,308

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

Refer commentary on review of operations in the Interim Financial Report attached.

2. Net tangible assets per security

	31 December 2009	30 June 2009
Net tangible asset backing per ordinary security	3.06	2.47

3. Dividends

The company has not declared an interim dividend in respect of the current period.

4. Compliance statement

This report, and the interim financial report upon which the report is based, use the same accounting policies. The interim financial report upon which this report is based has been reviewed. A copy of the reviewed Interim Financial Report is attached.

The appendix 4D is also to be read in conjunction with the annual financial report for the year ended 30 June 2009.

INTERIM FINANCIAL REPORT FOR THE HALF-YEAR ENDED 31 December 2009

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Directors' Report

Your directors submit their report for the half-year ended 31 December 2009.

Directors

The names of the company's directors in office during the half-year and until the date of this report are as below. Directors were in office for this entire period unless otherwise stated.

Name	Directorship
Robert Kaye	Non-Executive Chairman
David Tudehope	Chief Executive
Aidan Tudehope	Managing Director, Hosting
Stephen Butler	Non-Executive Director
John Palfreyman	Non-Executive Director

Review of Operations

The consolidated entity experienced a net profit after tax of $4.8 million for the half year from continuing operations, improving from a net profit after tax of $2.9 million for the half year to 31 December 2008.

Including profits from discontinued operations, the consolidated entity made a net profit after tax of $12.3 million for the half year compared to $3.1 million for the previous corresponding period.

Service revenue from continuing operations decreased by 3.2% to $119.4 million from $123.4 million for the previous corresponding period.

The consolidated entity maintains a sound liquidity position including $50.3 million in cash after a net cash inflow of $15.0 million for the half year to 31 December 2009.

Auditor's Independence Declaration

Refer to page 20 for the independence declaration from our auditors, PricewaterhouseCoopers.

Rounding

The amounts contained in this report and in the half-year financial report have been rounded to the nearest $1,000 (where rounding is applicable) under the option available to the company under ASIC Class Order 98/0100. The company is an entity to which the Class Order applies.

Signed in accordance with a resolution of the directors.

David Tudehope
Chief Executive

Sydney, 25 February 2010

Statement of Comprehensive Income
For the half-year ended 31 December 2009

	Notes	Consolidated 2009 $'000	Consolidated 2008 $'000
Revenue and other income	3	120,242	124,041
Expenses	3	(113,356)	(119,294)
Profit before income tax and finance costs		6,886	4,747
Finance costs		(151)	(220)
Profit before income tax		6,735	4,527
Income tax expense		(1,912)	(1,647)
Profit from continuing operations		4,823	2,880
Profit from discontinued operation	8	7,485	241
Net profit for the half year		12,308	3,121
Other comprehensive income			
Exchange differences on translation of foreign operations		74	614
Total comprehensive income for the half year		12,382	3,735
		Cents	Cents
Earnings per share for profit from continuing operations attributable to the ordinary equity holders of the company:			
Basic profit per share	4	23.4	14.0
Diluted profit per share	4	23.2	14.0
Earnings per share for profit attributable to the ordinary equity holders of the company:			
Basic profit per share	4	59.6	15.1
Diluted profit per share	4	59.1	15.1

Statement of Financial Position
As at 31 December 2009

	Consolidated	
	31 December 2009	30 June 2009
	$’000	$’000
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	50,326	35,313
Receivables	10,903	12,687
Accrued income	9,035	10,373
Other financial assets	-	1,506
Other	2,541	2,947
TOTAL CURRENT ASSETS	72,805	62,826
NON-CURRENT ASSETS		
Plant and equipment	24,946	25,581
Deferred tax assets	6,185	5,712
Other	1,717	1,868
TOTAL NON-CURRENT ASSETS	32,848	33,161
TOTAL ASSETS	105,653	95,987
LIABILITIES		
CURRENT LIABILITIES		
Payables	34,867	37,628
Borrowings	1,029	1,430
Current tax liabilities	2,498	1,754
Provisions	1,067	971
Other	379	479
TOTAL CURRENT LIABILITIES	39,840	42,262
NON-CURRENT LIABILITIES		
Borrowings	-	342
Deferred tax liabilities	-	3
Provisions	1,034	1,136
Other	1,279	1,420
TOTAL NON-CURRENT LIABILITIES	2,313	2,901
TOTAL LIABILITIES	42,153	45,163
NET ASSETS	63,500	50,824
EQUITY		
Contributed equity	42,742	87,025
Reserves	51	43
Accumulated profit/(loss)	20,707	(36,244)
TOTAL EQUITY	63,500	50,824

Statement of Changes in Equity
For the half-year ended 31 December 2009

	Contributed Equity	Reserves	Retained Profits/ (Accumulated Losses)	Total
	$'000	**$'000**	**$'000**	**$'000**
At 1 July 2008	87,025	4	(43,691)	43,338
Total comprehensive income for the year	-	614	3,121	3,735
Capital reduction	-	-	-	-
Transactions with owners in their capacity as owners:				
Share based payments expense	-	10	-	10
At 31 December 2008	87,025	628	(40,570)	47,083

	Contributed Equity	Reserves	Retained Profits/ (Accumulated Losses)	Total
	$'000	**$'000**	**$'000**	**$'000**
At 1 July 2009	87,025	43	(36,244)	50,824
Total comprehensive income for the year	-	74	12,308	12,382
Capital reduction (note 9)	(44,643)	-	44,643	-
Transactions with owners in their capacity as owners:				
Share based payments expense	-	8	-	8
Exercise of options	360	(74)	-	286
	360	(66)	-	294
At 31 December 2009	42,742	51	20,707	63,500

Statement of Cash Flows
For the half-year ended 31 December 2009

	Notes	Consolidated 2009 $'000	Consolidated 2008 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		133,780	143,854
Payments to suppliers and employees		(115,628)	(128,429)
Interest received		725	714
Interest paid		(151)	(220)
Income taxes paid		(1,717)	-
Goods and services tax paid		(3,721)	(3,612)
NET CASH FLOWS FROM OPERATING ACTIVITIES		13,288	12,307
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of non-current assets		(7,566)	(5,803)
Disposal of subsidiary – net sale proceeds		8,527	-
Proceeds from/(payments) for other financial assets		1,222	(152)
NET CASH FLOWS FROM / (USED IN) INVESTING ACTIVITIES		2,183	(5,955)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		286	-
Repayment of finance lease principal		(744)	(1,134)
NET CASH FLOWS (USED IN) FINANCING ACTIVITIES		(458)	(1,134)
NET INCREASE IN CASH HELD		15,013	5,218
Cash and cash equivalents at the beginning of the half-year		35,313	22,558
CASH AND CASH EQUIVALENTS AT END OF THE HALF-YEAR		50,326	27,776

Notes to the financial statements
For the half-year ended 31 December 2009

1. Corporate Information

The financial report of Macquarie Telecom Group Limited for the half-year ended 31 December 2009 was authorised for issue in accordance with a resolution of directors on 25 February 2010.

Macquarie Telecom Group Limited is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Stock Exchange.

2. Summary of Significant Accounting Policies

(a) Basis of accounting

The half-year financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, applicable Accounting Standards including AASB 134 “Interim Financial Reporting” and other mandatory professional reporting requirements.

The half-year financial report has been prepared in accordance with the historical cost convention, except for available for sale assets, equity based payments and derivative financial instruments that have been measured at fair value.

For the purpose of preparing the half-year financial report, the half-year has been treated as a discrete reporting period.

(b) Interim Reporting

The half year financial report does not include all notes of the type normally included within the Annual Financial Report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report.

The half-year financial report should be read in conjunction with the Annual Financial Report of Macquarie Telecom Group Limited as at 30 June 2009. It is also recommended that the half-year financial report be considered together with any public announcements made by Macquarie Telecom Group Limited during the half-year ended 31 December 2009 in accordance with the continuous disclosure obligations arising under the Corporations Act 2001.

(c) Significant accounting policies

The half-year financial report has been prepared using the same accounting policies as used in the annual financial statements for 30 June 2009. However, AASB 101 (Revised) *Presentation of Financial Statements* and AASB 8 *Operating Segments* have been adopted, leading to presentational changes in the financial information. With respect to AASB 101 (Revised), a statement of comprehensive income is now presented. With respect to AASB 8, data and hosting segments are now shown separately. These changes do not impact the amounts recognised by Macquarie Telecom Group Limited.

(d) Discontinued operations

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately on the face of the income statement.

Notes to the financial statements
For the half-year ended 31 December 2009

3. Revenue and expenses

	Current period $'000	Previous corresponding period $'000
From continuing operations		
(i) Revenues and other income		
Revenue from services	119,360	123,361
Interest	882	680
Total revenue and other income	**120,242**	**124,041**
(ii) Expenses		
Operating lease rental	1,579	1,531
Employment costs	29,434	25,534
Carrier costs	65,105	73,680
Other expenses from ordinary activities	9,509	11,054
Depreciation and amortisation	7,729	7,490
Net loss on disposal of plant and equipment	-	5
Total expense	**113,356**	**119,294**
From discontinued operations (note 8)		
(i) Revenues and other income		
Revenue from services	934	5,968
Interest	-	6
Total revenue and other income	**934**	**5,974**
(ii) Expenses		
Operating lease rental	41	294
Employment costs	160	1,959
Carrier costs	459	2,542
Other expenses from ordinary activities	135	780
Depreciation and amortisation	32	158
Net loss on disposal of plant and equipment	-	-
Total expense	**827**	**5,733**

Notes to the financial statements
For the half-year ended 31 December 2009

4. Earnings per share

Details of basic and diluted EPS are as follows:

	Current period	Previous corresponding period
	Cents	Cents
Earnings per share for profit from continuing operations attributable to the ordinary equity holders of the company:		
Basic profit per share	23.4 cents	14.0 cents
Diluted profit per share	23.2 cents	14.0 cents
Earnings per share for profit attributable to the ordinary equity holders of the company:		
Basic profit per share	59.6 cents	15.1 cents
Diluted profit per share	59.1 cents	15.1 cents
	Number	Number
Weighted average number of ordinary shares used in calculating basic profit per share	20,650,408	20,608,621
Effect of dilutive securities:		
Share options	179,231	-
Adjusted weighted average number of ordinary shares used in calculating diluted profit per share	20,829,639	20,608,621
	$000's	$000's
Profit from continuing operations used in calculating basic and diluted profit per share	4,823	2,880
Profit used in calculating basic and diluted profit per share	12,308	3,121

5. Contingent liabilities

Since the last annual reporting date, there has been no material change to contingent liabilities for the disputed carrier cost.

6. Events subsequent to reporting date

There has not been any material subsequent events from the end of the interim period and the date of this report that has not been recognised in the interim financial report.

Notes to the financial statements
For the half-year ended 31 December 2009

7. Segment reporting

Segment Description

The consolidated entity operates in four 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 segment relates to the provision of services utilising the Macquarie data network to Australian corporate, Australian government customers and Singapore corporate customers. The hosting segment relates to the provision of services utilising the Macquarie data hosting facility to Australian corporate and Australian government 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.

Changes in reported segments

On 30 July 2009 Macquarie Telecom Group Limited, the Parent entity of the consolidated group sold to CITIC 1616 Holdings Limited all the issued shares in Macquarie Telecom Pte Limited, a wholly owned subsidiary incorporated in Singapore.

The Singapore business has been disclosed as a discontinued operation and has therefore been excluded from the Voice and Data business segments for 31 December 2009 reporting purposes.

Notes to the financial statements
For the half-year ended 31 December 2009

7. Segment reporting (cont'd)

Business segments

	Voice		Data		Hosting		Mobiles		Discontinued Operation		Consolidated	
	2009 $'000	**2008 $'000**	**2009 $'000**	**2008 $'000**	**2009 $'000**	**2008 $'000**	**2009 $'000**	**2008 $'000**	**2009 $'000**	**2008 $'000**	**2009 $'000**	**2008 $'000**
Revenue												
Sales to customers outside the consolidated entity	54,613	61,115	30,172	31,475	20,529	16,116	14,046	14,655	934	5,968	120,294	129,329
Intersegment revenue	-	-	-	-	-	-	-	-	305	1,564	305	1,564
Total segment revenue	54,613	61,115	30,172	31,475	20,529	16,116	14,046	14,655	1,239	7,532	120,599	130,893
Intersegment elimination									(305)	(1,564)	(305)	(1,564)
Unallocated revenue									-	6	882	686
Total consolidated revenue									934	5,974	121,176	130,015
Results												
Segment result before tax	7,322	8,553	(601)	(2,982)	2,856	1,467	656	1,222	139	399	10,372	8,659
Unallocated expenses									(32)	(158)	(3,379)	(3,671)
Interest expense									-	-	(151)	(220)
Gain on sale of discontinued operation									7,378	-	7,378	-
Consolidated entity profit from ordinary activities before income tax expense									7,485	241	14,220	4,768
Income tax expense									-	-	(1,912)	(1,647)
Net profit									7,485	241	12,308	3,121

Segment information on geographic segments	**Australia**		**Singapore – discontinued operation**		**Consolidated**	
	2009 $'000	**2008 $'000**	**2009 $'000**	**2008 $'000**	**2009 $'000**	**2008 $'000**
Segment revenue	120,242	124,041	934	5,974	121,176	130,015

Notes to the financial statements
For the half-year ended 31 December 2009

8. Discontinued operation

(a) Description

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 in respect of its Singapore subsidiary Macquarie Telecom Pte Limited, with CITIC 1616 Holdings Limited. The transaction was completed on 31 July 2009 with Macquarie Telecom and Citic subsequently agreeing on a final sale consideration of SGD$11.3 million (AUD$9.4 million).

(b) Financial performance

Macquarie Telecom Pte Limited's financial performance and cash flow information presented are for the one month ended 31 July 2009 (2009 column) and the half-year ended 31 December 2008.

	Half-year	
	2009	**2008**
	$'000	**$'000**
Revenue	934	5,974
Expenses	(827)	(5,733)
Profit from operating activities	**107**	**241**
Finance costs	-	-
Profit before income tax	**107**	**241**
Income tax	-	-
Profit after income tax of discontinued operation	**107**	**241**
Gain on sale of discontinued operation before income tax	7,378	-
Income tax	-	-
Gain on sale of discontinued operation after income tax	**7,378**	**-**
Profit from discontinued operation	**7,485**	**241**

Notes to the financial statements
For the half-year ended 31 December 2009

8. Discontinued operation (cont'd)

(c) Cash flow information

	Half-year 2009 $'000	Half-year 2008 $'000
Net cash (used in)/generated from ordinary activities	(269)	1,277
Net cash inflow/(outflow) from investing activities (includes inflow of $9,368,000 from the sale of the discontinued operation less selling costs of $716,000 and cash held by discontinued operation at date of disposal of $125,000)	8,527	(55)
Net cash outflow from financing activities	-	(1,688)
Net increase/(decrease) in cash generated from the discontinued operation	**8,258**	**(466)**

(d) Details of the sale of the discontinued operation

	Half-year 2009 $'000	Half-year 2008 $'000
Consideration received:		
Total disposal consideration	9,368	-
Assignment of intercompany loan	(5,933)	-
Value of shares	**3,435**	**-**
Carrying amount of net liabilities	4,789	-
Components of equity to be reclassified to profit and loss	(77)	-
Intercompany elimination adjustment	8	-
Costs to sell	(777)	-
Gain on sale before income tax	**7,378**	**-**
Income tax expense	-	-
Gain on sale after income tax	**7,378**	**-**

Notes to the financial statements
For the half-year ended 31 December 2009

8. Discontinued operation (cont'd)

(e) Carrying amounts of assets and liabilities

The carrying amounts of assets and liabilities, excluding cash and intercompany accounts, as at the date of sale (31 July 2009) were:

	31 July 2009
	$'000
Trade and other receivables	397
Accrued income	594
Other financial assets	282
Other debtors	303
Plant and equipment	423
Total assets	**1,999**
Trade and other payables	958
Provisions and other liabilities	24
Total liabilities	**982**
Net assets	**1,017**

9. Capital reduction

On 27 November 2009, the shareholders resolved at the Annual General Meeting that the paid up capital of the parent company Macquarie Telecom Group Limited be reduced in the amount of $44,643,000 by debiting the capital account and crediting accumulated losses of the company in accordance with section 256B of the Corporations Act. The capital reduction does not affect any existing shareholder rights.

Directors' Declaration

In accordance with a resolution of the directors of Macquarie Telecom Group Limited, I state that:

In the opinion of the directors:

(a) The financial statements and notes of the consolidated entity:

(i) give a true and fair view of the financial position as at 31 December 2009 and the performance for the half-year ended on that date of the consolidated entity; and

(ii) comply with Accounting Standard AASB 134: "Interim Financial Reporting" and the Corporations Regulations 2001; and

(b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

On behalf of the Board

David Tudehope
Chief Executive

Sydney, 25 February 2010

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Independent Auditor's Review Report to the members of Macquarie Telecom Group Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Macquarie Telecom Group Limited, which comprise the statement of financial position as at 31 December 2009, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, other selected explanatory notes and the director's declaration for Macquarie Telecom Group Limited (the consolidated entity). The consolidated entity comprises both Macquarie Telecom Group Limited (the company) and the entities it controlled during that half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2009 and its performance for the half-year ended on that date; and complying with Accounting Standards AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Macquarie Telecom Group Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. It also includes reading the other information included with the financial report to determine whether it contains any material inconsistencies with the financial report. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our review was not designed to provide assurance on internal controls.

Our review did not involve any analysis of the prudence of business decisions made by directors or management.

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PRICEWATERHOUSECOOPERS

Independent Auditor's Review Report to the members of Macquarie Telecom Group Limited (continued)

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Macquarie Telecom Group Limited is not in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2009 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 *"Interim Financial Reporting"* and the *Corporations Regulations 2001*.

PricewaterhouseCoopers

PricewaterhouseCoopers

Wayne Andrews

Wayne Andrews
Partner
Sydney

25 February 2010

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Auditor's Independence Declaration

As lead auditor for the review of Macquarie Telecom Group Limited for the half-year ended 31 December 2009, I declare to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Macquarie Telecom Group Limited and the entities it controlled during the period.

Wayne Andrews

Wayne Andrews
Partner
Sydney

25 February 2010

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