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# Macquarie Telecom Group Limited

## Appendix 4E

### Preliminary final report Financial year ended 30 June 2012

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

\$A'000

Revenue and other income	down	4.0%	to	221,266
Profit after tax attributable to members	up	10.6%	to	19,567
Net profit for the period attributable to members	up	10.6%	to	19,567
<b>Dividends (distributions)</b>				
		Amount per security		Franked amount per security
Final dividend		12 ¢		12 ¢
Previous corresponding period		12 ¢		12 ¢
Record date for determining entitlements to the dividend		13 September 2012		
Payment date		11 October 2012		

## 2. Statement of Comprehensive Income

	Notes	CONSOLIDATED	
		2012 \$'000	2011 \$'000
Revenue and other income	6.1	221,266	230,605
Expenses	6.1	(194,493)	(205,678)
<b>Profit before income tax and finance costs</b>		26,773	24,927
Finance costs		(236)	(18)
<b>Profit before income tax</b>		26,537	24,909
Income tax expense		(6,970)	(7,217)
<b>Profit after income tax for the year attributable to owners of the parent</b>		19,567	17,692
<b>Total comprehensive income for the year attributable to owners of the parent</b>		19,567	17,692

### 3. Statement of Financial Position

	<b>CONSOLIDATED</b>	
	<b>2012</b>	<b>2011</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	30,808	53,463
Receivables	6,213	6,327
Accrued income	5,600	7,876
Other	2,378	2,072
<b>TOTAL CURRENT ASSETS</b>	44,999	69,738
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	69,275	33,632
Intangibles	8,387	8,023
Deferred tax assets	4,389	5,654
Other	959	1,262
<b>TOTAL NON-CURRENT ASSETS</b>	83,010	48,571
<b>TOTAL ASSETS</b>	128,009	118,309
<b>CURRENT LIABILITIES</b>		
Payables	29,826	34,318
Current tax liabilities	3,631	4,072
Provisions	1,239	1,499
Other	187	66
<b>TOTAL CURRENT LIABILITIES</b>	34,883	39,955
<b>NON-CURRENT LIABILITIES</b>		
Deferred tax liabilities	-	-
Provisions	1,124	898
Other	677	863
<b>TOTAL NON-CURRENT LIABILITIES</b>	1,801	1,761
<b>TOTAL LIABILITIES</b>	36,684	41,716
<b>NET ASSETS</b>	91,325	76,593
<b>EQUITY</b>		
Contributed equity	42,991	42,811
Reserves	194	182
Retained profit	48,140	33,600
<b>TOTAL EQUITY</b>	91,325	76,593

#### 4. Statement of Changes in Equity

	Contributed Equity	Reserves	Retained Profit/(Loss)	Total
	\$'000	\$'000	\$'000	\$'000
<b>At 1 July 2010</b>	42,723	148	26,324	69,195
<b>Total comprehensive income for the year</b>	-	-	17,692	17,692
<b>Transactions with owners in their capacity as owners:</b>				
Share-based payments expense	-	34	-	34
Exercise of options	88	-	-	88
Dividends provided for or paid	-	-	(10,416)	(10,416)
	88	34	(10,416)	(10,294)
<b>At 30 June 2011</b>	42,811	182	33,600	76,593

	Contributed Equity	Reserves	Retained Profit/(Loss)	Total
	\$'000	\$'000	\$'000	\$'000
<b>At 1 July 2011</b>	42,811	182	33,600	76,593
<b>Total comprehensive income for the year</b>	-	-	19,567	19,567
<b>Transactions with owners in their capacity as owners:</b>				
Share-based payments expense	-	12	-	12
Exercise of options	180	-	-	180
Dividends provided for or paid	-	-	(5,027)	(5,027)
	180	12	(5,027)	(4,835)
<b>At 30 June 2012</b>	42,991	194	48,140	91,325

**5. Statement of Cash Flows**

	Notes	CONSOLIDATED	
		2012 \$'000	2011 \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers (inclusive of goods and services tax)		242,387	253,476
Payments to suppliers and employees (inclusive of goods and services tax)		(204,546)	(211,483)
Interest received		2,564	3,183
Interest paid		(236)	(18)
Income tax paid		(6,236)	(7,076)
Other receipts		46	821
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	6.2	<b>33,979</b>	<b>38,903</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Acquisition of non-current assets		(51,872)	(30,602)
Proceeds from sale of non-current assets		-	4
<b>NET CASH FLOWS (USED IN) INVESTING ACTIVITIES</b>		<b>(51,872)</b>	<b>(30,598)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from issue of shares		180	88
Repayment of finance lease principal		-	(342)
Dividends paid on ordinary shares		(5,027)	(10,416)
<b>NET CASH FLOWS (USED IN) FINANCING ACTIVITIES</b>		<b>(4,847)</b>	<b>(10,670)</b>
<b>NET (DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>(22,740)</b>	<b>(2,365)</b>
Opening cash and cash equivalents brought forward		53,463	56,304
Effects of exchange rate changes on cash and cash equivalents		85	(476)
<b>CASH AND CASH EQUIVALENTS AT THE END OF YEAR</b>	6.2	<b>30,808</b>	<b>53,463</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	218,863	226,710
<b>Other income</b>		
Interest	2,338	3,067
Net profit on disposal of plant and equipment	-	7
Net foreign exchange gains	19	-
Other income	46	821
	<b>221,266</b>	<b>230,605</b>
<b>Expenses</b>		
Bad and doubtful debts*	41	(1,044)
Operating lease rental	5,727	6,124
Employment costs	61,721	62,081
Carrier costs	92,123	103,010
Net loss on disposal of plant and equipment	1	-
Net foreign exchange losses	-	456
Depreciation and amortisation	16,167	15,419
Other expenses	18,713	19,632
	<b>194,493</b>	<b>205,678</b>

\* Includes recoveries of debts previously provided of nil (2011: \$1.5 million).

## 6.2 Reconciliation of cash

	2012 \$'000	2011 \$'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	12,704	21,960
Short term deposits	17,600	28,984
Restricted cash*	504	2,519
<b>Total cash at end of period</b>	<b>30,808</b>	<b>53,463</b>

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

Profit after income tax	19,567	17,692
Amortisation of non-current assets	4,462	3,642
Depreciation of non-current assets	11,705	11,777
Loss/(profit) on sale of plant and equipment	1	(7)
Share based payments expense	12	34
Net foreign currency (gains)/losses	(85)	476
<b>Changes in assets and liabilities</b>		
Trade receivables	410	2,553
Other receivables	(296)	1,392
Accrued income	2,276	1,198
Prepayments	(306)	19
Deferred tax assets	1,265	503
Trade and other creditors	(4,492)	260
Other liabilities	(65)	(503)
Current tax liabilities	(441)	(289)
Deferred tax liabilities	-	-
Provisions	(34)	156
<b>Net cash inflow from operating activities</b>	<b>33,979</b>	<b>38,903</b>

\* Bank deposits held by financial institutions as security against letters of credit.

## **7. NTA backing**

	Current period	Previous corresponding Period
Net tangible asset backing per ordinary security	\$3.96	\$3.28

## **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 22 August 2012 accompanying this statement.

### **8.2 Events occurring after the reporting period**

On 22 August 2012, the directors declared a fully franked final dividend of 12 cents per share to the holders of fully paid ordinary shares in respect of the financial year ended 30 June 2012, to be paid to the shareholders on 11 October 2012. This dividend has not been included as a liability in these financial statements. The total estimated dividend to be paid is \$2.52 million.

The impact on the franking account of the dividend recommended by the directors since the end of the reporting period, but not recognised as a liability at the reporting date, will be a reduction in the franking account of \$1.08 million.



## 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	93.4	84.8
<b>Diluted earnings per share</b>		
Diluted earnings per share attributable to the ordinary equity holders of the company	93.4	84.5
	Number	Number
Weighted average number of ordinary shares used in calculating basic profit per share	20,941,162	20,869,710
Weighted average number of ordinary shares and potential ordinary shares used in calculating diluted profit per share	20,955,543	20,940,436
	\$'000	\$'000
Profit used in calculating basic and diluted profit per share	19,567	17,692

### 9.2 Segment reporting

Refer attachment 1.

### 9.3 Trends in performance

<b>Ratios</b>	Current period	Previous corresponding period
<p><b>Profit before tax from continuing operations / revenue from continuing operations</b>            Consolidated profit from continuing operations before tax as a percentage of revenue from continuing operations</p>	12.0%	10.8%
<p><b>Profit after tax from continuing operations / equity interests</b>            Consolidated net profit after tax from continuing operations attributable to members as a percentage of total equity (similarly attributable) at the end of the period</p>	21.4%	23.1%

### 9.4 Additional commentary

Further commentary on the results for the period is contained in the press release dated 22 August 2012 accompanying this statement.

## 10. Annual meeting

The annual meeting will be held as follows:

Place	Museum of Sydney
Date	23 November 2012
Time	9.00am
Approximate date the annual report will be available	26 October 2012

## **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: 22 August 2012

## **ATTACHMENT 1**

### **Segment Description**

The consolidated entity operates in four primary operating segments providing services to Australian corporate and Australian government customers. The Voice segment relates to the provision of voice telecommunications services. The Data segment relates to the provision of services utilising the Macquarie data network. The Hosting segment relates to the provision of services utilising the Macquarie data hosting facility. The Mobile segment relates to the provision of mobile telecommunications services.

Geographically, the consolidated entity operated in one location being 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**

	Voice		Data		Hosting		Mobiles		Consolidated	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
<b>Revenue</b>										
Sales to customers outside the consolidated entity	76,199	85,903	62,428	58,879	58,530	53,715	21,706	28,213	218,863	226,710
Other income	-	450	16	307	49	69	-	-	65	826
Inter-segment revenue	-	-	-	-	-	-	-	-	-	-
<b>Total segment revenue</b>	<b>76,199</b>	<b>86,353</b>	<b>62,444</b>	<b>59,186</b>	<b>58,579</b>	<b>53,784</b>	<b>21,706</b>	<b>28,213</b>	<b>218,928</b>	<b>227,536</b>
Inter-segment elimination									-	-
Unallocated revenue									2,338	3,069
<b>Total consolidated revenue</b>									<b>221,266</b>	<b>230,605</b>
<b>Results</b>										
Segment result before income tax	17,243	15,922	5,231	3,695	7,819	7,462	3,156	3,417	33,449	30,496
Unallocated revenue and expenses									(6,676)	(5,569)
<b>Profit before income tax and finance costs</b>									<b>26,773</b>	<b>24,927</b>
Finance costs									(236)	(18)
<b>Consolidated entity profit before income tax</b>									<b>26,537</b>	<b>24,909</b>
Income tax expense									(6,970)	(7,217)
<b>Consolidated entity profit after income tax</b>									<b>19,567</b>	<b>17,692</b>