
Macquarie Telecom Group Limited

Appendix 4E

Preliminary final report Financial year ended 30 June 2017

1. Results for announcement to the market

			\$A'000
Revenue and other income	up	8.4%	to 220,199
Profit after tax attributable to members	up	170%	to 14,214
Net profit for the period attributable to members	up	170%	to 14,214
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		29 September 2017	
Payment date		18 October 2017	

2. Statement of Comprehensive Income

	Notes	CONSOLIDATED	
		2017	2016
		\$'000	\$'000
Revenue and other income	6.1	220,199	203,155
Expenses	6.1	(201,148)	(196,263)
Results from operating activities		19,051	6,892
Finance income		540	567
Finance costs		(22)	(85)
Profit before income tax		19,569	7,374
Income tax expense		(5,355)	(2,120)
Profit after income tax for the year attributable to owners of the parent		14,214	5,254
Other comprehensive income			
Items that may be reclassified to profit and loss:			
Exchange differences on translation of foreign operations		(52)	(2)
Total comprehensive income for the year attributable to owners of the parent		14,162	5,252

3. Statement of Financial Position

	CONSOLIDATED	
	2017	2016
	\$'000	\$'000
CURRENT ASSETS		
Cash and cash equivalents	31,766	36,465
Receivables	7,095	8,386
Accrued income	6,654	5,620
Other	6,301	5,842
TOTAL CURRENT ASSETS	51,816	56,313
NON-CURRENT ASSETS		
Property, plant and equipment	60,089	47,222
Intangibles	12,558	8,167
Deferred tax assets	6,021	5,447
Other	2,742	2,680
TOTAL NON-CURRENT ASSETS	81,410	63,516
TOTAL ASSETS	133,226	119,829
CURRENT LIABILITIES		
Payables	28,663	27,096
Current tax liabilities	6,014	1,366
Provisions	1,546	1,442
Other	3,074	2,411
TOTAL CURRENT LIABILITIES	39,297	32,315
NON-CURRENT LIABILITIES		
Provisions	1,097	985
Other	6,401	4,103
TOTAL NON-CURRENT LIABILITIES	7,498	5,088
TOTAL LIABILITIES	46,795	37,403
NET ASSETS	86,431	82,426
EQUITY		
Contributed equity	42,991	42,991
Reserves	594	319
Retained earnings	42,846	39,116
TOTAL EQUITY	86,431	82,426

4. Statement of Changes in Equity

	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

	Contributed Equity	Reserves	Retained Earnings	Total
	\$'000	\$'000	\$'000	\$'000
At 1 July 2016	42,991	319	39,116	82,426
Profit after income tax	-	-	14,214	14,214
Other comprehensive income	-	(52)	-	(52)
Total comprehensive income for the year	-	(52)	14,214	14,162
Transactions with owners in their capacity as owners:				
Dividend provided for or paid	-	-	(10,484)	(10,484)
Share based payment	-	327	-	327
Total	-	327	(10,484)	(10,157)
At 30 June 2017	42,991	594	42,846	86,431

5. Statement of Cash Flows

	Notes	CONSOLIDATED	
		2017 \$'000	2016 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		238,010	222,472
Payments to suppliers and employees		(196,432)	(183,578)
Interest received		557	530
Interest paid		(22)	(108)
Income tax paid		(1,282)	-
Other receipts		539	125
NET CASH FLOWS FROM OPERATING ACTIVITIES	6.2	41,370	39,441
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of non-current assets			
Property, Plant & Equipment		(28,390)	(13,370)
Intangible Assets		(10,150)	(4,652)
Proceeds from the sale of non-current assets		3,002	40,074
NET CASH FLOWS (USED IN)/FROM INVESTING ACTIVITIES		(35,538)	22,052
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayments of borrowings		-	(21,000)
Dividends paid on ordinary shares		(10,484)	(10,484)
NET CASH FLOWS USED IN FINANCING ACTIVITIES		(10,484)	(31,484)
NET INCREASE IN CASH AND CASH EQUIVALENTS		(4,652)	30,009
Opening cash and cash equivalents brought forward		36,465	6,410
Effects of exchange rate changes on cash and cash equivalents		(47)	46
CASH AND CASH EQUIVALENTS AT THE END OF YEAR	6.2	31,766	36,465

6. Notes to the financial statements

6.1 Revenue and expenses

	2017 \$'000	2016 \$'000
Revenue and other income		
Revenue		
Revenue from services	219,658	202,641
Other income		
Net profit on disposal of plant and equipment	-	364
Other income	541	150
	220,199	203,155
Expenses		
Net foreign exchange losses	159	58
Bad and doubtful debts expensed	350	18
Operating lease rental	10,255	9,073
Employment costs	60,920	56,555
Carrier costs	86,150	85,636
Depreciation and amortisation	21,281	25,374
Other expenses	22,033	19,549
	201,148	196,263

6.2 Reconciliation of cash

	2017 \$'000	2016 \$'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	21,766	31,465
Short term deposits	10,000	5,000
Total cash at end of period	31,766	36,465

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

Profit after income tax expense	14,214	5,254
Amortisation of non-current assets	6,907	8,406
Depreciation of non-current assets	14,374	16,968
Profit on sale of plant and equipment	(1)	(364)
Share based payment	327	152
Net foreign currency gains	(5)	(48)
Changes in assets and liabilities		
(Increase)/decrease in:		
Trade receivables	(1,362)	(147)
Accrued Income	(1,034)	(539)
Prepayments	(521)	(1,273)
Deferred tax assets	(574)	754
Other receivables	(347)	78
Increase/(decrease) in:		
Trade and other creditors	1,567	4,655
Current tax liabilities	4,648	1,366
Provisions	216	(33)
Other liabilities	2,961	4,212
Net cash inflow from operating activities	41,370	39,441

7. Net Tangible Assets

	2017	2016
Net tangible asset backing per ordinary security (\$)	3.52	3.54

8. Earnings per share

Earnings per share for profit attributable to the equity holders of the Company:

	2017	2016
Basic earnings per share (cents)	67.8	25.1
Diluted earnings per share (cents)	66.7	24.8

9. Ratios

	2017	2016
Consolidated profit before tax as a percentage of revenue	8.9%	3.6%
Consolidated net profit after tax attributable to members as a percentage of total equity (similarly attributable) at the end of the period	16.4%	6.4%

10. Segment reporting

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.

	Telecom		Hosting		Consolidated	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Revenue						
External service revenue	142,098	138,955	77,560	63,686	219,658	202,641
Inter-segment revenue	-	-	4,375	4,712	4,375	4,712
Other income	444	8	97	506	541	514
Total segment revenue and other income	142,542	138,963	82,032	68,904	224,574	207,867
Inter-segment revenue elimination	-	-	(4,375)	(4,712)	(4,375)	(4,712)
Total consolidated revenue and other income	142,542	138,963	77,657	64,192	220,199	203,155
Results						
EBITDA	18,695	18,323	21,637	13,943	40,332	32,266
Depreciation and amortisation	(7,282)	(7,799)	(13,999)	(17,575)	(21,281)	(25,374)
Segment result before interest and tax	11,413	10,524	7,638	(3,632)	19,051	6,892
Acquisition of non-current assets						
Allocated acquisitions	11,294	5,324	23,533	9,114	34,827	14,438
Unallocated acquisitions					3,713	3,584
Total acquisition of non-current assets					38,540	18,022

Additional commentary

Further commentary on the results for the period is contained in the press release dated 30 August 2017 accompanying this statement.

Annual General Meeting

The Annual General Meeting will be held as follows:

Location	Macquarie Telecom Level 15, 2 Market St, Sydney
Date and Time	24 November 2017 @ 9.00am

Compliance statement

Basis of preparation of the Preliminary Final Report:

1. This 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. This report is based on financial statements that have been audited and an unqualified opinion has been issued.

Signed



David Tudehope
Director

Date: 30 August 2017