Appendix 4D

Half year report
Half year ended 31 December 2019

1. Results for announcement to the market

				$A'000
Revenue and other income	Up	9%	to	131,931
Profit after tax attributable to members	Down	19%	to	6,679
Net profit for the period attributable to members	Down	19%	to	6,679

Dividends (distributions)	Amount per security	Franked amount per security
Interim dividend	N/A	N/A
Previous corresponding period	N/A	N/A

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

2. Net tangible assets per security

	31 December 2019	31 December 2018
Net tangible asset backing per ordinary security	4.37	3.73

3. Dividends

No interim dividend has been declared while Macquarie Telecom Group is in a phase of significant capital-intensive growth investment.

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 2019.

Interim Financial Report for the half year ended 31 December 2019

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Directors' Report

Your directors submit their report on the consolidated entity consisting of Macquarie Telecom Group Limited ("Group") and the entities it controlled at the end of, or during, the half year ended 31 December 2019.

Directors

The names of the company's directors in office during the half-year and until the date of this report are as below.

Name	Directorship
Peter James	Chairman
David Tudehope	Chief Executive
Aidan Tudehope	Managing Director, Hosting Group
Anouk Darling	Non-Executive Director
Bart Vogel	Non-Executive Director
Adelle Howse	Non-Executive Director (Appointed 29 August 2019)

Review of Operations

The Group generated a net profit after tax of $6.7 million for the half-year to 31 December 2019, compared to a net profit after tax of $8.3 million for the half year to 31 December 2018.

Earnings before interest, tax, depreciation and amortisation (EBITDA) for the half year was $31.6 million, representing an increase of $6.1 million (23.9%) compared to the prior comparable period. The increase was partially driven by a change in accounting policy for AASB 16 as per Note 2b 1 (1) ($4.0 million)

Consolidated service revenue increased by 9.9% to $131.4 million from $119.6 million in the prior comparable period.

The Group's Telecom business contributed service revenue of $71.4 million, an increase of $2.2 million, and EBITDA of $9.9 million, a decrease of $0.3 million, compared to the prior comparable period.

The Group's Hosting business contributed external service revenue of $60.0 million, an increase of $9.6 million, and EBITDA of $21.7 million, an increase of $6.4 million, compared to the prior comparable period.

The following tables summarise the revenue and EBITDA performance of the Group's reporting segments.

Service Revenue	**Half year ended 31 December 2019 A$ million**	**Half year ended 31 December 2018 A$ million**
Telecom	71.4	69.2
Hosting	62.6	52.8
Intersegment revenue	(2.6)	(2.4)
Hosting Total	60.0	50.4
Consolidated service revenue	**131.4**	**119.6**

Directors' Report (cont'd)

EBITDA	**Half year ended 31 December 2019 A$ million**	**Half year ended 31 December 2018 A$ million**
Telecom	9.9	10.2
Hosting	21.7	15.3
Total EBITDA	31.6	25.5
Reconciliation of EBITDA to profit before income tax		
Total EBITDA	31.6	25.5
Net Interest (expense)/revenue	(2.2)	0.2
Depreciation and amortisation expense	(20.1)	(13.6)
Profit before income tax	9.3	12.1

Conversion of EBITDA to operating cash flows generated total operating cash flows of $13.8 million during the half-year, including the payment of Income Tax of $3.6 million, compared to $14.4 million in the prior comparable period.

Cash and cash equivalents were $6.9 million as at 31 December 2019, a decrease of $10.2 million during the half year.

Following the adoption of AASB 16 *Leases* the following Assets and Liabilities have been recognised in the half year accounts as at 31 December 2019:

	$A'000
Assets:	77,917
Liabilities:	76,534

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 Legislative Instrument 2016/191. The company is an entity to which the Instrument applies.

Signed in accordance with a resolution of the directors.

David Tudehope
Director

Sydney, **26 February 2020**

Consolidated Statement of Comprehensive Income
For the period ended 31 December 2019

	Notes	Half year ended 31 December 2019 $A'000	Half year ended 31 December 2018 $A'000
Revenue and other income	3	131,931	121,021
Expenses	3	(120,389)	(109,134)
Results from operating activities		11,542	11,887
Finance income		83	221
Finance costs		(2,280)	(10)
Profit before income tax		9,345	12,098
Income tax expense		(2,666)	(3,830)
Profit after income tax for the half-year attributable to owners of the parent		6,679	8,268
Other comprehensive income			
Items that may be reclassified to profit and loss:			
Exchange differences on translation of foreign operations		7	42
Total comprehensive income for the half-year attributable to owners of the parent		6,686	8,310
		cents	**cents**
Earnings per share attributable to the ordinary equity holders of the company:			
Basic earnings per share	6	31.4	39.2
Diluted earnings per share	6	31.0	38.3

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position

As at 31 December 2019	31 December 2019 $A'000	30 June 2019 $A'000
Assets		
Current assets		
Cash and cash equivalents	6,860	17,064
Trade and other receivables	13,538	11,644
Accrued income	8,710	8,807
Other current assets	10,965	8,845
Current tax receivable	1,423	236
Total current assets	41,496	46,596
Non-current assets		
Property, plant and equipment	89,007	80,730
Intangibles	20,996	19,406
Right-of-use assets	77,917	-
Deferred tax assets	8,337	8,395
Other non-current assets	8,123	6,142
Total non-current assets	204,380	114,673
Total assets	245,876	161,269
Current liabilities		
Trade and other payables	29,084	34,120
Provisions	1,575	1,803
Lease liabilities	4,396	-
Other current liabilities	5,219	7,070
Total current liabilities	40,274	42,993
Non-current liabilities		
Provisions	1,806	1,323
Lease liabilities	72,138	-
Bank Loan	7,000	-
Other non-current liabilities	10,804	10,242
Total non-current liabilities	91,748	11,565
Total liabilities	132,022	54,558
Net assets	113,854	106,711
Equity		
Contributed equity	43,707	43,707
Other equity	(87)	(87)
Reserves	3,007	2,543
Retained profits	67,227	60,548
Total equity	113,854	106,711

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity
For the half year ended 31 December 2019

	Contributed Equity	Other Equity	Reserves	Retained Earnings	Total
	$A'000	$A'000	$A'000	$A'000	$A'000
Balance at 1 July 2018	43,140	-	872	49,343	93,355
Profit for the period	-	-	-	8,268	8,268
Other comprehensive income	-	-	42	-	42
Total comprehensive income for the period	-	-	42	8,268	8,310
Transactions with owners in their capacity as owners:					
Dividends provided for or paid	-	-	-	(5,274)	(5,274)
Share based payment	-	-	448	-	448
Total	-	-	448	(5,274)	(4,826)
Balance at 31 December 2018	43,140	-	1,362	52,337	96,839

	Contributed Equity	Other Equity	Reserves	Retained Earnings	Total
	$A'000	$A'000	$A'000	$A'000	$A'000
Balance at 1 July 2019	43,707	(87)	2,543	60,548	106,711
Profit for the period	-	-	-	6,679	6,679
Other comprehensive income	-	-	7	-	7
Total comprehensive income for the year	-	-	7	6,679	6,686
Transactions with owners in their capacity as owners:					
Dividends provided for or paid	-	-	-	-	-
Share based payment	-	-	457	-	457
Total	-	-	457	-	457
Balance at 31 December 2019	43,707	(87)	3,007	67,227	113,854

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows
For the half year ended 31 December 2019

	31 December 2019 $A'000	31 December 2018 $A'000
Cash flows from operating activities		
Receipts from customers	139,478	128,860
Payments to suppliers and employees	(122,117)	(107,048)
Interest received	83	297
Interest paid	-	(10)
Income tax paid	(3,620)	(7,737)
Net cash flows from operating activities	13,824	14,362
Cash flows from investing activities		
Acquisition of non-current assets		
Property, plant & equipment	(20,808)	(19,797)
Intangible assets	(5,977)	(5,234)
Net cash flows used in investing activities	(26,785)	(25,031)
Cash flows from financing activities		
Dividends paid on ordinary shares	-	(5,274)
Proceeds from borrowings	7,000	-
Principal elements of lease payments	(2,413)	-
Interest and other finance costs	(1,831)	-
Net cash flows from (used) in financing activities	2,756	(5,274)
Net decrease in cash held	(10,205)	(15,943)
Cash and cash equivalents at the beginning of the half-year	17,064	30,298
Effects of exchange rate changes on cash and cash equivalents	1	(84)
Cash and cash equivalents at the end of the period	6,860	14,271

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the consolidated financial statements
For the half year ended 31 December 2019

1. Corporate Information

Macquarie Telecom Group Limited is a for-profit company limited by shares incorporated in Australia whose shares are publicly traded on the ASX (ASX Code: MAQ).

2. Summary of Significant Accounting Policies

(a) Basis of preparation

This condensed consolidated interim financial report for the half-year reporting period ended 31 December 2019 has been prepared in accordance with the requirements of the *Corporations Act 2001*, applicable Australian Accounting Standards including AASB 134 *Interim Financial Reporting* and other mandatory professional reporting requirements.

The interim financial statements do not include all the notes of the type normally included in an annual financial report. Accordingly, this interim financial report is to be read in conjunction with the annual report for the year ended 30 June 2019 and any public announcements made by Macquarie Telecom Group Limited during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim period with the exception in adopting AASB 16.

(b) New accounting standards, amendments and interpretations

This note explains the impact of the adoption of AASB 16 Leases on the Group's financial statements and discloses the new accounting policies that have been applied from 1 July 2019.

The Group has applied the simplified transition approach and has not restated comparative amounts for the prior reporting period, as permitted under the specific transitional provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 July 2019.

(1) Adjustments recognised on adoption of AASB 16 Leases

On adoption of AASB 16, the Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of AASB 117 *Leases*. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 July 2019. The lessee's incremental borrowing rate applied to the lease liabilities on 1 July 2019 was between 2.72% and 4.86%, depending on the term of the lease.

Lease liability recognised as at 1 July 2019	**$A'000**
Current lease liabilities	4,316
Non-current lease liabilities	74,391
Total lease liability	78,707

Notes to the consolidated financial statements
For the half year ended 31 December 2019

2. Summary of Significant Accounting Policies (con't)

The recognised right-of-use assets relate to the following types of assets:

	31 December 2019 $A'000	31 December 2018 $A'000
Data Centres	67,332	65,611
Other Properties	10,473	11,709
Equipment	112	142
Total right-of-use assets	77,917	77,462

There were no onerous lease contracts that required an adjustment to the right-of-use assets at the date of initial application.

The change in accounting policy affected the following items in the balance sheet on 1 July 2019:

	$A'000
Right-of-use assets	77,462
Other current assets	(498)
Deferred rent	(2,143)
Lease liabilities	78,707
Retained Earnings	-

i) Impact on segment disclosures and earnings per share

Adjusted EBITDA increased as a result of the change in accounting policy.

	$A'000
Telecom	740
Hosting	3,220
Group	3,960

Earnings per share decreased by 4.2c per share for the six months to 31 December 2019 as a result of the adoption of AASB 16.

ii) Practical expedients applied

In applying AASB 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics
- reliance on previous assessments on whether leases are onerous as an alternative to performing an impairment review.
- the accounting for operating leases with a remaining lease term of less than 12 months as at 1 July 2019 as short-term leases
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application, and
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

Notes to the consolidated financial statements
For the half year ended 31 December 2019

2. Summary of Significant Accounting Policies (con't)

The Group has also elected not to reassess whether a contract is or contains a lease at the date of initial application. Instead, for contracts entered before the transition date the Group relied on its assessment made applying AASB 117 and Interpretation for *Determining whether an Arrangement contains a Lease*.

(2) The group's leasing activities and how these are accounted for

The Group leases various offices, data centres, and equipment. Rental contracts are typically made for fixed periods of 2 to 20 years but may have extension options as described in (ii) below. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

From 1 July 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis.
Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate
- amounts expected to be payable by the lessee under residual value guarantees
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Payments associated with short-term leases and leases of low-value assets (less than $10,000) are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets include routers installed at customers' sites.

i) Variable lease payments

Estimation uncertainty arising from variable lease payments
Some property leases contain variable payment terms that are linked to the consumer price index.

Notes to the consolidated financial statements
For the half year ended 31 December 2019

Summary of Significant Accounting Policies (con't)

(2) The group's leasing activities and how these are accounted for (con't)

ii) Extension and termination options

Extension and termination options are included in several property and equipment leases across the Group. These terms are used to maximise operational flexibility in terms of managing contracts. The majority extension and termination options held are exercisable only by the Group and not by the respective lessor.

Critical judgements in determining the lease term
In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

iii) Residual value guarantees

The Group does not provide residual value guarantees for its leases.

(c) Significant accounting judgements, estimates and assumptions

In preparing the financial report, the Group is required to make estimates and assumptions about the carrying values of assets and liabilities. The key estimates and accounting judgements for the Group relate to (i) the determination of the lease terms, (ii) revenue from contracts with customers and (iii) the estimation uncertainty associated with determining the recoverable amount of non-current assets. These estimates and assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

Recoverable amount of non-current assets

The major sources of estimation uncertainty in assessing the recoverable amount of non-current assets are judgements relating to future sales order growth and pricing and the utilization of data centre capacity, the Group's ability to manage operating and capital expenditure and the cost of capital. Should the future performance of the Group differ from these estimations the assessment of the recoverable amount of non-current assets would be different and may impact the impairment testing results.

Revenue from contracts with customers

The application of the various accounting principles in AASB 15 related to the measurement and recognition of revenue, requires the Group to make judgements and estimates. Specifically, complex arrangements with non-standard terms and conditions may require significant contract interpretation to determine the appropriate accounting treatment, including whether promised goods and services specified in an arrangement are distinct performance obligations.

Notes to the consolidated financial statements
For the half year ended 31 December 2019

3. Revenue and expenses

Profit before income tax expense includes the following revenues and expenses whose disclosure is relevant in explaining the financial performance of the entity:

	Half-year ended 31 December 2019 $A'000	Half-year ended 31 December 2018 $A'000
(i) Revenues and other income		
Revenue from services	131,387	119,590
Other income	544	1,431
Total revenue and other income	131,931	121,021
(ii) Expenses		
Operating lease rental	-	6,569
Employment costs	39,536	35,486
Carrier costs	43,796	37,707
Net foreign exchanges losses	105	71
Other expenses	16,900	15,693
Depreciation and amortisation	20,052	13,608
Total expenses	120,389	109,134

4. Income tax

Income tax expense is recognised based on management's estimate of the weighted average effective annual income tax rate expected for the full financial year. The estimated average annual tax rate used for the half-year to 31 December 2019 is 28.5% (2018: 31.7%).

5. Dividends

No dividends were paid during the reporting period or declared subsequent to reporting period end.

Notes to the consolidated financial statements
For the half year ended 31 December 2019

6. Earnings per share

Details of basic and diluted EPS are as follows:

	Half-year ended 31 December 2019	Half-year ended 31 December 2018
	cents	**cents**
Basic earnings per share	31.4	39.2
Diluted earnings per share	31.0	38.3
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	21,271,123	21,095,121
Effect of dilutive securities: Share performance rights	302,089	516,230
Adjusted weighted average number of ordinary shares used in calculating diluted earnings per share	21,573,212	21,611,351
	$A'000	**$A'000**
Profit used in calculating basic and diluted earnings per share	6,679	8,268

Notes to the consolidated financial statements
For the half year ended 31 December 2018

7. Share performance rights

On 13 December 2019, the company granted 142,000 equity and cash settled share performance rights (2018: 119,000) which have a vesting date of 1 March 2023, to executives and senior managers as part of their long-term incentives. The performance conditions are linked to total shareholder return (TSR) and customer satisfaction based on Net Promoter Score (NPS). The performance rights were valued using Monte Carlo Simulation model which considered key assumptions of price volatility and dividend yield. The average fair value at grant date of each right in Tranche 1 was $6.59 and Tranche 2 was $5.77 equating to a total of $858,153. The total number of outstanding performance rights is 510,000 (2018: 569,000) valued at $4,413,626 (2018: $3,045,178) as measured at their grant date, amortised over the period to the vesting date. The amount of performance rights amortisation expense for the period was $867,909 (2018: $517,768).

Set out below are summaries of performance rights granted and cancelled under the plan:

	Half-year ended 31 December 2019	Half-year ended 31 December 2018
At 1 July	415,000	450,000
Granted during the year	142,000	119,000
Cancelled during the year	(47,000)	-
At 31 December	510,000	569,000
Exercisable	106,000	132,000

Performance rights outstanding at 31 December 2019 have the following performance period and vesting date:

Grant Date	Performance period	Vesting date	Performance rights 31 December 2019	Performance rights 31 December 2018
27 November 2015	30 June 2017	31 December 2018	-	43,996
27 November 2015	30 June 2018	31 December 2018	-	88,004
12 August 2016	30 June 2018	31 December 2019	35,334	44,000
12 August 2016	30 June 2019	31 December 2019	70,666	88,000
21 December 2017	30 June 2020	31 December 2020	158,000	186,000
30 October 2018	30 June 2020	31 December 2021	34,667	39,666
30 October 2018	30 June 2021	31 December 2021	69,333	79,334
13 December 2019	30 June 2020	1 March 2023	47,330	-
13 December 2019	30 June 2021	1 March 2023	94,670	-
			510,000	569,000

Notes to the consolidated financial statements
For the half year ended 31 December 2019

8. 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 mobiles telecommunications services and the provision of services utilising the Group's data network. The Hosting segment relates to the provision of services utilising the Group's data centre facilities. All activities are principally conducted in Australia.

	Telecom		Hosting		Consolidated	
	2019	2018	2019	2018	2019	2018
	$A'000	$A'000	$A'000	$A'000	$A'000	$A'000
Revenue						
External service revenue	71,395	69,198	59,992	50,392	131,387	119,590
Intersegment revenue	-	-	2,588	2,415	2,588	2,415
Other income	451	1,265	93	166	544	1,431
Total segment revenue and other income	71,846	70,463	62,673	52,973	134,519	123,436
Intersegment revenue elimination	-	-	(2,588)	(2,415)	(2,588)	(2,415)
Total consolidated revenue and other income	71,846	70,463	60,085	50,558	131,931	121,021
Results						
EBITDA	9,895	10,155	21,700	15,340	31,595	25,495
Depreciation and amortisation	(7,486)	(5,261)	(12,567)	(8,347)	(20,053)	(13,608)
Segment result before interest and tax	2,409	4,894	9,133	6,993	11,542	11,887
Finance income					83	221
Finance costs					(2,280)	(10)
Consolidated entity profit from ordinary activities before income tax expense					9,345	12,098
Income tax expense					(2,666)	(3,830)
Net Profit					6,679	8,268
Acquisition of non-current assets						
Allocated acquisition	12,098	5,458	13,073	17,593	25,171	23,051
Unallocated acquisition	-	-	-	-	1,614	1,980
	12,098	5,458	13,073	17,593	26,785	25,031

Directors' Declaration

In the directors' opinion:

(a) the financial statements and notes set out on pages 5 to 16 are in accordance with the *Corporations Act 2001*, including:

   (i) complying with Accounting Standards AASB 134 *Interim Financial Reporting*, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and

   (ii) giving a true and fair view of the consolidated entity's financial position as at 31 December 2019 and of its performance for the half year ended on that date, and

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

This declaration is made in accordance with a resolution of the directors made pursuant to section 303(5)(a) of the *Corporations Act 2001*.

David Tudehope
Director

Sydney, **26 February 2020**

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 (the Company) and the entities it controlled during the half-year (together the Group), which comprises the consolidated statement of financial position as at 31 December 2019, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, selected other explanatory notes and the directors' declaration.

Directors' responsibility for the half-year financial report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement whether due to fraud or error.

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 Australian Auditing Standard on Review Engagements ASRE 2410 *Review of a 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 half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2019 and its performance for the half-year ended on that date; and complying with Accounting Standard 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. 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.

Independence

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

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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:

1. giving a true and fair view of the Group's financial position as at 31 December 2019 and of its performance for the half-year ended on that date;

2. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

PricewaterhouseCoopers

Jason Hayes
Partner

Sydney
26 February 2020

Auditor's Independence Declaration

As lead auditor for the review of Macquarie Telecom Group Limited for the half-year ended 31 December 2018, I declare that 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.

Jason Hayes
Partner
PricewaterhouseCoopers

Sydney
26 February 2020

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