

26 February 2009

Company Announcements Office
Australian Securities Exchange Limited

RESULTS FOR ANNOUNCEMENT TO MARKET

Results six months ended 31 December 2008

Amcom maintains guidance of at least 25% NPAT growth for FY 09

Amcom Telecommunications Limited ("Amcom") (ASX: AMM), a leading fibre network provider, today announced a 38% increase in net profit after tax of \$6.1m including equity accounted earnings of associates but prior to significant item for the six months ended 31 December 2008.

The strong result was based on an increase in revenue of 15%, higher margins and an increase in EBITDA of 35% driven by new sales in the period and the momentum of growth in new customer connections experienced in the 2008 financial year.

The reported net profit after tax for the six months ended 31 December 2008 including the significant item was up 3% to \$4.6m compared to the previous corresponding period of \$4.4m.

Financial Highlights

- Revenue increased 15% to \$25.0m
- EBITDA increased 35% to \$8.5m
- EBITDA margin expanded from 29% to 34%
- EBIT increased 49% to \$5.7m
- Operating cash flow increased 49% to \$9.5m
- Net profit after tax including equity accounted earnings prior to significant item increased 38% to \$6.1m
- Net profit after tax before equity accounted earnings and before significant item increased 48% to \$3.5m
- Net debt remained low at \$15.6m with a low gearing ratio of 13%
- Interim fully franked dividend declared of 0.3 cents per share

Amcom Chief Executive Officer, Mr Clive Stein, said, "the strong financial performance in the business reflects our unique strategic position in the market. The continuing demand for fibre networks, across a diverse range of businesses and government departments, to provide internet and IT solutions, has seen our business become an essential service provider. The demand for fibre networks is reflected in the growth of our annual recurring billing base and has positioned the company for sustained growth as we connect more businesses and buildings to our fibre networks".

Amcom's Fibre Division increased EBIT 35% to \$5.8m while its Amnet Division increased EBIT 57% to \$1.3m. The group benefited from its 22 % stake in iiNet Ltd with an equity accounted contribution of \$2.6m versus \$2.0m previously.

Amcom increased its annual recurring billing base by 9% in the half to \$46.7m at 31 December 2008, up from \$43m at 30 June 2008. Sales of \$5.5m in annualised revenues were generated over the six months from the Fibre Division.

"Our EBITDA margin improvement is pleasing, with margins expanding to 34% for the six month period," Mr Stein said.

"The key driver behind this improvement is the continuing growth of our Fibre Division revenues combined with our relatively flat cost base. With \$5.5m of new annualised sales in the first six months of this year, we are well placed to continue our revenue growth and margin improvement into the second half," he said.

The business retains a strong balance sheet with net debt of \$15.6m, a gearing ratio of 13%, and interest cover of 11 times on an EBITDA/interest basis. The operating cash flow improved by 49% over the previous corresponding period to \$9.5m.

"The ability of our business to produce healthy operating cash flows has enabled us to invest in our business to generate revenue and earnings growth whilst maintaining a conservatively geared balance sheet."

Significant item

The significant item included in these half yearly results to 31 December 2009 are the buy back and sell down costs after tax of \$1.5m associated with the exit of Futuris Corporation Limited, the former 50.1% shareholder from the share register.

Interim Dividend

The Board have declared a fully franked interim dividend of 0.3 cents per share to be paid on 29 April 2009 to all shareholders on the registry as at 7 April 2009.

Outlook

Amcom re-affirms its earnings guidance for FY09 of at least 25% growth or \$7.1m in net profit after tax excluding equity accounted earnings of associates and before significant items. The Company has a high level of confidence in the guidance given the 48% increase in first half profit to \$3.5m.

The strong forecast for growth in FY09 continues a positive growth trend over recent years. EBIT has risen by a compound annual growth rate of 26% over the past 3 years. EBITDA has risen by a compound annual growth rate of 19% over the same period.

Commenting on the outlook for Amcom, Mr Stein said:

"We are confident that the strong demand for our fibre based products will continue to play an important role in driving Amcom's future growth. We are well positioned to take advantage of this strong demand through our extensive network coverage, our innovative products and our excellent customer service.

Data networks are now an essential service to business and in the coming year we will look to leverage our strong market position and expertise as we expand into new products and markets. We remain focused on delivering strong organic growth and creating long term value for our shareholders.”

For further comment and information.

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1. Profit

The reported net profit after tax for the six months ended 31 December 2008 was \$4,579,000 (2007: \$4,439,000). This result includes Amcom's equity accounted share of profits from associates of \$2,580,000 (2007:\$2,046,000) and non recurring sell down and buy back costs associated with the exit of Futuris Corporation Limited as a shareholder of \$1,545,000 (net of tax).

A summary of these results is as follows:

\$ 000	Dec 08	Dec 07	% Change
Revenue	25,023	21,841	15%
EBITDA	8,532	6,336	35%
EBIT	5,681	3,805	49%
Interest expense (net)	(814)	(386)	
Profit before tax	4,867	3,419	42%
Tax	(1,323)	(1,026)	
Net profit after tax before equity accounted earnings and significant item	3,544	2,393	48%
Equity accounted earnings	2,580	2,046	
Net profit after tax including equity accounted earnings but before significant item	6,124	4,439	38%
Significant item: Buy back and sell down costs (net of tax)	(1,545)	-	
Net profit after tax as reported	4,579	4,439	3%
EPS (cents)	0.85	0.87	

The growth in EBITDA to \$8,532,000 was achieved on an increase in revenue of 15% to \$25,023,000.

Net interest expense increased to \$814,000 (2007: \$386,000). The increase in net interest expense is due to an increase in net debt to \$15,626,000 from \$13,997,000 at 30 June 2008.

iiNet Limited equity accounted earnings was \$2,631,000 (2007: \$2,046,000). iiNet Limited reported a net profit for the six months to 31 December 2008 of \$11.4m (2007: \$9.6m). During the period under review Amcom received dividends from iiNet of \$1,411,000 (2007:\$1,275,000). Amcom owns a strategic 22% interest in iiNet Limited and holds one Board seat.

2. Cash flow

Amcom generated operating cash flow of \$9,462,000 for the six months to 31 December 2008; an increase of 49% over operating cash flow in the previous corresponding period of \$6,326,000.

Cash utilised in investing activities for the six months to 31 December 2008 was \$6,953,000 (2007:\$8,537,000). Capital expenditure was \$8,085,000 for the six months to 31 December 2008 (2007: \$4,385,000) comprising customer connections \$6.2m, general stay in business capex \$1.1m and network expansion in Adelaide \$700,000. In the period Amcom also disposed of some iiNet Limited shares realising \$1,640,000 in cash proceeds.

Financing activities during the six months to 31 December 2008 resulted in a net cash outflow of \$844,000 (2007: inflow \$1,011,000) which included dividend payments of \$2,154,000 (2007: \$2,529,000), net drawing of borrowings of \$2,921,000 and the payment of share buy back and sell-down costs of \$1,864,000.

3. Review of operations

Amcom reports its operations under two business segments - the Fibre Division and the Amnet Division. The results of these segments are summarised in the table below:

\$ 000	Revenue			EBITDA		
	Dec 08	Dec 07		Dec 08	Dec 07	
Fibre - core	16,849	13,453	25%	8,081	6,031	34%
Fibre - projects	133	897		26	254	
Fibre	16,982	14,350	18%	8,107	6,285	29%
EBITDA / Rev margin %	48%	44%				
Amnet	7,797	7,391	5%	1,814	1,335	36%
Corporate overheads	244	100		(1,389)	(1,284)	
Totals	25,023	21,841	15%	8,532	6,336	35%
EBITDA / Rev margin %	34%	29%				

The Fibre Division provides a comprehensive range of high speed data transmission products to blue chip corporates, Government departments and other telecommunication providers.

Amcom experienced an uplift in business activity during the six months to 31 December 2008 with an overall revenue increase of 15% to \$25,023,000.

Overall EBITDA increased by 35% to \$8,532,000 with both the Fibre and Amnet divisions contributing to the double digit EBITDA growth.

The increase in revenue generated from delivering services over a relatively fixed cost base structure has increased the EBITDA / Revenue margin to 34% from 29%.

Amcom Telecommunications Limited
Results six months ending 31 December 2008

The Fibre Division has continued its double digit growth in revenue and an increase of 18% to \$16,982,000 for the six months to 31 December 2008. EBITDA has increased by 29% to \$8,107,000 with an improvement in margin to 48%.

The Amnet Division leverages the Company's owned physical fibre network to provide DSL broadband to consumers and business grade DSL, voice and data centre services to the Corporate and SME markets. The revenue from this division increased by 5% to \$7,797,000 and EBITDA increased by 36% to \$1,814,000.

The annualised recurring billing base increased by 9% during the six months, increasing from \$43.2m to \$46.7m as at 31 December 2008. The largest contributor to the increase was the fibre products base which increased 10% from \$30.5m to \$33.5m. The annualised recurring billing base is measured by actual customer services at a point in time, the movement in the base reflects new sales written less cancellations or net service growth.

4. Balance Sheet

\$ 000	Dec-08	Jun-08	Dec-07
Shareholders' equity	103,066	101,844	91,641
Cash	10,882	9,217	3,862
Borrowings	26,508	23,184	15,463
Net debt	15,626	13,967	11,601
iiNet Limited - investment	44,535	44,881	30,571
NTA	88,372	87,110	76,839
Gearing (%) #	13%	12%	11%
NTA per share (c)	16.4 c	16.2 c	15.1 c

calculated as Net debt / (Net debt + Shareholders' equity)

Balance sheet movements of significance are:

- Net debt has increased to \$15,626,000 at December 2008 from \$13,967,000 as at 30 June 2008 with gearing increasing slightly to 13%.
- Shareholders' equity increased by 1% to \$103,066,000 from \$101,844,000 as at 30 June 2008.
- The iiNet Limited investment on the balance sheet has reduced to \$44,535,000 from \$44,881,000 at June 2008. The net reduction is attributable to dividends received of \$1,411,000, sale of shares realising \$1,640,000 off set by \$2,631,000 of equity accounted earnings. At 31 December 2008 the investment is carried in the balance sheet at the equivalent of \$1.31 per iiNet Ltd share. The ASX listed market value at 31 December was \$41.4m or \$1.21 per share.

Amcom Telecommunications Ltd

(ABN 20 062 046 217)

Half Year Report 31 December 2008

This half-year report is provided to the Australian Securities Exchange (ASX) under ASX Listing Rule 4.2A3.

Current Reporting Period: Half -Year ending 31 December 2008

Previous Corresponding Period: Half -Year ending 31 December 2007

Results

		Percentage Change %	Amount \$'000
Revenue	up	15 %	25,023
Net profit after tax attributable to members	up	3 %	4,579

Dividends

	Amount per security ¢	Franked amount per security ¢
Interim dividend	0.3¢	0.3¢
Books closing	7 April 2009	
Payment date	29 April 2009	

	31 Dec 2008	31 Dec 2007
Net tangible assets per share	16.4 cents	15.1 cents

Directors' report

The directors of Amcom Telecommunications Limited submit herewith the financial report for the half-year ended 31 December 2008.

The names of the directors of the company during or since the end of the half-year are:

Name

Anthony Grist (Non-executive Chairman)

Clive Stein (Managing Director and CEO)

Ian Warner (Non-executive director)

Les Wozniczka (resigned on 21 October 2008)

Peter Clifton (Non-executive director)

Craig Coleman (Non-executive director) (appointed 7 October 2008)

Anthony Davies (Non-executive director)

Review of results and operations

The Consolidated Entity has reported a profit after tax for the period of \$4,579,000 (2007: \$4,439,000). This result was generated on an increase in revenue to \$25,023,000. The result includes a share of profits of associates of \$2,580,000 (2007: \$2,046,000) and share buy-back and sell down expenses of \$2,207,000 (2007: \$nil). Further details are included in the review of results and operations provided to the Australian Securities Exchange.

Auditor's independence declaration

The auditor's independence declaration is included on page 12 of the half-year report.

Rounding off of amounts

The company is a company of the kind referred to in ASIC Class Order 98/0100, dated 10 July 1998, and in accordance with that Class Order amounts in the directors' report and the half-year financial report are rounded to the nearest thousand dollars, unless otherwise indicated.

Signed in accordance with a resolution of directors made pursuant to s.306 of the Corporations Act 2001.

On behalf of the Directors



Anthony Grist

Chairman

Perth, Western Australia

26 February 2009

Directors' declaration

The directors declare that:

- (a) in the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and
- (b) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the consolidated entity.

Signed in accordance with a resolution of the directors.

On behalf of the Directors



Anthony Grist

Chairman

Perth, Western Australia
26 February 2009

Amcom Telecommunications Ltd

Consolidated income statement for the half-year ended 31 December 2008

	Note	Consolidated	
		Half-year ended 31 Dec 2008 \$'000	Half-year ended 31 Dec 2007 \$'000
Continuing operations			
Revenue	2	24,890	20,944
Project Revenue		133	897
Total Revenue		25,023	21,841
Network costs		(6,788)	(7,189)
Accommodation expenses		(869)	(524)
Depreciation & amortisation expenses		(2,851)	(2,531)
Employee benefits expenses		(5,677)	(5,342)
Finance costs		(1,058)	(486)
Marketing related expenses		(543)	(510)
Other expenses		(2,370)	(1,840)
Share buy-back and sell down expenses	3	(2,207)	-
Share of profits of associates using the equity method	5	2,580	2,046
Profit before income tax expense		5,240	5,465
Income tax expense		(661)	(1,026)
		4,579	4,439
Net Profit attributable to members of Amcom Telecommunications Limited			
Earnings per share		cents per share	
From continuing operations:			
Basic		.85	.87
Diluted		.56	.57

**Consolidated balance sheet
as at 31 December 2008**

	<u>Note</u>	Consolidated	
		31 December 2008 \$'000	30 June 2008 \$'000
Current assets			
Cash and cash equivalents		10,882	9,217
Trade and other receivables		3,655	4,466
Inventories		1,339	1,219
Other		1,124	813
Total Current assets		17,000	15,715
Non-current assets			
Investment in associates	5	44,993	44,881
Property, plant and equipment		71,089	65,922
Goodwill		14,598	14,615
Other intangible assets		96	119
Total non-current assets		130,776	125,537
Total assets		147,776	141,252
Current liabilities			
Trade and other payables		8,707	8,112
Deferred revenue	6	5,686	5,260
Current tax liabilities		177	816
Interest bearing liabilities		1,085	341
Derivative financial liability`	7	430	-
Provisions		876	566
Total Current liabilities		16,961	15,095
Non-current liabilities			
Interest bearing liabilities		25,423	22,843
Deferred revenue	6	503	431
Deferred tax liabilities		763	775
Derivative financial liability	7	785	-
Provisions		275	264
Total non-current liabilities		27,749	24,313
Total liabilities		44,710	39,408
Net assets		103,066	101,844
Equity			
Contributed equity	8	101,751	101,739
Reserves		(789)	426
Retained profits / (losses)		2,104	(321)
Total equity		103,066	101,844

**Consolidated cash flow statement
for the half-year ended 31 December 2008**

	Consolidated	
	Half-year ended 31 Dec 2008 \$'000	Half-year ended 31 Dec 2007 \$'000
Cash flows from operating activities		
Receipts from customers	25,641	21,539
Payments to suppliers and employees	(15,475)	(14,604)
Interest and other costs of finance paid	(814)	(487)
Income tax paid	(1,301)	(1,397)
Dividend received	1,411	1,275
Net cash provided by operating activities	9,462	6,326
 Cash flows from investing activities		
Payment for acquisition of equity investment	(508)	(4,152)
Proceeds from sales of investments	1,640	-
Payment for property, plant and equipment	(8,085)	(4,385)
Net investing cash flows	(6,953)	(8,537)
 Cash flows from financing activities		
Proceeds from issues of equity securities	253	186
Share buy back and sell down costs	(1,864)	-
Proceeds from borrowings	7,800	4,402
Repayment of borrowings	(4,879)	(1,048)
Dividends paid	(2,154)	(2,529)
Net financing cash flows	(844)	1,011
 Net increase / (decrease) in cash and cash equivalents	1,665	(1,200)
Cash and cash equivalents at the beginning of the period	9,217	5,062
Cash and cash equivalents at the end of the period	10,882	3,862

Consolidated statement of changes in equity for the half-year ended 31 December 2008

	Contributed Equity \$'000	Cash flow hedge reserve \$'000	Equity- settled employee benefits reserve \$'000	Retained profits \$'000	Total \$'000
Balance at 1 Jul 2007	95,288	-	426	(6,404)	89,310
Profit for the period	-	-	-	4,439	4,439
Total recognised income and expense	-	-	-	4,439	4,439
Exercise of options	15	-	-	-	15
Repayment of shareholders loan	172	-	-	-	172
Conversion of convertible notes	234	-	-	-	234
Payment of dividend	-	-	-	(2,529)	(2,529)
Balance at 31 Dec 2007	95,709	0	426	(4,494)	91,641
Balance at 1 Jul 2008	101,739	-	426	(321)	101,844
Net loss on cash flow hedge	-	(1,215)	-	-	(1,215)
Profit for the period	-	-	-	4,579	4,579
Total recognised income and expense	-	(1,215)	-	4,579	3,364
Exercise of options	1	-	-	-	1
Issue of shares to staff	7	-	-	-	7
Repayment of shareholders loan	4	-	-	-	4
Payment of dividend	-	-	-	(2,154)	(2,154)
Balance at 31 Dec 2008	101,751	(1,215)	426	2,104	103,066

1. Basis of Preparation

This general purpose condensed financial report for the half year ended 31 December 2008 has been prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

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. It is recommended that the half-year financial report be read in conjunction with the annual report for the year ended 30 June 2008 and considered together with any public announcements made by Amcom Telecommunications Limited during the half-year ended 31 December 2008 in accordance with the continuous disclosure obligations of the ASX listing rules.

The accounting policies adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the consolidated financial report of 30 June 2008 apart from the changes in the accounting policy noted below.

Changes in Accounting Policy

From 1 July 2008 The Group has adopted the following Standards and Interpretations, mandatory for annual periods beginning on or after 1 July 2008. Adoption of these standards and interpretations did not have any effect on the financial position or performance of the Group.

The following standards and interpretations have also been adopted from 1 July 2008:

- AASB 2008-10 Amendment to Australian Accounting Standards – Reclassification of Financial Assets (amendments to AASB 139 Financial Instruments: Recognition and Measurement and AASB 7 Financial Instruments Disclosures)
- Interpretation 12 and AASB 2007-2 Service Concession Arrangements and consequential amendments to other Australian Accounting Standards
- Interpretation 129 Service Concession Arrangements: Disclosures
- Interpretation 4 (revised) Determining whether an arrangement contains a lease
- Interpretation 13 Customer Loyalty Programmes.
- Interpretation 14 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction.

The Group has not elected to early adopt any new standards or amendments.

	2008 \$'000	2007 \$'000
2. Revenue		
Rendering of goods and services	24,646	20,844
Interest income	244	100
	<u>24,890</u>	<u>20,944</u>
3. Expenses		
Share buy back and sell down expenses	<u>2,207</u>	-

Non-recurring costs associated with the completed \$28.9m institutional sell-down and the not proceeded with \$19.5m selective buy-back of the share holding in Amcom held by Futuris Corporation Limited of 50.1%.

4. Dividends Paid	Half-year ended 31 December 2008		Half-year ended 31 December 2007	
	Cents per Share	Total \$'000	Cents per Share	Total \$'000
Fully paid ordinary shares	0.4	2,154	0.5	2,529

In November 2008 a fully franked final dividend of 0.4 cents per share was paid in respect to the financial year ended 30 June 2008.

5. Details of Associates

Name of Entity	Ownership interest		Contribution to net profit	
	Dec 2008 %	Dec 2007 %	Dec 2008 \$	Dec 2007 \$
iiNet Limited - listed	22	22	2,631	2,046
Perth IX (Belmont) Pty Ltd -unlisted	20	N/A	(51)	-
			2,580	2,046
			Dec 08 \$ '000	Dec 07 \$ '000
Listed investments				
Carrying value			44,535	30,571
Market value at reporting date			41,374	59,365

The Directors have considered the fair value of the iiNet Ltd investment and compared that with its carrying value in the balance sheet at 31 December 2008. The Directors are of the view that the fair value exceeds the equity accounted carrying value, which at reporting date stood at \$1.31 per share, and hence no impairment has occurred. In forming this view the Directors have considered publicly available information including prospective earnings information, historic earnings growth and dividend expectations.

6. Deferred Revenue	2008 \$'000	2007 \$'000
Current	5,686	5,260
Non - current	503	431
	<u>6,189</u>	<u>5,691</u>

Amounts billed in advance for the establishment and provision of services. These amounts will be recognised as revenue in subsequent periods.

7. Derivative financial liability	2008 \$'000	2007 \$'000
Current	430	-
Non - current	785	-
	<u>1,215</u>	<u>-</u>

The group has entered into an interest rate swap of \$15m expiring October 2011.

The cash flow hedge is measured at fair value at reporting date and all gains and losses to the extent that is effective are taken direct to equity.

8. Contributed equity

Listed Ordinary Shares	Number of shares	\$'000
Opening balance	538,801,250	101,739
Exercise of options	3,600	1
Issue of fully paid shares to staff	52,902	7
Repayment of shareholders loan	-	4
Closing balance	<u>538,857,752</u>	<u>101,751</u>

The Company had 271,921,795 listed options, exercisable at 17c on or before 31 Dec 2009.

9. Segment Information

31 December 2008

	Fibre	Amnet	Corporate Overheads	Total
Revenue	16,982	7,797	244	25,023
Total revenue	<u>16,982</u>	<u>7,797</u>	<u>244</u>	<u>25,023</u>
Earnings before interest, tax, depreciation and amortisation	8,107	1,814	(1,389)	8,532
Depreciation and amortisation	(2,325)	(519)	(7)	(2,851)
Segment result (EBIT)	5,782	1,295	(1,396)	5,681
Interest (net)				(814)
Share buy-back and sell down expenses				(2,207)
Share of profits of associates				<u>2,580</u>
Net profit before tax				5,240
Tax expense				<u>(661)</u>
Net profit after tax				<u><u>4,579</u></u>

31 December 2007

	Fibre	Amnet	Corporate Overheads	Total
Revenue	14,350	7,391	100	21,841
Total revenue	<u>14,350</u>	<u>7,391</u>	<u>100</u>	<u>21,841</u>
Earnings before interest, tax, depreciation and amortisation	6,285	1,335	(1,284)	6,336
Depreciation and amortisation	(1,997)	(510)	(24)	(2,531)
Segment result (EBIT)	4,288	825	(1,308)	3,805
Interest (net)				(386)
Share of profits of associate				<u>2,046</u>
Net profit before tax				5,465
Tax expense				<u>(1,026)</u>

Products and services within each business segment

The consolidated entity is organised into two major operating segments – Fibre Division and Amnet Division. These segments are the basis on which the consolidated entity reports its primary segment information. The segment result is determined as Earnings before interest and taxation excluding unallocated costs, equity accounting and derivative movements. The principal products and services of each of these divisions are as follows:

- Fibre Division Provision of high speed data transmission services.
- Amnet Division Provision of DSL services, Voice services and Data centre management.

The consolidated entity operates in only one geographical segment, being Australia.

10. Contingent liability

During the previous financial year the Australian Competition and Consumer Commission (ACCC) issued a Final Determination reducing the line sharing service (LSS) fees that Telstra Corporation Limited (Telstra) charge Amcom from \$9 per month per line to \$2.50 per month per line covering the period 13 October 2006 to 31 July 2009. Accordingly, Amcom has used the lower LSS in preparing this financial report.

Telstra has appealed the Final Determination. As the matter is contingent upon the outcome of the appeal, Amcom has not made any provision for any financial effect that may arise if Telstra is successful or partially successful with its appeal. If Telstra were to be successful in its appeal, either in whole or in part, the Directors have estimated that as at 31 December 2008 the maximum financial impact on Amcom would be up to \$1,600,000(before tax).

However, it is the opinion of the Directors that Telstra will not be successful in its appeal.

To the members of Amcom Telecommunications Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Amcom Telecommunications Limited, which comprises the balance sheet as at 31 December 2008, and the income statement, statement of changes in equity and cash flow statement for the half-year ended on that date, other selected explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the 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 establishing and maintaining internal controls 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 Interim and Other Financial Reports 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 half-year 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 Amcom Telecommunications Limited and the entities it controlled during the half-year, 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.

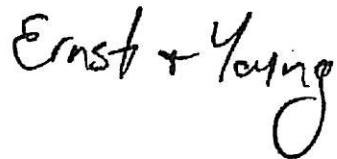
Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the Directors' Report.

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 Amcom Telecommunications Limited is not in accordance with the *Corporations Act 2001*, including:

- i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2008 and of its performance for the half-year ended on that date; and
- ii) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.



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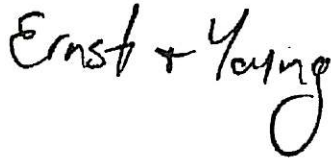


P. McIver
Partner
Perth

26 February 2009

Auditor's Independence Declaration to the Directors of Amcom Telecommunications Limited

In relation to our review of the financial report of Amcom Telecommunications Limited for the half-year ended 31 December 2008, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.



Ernst & Young



P. McIver
Partner

26 February 2008