

24 August 2010

Company Announcements Office
Australian Securities Exchange Limited

Net profit up 43% to \$17.3m and dividend up 75%

Amcom Telecommunications Limited (“Amcom”) (ASX: AMM), a leading fibre network provider, today announced a 43% increase in reported net profit after tax to \$17.3m for the financial year ended 30 June 2010.

The board has declared a fully franked final dividend of 1 cent per share bringing the dividend for the year to 1.4 cents per share. This is an increase of 75% on the previous financial year. The dividend increase reflects the board’s confidence in the company’s strong financial position and outlook.

The net profit after tax from 100% owned operations excluding equity accounted earnings of associates and significant items increased 34% to \$10.6m for the financial year ended 30 June 2010.

The result was based on continued strong demand for Amcom’s core fibre-based communications services. Revenue growth of 18% was driven by continued demand for high-speed data services. Record sales in FY11 reflect Amcom’s focus on this high growth segment of the telecommunications market.

EBITDA growth of 22% reflected improved margins driven by greater utilisation of the company’s fibre networks.

Financial highlights

- Revenue \$63m – up 18%
- EBITDA \$22.4m – up 22%
- EBITDA margin expanded from 34% to 36%
- EBIT \$15.6m – up 23%
- Final fully franked dividend of 1 cent bringing annual dividend to 1.4 cents per share – up 75%
- Strong balance sheet with negligible gearing.

Amcom CEO Clive Stein said the company's performance in FY10 was excellent.

"This result builds on our proven track record of consistent industry out-performance in recent years. It demonstrates the strength of the company's business strategies and our focus on high growth market segments, where data has become an essential service for business today.

"We are continuing to see very strong demand for our products from the corporate, government and wholesale sectors as we move into the new financial year. With the company's strong balance sheet and track record of recurring earnings, Amcom is well placed to continue on its growth trajectory.

"Furthermore, following our acquisition of IP Systems earlier this year, we now have offices in major cities across Australia which gives us a national presence to grow our business," Mr Stein said.

Final dividend

The final dividend of 1 cent per share will be paid on 10 November 2010 with a record date of 22 October 2010.

Amcom's operating cash flows are more than adequate to fund growth capital expenditure in the medium-term and the company's balance sheet remains relatively ungeared. As a result, the company's dividend policy will be to maintain a pay-out ratio of approximately 50%.

Outlook

The outlook for the company is strong. Organic growth adds to the company's recurring revenue base each year. During FY11 this will be supplemented by a full year contribution from the recently acquired IP Systems business and from the Northern Territory Government contract secured in early 2010.

The company anticipates FY11 net profit after tax to be at least 20% up on this year, which would result in at least \$20.7m. This includes equity accounted earnings from Amcom's strategic investment in iiNet Limited based upon analyst consensus forecasts for iiNet in FY11.

For further information please contact:

Clive Stein
Managing Director & CEO
Tel (08) 9244 6022
Email clivestein@amcom.com.au

David Hinton
Chief Financial Officer & Company Secretary
Tel (08) 9244 6031
Email davidhinton@amcom.com.au

For media inquiries please contact:

David Ikin
Corporate Communications Manager
Tel (08) 9244 6123
Email david.ikin@amcom.com.au

Amcom Telecommunications Limited
Results financial year ending 30 June 2010

1. Profit

The reported net profit after tax for the financial year ended 30 June 2010 was \$17.3m (2009: \$12.1m). This result includes Amcom's equity accounted share of profits from associates of \$7.8m (2009:\$5.8m) and significant items of \$1.2m (2009:\$1.5m).

A summary of these results is as follows:

\$ 000	FY 10	FY 09	% Change
Revenue	63,098	53,441	18
EBITDA	22,371	18,384	22
EBIT	15,582	12,618	23
Interest expense (net)	(708)	(1,551)	
Profit before tax	14,874	11,067	34
Tax	(4,298)	(3,183)	
Net profit after tax before equity accounted earnings and significant items	10,576	7,884	34
Equity accounted earnings	7,850	5,779	36
Net profit after tax including equity accounted earnings but before significant items	18,426	13,663	35
Significant items:			
Profit on sale of investment (tax: nil)	868	-	
Acquisitions activity expenses (tax:\$283,000)	(2,042)	-	
Buy back and sell down costs (tax:\$662,000)	-	(1,545)	
Net profit after tax as reported	17,252	12,118	43
EPS basic (cents)	2.73 c	2.25 c	21

iiNet Limited contributed equity accounted earnings of \$7.8m (2009: \$5.8m). iiNet Limited reported an unaudited net profit for the financial year ended 30 June 2010 of \$34.6m (2009: \$25.6m). During the year under review Amcom received dividends from iiNet of \$2.7m (2009:\$2.4m). Amcom owns a strategic 22.4% interest in iiNet Limited and holds one Board seat.

Significant items include profit on the sale of our 20% investment in Perth ix (Belmont) Pty Ltd and acquisitions activity expenses of \$2.3m pre tax of which \$1.4m relates to the acquisition of IP Systems Pty Ltd with the balance relating to a potential transaction that did not proceed.

2. Cash flow

Amcom generated operating cash flow of \$21.0m for the financial year (2009:\$20m).

Cash utilised in investing activities for the financial year was \$28.1m (2009:\$13.1m). This comprised Capital expenditure of \$24.1m (2009: \$14.2m) comprising \$12.1m for customer connections (2009: \$10.4m), \$8.8m for the Northern Territory network build and general stay in business capex \$3.2m (2009: \$3.8m).

Financing activities for the year was an inflow of \$11.9m (2009: outflow \$1.3m). The net cash inflow was attributable to monies received from the exercise of 178m Options at 17 cents each raising \$25.6m net of Option cancellation and underwriting fees. Dividends paid was \$5.6m or 0.9c per share (2009: \$3.8m or 0.7c per share).

3. Review of operations

Amcom reports its operations under three key business segments – Fibre, Amnet Consumer and Business Services. Business Services comprises data centres and voice services. The results of these segments are summarised in the table below:

\$ 000	Revenue			EBITDA		
	FY 10	FY 09		FY 10	FY 09	
Fibre - core	43,134	35,248	22%	21,368	17,018	26%
Fibre - projects	1,586	2,040		391	787	
Fibre	44,720	37,288	20%	21,759	17,805	22%
Amnet Consumer	12,191	11,835	3%	2,568	1,765	45%
Business Services	5,310	3,933	35%	1,635	2,005	-18%
Corporate	877	385		(3,591)	(3,191)	
Totals	63,098	53,441	18%	22,371	18,384	22%
EBITDA / Rev margin %	36%	34%				

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

Amcom achieved an increase in revenue of 18% to \$63m in FY10.

EBITDA increased by 22% to \$22.4m with both the Fibre and Amnet businesses contributing to the overall EBITDA growth.

The increased revenue generated from delivering services over the company's relatively fixed cost network infrastructure has increased the EBITDA / revenue margin to 36% from 34%.

The Fibre business has continued its double digit growth in revenue with an increase of 20% to \$44.7m for the financial year. EBITDA has increased by 22% to \$21.7m, with an improvement in EBITDA margin from 48% to 49%.

The Amnet Consumer business provides broadband services to the domestic and SME markets. The revenue from this segment increased by 3% to \$12.2m and EBITDA increased by 45% to \$2.6m.

4. Balance Sheet

\$ 000	FY 10	Dec-09	FY 09
Shareholders' equity	148,633	140,108	109,540
Cash	19,518	39,181	14,798
Borrowings	20,416	23,104	28,020
Net cash / (debt)	(898)	16,077	(13,222)
iiNet Limited - investment	51,683	47,411	46,642
NTA	114,675	125,450	94,845
Gearing (%) #	n/a	n/a	11%
NTA per share (c)	15.9 c	17.5 c	17.5 c

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

Balance sheet movements of significance are:

- Shareholders' equity increased by 36% to \$148.6m from \$109.5m as at 30 June 2009 as a result of \$25.7m of Option exercise monies net of cancellation and underwriting fees.
- Net debt reduced to \$0.9m from \$13.2m at June 2009. The overall reduction in net debt is due to the Option exercise noted above less the cash consideration and transaction costs to acquire IP Systems Pty Ltd of \$5.8m and capital expenditure \$24.1m.
- The increases in goodwill and the deferred consideration liability are attributable to the acquisition of IP Systems Pty Ltd.
- The iiNet Limited investment is carried on the balance sheet at \$51.7m as at reporting date. Our share of equity accounted earnings for the period were \$7.8m and dividends received were \$2.7m. At 30 June 2010 the investment is carried in the balance sheet at the equivalent of \$1.52 per iiNet Ltd share. The ASX listed market value at 30 June 2010 was \$99.3m or \$2.92 per share.

Preliminary Final Report
Appendix 4E
Results for announcement to the market
Amcom Telecommunications Ltd (ACN 062 046 217)

This Preliminary Final Report is provided to the Australian Securities Exchange (ASX) under ASX Listing Rule 4.3A.

Current Reporting Period: Financial Year ending 30 June 2010

Previous Corresponding Period: Financial Year ending 30 June 2009

Results

		Percentage Change %	Amount \$'000
Revenue	up	18	63,098
Net profit after tax attributable to members	up	42	17,252

	Amount per security ¢	Franked amount per security ¢
Dividend (final)	1.0	1.0

Key Dates:

Annual Report	30 September 2010
Dividend record date	22 October 2010
Dividend payment date	10 November 2010
Annual General Meeting	18 November 2010

	30 Jun 2010	30 Jun 2009
Net tangible assets per share	15.9 cents	17.5 cents

Amcom Telecommunications Ltd

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2010

	Note	2010 \$'000	2009 \$'000
Continuing Operations			
Revenue	2	63,098	53,441
Profit on sale of investment in an associate		868	-
Network expenses		(15,884)	(14,921)
Accommodation expense		(1,790)	(1,676)
Depreciation & amortisation expenses		(6,789)	(5,766)
Employee benefits expense		(15,676)	(12,780)
Finance costs		(1,585)	(1,857)
Marketing related expenses		(958)	(880)
Repairs and maintenance expenses		(1,042)	(718)
Other expenses		(4,500)	(3,776)
Acquisitions activity expenses	3	(2,325)	-
Share buy-back and sell down expenses	3	-	(2,207)
Share of profits of associates using the equity method	7	7,850	5,779
Profit from continuing operations before income tax expense		21,267	14,639
Income tax expense		(4,015)	(2,521)
Net Profit attributable to members of Amcom Telecommunications Ltd		17,252	12,118
Other comprehensive income			
Cash flow hedge – gain/(loss) taken to equity		396	(703)
Total comprehensive income attributable to members of Amcom Telecommunications Ltd		17,648	11,415
Earnings per share from continuing operations			
Basic (cents per share)	6	2.73	2.25
Diluted (cents per share)	6	2.70	2.25

Amcom Telecommunications Ltd

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2010

	<u>Note</u>	<u>2010</u> <u>\$'000</u>	<u>2009</u> <u>\$'000</u>
Current assets			
Cash and cash equivalents		19,518	14,798
Trade and other receivables		6,191	5,009
Inventories		1,462	1,316
Other		1,101	1,011
Total current assets		<u>28,272</u>	<u>22,134</u>
Non-current assets			
Investment in associates	7	51,683	47,221
Property, plant and equipment		93,680	74,467
Goodwill **		33,473	14,615
Other intangible assets		485	80
Total non-current assets		<u>179,321</u>	<u>136,383</u>
Total assets		<u>207,593</u>	<u>158,517</u>
Current liabilities			
Trade and other payables		10,763	9,912
Deferred revenue *		7,273	6,403
Borrowings		389	2,076
Income tax payable		1,805	914
Derivative financial liability		249	484
Provisions		1,708	1,100
Total current liabilities		<u>22,187</u>	<u>20,889</u>
Non-current liabilities			
Borrowings		20,027	25,944
Provisions		626	219
Deferred revenue *		519	351
Deferred consideration **		13,842	-
Deferred tax liabilities		1,701	1,355
Derivative financial liability		58	219
Total non-current liabilities		<u>36,773</u>	<u>28,088</u>
Total liabilities		<u>58,960</u>	<u>48,977</u>
Net assets		<u>148,633</u>	<u>109,540</u>
Equity			
Contributed equity	5	132,142	101,792
Reserves		(3,147)	(277)
Retained profits		19,638	8,025
Total equity		<u>148,633</u>	<u>109,540</u>

* Amounts billed in advance for the establishment and provision of services under contract that will be recognised as revenue in subsequent periods.

** The increase in goodwill and deferred consideration is as a result of the acquisition of IP Systems Pty Ltd.

Amcom Telecommunications Ltd

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2010

	<u>Note</u>	<u>2010</u> <u>\$'000</u>	<u>2009</u> <u>\$'000</u>
Cash flows from operating activities			
Receipts from customers		67,272	52,851
Payments to suppliers and employees		(45,883)	(32,024)
Interest received		877	306
Interest and other costs of finance paid		(1,585)	(1,717)
Income tax paid		(2,431)	(1,831)
Dividends received		2,722	2,431
Net cash provided by operating activities	8	<u>20,972</u>	<u>20,016</u>
Cash flows from investing activities			
Payment for property, plant and equipment		(24,067)	(14,221)
Payment for acquisition of controlled entity, net of cash acquired		(4,770)	-
Payment of transaction costs for acquisition of controlled entity		(1,081)	-
Payment for acquisition of equity investment		-	(608)
Proceeds from sale of equity investment		1,785	1,692
Net investing cash flows		<u>(28,133)</u>	<u>(13,137)</u>
Cash flows from financing activities			
Proceeds from issues of equity securities		30,269	46
Share buy-back and sell down costs		-	(2,207)
Option cancellation and underwriting fees		(4,646)	-
Proceeds from borrowings		9,000	14,800
Repayment of borrowings		(17,103)	(10,165)
Dividends paid		(5,639)	(3,772)
Net financing cash flows		<u>11,881</u>	<u>(1,298)</u>
Net increase in Cash and Cash Equivalents		4,720	5,581
Cash and Cash Equivalents at the beginning of the financial year		<u>14,798</u>	<u>9,217</u>
Cash and Cash Equivalents at the end of the financial year		<u><u>19,518</u></u>	<u><u>14,798</u></u>

Amcom Telecommunications Ltd

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2010

	Contributed Equity \$'000	Employee Equity – Settled Benefits Reserve \$'000	Cash Flow Hedge Reserve \$'000	Option Cancellation Reserve \$'000	Retained Profits/ (Losses) \$'000	Total Equity \$'000
Consolidated						
At 30 June 2008	101,739	426	-	-	(321)	101,844
Profit for the year	-	-	-	-	12,118	12,118
Other comprehensive income	-	-	(703)	-	-	(703)
Total comprehensive income	-	-	(703)	-	12,118	11,415
Exercise of options	1	-	-	-	-	1
Repayment of shareholders loan	45	-	-	-	-	45
Issue of shares to employees	7	-	-	-	-	7
Dividends paid	-	-	-	-	(3,772)	(3,772)
At 30 June 2009	101,792	426	(703)	-	8,025	109,540
Profit for the year	-	-	-	-	17,252	17,252
Other comprehensive income	-	-	396	-	-	396
Total comprehensive income	-	-	396	-	17,252	17,648
Exercise of Options	30,258	-	-	-	-	30,258
Option cancellation	-	-	-	(3,366)	-	(3,366)
Option underwriting fee	(1,280)	-	-	-	-	(1,280)
Repayment of shareholders loan	45	-	-	-	-	45
Issue of securities to employees	11	100	-	-	-	111
Issue of converting shares	1,316	-	-	-	-	1,316
Dividends paid	-	-	-	-	(5,639)	(5,639)
At 30 June 2010	132,142	526	(307)	(3,366)	19,638	148,633

Amcom Telecommunications Ltd

Notes to the Financial Statements For the Financial Year Ended 30 June 2010

1. Basis of Preparation

This preliminary final report has been prepared in accordance with ASX Listing Rule 4.3A and the disclosure requirements of ASX Appendix 4E.

The accounting policies adopted in the preparation of the preliminary final report are consistent with those adopted and disclosed in the consolidated financial report of 30 June 2009.

	<u>2010</u> <u>\$'000</u>	<u>2009</u> <u>\$'000</u>
2. Revenue		
Profit from ordinary activities before income tax includes the following items of revenue and expense:		
Rendering of services	60,635	51,016
Project revenue	1,586	2,040
Interest income	877	306
Other revenue	-	79
	<u>63,098</u>	<u>53,441</u>

3. Expenses

Acquisitions activity expenses (a)	2,325	-
Share buy back and sell down expenses (b)	-	2,207

a) Acquisition activity expenses comprise \$1,381,000 in relation to the acquisition of IP Systems Pty Ltd. The balance relates to expenses on a transaction that did not proceed.

b) In the previous corresponding period, 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 Elders Limited of 50.1%.

Amcom Telecommunications Ltd

Notes to the Financial Statements For the Financial Year Ended 30 June 2010

4. Dividends fully franked

	Date dividend paid / payable	Amount per security ¢	\$'000
2010			
Final	10 November 2010	1.0	7,210
Interim	16 April 2010	0.4	2,868
		1.4	10,078
2009			
Final	11 November 2009	0.5	2,771
Interim	29 April 2009	0.3	1,616
		0.8	4,387

5. Contributed Equity

Ordinary Shares	Number of shares	\$'000
Opening balance	538,857,752	101,792
Issued upon exercise of options	177,990,391	30,258
Issue of fully paid shares to employees	56,122	11
Repayment of shareholders loan	-	45
Option underwriting fee	-	(1,280)
Converting shares	4,114,285	1,316
Closing balance	721,018,550	132,142

Securities on issue

Listed ordinary shares	716,801,119
Unlisted:	
Employee shares	103,146
Performance rights a)	6,650,000
Converting shares b)	4,114,285

- a) Performance rights were issued as part of the executive long term incentive plan. These rights will vest and be converted to ordinary shares if the 20-day volume weighted average share price reaches or exceeds 50c at any time between 31 March 2012 and 31 December 2012.
- b) Converting shares were issued as part consideration for the acquisition of IP Systems Pty Ltd.

Amcom Telecommunications Ltd

Notes to the Financial Statements For the Financial Year Ended 30 June 2010

6. Earnings per Share

	2010 ¢ per share	2009 ¢ per share
Basic EPS	2.73	2.25
Diluted EPS	2.70	2.25
	2010 No. '000	2009 No. '000
Basic EPS - Weighted average number of ordinary shares	632,585	538,843
Diluted EPS - Weighted average number of ordinary shares	639,235	538,843

7. Details of Associates

Name of Entity	Ownership interest		Contribution to net profit	
	2010 %	2009 %	2010 \$'000	2009 \$'000
iiNet Limited (listed)	22.4	22.5	7,762	5,809
Perth IX (Belmont) Pty Ltd *	-	20	88	(30)
			7,850	5,779

	2010 \$'000	2009 \$'000
Listed investment		
Carrying value	51,683	46,642
Market value at reporting date	99,316	58,841

* The investment in Perth IX (Belmont) Pty Ltd was sold during the year.

Amcom Telecommunications Ltd

Notes to the Financial Statements For the Financial Year Ended 30 June 2010

8. Cash Flow - Reconciliation of Operating Cash Flow

	2010 \$'000	2009 \$'000
EBITDA	22,371	18,384
Tax paid	(2,431)	(1,831)
Interest (net)	(708)	(1,411)
Dividends received	2,722	2,431
Other	100	(74)
	22,054	17,499
Movement in working capital		
Receivables	(296)	(681)
Inventory	(146)	(97)
Deferred revenue	548	1,063
Trade creditors and provisions	(1,188)	2,232
Total movement in working capital	(1,082)	2,517
Operating Cash Flow	20,972	20,016

9. Segment Information

30 June 2010 \$'000	Fibre	Amnet	Business Services	Corporate Overheads	Total
Revenue from external customers	44,720	12,191	5,310	-	62,221
Total segment revenue	44,720	12,191	5,310	-	62,221
Other revenue					877
Total revenue per the statement of comprehensive income					63,098
Earnings before interest, tax, depreciation and amortisation	21,759	2,568	1,635	(3,591)	22,371
Depreciation and amortisation	(5,619)	(837)	(319)	(14)	(6,789)
Segment result (EBIT)	16,140	1,731	1,316	(3,605)	15,582
Interest (net)					(708)
Acquisitions activity expenses					(2,325)
Profit on sale of investment					868
Share of profit of associates					7,850
Net profit before tax					21,267
Tax expense					(4,015)
Net profit after tax					17,252

Amcom Telecommunications Ltd

Notes to the Financial Statements For the Financial Year Ended 30 June 2010

30 June 2009 \$'000	Fibre	Amnet	Business Services	Corporate Overheads	Total
Revenue from external customers *	37,288	11,835	3,933	-	53,056
Total segment revenue	37,288	11,835	3,933	-	53,056
Other revenue					385
Total revenue per the statement of comprehensive income					<u>53,441</u>
Earnings before interest, tax, depreciation and amortisation *	17,805	1,765	2,005	(3,191)	18,384
Depreciation and amortisation	(4,712)	(896)	(144)	(14)	(5,766)
Segment result (EBIT)	13,093	869	1,861	(3,205)	12,618
Interest (net)					(1,551)
Share buy-back and sell down expenses					(2,207)
Share of profit of associates					<u>5,779</u>
Net profit before tax					14,639
Tax expense					<u>(2,521)</u>
Net profit after tax					<u>12,118</u>

* Voice is now included in the Business Services segment whereas previously part of Amnet. The comparative information has been restated. The financial impact is an increase in Business Services revenue of \$1,278k and EBITDA of \$509k and a corresponding reduction in Amnet revenue and EBITDA respectively.

Segment assets and liabilities

	Assets		Liabilities	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Fibre	108,372	92,984	16,502	21,101
Amnet	9,073	10,623	2,117	3,114
Business Services	25,188	1,617	2,996	899
Total of all segments	142,633	105,224	21,615	25,114
Unallocated	64,960	53,293	37,345	23,863
Consolidated	207,593	158,517	58,960	48,977

Products and services within each business segment

The consolidated entity is organised into three major operating segments – Fibre, Amnet and Business Services. These segments are the basis on which the consolidated entity reports its primary segment information. The segment result is determined as Earnings

Amcom Telecommunications Ltd

Notes to the Financial Statements For the Financial Year Ended 30 June 2010

before interest and taxation excluding unallocated costs. The principal products and services of each of these segments are as follows:

- Fibre Development of high speed technology links and the supply of last mile fibre optic network connections
- Amnet Consumer DSL services
- Business Services Voice services, data centre management and managed IT services

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

10. Acquisition of Subsidiary

On 24th of May 2010, Amcom Telecommunication Ltd gained control over IP Systems Pty Ltd. The contribution of IP Systems Pty Ltd to the consolidated entity's profit from ordinary activities during the financial year ended 30 June 2010 is \$33,000. The net profit after tax of IP Systems Pty Ltd during the whole of the previous corresponding financial year was \$828,000.

11. Contingent Liabilities in Associates

iiNet Copyright case

There has been no material change in contingent liabilities except in respect to contingent liabilities of our associate, iiNet Limited. This matter is not capable of being quantified and does not give rise to any liability to Amcom Telecommunications Limited. The matter refers to an appeal by the Australian Federation Against Copyright Theft (AFACT) against the decision in *Roadshow Films Pty Ltd v iiNet Limited (No 3)* [2010] FCA 24 which will be heard from 2 August 2010 by the Full Court of the Federal Court of Australia of which the outcome is still pending. iiNet has filed a Notice of Contention in response to the appeal.

12. Subsequent Events

No matter or circumstance has arisen since the end of the financial year which is not otherwise dealt with in this report that has significantly affected or may significantly affect the operations of the Company, the results of its operations or the state of affairs of the Company in subsequent financial periods.

13. Information on Audit or Review

This preliminary final report is based on financial statements that are in the process of being audited.