2013

AMCOM TELECOMMUNICATIONS LTD

ANNUAL REPORT

amcom

Contents

CHAIRMAN'S REPORT

Anthony J Grist
Chairman

Dear Shareholder,

It is with great pleasure that I present Amcom Telecommunications Limited's annual report for the financial year ended 30 June 2013. It has been another very successful year for your company amidst an environment of ongoing change within the telecommunications and information technology industries.

For the year Amcom's underlying profit rose 23% to $20.8m. This excludes several one-off items from the previous year so we can compare 'apples with apples.' Last year's reported earnings were boosted by a large one-off profit on the in-specie distribution of our iiNet shareholding to our shareholders in 2011.

Looking back over a longer period and removing one-off items that occur from time to time, the year just completed marks the eleventh consecutive year where underlying profit has increased by at least 20%. I believe this is a remarkable achievement when one considers the volatility of economic conditions over the past decade, both before and after the global financial crisis. It is a testament to the strength of our business model and an ability to think ahead of the curve to adapt to constantly changing circumstances.

This track record of delivering superior performance has been embraced by investors with the Amcom's share price rising strongly over recent years. In FY 13 the share price rose by approximately 80% as the market expects continued strong earnings growth from your company in a subdued macroeconomic environment. I share Investor's confidence in Amcom's outlook.

The board declared dividends totalling 5.5 cents per share for the year, a 10% increase from the previous year. Delivering a growing income stream in the form of fully franked dividends is another attractive feature of Amcom's investment profile. In addition the company's financial position is sound with modest debt levels and ample capacity to fund new growth initiatives, be they organic or via well thought out strategic acquisitions which broaden our product offering and add value for both customers and investors.

Amcom's strategy for ongoing strong growth revolves around identifying and seizing new opportunities from the convergence between the IT and telecommunications industries.The move towards Cloud based services (telephony and IT services hosted by a third party such as Amcom) is a global phenomenon. Our key market of corporate and government customers want more flexible solutions for their telecommunications and IT services. Customers want services available and delivered as needed rather than spending significant sums up-front on their own equipment in their own premises with ongoing service and maintenance requirements. Amcom is ideally placed to meet the changing demands of the marketplace. We have a core fibre based data network of our own, data centres with significant IT processing and storage capacity and a suite of innovative Cloud based services and capabilities overlayed on our physical assets. Combine all of this with a flexible 'can do' attitude towards our customers and it's a winning combination in my view.

Of course the company would never be able to deliver on its full potential if not for the dedicated team of Amcom people led by Chief Executive Officer Clive Stein. Our senior management team and the board of directors recognise that quality people are fundamental in making a good company a great company. The corporate culture within Amcom is values based, customer centric and focussed on continual improvement in order to win in the marketplace. On behalf of the board I would like to thank all the Amcom team for their dedication and continued efforts to drive this company forward.

Going forward I remain very optimistic about the future of your company and of senior management's ability to meet the high expectations of investors who have chosen to participate in the Amcom story. The investments we are making today in terms of enhancing our operational capabilities and the capacity to deliver them to the highest possible standard will drive the ongoing growth of Amcom and the ability to deliver attractive shareholder returns into the future. I look forward to reporting back to you next year at the conclusion of what should be another successful year ahead.

Anthony J Grist

Chairman
6 September 2013

"Continued success is achieved through people fully engaged in creating a great customer experience."

Clive Stein
Chief Executive Officer

MANAGING DIRECTOR'S REPORT

Clive Stein
Managing Director
& CEO

Dear Shareholder,

I am delighted to report that the year ended 30 June 2013 was once again a successful year for your company. Amcom has posted its eleventh year of underlying profit growth in excess of 20% per annum which has led to continued growth in shareholder value.

For the year, underlying net profit rose by 23% to $20.8m, excluding one-off items, free cash flow improved by 10% to $14.8m, notwithstanding the significant investments we have made in new capabilities. Amcom's return on shareholder's funds improved to 18% and the full year dividend rose by 10% to 5.5 cents per share fully franked.

Our strategic plan is based on expanding our product suite that builds on our foundation of data network services.This strategy recognises the changing IT environment with a focus of convergence of both the telecommunications and IT sectors to the Cloud or hosted environment.

The needs and demands of our corporate and government customers are changing and the traditional ways of managing IT services are becoming less relevant. We have recognised these changes and new trends ahead of time and our strategy for investment in Cloud services reflects the growing opportunities ahead.

We start the new financial year in a strong position with low net debt, growing free cash flow generation and the capacity to fund the ongoing evolution of Amcom's business model while maintaining attractive returns to our shareholders.

Whilst the numbers are very pleasing, these financial metrics are the outputs of a well thought out strategic plan encompassing the changing dynamics of the industry in which we operate and the tireless efforts of our people to successfully execute on the vision we see for the future of your company.

OPERATIONAL REVIEW

Data Networks

Our data networks (fibre) business continues to be the engine room for growth as the majority of our service offerings involve networks.Our existing fibre network provides a comprehensive range of high-speed communication products to blue chip corporates, government agencies and other telecommunications providers which are essential requirements for business today. Data networks revenue rose 21% in FY 13 with a corresponding increase in earnings before interest, tax, depreciation and amortisation ("EBITDA").

Our core network footprint covers the metro markets of Perth, Adelaide and Darwin. Pleasingly, there was continued growth in all our core markets, particularly from our operations in Darwin. As we drive more business across our existing network we 'sweat' our existing assets harder. Our ratio of capital expenditure required to connect an additional dollar of revenue continued to decline and the returns on capital employed continued to expand. Capital expenditure across the company for the year was relatively unchanged at $18.4m despite continued strong growth in revenue and earnings.

However, the edge of our network footprint is no limit to winning profitable new business. We have established an extensive wholesale network with all major carriers in Australia that enables us to deliver data services anywhere in Australia at market competitive rates. Our data network customer base is diverse across approximately 1,000 accounts spanning a multitude of different industries and government agencies. On a geographic basis we now derive significant revenue across the entire Australian mainland, whereas five years ago we were a company predominantly servicing the Western Australian market.

Our fibre network platforms are effectively 'future proofed' and enable us to value add new Cloud (hosted) services such as Amcom Cloud Collaboration (Cisco hosted voice), IP Tel (Broadsoft hosted voice) and Cloud based "As a Service" offering such as data storage, back up and disaster recovery services.

Hosted and Cloud Services

The shift towards hosted services in the 'Cloud' is a key part of the significant shift driving the convergence of the IT and telecommunications industry. In the past, most large organisations would house their own IT infrastructure on their own premises with associated ongoing maintenance and upgrade requirements. With the increasing speed, reliability and security of the network, many consumers are now realising there is a compelling alternative – let an external Service Provider expert such as Amcom manage all of this in the Cloud. Customers can move away from large upfront capital expenditure and 'hit and miss' bets on which way technology will evolve. They can outsource their entire technology platform, only pay for what they need on a consumption basis, and have "evergreen" access to the latest features as they evolve.

We identified this trend early and saw the opportunity available to us. Leveraging off our existing physical assets, we have partnered with leading network infrastructure provider Cisco Systems to upgrade Amcom's national data network with the latest technology and to deploy Cisco's Hosted Collaboration Service branded as Amcom Cloud Collaboration.This unified communications platform provides organisations with all the benefits of seamless communications across multiple devices and promotes the transition from on-premise to a Cloud based delivery model hosted by Amcom. Our investment in the network upgrade and deployment of Cisco's technology comprises an initial $8m financed by a Cisco vendor loan. Further investments will be made as services are sold and upgraded.

I am very optimistic about this initiative. We have an existing corporate and government customer base primed to take advantage of a fully unified Cloud based solution to their communications requirements, and over time we can upsell even more advanced solutions as we demonstrate a clear value proposition.

At year end, our annual recurring revenue base from Cloud services was approximately $6m and it is already contributing to the group's bottom line. However this is only the beginning. Over time I expect the combination of these new products and services and increased traffic flow over our networks to be the key drivers of your company's growth into the future.

IT Services

Our IT services division is an important part of Amcom's overall strategy. It is another touch point with our customers, both existing and potential ones. IT services revolve around the provision of integration solutions, managed services and related services. It's an excellent strategic fit for Amcom as it provides complementary product offerings and importantly, leverages our existing fibre network assets and opens opportunities to offer new services to our existing customer base. We have an extensive skills capability in IT services that will enable us to accelerate our recently launched Cloud offering.

We are redeploying technical skills from our IT services business in order to build annuity revenue streams in hosted IP telephony and Cloud services.The cross selling opportunities across the rest of the group are substantial. In FY 13 IT services generated $4.7m in sales closed through to data networks and our data centres and we are seeing this trend accelerate as we move into the new financial year.

I am confident this business adds significant strategic and operational value across the entire organisation.

Over recent years Amcom has achieved a great deal. We are now an organisation with a national footprint offering a broader platform of products that allows us to participate in emerging telecommunications and IT markets that have only recently evolved.

I would sincerely like to thank every member of the Amcom team. Without great people talking to customers every day and in supporting roles our organisation would be left behind in this rapidly evolving industry. I am focused on encouraging an open and collaborative culture across the organisation. I believe our dedicated, hard-working and customer focused team is a key competitive advantage for Amcom.

Outlook

As shareholders you can be confident in the outlook for your company. Amcom is well placed to benefit from the changing IT and telecommunications landscape. We have proven our ability to adapt and successfully execute the new business models required in today's marketplace. This will manifest itself in continued strong financial performance and I anticipate another year of double digit percentage growth in earnings in FY 14.

Clive Stein

Managing Director and
Chief Executive Officer

6 September 2013

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"Challenging convention in today's business environment is the driver of innovation."

Michael Knee
Chief Operating Officer

BOARD OF DIRECTORS

The Board of Directors of Amcom Telecommunications Limited is responsible for establishing the corporate governance framework having regard to the ASX Corporate Governance Council (CGC) published guidelines as well as its corporate governance principles and recommendations. The Board guides and monitors the business and affairs of the company on behalf of the shareholders by whom they are elected and to whom they are accountable.

The table below summarises the Company's compliance with the CGC's recommendations.

Recommendation		Comply
Principle 1 – Lay solid foundations for management and oversight		
1.1	Companies should establish the functions reserved to the board and those delegated to senior executives and disclose those functions.	Yes
1.2	Companies should disclose the process for evaluating the performance of senior executives.	Yes
1.3	Companies should provide the information indicated in the guide to reporting on Principle 1.	Yes
Principle 2 – Structure the board to add value		
2.1	A majority of the board should be independent directors.	Yes
2.2	The chair should be an independent director.	Yes
2.3	The roles of chair and chief executive officer should not be exercised by the same individual.	Yes
2.4	The board should establish a nomination committee.	Yes
2.5	Companies should disclose the process for evaluating the performance of the board, its committees and individual directors.	Yes
2.6	Companies should provide the information indicated in the guide to reporting on Principle 2.	Yes
Principle 3 – Promote ethical and responsible decision-making		
3.1	Companies should establish a code of conduct and disclose the code or a summary of the code as to:	
	• The practices necessary to maintain confidence in the company's integrity.	Yes
	• The practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders.	Yes
	• The responsibility and accountability of individuals for reporting and investigating reports of unethical practices.	Yes

Recommendation		Comply
3.2	Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the board to establish measurable objectives for achieving gender diversity for the board to assess annually both the objectives and progress in achieving them.	Yes
3.3	Companies should disclose in each annual report the measurable objectives for achieving gender diversity set by the board in accordance with the diversity policy and progress towards achieving them.	Yes
3.4	Companies should disclose in each annual report the proportion of female employees in the whole organisation, women in senior executive positions and women on the board.	Yes
3.5	Companies should provide the information indicated in the guide to reporting on Principle 3.	Yes
Principle 4 – Safeguard integrity in financial reporting		
4.1	The board should establish an audit committee.	Yes
4.2	The audit committee should be structured so that it:	
	• Consists only of Non-Executive directors	Yes
	• Consists of a majority of independent directors	Yes
	• Is chaired by an independent chair, who is not chair of the board	Yes
	• Has at least three members	Yes
4.3	The audit committee should have a formal charter.	Yes
4.4	Companies should provide the information indicated in the Guide to reporting on Principle 4.	Yes
Principle 5 – Make timely and balanced disclosure		
5.1	Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.	Yes
5.2	Companies should provide the information indicated in the guide to reporting on Principle 5.	Yes
Principle 6 – Respect the rights of shareholders		
6.1	Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy.	Yes
6.2	Companies should provide the information indicated in the guide to reporting on Principle 6.	Yes

Recommendation		Comply
Principle 7 – Recognise and manage risk		
7.1	Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.	Yes
7.2	The board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks.	Yes
7.3	The board should disclose whether it has received assurance from the Chief Executive Officer and the Chief Financial Officer that the declaration provided in accordance with section 295A of the *Corporations Act 2001* is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.	Yes
7.4	Companies should provide the information indicated in the guide to reporting on Principle 7.	Yes
Principle 8 – Remunerate fairly and responsibly		
8.1	The board should establish a remuneration committee.	Yes
8.2	The remuneration committee should be structured so that it:	
	• Consists of a majority of independent directors	Yes
	• Is chaired by an independent chair	Yes
	• Has at least three members	Yes
8.3	Companies should clearly distinguish the structure of Non-Executive director's remuneration from that of executive directors and senior executives.	Yes
8.4	Companies should provide the information indicated in the guide to reporting on Principle 8.	Yes

Amcom Telecommunication Limited's corporate governance practices were in place throughout the year ended 30 June 2013.

For further information on corporate governance policies adopted by Amcom Telecommunications Ltd, refer to our website: www.amcom.com.au

Board Functions

The Board seeks to identify the expectations of the shareholders, as well as other regulatory and ethical expectations and obligations. In addition, the Board is responsible for identifying areas of significant business risk and ensuring arrangements are in place to adequately manage those risks.

To ensure that the Board is well equipped to discharge its responsibilities it has established guidelines for the nomination and selection of directors and for the operation of the Board.

The responsibility for the operation and administration of the Company is delegated, by the Board, to the CEO and the executive management team. The Board ensures that this team is appropriately qualified and experienced to discharge their responsibilities and has in place procedures to assess the performance of the CEO and the executive management team.

Whilst at all times the Board retains full responsibility for guiding and monitoring the Company, in discharging its stewardship it makes use of sub-committees. Specialist committees are able to focus on a particular responsibility and provide informed feedback to the Board.

To this end the Board has established the following committees:

- Audit and Risk
- Remuneration and Nomination

The roles and responsibilities of these committees are discussed in this Corporate Governance Statement.

The Board is responsible for ensuring that management's objectives and activities are aligned with the expectations and risks identified by the Board. The Board has a number of mechanisms in place to ensure this is achieved including:

- board approval of a strategic plan designed to meet stakeholders' needs and manage business risk;
- ongoing development of the strategic plan and approving initiatives and strategies designed to ensure the continued growth and success of the entity; and
- implementation of budgets by management and monitoring progress against budget – via the establishment and reporting of both financial and non-financial key performance indicators.

Other functions reserved to the Board include:

- approval of the annual and half-yearly financial reports;
- approving and monitoring the progress of major capital expenditure, capital management, acquisitions and divestitures;
- ensuring that any significant risks that arise are identified, assessed, appropriately managed and monitored; and
- reporting to shareholders.

Structure and Independence of the Board

The skills, experience and expertise relevant to the position of director held by each director in office at the date of the annual report is included in the Directors' Report. Directors of Amcom Telecommunications Ltd are considered to be independent when they are independent of management and free from any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with the exercise of their unfettered and independent judgement.

In the context of director independence, materiality' is considered from both the Company and individual director perspective. The determination of materiality requires consideration of both quantitative and qualitative elements. An item is presumed to be quantitatively immaterial if it is equal to or less than 5% of the appropriate base amount. It is presumed to be material (unless there is qualitative evidence to the contrary) if it is equal to or greater than 10% of the appropriate base amount.

Qualitative factors considered include whether a relationship is strategically important, the competitive landscape, the nature of the relationship and the contractual or other arrangements governing it and other factors that point to the actual ability of the director in question to shape the direction of the Company's loyalty.

Mr Grist has a shareholding of 3.37% in the Company, he receives fees in addition to his Chairman's fees (as disclosed at Note 29 of the financial statements) and is provided with car parking and secretarial support customary for a Chairman. The Board is of the opinion that Mr Grist is an independent director and is the most appropriate person to lead the Board and that he is able to discharge his duties with independent judgement and that the Company benefits from his long standing experience in the industry. Mr Grist does not sit on any of the Board's committees.

Mr Coleman is a Director of Wyllie Group Pty Ltd, which currently has a 3.2% (and up until May 2013 had a 6.55%) shareholding in the Company. Notwithstanding this relationship, Mr Coleman is considered independent as he has no financial interest in Wyllie Group Pty Ltd and holds his position as a Director of the Company personally.

Mr Warner is a Director of Cape Bouvard Investments Pty Ltd, a Company that is under common control with Osson Pty Ltd, a company that currently hold no shares in the Company but previously during the financial year held an 8.0% shareholding in the Company. Notwithstanding this former relationship, Mr Warner was considered independent during the whole of the financial year as he has no financial interest in Cape Bouvard Investments Pty Ltd or its related companies, and that he holds his position as Director of the Company personally which pre-dates Osson Pty Ltd as a shareholder of the Company.

In accordance with the definition of independence above, and the materiality thresholds set, the following directors of Amcom Telecommunications Ltd are considered to be independent:

- Anthony Grist
- Peter Clifton
- Craig Coleman
- Anthony Davies
- Ian Warner

There are procedures in place, agreed by the Board, to enable directors to seek independent professional advice at the Company's expense in order to fulfil their duties as Directors.

The term in office held by each director in office at the date of this report is as follows:

Name	Date Appointed
Ian Warner	March 1994
Anthony Grist	October 1997
Peter Clifton	September 1999
Clive Stein	April 2000
Anthony Davies	October 2003
Craig Coleman	October 2008

Performance

The performance of the Board and key executives is reviewed regularly against both measurable and qualitative indicators. During the reporting period, the performance of Board members was evaluated against qualitative and quantitative performance criteria. The performance criteria against which directors and executives are assessed are aligned with the financial and non-financial objectives of the Company. Further details are outlined in the remuneration report.

Trading Policy

The Company's security trading policy imposes basic trading restrictions on all employees of the Company and its related Companies with "inside information", and additional trading restrictions on the directors and executives of the Company.

The securities trading policy can be found at the company's website www.amcom.com.au As required by the ASX Listing Rules, the Company notifies the ASX of any securities transaction conducted by directors in the securities of the Company.

Audit and Risk Committee

The Board has established an Audit and Risk Committee, which operates under a charter approved by the Board. It is the Board's responsibility to ensure that an effective internal control framework exists within the entity. This includes internal controls to deal with both the effectiveness and efficiency of significant business processes, the safeguarding of assets, the maintenance of proper accounting records, and the reliability of financial information as well as non-financial considerations such as the benchmarking of operational key performance indicators.The Board has delegated responsibility for establishing and maintaining a framework of internal control to the Audit and Risk Committee.

The Committee also provides the Board with additional assurance regarding the reliability of financial information for inclusion in the financial reports. All members of the Audit and Risk Committee are Non-Executive Directors.

The members of the Audit and Risk Committee during the year were:

- Anthony Davies (Chairman)
- Ian Warner
- Peter Clifton

For details on the number of meetings of the Audit and Risk Committee held during the year and the attendees at those meetings, refer to the Directors' Report.

Remuneration and Nomination Committee

The Board is responsible for determining and reviewing compensation arrangements for the directors themselves, the chief executive officer and the executive team. The Board has established a Remuneration and Nomination Committee, comprising three Non-Executive directors. Members of the Remuneration and Nomination Committee throughout the year were:

- Craig Coleman (Chairman)
- Peter Clifton
- Ian Warner

It is the Company's objective to provide maximum stakeholder benefit from the retention of a high quality Board and executive team by remunerating directors and executives fairly and appropriately with reference to relevant employment market conditions.To assist in achieving this objective, the Committee links the nature and amount of executive directors' and officers' remuneration to the Company's financial and operational performance.The Committee also considers the nomination of new directors to the Board based upon maintaining an appropriate mix of skills, experience and background.The Board has adopted a diversity policy.

There is no scheme to provide retirement benefits to Non-Executive Directors.

For details on the number of meetings of the Committee held during the year and the attendees at those meetings, refer to the Directors' Report.

For a full discussion of the Company's remuneration philosophy and framework and the remuneration received by directors and executives in the current period please refer to the Remuneration Report, which is contained within the Directors' Report.

Risk

The Board has continued its proactive approach to risk management.The identification and effective management of risk, including calculated risk-taking is viewed as an essential part of the Company's approach to creating long-term shareholder value.

In recognition of this, the Board determines the company's risk profile and is responsible for overseeing and approving risk management strategy and policies, internal compliance and internal control.

The Board oversees an annual assessment of the effectiveness of risk management and internal compliance and control.The tasks of undertaking and assessing risk management and internal control effectiveness are delegated to management, including responsibility for the day to day design and implementation of the company's risk management and internal control system. Management reports to the Audit and Risk Committee who in turn report to the Board on the company's key risks and the extent to which it believes these risks are being adequately managed.

The Board has a number of mechanisms in place to ensure that management's objectives and activities are aligned with identified risks. These include the following:

- Board approval of a strategic plan, which encompasses the company's vision, mission and strategy statements, designed to meet stakeholders' needs and manage business risk.
- Implementation of Board approved operating plans and budgets and board monitoring of progress against these budgets.

As part of its oversight role the Audit and Risk Committee conduct a series of risk-based reviews as agreed with management and the committee with the objective of providing assurance on the adequacy of the risk management process.

CEO and CFO certification

In accordance with section 295A of the *Corporations Act*, the Chief Executive Officer and Chief Financial Officer have provided a written statement to the Board that:

- Their view provided on the Company's financial report is founded on a sound system of risk management and internal compliance and control which implements the financial policies adopted by the Board;
- The Company's risk management and internal compliance and control system is operating effectively in all material respects.

The Board agrees with the views of the ASX on this matter and Notes that due to its nature, internal control assurance from the CEO and CFO can only be reasonable rather than absolute. This is due to such factors as the need for judgement, the use of testing on a sample basis, the inherent limitations in internal control and because much of the evidence available is persuasive rather than conclusive and therefore is not and cannot be designed to detect all weaknesses in control procedures.

Shareholder Communication Policy

Pursuant to Principle 6, Amcom's objective is to promote effective communication with its shareholders at all times.

Amcom Telecommunications Limited is committed to:

- Ensuring that shareholders and the financial markets are provided with full and timely information about Amcom Telecommunication Limited's activities in a balanced and understandable way.
- Complying with continuous disclosure obligations contained in the ASX listing rules and the *Corporations Act* in Australia.
- Communicating effectively with its shareholders and making it easier for shareholders to communicate with Amcom Telecommunications Limited.

To promote effective communication with shareholders and encourage effective participation at general meetings, information is communicated to shareholders:

- Through the release of information to the market via the ASX
- Through the distribution of the annual report and notices of annual general meeting
- Through shareholder meetings and investor relations presentations
- Through letters and other forms of communications directly to shareholders
- By posting relevant information on Amcom Telecommunications Limited's website: www.amcom.com.au

The Company's website www.amcom.com.au has a dedicated Investor Relations section for the purpose of publishing all important company information and relevant announcements made to the market.

The external auditors are required to attend the annual general meeting and are available to answer any shareholder questions about the conduct of the audit and preparation of the audit report.

Diversity

Amcom is committed to providing a diverse work environment in which everyone is treated fairly and with respect. Diversity at Amcom is promoted by creating a culture that empowers people to act in accordance with established Diversity policies and processes, and through the achievement of the following Measurable Objectives:

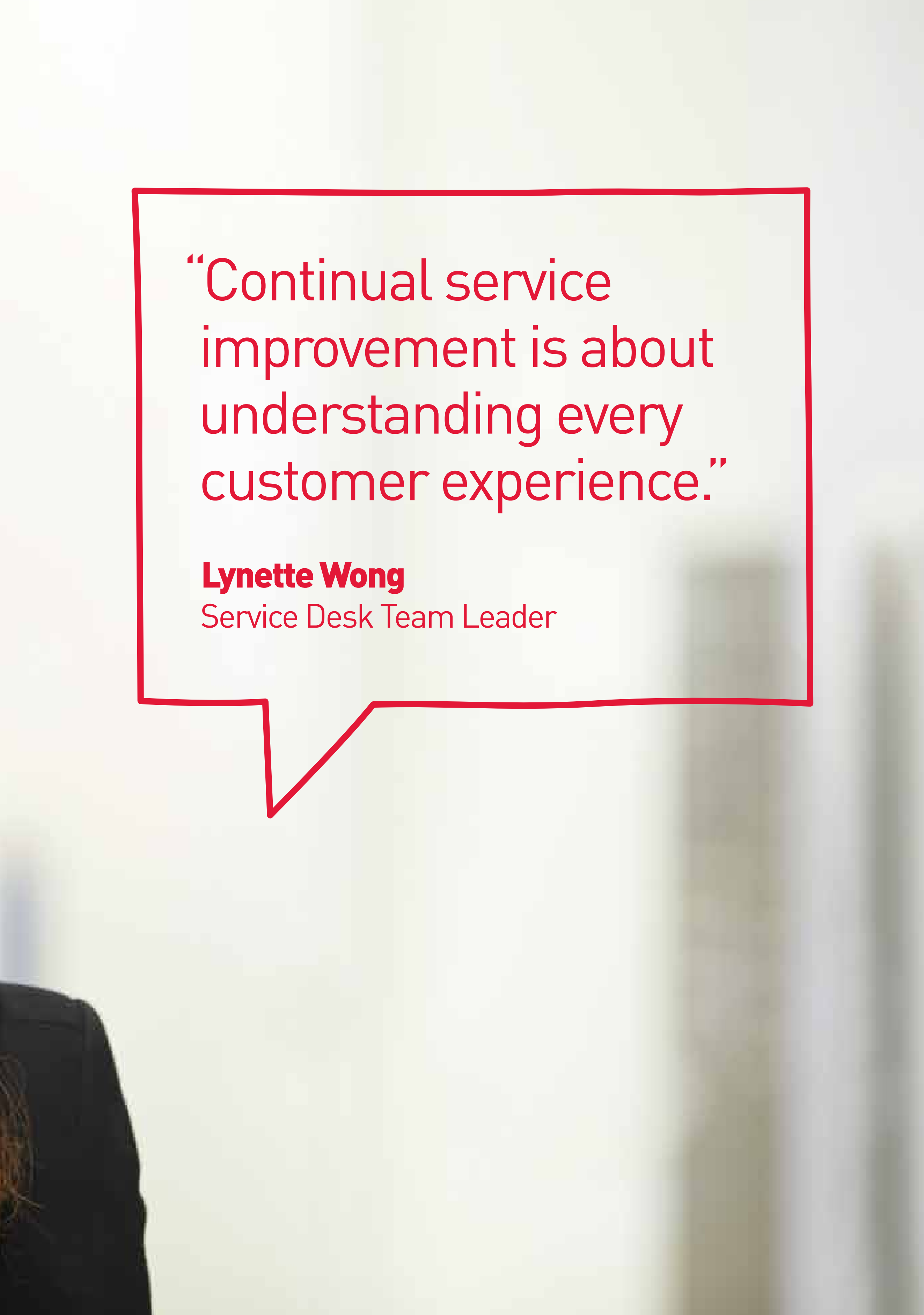
Diversity Measurable Objectives	Progress
Continuing a Diversity Committee	The Diversity Committee comprising Group Executive – Chief Operating Officer, Chief Financial Officer, Business Manager – People & Business Manager - Marketing.
Executive Management Group responsible for diversity	Responsibility of Chief Operating Officer.
Recruitment policies and procedures reflect Amcom's position on diversity	Policies and procedures are reviewed annually and all recruitment advertising includes a statement on Diversity.
Diversity Committee to provide a semi-annual report to the Remuneration & Nomination Committee on diversity matters	Diversity Committee to adjust reporting cycle from annual to semi-annual reporting to the Remuneration & Nomination Committee, on the progress of Diversity Measurable Objectives and female representation from FY 13.
Ongoing programs which aim to encourage female participation in the workforce	A range of workplace programs are ongoing and are focused towards attracting and retaining female employees, including flexible working hours; 'keep in touch' initiatives for women on maternity leave; allocation of a designated expressing room for women returning from maternity leave; and the continuing professional development and networking program - WiTS (Women in Technology Services).

As at 30 June 2013, a current representation of women in the workplace at Amcom:

Female Representation:	Total # Females	% Females
Whole Organisation	77	22.3%
Senior Executive	1	14.2%
Board	-	-

The diversity policy is available in the corporate governance section of the Company's website.

Amcom has prepared its Equal Opportunity Report for FY 13 which outlines information on the demographics at Amcom, what current initiatives we have in place and what is planned for the future to ensure gender equality. This report can be found in the 'About' section of our website.



“Continual service improvement is about understanding every customer experience.”

Lynette Wong
Service Desk Team Leader

Directors

Your directors submit their report for the year ended 30 June 2013.

The names and particulars of the directors of the Company during and since the end of the financial year are:

Mr. Anthony GRIST

Non-Executive Chairman

After managing the corporate underwriting division of an Australian Stockbroking firm, Mr. Grist formed what became Albion Capital Partners, a private investment group based in Perth in 1991.

He formed what became Amcom Telecommunications Ltd in 1999 to acquire and finance the then start-up telco, Amcom Pty Ltd.

Tony led the acquisition of a major stake in iiNet Limited by Amcom in 2006 and joined the board of iiNet that same year. iiNet became the second largest broadband provider by customer number after a major period of expansion, and in 2011 Amcom divested its stake in iiNet via a distribution of the stake to Amcom shareholders. Tony left the board of iiNet in September 2011.

Mr. Ian WARNER

Non-Executive
Deputy Chairman

Joined the Board in 1994. Mr. Warner has practiced as a commercial lawyer for over 25 years including 16 years as a Senior Partner of a large Perth law firm. He was also a Director of Australia Post until May 2012 and previously Perpetual Trustees Australia Pty Ltd and Western Power Corporation. He is currently a Non-Executive Director of Cape Bouvard Investments Pty Ltd. Mr. Warner is a member of the Audit and Risk Committee and of the Remuneration and Nomination Committee.

Mr. Clive STEIN

Managing Director
& Chief Executive Officer

Joined the Board in 2000. Mr. Stein has over 25 year's international experience in the electronics, computer and communications industries. He joined Amcom as General Manager in 1999 and was subsequently appointed to Chief Operating Officer. Mr. Stein was appointed to the role of Managing Director and Chief Executive Officer on 1 July 2007. Mr. Stein's previous positions included various senior management roles in leading IT and technology companies. His career, which commenced in the electronics industry in South Africa, has also included a number of engineering positions.

Mr. Peter CLIFTON

Non-Executive Director

Joined the Board in 1999. A consultant with particular expertise in the management of commercial, contractual and project delivery requirements of large projects, Mr. Clifton has more than 35 years' experience in the telecommunications industry and extensive international business experience. This included 10 years establishing and managing Telstra's businesses in South East Asia, the Middle East and Europe. Mr. Clifton's clients include the Victorian Government, Asia Infrastructure Fund Advisors Ltd, Peregrine, Williams International, WorldxChange, KPMG and Leighton Visionstream. Mr. Clifton is a member of the Remuneration and Nomination Committee and of the Audit and Risk Committee.

Mr. Craig COLEMAN

Non-Executive Director

He is a Non-Executive Director and Senior Advisor to the Wyllie Group, a private investment company based in Perth, Western Australia. Mr. Coleman is a former Managing Director of Home Building Society Ltd and prior to joining Home Building Society, he held a number of senior executive positions and directorships with ANZ including Managing Director Banking Products, Managing Director Wealth Management and Non-Executive Director of E*Trade Australia Limited. He is currently a Non-Executive Director of Bell Financial Group Ltd, Pulse Health Group Ltd and Chairman of Rubik Financial Ltd, Lonestar Resources Ltd (formally Amadeus Energy Limited) and Private Equity fund manager Viburnum Funds. Mr. Coleman is chairman of the Remuneration and Nomination Committee.

Mr. Anthony DAVIES

Non-Executive Director

Joined the Board in 2003. He is a Chartered Accountant and was an executive of Elders Ltd from 1989 until 2004, as the Chief Financial Officer for 11 years. Previously he worked in areas of financial and risk management with public companies in Europe, North America and Australia. Mr. Davies is Chairman of the Audit and Risk Committee.

Directorships of Other Listed Companies

Directorships of other listed companies held by directors in the 3 years immediately before the end of the financial year are as follows:

Name	Company	Period of Directorship
Mr A. Grist	OreCorp Ltd (formally Silverstone Resources Ltd)	July 2011 until 31 July 2013
	iiNet Ltd	July 2006 until September 2011
Mr. C Coleman	Bell Financial Group Ltd	Since July 2007
	Lonestar Resources Ltd (formally Amadeus Energy Ltd)	Since July 2008
	Rubik Financial Ltd	Since December 2006
	Pulse Health Group Ltd	Since January 2010

Company Secretary

Mr. David Hinton

Mr. Hinton was appointed Company Secretary in February 2007 and Chief Financial Officer in October 2008. He is a Fellow of the Institute of Chartered Accountants in Australia and member of Chartered Secretaries Australia Ltd.

Operating and Financial Review

Principal activities

Amcom is an award-winning, ASX listed, IT and Telecommunications company employing over 340 talented people across Australia.

Through the delivery of innovative, flexible and cost effective solutions and superior customer service, Amcom has become the provider of choice for the converging Information, Communication and Technology (ICT) needs of business and government across Australia.

Amcom's product set includes national data network access delivering business grade data and internet services, business class IP voice, cloud solutions and managed services; all supported by our extensive fibre-optic network and an extensive range of ICT advisory, integration and security solutions.

Group Financial Highlights

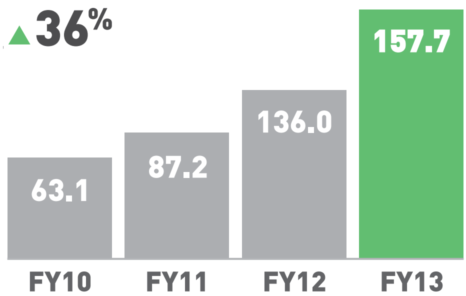
Amcom had revenue for the financial year of $157,735k up 16 per cent on the prior year of $135,967k.This led to a Net Profit after Tax (NPAT) amount for the financial year of $20,750k, up 23 per cent on $16,836k after excluding once off items from 2012.

Other key highlights of Amcom's financial performance for the financial year ended 30 June 2013 include:

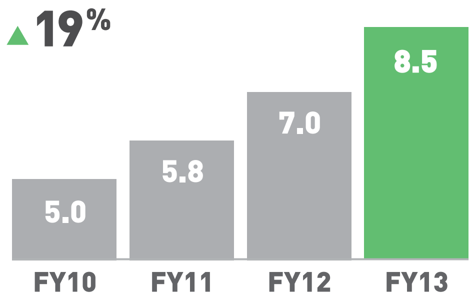
- EBITDA increased 18 per cent to $40,001k (2012: $34,008k);
- EBIT increased 21 per cent to $30,507k (2012: $25,121k);
- Operating cash flow increased 3 per cent to $33,243k;
- Free cash flow increased 10 per cent to $14,801k;
- Earnings per share rose 22 per cent to 8.5 cents (2012: 7.0 cents);
- Final dividend per share 3.5 cents fully franked; and
- Recurring Revenue Base increased 18 per cent to $105,600k.

3 Year Compound Annual Growth Rate (3yr CAGR):

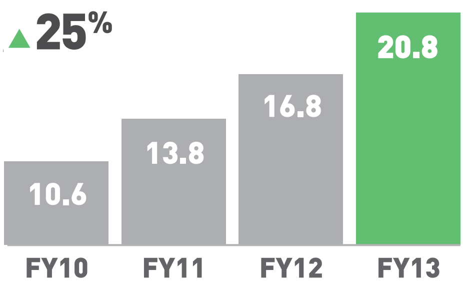
Revenue ($m)



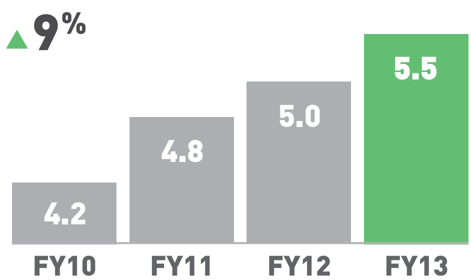
EPS* (cps)



NPAT* ($m)



Dividend (cps)



* Excluding significant items and equity accounted earnings

Segment Performance

Segment Revenue	FY 13 $'000	FY 12 $'000	Change %
Telecommunications	83,358	75,252	11%
Cloud and Hosted Services	25,880	23,683	9%
IT Services	48,221	36,499	32%
Corporate	276	533	-48%
Totals	**157,735**	**135,967**	**16%**

Segment EBITDA	FY 13 $'000	FY 12 $'000	Change %
Telecommunications	37,760	32,093	18%
Cloud and Hosted Services	5,713	3,285	74%
IT Services	1,623	1,500	8%
Corporate	(5,095)	(2,870)	78%
Totals	**40,001**	**34,008**	**18%**

The consolidated entity is organised into three major operating segments.These segments are the basis on which the consolidated entity reports its segment information.Commentary on the performance of Amcom's segments follows:

Telecommunications

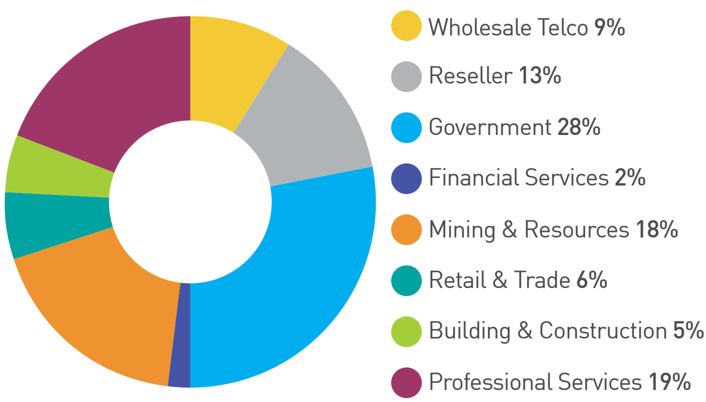
The Telecommunications Division comprises of Data Networks and Amnet.Telecommunications revenue increased 11 per cent to $83,358k and EBITDA grew by 18 per cent to $37,800k.The product portfolios are discussed further below.

Data Networks

Data networks provide high-speed fibre data network and internet services to business customers. Key results from FY 13 are:

- Consistent annualised sales of ~ $1,800k per month
- Strong wins in NT with corporate and government customers
- Leveraging 3rd Party networks to provide national solutions with a sales mix of 60 per cent Direct sales and 40 per cent Channel sales
- Upgrade of network platform in progress with Cisco

Data Networks: % Recurring Revenue Base



Amnet

Amnet provide consumer based DSL services. Amnet revenue decreased 5.7 per cent to $9,900k and EBITDA decresed by 16 per cent.

Cloud and Hosted Services

The Hosted and Cloud Services segment increased EBITDA to $5,713k and revenue grew by 9 per cent to $25,880k.The increase in revenue and EBITDA is driven by Infrastructure-as-a-Service products. The Hosted and Cloud Services segment includes the product portfolios of Data Centres, IPTel, Cisco HSC (Amcom Cloud Collaboration), Infrastructure-as-a-Service and X-as-a-Service.

IT Services

IT Services segment increased EBITDA to $1,623k and revenue grew by 32 per cent to $48,200k. IT Services segment comprises the sale of IT hardware and services, licensing, maintenance and outsourced services.This segment was added by the acquisition of Amcom L7 Solutions Pty Ltd which occurred in November 2011.

Corporate

Corporate represents general overheads and new product development costs and costs not allocated to a particular segment.

Consolidated Expenses

	FY 13 $'000	FY 12 $'000	Change %
Network costs and cost of hardware sold	61,775	55,588	11%
Labour	40,130	33,737	19%
Occupancy	4,483	3,707	21%
Finance Costs	1,856	1,739	7%
Other expenses	11,072	9,418	18%
Totals	**119,316**	**104,189**	**15%**

Network Costs and Cost of Hardware Sold

Total network costs and cost of hardware sold expenses increased by 11.1 per cent to $61,775k during the year.This is a result of the full year impact of the Amcom L7 Solutions Pty Ltd acquisition on 22 November 2011.

Labour

Total labour expenses increased by 18.9 per cent to $40,130k during the year.This is a result of the full year impact of the Amcom L7 Solutions Pty Ltd acquisition performed on 22 November 2011 and the increased investment in product and network development during the year.

Occupancy

Occupancy expenses increased by 21.4 per cent to $4,483k during the year.This is a result of the full year impact of the Amcom L7 Solutions Pty Ltd acquisition performed on 22 November 2011 and increased office floor space taken in the Perth CBD.

Other Expenses

Other expenses (including Marketing, Repairs and Maintenance, Professional and Legal Fees, Insurance and Staff travel) increased by 17.6 per cent to $11,072k during the year.

Financial Position

Cash Flow

Our operating cash flow increased 3 per cent for the financial year ended 30 June 2013.Working capital requirements remained low in the financial year despite the 16 per cent increase in revenue, the scaling of the capabilities of the business and the launching of new growth initiatives.

Free cash flow generated from operating activities was $14,790k, which is a 10.3 per cent increase from the prior year.

Free cash flow per share increased by 7.1 per cent to 6.0c per share.

Dividends paid during the year increased by 10.4 per cent to $12,717k.

Debt Position

Our gross debt at 30 June 2013 was $37,155k, a $4,955k increase from 30 June 2012.This included the additional $4,772k vendor loan from Cisco Capital to fund the investment in the upgrade to the data network and Cloud based services.

Net debt was $11,845k which is an increase of 48.9 per cent on the prior year. Our gearing ratio (net debt /net debt + shareholder equity) increased to 9% at 30 June 2013 and is within our target range of gearing.

Statement of Financial Position

	FY 13 $'000	FY 12 $'000	Change $'000	Change%
Current assets	45,814	43,619	2,195	**5%**
Non-current assets	160,143	144,553	15,590	**11%**
Total assets	205,957	188,172	17,785	**9%**
Current liabilities	39,358	37,933	1,425	**4%**
Non-current liabilities	45,953	38,402	7,551	**20%**
Total liabilities	85,311	76,335	8,976	**12%**
Net assets	**120,646**	**111,837**	**8,809**	**8%**
Equity	**120,646**	**111,837**	**8,809**	**8%**

Our balance sheet remains in a strong position with net assets of Amcom increasing by 7.9 per cent to $120,646k.

Non-current assets increased by 10.8 per cent to $160,143k.Property plant and equipment grew as we continue to invest in the Data network and new Cloud and Hosted services.

Non-current liabilities increased 19.7 per cent to $45,953k mainly due to the vendor finance facility provided by Cisco Capital to fund the investment in the upgrade to the data network and Cloud based services.

Safety Review

The Health and Safety of Amcom's people is the Company's first priority. Our Work Health and Safety (WHS) strategy of continual improvement prioritises eliminating workplace hazards, injuries and illnesses. Leadership remains a crucial factor in achieving these priorities and creating a culture that will eliminate all injuries from the workplace over time.

Our management system provides the framework for hazard identification, risk analysis and risk management into all aspects of our activities which is overseen by the Board and executive management. Amcom is currently implementing an accredited safety management system to AS/NZ4801 standard to complement our existing ISO9001 accredited Quality Management system. Our group-wide safety risk management programme focuses equally on personal safety, process safety and major safety hazards, and we have processes in place to manage each of these areas.

Amcom are pleased to announce this financial year, we achieved a zero Lost Time Injury Frequency Rate (LTIFR). This result represents a significant improvement from the previous year LTIFR figures.

Amcom will continue to seek ways to improve policies and practices that will enhance our overall WHS performance for the long-term benefit of all stakeholders.

Outlook

Overview

- Growth trajectory has continued into FY 14.
- Data networks business is expected to remain strong.
- Increasing contribution from newer offerings such as Cloud Services.
- In FY 14 Amcom is well placed to deliver another year of double digit percentage growth in underlying net profit after tax.

Convergence of IT and Telecommunications

- Business moving to new technologies in the Data network and Cloud and Hosted Services.
- Operational efficiency/simplicity is the key driver.
- Data networks are enablers for Cloud (IT and IP Telephony/UC) gaining momentum.

Operating environment

- Demand for data networks to continue.
- Customers looking for "better, faster, cheaper".

Significant growth headroom

- Relatively small market share.
- Strong potential to cross sell.
- Well positioned for continued growth.

Disclosure of information regarding risks of the outlook above and the likely developments of this in the operations of the consolidated entity in future financial years are considered commercially sensitive by the Company. Accordingly, this information has not been disclosed in this report.

Reconciliation to Non-AIFRS Information

The Directors believe that the presentation of non-AIFRS financial information is useful for readers of this Annual Report to provide information of the Company's profit results that is consistent with equity valuation and investment research methodologies generally adopted in Australia.

The following table reconciles the non-AIFRS financial information reported in the Directors Report to the Statement of Comprehensive income.

	FY 13 $'000	FY 12 $'000
Net Profit after tax	**20,750**	**28,358**
Income tax expense	8,176	5,350
Profit on in specie distribution – iiNet	-	(18,626)
Impairment of goodwill	-	2,814
Impairment of assets (tax effect $1,499k)	-	4,995
Acquisitions activity and other expenses* (tax effect $230k)	-	1,024
Depreciation & amortisation	9,494	8,887
Interest revenue	(276)	(533)
Finance costs	1,857	1,739
EBITDA*	**40,001**	**34,008**
Depreciation & amortisation	(9,494)	(8,887)
EBIT*	**30,507**	**25,121**
Interest revenue	276	533
Finance costs	(1,857)	(1,739)
Profit before tax	**28,926**	**23,915**
Income tax expense	(8,176)	(7,079)
Net profit after tax before significant items*	**20,750**	**16,836**

* non AIFRS financial information, reviewed not audited.

Significant Events After the Balance Date

The following significant events occurred after the balance date:

a) At year end, Tranche B Performance Rights vested and 631,920 Amcom shares were acquired on market for $1.2m and subsequently transferred to the holders of the rights under the Amcom long term incentive plan.

b) 100% of the issued shares in Global Networks AMC Data Centre Pty Ltd were acquired for cash consideration of $2.2m on 25 July 2013.

c) The company has increased its core bank debt facility from $36m to $51m and extended the maturity to December 2016.

d) An agreement was entered into to acquire Acure Technology Pty Ltd for cash consideration of $14.3m. The settlement is subject to a number of standard procedural conditions which are expected to be met by the end of September 2013.

Declaration of Dividend

The Directors declared a final dividend of 3.5 cents per ordinary share fully franked at the rate of 30%. The final dividend is payable on 4 October 2013.

Likely Developments and Expected Results

Disclosure of information regarding likely developments in the operations of the consolidated entity in future financial years and the expected results of those operations is likely to result in unreasonable prejudice to the consolidated entity. Accordingly, this information has not been disclosed in this report.

Securities on Issue

Details of shares or interests on issue at date of this report:

	Number of Shares
Total ordinary fully paid shares on issue	244,557,101
Performance Rights	
Tranche C	1,150,000
Tranche D	1,135,000
	2,285,000

Performance Rights

The table below summaries the movements in Performance Rights during the year as part of the executive long term incentive plan. The terms and details of the Performance Rights can be found in the Remuneration Report.

Movement in Performance Rights	Tranche A	Tranche B	Tranche C	Tranche D
Opening balance @ 1 July 2012	2,349,995	480,000	1,480,000	-
Issued in year	-	-	-	1,300,000
Lapsed	(33,333)	-	(330,000)	(165,000)
Converted to ordinary shares	(2,316,662)	-	-	-
Closing balance @ 30 June 2013	-	480,000	1,150,000	1,135,000

Indemnification of Officers

During the financial year, the Company paid a premium in respect of a contract insuring the directors of the Company, the company secretary, and all executive officers of the Company and of any related body corporate against a liability incurred by such a director, company secretary or executive officer to the extent permitted by the *Corporations Act 2001*. The contract of insurance prohibits disclosure of the nature and limits of insurance and the amount of the premium.


"We take great ideas and turn them into great products."
Sean D'Souza
Business Manager – Products

Directors' Meetings

The following table sets out the number of directors' meetings (including meetings of committees of directors) held during the financial year and the number of meetings attended by each director (while they were a director or committee member). During the financial year, 11 Board meetings, 5 Remuneration and Nomination Committee meetings and 9 Audit and Risk Committee meetings were held.

	Board of Directors		Remuneration & Nomination Committee		Audit and Risk Committee	
Directors	Held	Attended	Held	Attended	Held	Attended
Mr. A Grist	11	10	-	-	-	-
Mr. I Warner	11	11	5	5	9	9
Mr. C Stein	11	11	-	-	-	-
Mr. P Clifton	11	10	5	5	9	9
Mr. A Davies	11	11	-	-	9	9
Mr. C Coleman	11	10	5	5	-	-

Directors' Shareholdings

The following table sets out each director's interest in shares and performance rights of the Company as at the date of this report. Further details are included in Note 29 to the financial statements.

Directors	Fully paid ordinary shares	Tranche C Performance Rights	Tranche D Performance Rights
Mr. A Grist	8,250,000	-	-
Mr. I Warner	66,667	-	-
Mr. C Stein	1,100,000	325,000	310,000
Mr. C Coleman	466,668	-	-
Mr. P Clifton	1,750,000	-	-
Mr. A Davies	366,667	-	-

Dividends

In respect of the financial year ended 30 June 2012, as detailed in the directors' report for that financial year, a final dividend of 3.2 cents per share fully franked of $7,826,000 was paid to the holders of fully paid ordinary shares on 21 September 2012.

In respect of the financial year ended 30 June 2013, a fully franked interim dividend was of 2.0 cents per share $4,891,000 on 28 March 2013.

Subsequent to year end, the directors have declared a final dividend of 3.5 cents per share fully franked totalling $8,559,000 to be paid on 4 October 2013.

Non-Audit Services

The directors are satisfied that the provision of non-audit services, during the year, by the auditor (or by another person or firm on the auditor's behalf) is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. Details of amounts paid or payable to the auditor for non-audit services provided during the year by the auditor are disclosed in Note 6 to the financial statements.

Auditor's Independence Declaration

The auditor's independence declaration is included in the annual report after the Directors Report and forms part of the Directors' Report.

REMUNERATION REPORT (audited)

Message from the Chairman of the Remuneration and Nomination Committee.

Dear Shareholders,

As mentioned in the Chairman's Report Amcom Telecommunications had another successful year in which underlying net profit after tax rose 23% to a record $20.8 million This is the eleventh consecutive financial year in which underlying profit grew in excess of 20% per annum. In a difficult and unpredictable market we believe this to be a great achievement by the Company and the executive team. As a result, executive remuneration outcomes reflect the continued exceptional financial performance of the Company in 2013.

The establishment of appropriate remuneration and incentive structures has played an important role in motivating, rewarding and retaining key management in order to execute and deliver these sustained returns. The incentive structures that the Board have implemented can be summarised in two parts; a Short Term Incentive, focusing on annual performance and a Long Term Incentive plan aligned to creation of shareholder wealth.

The Short Term Incentive plan (STI) has two components.The first component provides an incentive for employees to achieve short term goals or KPI's that relate individual performance with the successful execution of strategic outcomes.These KPI's also include non-financial targets. The second component provides for an STI when the EBITDA (earnings before interest, tax depreciation and amortisation) and underlying NPAT targets are achieved.Targets are established at the commencement of the financial year and are determined based upon year on year growth in earnings of the company for the ensuing financial year. The STI is broadly based and is applicable to all full time employees who have completed a qualification period. Sales executives who receive sales commission and Non-Executive Directors do not participate in the STI.

The Long Term Incentive (LTI) plan is designed to provide an incentive and reward structure aligned with longer term shareholder value creation. In 2010, the Board implemented an equity plan based upon the issuance of Performance Rights.Performance Rights have been issued in tranches in each year since 2010 and have a vesting period of three years. The vesting conditions are based upon the company achieving a Total Shareholder Return (TSR) commensurate or better than the broad market index namely the S&P/ASX 300 Accumulation Index.TSR takes into consideration the dividends paid by the company and the share price movement over the term of the vesting period. There is also a management retention component to the vesting conditions. The executives of the company are participants in the LTI, Non-Executive Directors are not eligible to participate.

The Committee and Board undertake an annual review of remuneration structures including comparison to market. Further details on the executive remuneration arrangements and the remuneration outcomes for 2013 are set out in this Remuneration Report.

There has been no changes to KMP between the end of the financial year and the date of this report. The only change for the financial year is the resignation of Matthew Sullivan on 6 June 2013.

Further details on the executive remuneration arrangements and the remuneration outcomes for 2013 are set out in this Remuneration Report.

Yours faithfully,

Craig Coleman

Chairman of the Remuneration and Nomination Committee

CONTENTS

The Remuneration Report is presented under the following main headings:

1. Introduction

This Remuneration Report outlines the director and executive remuneration arrangements of the Company and the Consolidated Entity in accordance with the requirements of the *Corporations Act 2001* and its Regulations.

The Company's Key Management Personnel (KMP) as defined in AASB 124 for the year ended 30 June 2013 are listed below.

Non-Executive Directors

Mr. A Grist	Chairman
Mr. I Warner	Deputy Chairman
Mr. P Clifton	Director
Mr. C Coleman	Director
Mr. A Davies	Director

Executive Director

Mr. C Stein	Managing Director/ Chief Executive Officer

Other Executive KMP's

Mr. D Hinton	Chief Financial Officer and Company Secretary
Mr. M Knee	Chief Operating Officer
Mr. R Whiting	Chief Technology Officer
Mr. M Sullivan	Group Executive – Managed IT Services - resigned 30 June 2013

2. Remuneration Governance

Role of the Remuneration and Nomination Committee

The Remuneration and Nomination Committee of the Board of Directors of the Company is responsible for determining and reviewing remuneration arrangements for the Board and executives.

The Remuneration and Nomination Committee assesses the appropriateness of the nature and amount of remuneration of executives on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality Board and executive team.

3. Remuneration Principles

The performance of the company depends upon the quality of its directors and executives. To prosper, the company must attract, motivate and retain highly skilled directors and executives. To this end, the company embodies the following principles in its remuneration framework:

- provide competitive rewards to attract high calibre Non-Executive Directors and executives;
- link executive rewards to shareholder value;
- have a significant portion of executive remuneration 'at risk'; and
- establish appropriate structures and performance hurdles for variable executive remuneration.

4. Remuneration Structure

In accordance with good practice corporate governance, the structure of Non-Executive Director and executive remuneration is separate and distinct.

The table below provides a summary of the elements of Non-Executive Director and executive remuneration for 2013:

	Remuneration element	Non-executive director	Executive
Fixed remuneration	Director fees	✔	✖
	Base salary	✖	✔
	Superannuation	✔	✔
	Other benefits	✔	✔
Variable remuneration	Short-term incentives	✖	✔
	Long-term incentives	✖	✔

5. Non-Executive Director Remuneration

Objective

The Remuneration and Nomination Committee seeks to set aggregate remuneration at a level that provides the company with the ability to attract and retain directors of the highest calibre, whilst incurring a cost that is acceptable to shareholders.

Structure

The Company's Constitution and ASX Listing Rules specify that the maximum aggregate remuneration of Non-Executive Directors shall be determined from time to time by a general meeting of shareholders.The latest determination was at the Annual General Meeting held in November 2010 when shareholders approved a maximum aggregate remuneration pool of $750,000 per year. The aggregate amount of remuneration paid to Non-Executive Directors was $585,232.

The fee structure is reviewed annually. The Remuneration and Nomination Committee considers advice from external consultants as well as the fees paid to Non-Executive Directors of comparable companies when undertaking the annual review process.

The payment of additional fees for representation on Board Committees was discontinued on 1 July 2010.

The remuneration of non-executive directors is detailed in section 9 of this report.

6. Executive Remuneration

Objectives

The Company aims to reward executives with a level and mix of remuneration commensurate with their position and responsibilities. The executive remuneration framework has been designed to:

- reward executives for Group, business unit and individual performance against targets;
- align the interests of executives with those of shareholders;
- link rewards with the strategic goals and performance of the company; and
- ensure total remuneration is competitive by market standards.

Structure

In the 2013 financial year, the executive remuneration framework consisted of the following components:

- Fixed remuneration – comprising base salary, superannuation and non-monetary benefits. Non-monetary benefits include provision of a motor vehicle, car parking and associated fringe benefits.
- Variable remuneration – comprising short-term and long term incentive plans.

In determining the level and make-up of executive remuneration, the Remuneration and Nomination Committee obtains independent advice from time to time.

a. *Fixed Remuneration*

Fixed remuneration is reviewed annually by the Remuneration and Nomination Committee. Company, business unit and individual performance, as well as external market data where appropriate are considered during the annual review of fixed remuneration.

b. *Short Term Incentive (STI) Plan*

The STI Plan provides executives with the opportunity to receive an annual cash incentive subject to the achievement of challenging performance measures.

The objective of the STI Plan is to link the achievement of the company's short-term targets with the annual remuneration received by senior executives and general staff charged with meeting those financial and operational targets.

The short term incentive plan measures consist of two components:

- Meeting key performance indicators (KPI's) such as leadership, risk management, strategy and customer satisfaction; and
- Outperforming budgeted earnings before interest, tax depreciation and amortisation (EBITDA) and net profit after tax (NPAT).

These performance measures were chosen as they represent the key driver to achieve short and longer term shareholder wealth creation.The maximum KMP STI available under the KPI component for the 2013 financial year was $438,000.The potential STI is set at a level for the year so as to provide sufficient incentive to reward achievement of profit and operational targets such that potential STI is aligned with expected profit outcomes and the cost to the company is reasonable.The profit target is set at the start of the year and is aligned to the shareholders anticipated profit growth of the company.

For financial year 2013, no out performance STI was paid to KMP as the company did not achieve its outperformance EBITDA target.

On an annual basis, after consideration of performance against KPI's, the Remuneration and Nomination Committee, in line with their responsibilities, determine the amount, if any, of the short-term incentive to be paid to each executive, seeking recommendations from the CEO as appropriate.

c. *Long Term Incentive (LTI) Plan*

LTI awards are made annually to executives in order to align remuneration with the creation of shareholder value over the long-term. LTI awards in the form of Performance Rights are only made to executives who the Remuneration and Nomination Committee believe have an impact on the Group's performance.

The number of Performance Rights issued to each executive is connected with their responsibilities and are issued at the Remuneration and Nomination Committee's discretion.

Performance rights are granted to eligible executives for nil consideration and will only vest if certain service and performance conditions are achieved, or if a change of control event occurs.

The Company uses relative Total Shareholder Return (TSR) and employment retention to determine the level of vesting of LTI awards. Relative TSR was selected as an LTI performance measure as it aligns shareholder returns with executive reward and minimises the effect of short term market fluctuations.

The relative TSR peer group is the S&P/ASX 300 Accumulation Index.This index is considered the most appropriate. All LTI grants also contain a service vesting condition which is important for the retention of key executives. Four tranches (A, B, C and D) of LTI awards were on issue during the 2013 year.

Summary of Performance Rights

	Tranche A	Tranche B	Tranche C	Tranche D
Consideration	Nil	Nil	Nil	Nil
Issued Exercise Price	N/A	N/A	N/A	N/A
Rights on issue	2,349,995	480,000	1,480,000	1,300,000
Vesting Hurdle/ Requirements	• 20 Day Weighted Volume average Price reaches or exceeds $1.14	• 50% will vest 30 June 2013 • 25% will vest if TSR* is equal to but less than 110% of the S&P/ASX 300 Acc Index • A further 25% will vest if TSR* is equal to or greater than 110% of the index	• 33.3% will vest at 30 June 2014 • 33.3% will vest if TSR* is equal to but less than 110% of the S&P/ASX 300 Acc Index • A further 33.3% will vest if TSR* equals or exceeds 110% of the S&P/ASX 300 Acc Index	• 33.3% will vest at 30 June 2015 • 33.3% will vest if TSR* is equal to but less than 110% of the S&P/ASX 300 Acc Index • A further 33.3% will vest if TSR* equals or exceeds 110% of the S&P/ASX 300 Acc Index

	Tranche A	Tranche B	Tranche C	Tranche D
Period for Vesting	31 March - 31 December 2012	1 July - 30 June 2013	1 July - 30 June 2014	1 July - 30 June 2015
Date of Lapse or vesting	31 December 2012	30 June 2013 or if employment terminated	30 June 2014 or if employment terminated	30 June 2015 or if employment terminated
Conversion Rate	1:1.3165	1:1.3165	1:1	1:1
Fair Value	Range of 43.8 to 61.5 cents per right	Range of 81.6 to 84 cents per right	Range of 51.9 to 61.5 cents per right	Range of 70.5 to 120 cents per right
Share Price at Date of Grant	$0.876	$1.065	$0.75 - $0.85	$1.33-$1.57
Movement in performance rights	2,316,662 performance right vested and 3,049,888 shares issued, 33,333 performance rights lapsed	All performance rights vested on 30 June 2013 with shares transferred to holders between 2 July and 14 August 2013	330,000 performance rights lapsed during the financial year	1,300,000 performance rights issued, 165,000 performance rights lapsed during the financial year

*TSR –Total Shareholder Return

During the year, 165,000 Tranche C and 165,000 Tranche D performance rights lapsed due to the departure of Mr Sullivan. An additional 165,000 Tranche C rights lapsed.

Treatment of awards on cessation of employment

If the participant ceases employment with the Company all unvested performance rights will lapse, unless otherwise determined by the board.

Treatment of awards on change of control

If the Board considers that a change of control event occurs the unvested performance rights will vest.

Amcom Share Incentive Trust

In June 2013, a trust was established for the purpose of acquiring Amcom shares on market funded by the company. The shares acquired will then be delivered to the holders of Performance Rights upon the vesting of the rights. The acquisition of the shares is under the direction of the Board.

Company Performance and LTI Outcomes

The key performance measure for the vesting of the performance rights is the Company's TSR compared to the S&P/ASX 300 Accumulation Index, measured on a relative basis over the term of the tranche.

The Amcom TSR for the financial year ended 30 June 2013 was 88% which compares favourably with the Index which increased by 22% over that period. Amcom's TSR measured over a 2 year period to 30 June 2013 was 117% and also compares favourably to the Index which increased 13% over that two year time frame.

7. Share-Based Payments

Movement in Performance Rights	Tranche A	Tranche B	Tranche C	Tranche D
Opening balance @ 1 July 2012	2,349,995	480,000	1,480,000	-
Issued in year	-	-	-	1,300,000
Lapsed	(33,333)	-	(330,000)	(165,000)
Converted to ordinary shares	(2,316,662)	-	-	-
Closing balance @ 30 June 2013	-	480,000	1,150,000	1,135,000

The number of new shares that can be issued under the LTI awards has been capped at 5% of the Company's issued share capital.The number of Performance Rights on issue if vested would equate to 1.1% of the issued share capital.

Details of the movements in performance rights during the 2013 year are as follows:

Performance rights vested to executives in the financial year

Tranche A	Vested Number	Shares Issued	Market value of shares at vested date (per right) cents	Vested date	Total Value of resulting shares issued $
C Stein	716,667	943,492	114.00	22 Aug 2012	1,075,580
D Hinton	300,000	394,950	114.00	22 Aug 2012	450,243
M Knee	300,000	394,950	114.00	22 Aug 2012	450,243
R Whiting	300,000	394,950	114.00	22 Aug 2012	450,243
	1,616,667				2,426,309

Performance rights awarded to executives in the financial year

Tranche D	Awarded number	Grant date	Fair value at award date (per right) cents	Expiry date	Total Value of rights issued $
C Stein	310,000	Nov 2012	95.73	30 Jun 2015	296,763
D Hinton	165,000	Sep 2012	70.54	30 Jun 2015	116,391
M Knee	165,000	Sep 2012	70.54	30 Jun 2015	116,391
R Whiting	165,000	Jan 2013	120.00	30 Jun 2015	198,000
M Sullivan	165,000*	Sep 2012	70.54	30 Jun 2015	116,391
	970,000				843,936

* lapsed 06 June 2013 upon ceasing employment

Performance rights lapsed in the financial year

	Lapsed Number	Tranche	Market value at lapsed date (per right) cents	Lapsed Date	Total Value of rights lapsed $
Non Key Executive	(33,000)	A	114.00	22 Aug 2012	(37,620)
Non Key Executive	(165,000)	C	114.00	22 Aug 2012	(188,100)
M Sullivan	(165,000)	C	162.00	06 Jun 2013	(267,300)
M Sullivan	(165,000)	D	162.00	06 Jun 2013	(267,300)
	(528,000)				(760,320)

8. Employment Contracts

Chief Executive Officer

Mr. Stein is on a three year employment contract, which commenced September 2011.

Either party can terminate the contract with three months written notice. Should the Company provide such notice then Mr Stein will become entitled to nine months annual remuneration as a termination payment in addition to any accrued benefits. There is no termination payment payable should Mr Stein provide notice of termination or be terminated for serious misconduct.

Other Executives

The executives are employed under permanent contracts with a one month notice period, except Mr. Knee and Mr. Sullivan whose contracts stipulate a three month notice period.

There are no termination provisions other than statutory entitlements in respect of the above employment contracts.

9. Key Management Personnel Remuneration

The following table discloses the remuneration of the directors and executives of the Company:

FY 2013	Short Term			Post employ-ment	Long Term		Totals		
	Salary & fees	Cash bonus	Non-monetary benefits (i)	Super annua-tion	Share based payment (ii)	Long Service Leave		Perfor-mance based	Share based payment
	$	$	$	$	$	$	$	%	%
Non-Executive directors									
Mr. A Grist	165,138		13,232	14,862			193,232		
Mr. I Warner	81,667			16,333			98,000		
Mr. P Clifton	78,000			20,000			98,000		
Mr. A Davies	78,000			20,000			98,000		
Mr. C Coleman	89,908			8,092			98,000		
	492,713	-	13,232	79,287	-	-	585,232	-	-
Executive director									
Mr. C Stein	471,800	102,000	96,626	25,000	213,993	8,567	917,986	34	23
Executives									
Mr. D Hinton	279,926	60,000	25,182	25,193	86,707	5,367	482,376	30	18
Mr. M Knee	281,646	69,000	80,399	22,854	86,707	1,371	541,977	29	16
Mr. R Whiting	242,734	63,000	48,509	24,846	81,089	7,972	468,149	31	17
Mr. M Sullivan	310,483	19,000	15,461	27,078	(17,111)	(9,751)	345,160	1	-5
	1,586,589	313,000	266,177	124,971	451,384	13,526	2,755,648	28	16
Total	2,079,302	313,000	279,409	204,258	451,384	13,526	3,340,880	23	14

Key Management Personnel Remuneration (continued)

FY 2012	Short Term			Post employment	Long Term		Totals		
	Salary & fees	Cash bonus	Non-monetary benefits (i)	Super annuation	Share based payment (ii)	Long Service Leave		Performance based	Share based payment
	$	$	$	$	$	$	$	%	%
Non-Executive directors									
Mr. A Grist	155,963	-	7,412	14,037	-	-	177,412	-	-
Mr. I Warner	36,667	-	-	51,333	-	-	88,000	-	-
Mr. P Clifton	43,000	-	-	45,000	-	-	88,000	-	-
Mr. A Davies	47,095	-	-	40,905	-	-	88,000	-	-
Mr. C Coleman	80,733	-	-	7,267	-	-	88,000	-	-
	363,458	-	7,412	158,542	-	-	529,412	-	-
Executive director									
Mr. C Stein	446,800	173,100	68,956	47,771	291,210	3,417	1,031,254	45	28
Executives									
Mr. D Hinton	283,802	115,900	13,338	22,218	97,257	8,297	540,812	39	18
Mr. M Knee	216,000	115,900	15,478	37,515	97,257	3,555	485,705	44	20
Mr. R Whiting	235,795	113,900	51,830	22,121	97,257	6,164	527,067	40	18
Mr. M Sullivan (iii)	150,961	53,351	7,870	17,791	17,111	9,751	256,835	27	7
	1,333,358	572,151	157,472	147,416	600,092	31,184	2,841,673	41	21
Total	1,696,816	572,151	164,884	305,958	600,092	31,184	3,371,085	35	17

i. For both 2013 and prior year, non-monetary benefits include provision of a motor vehicle, car parking and associated fringe benefits tax.

ii. Share based payment amount comprises the Performance Rights issued to date as described above.This has been determined based upon the fair value of the Performance Rights under each Tranche multiplied by the number of Performance Rights held by that individual for the financial year or part thereof.

iii. From 22 November 2011. Mr. Sullivan's cash bonus reflects the share of profit based STI plan in place by Amcom L7 Solutions Pty Ltd.This is calculated as a percentage of the net profit of Amcom L7 Solutions Pty Ltd. This plan has been discontinued in the 2013 Financial Year.

END OF REMUNERATION REPORT

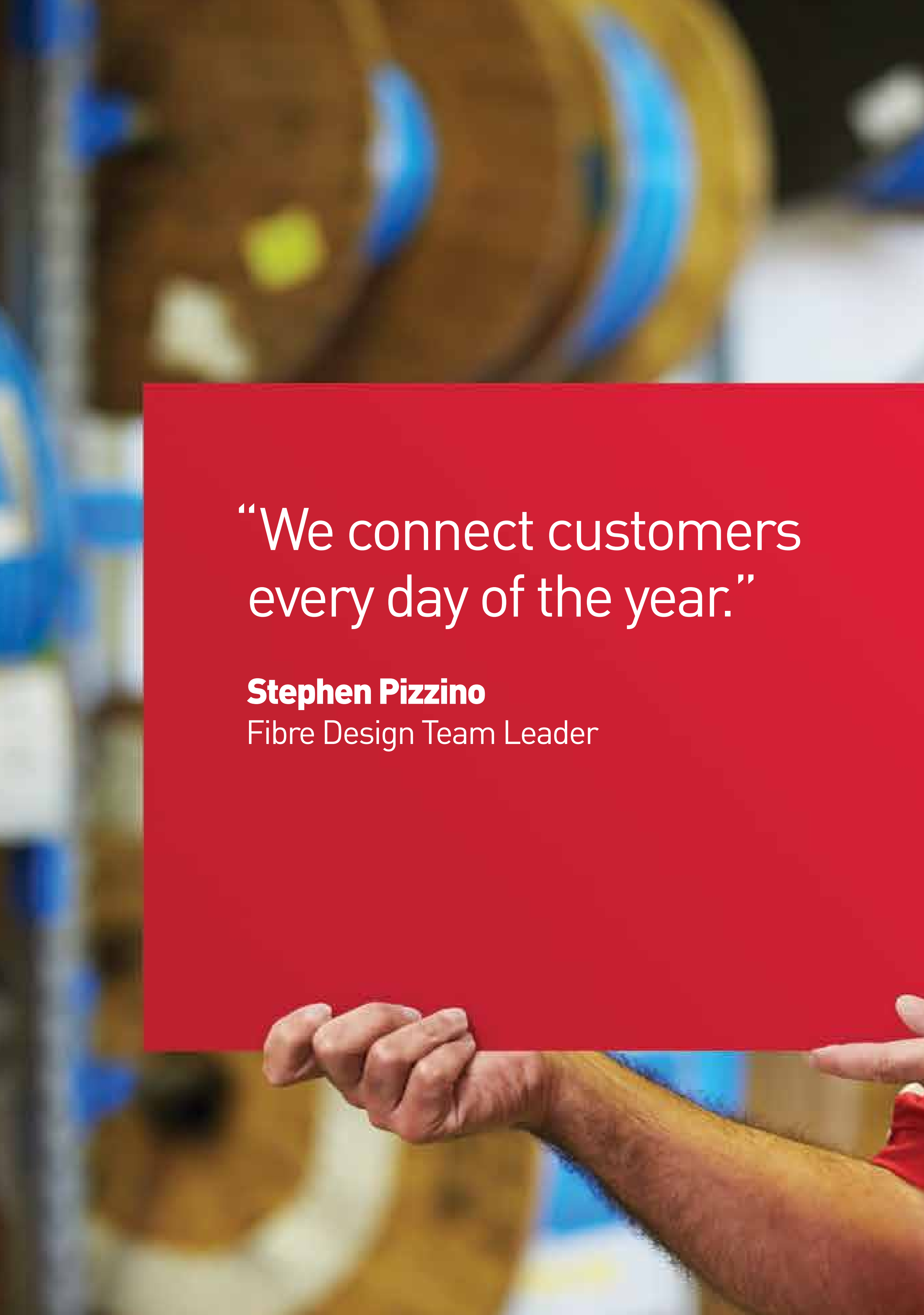
Rounding off of amounts

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 financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.

Signed in accordance with a resolution of the directors.

Anthony Grist
Chairman

Perth, Western Australia
6 September 2013


"We connect customers every day of the year."
Stephen Pizzino
Fibre Design Team Leader


amcom

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

In relation to our audit of the financial report of Amcom Telecommunications Limited for the financial year ended 30 June 2013, 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

Ernst & Young

T G Dachs
Partner
Perth
6 September 2013

In accordance with a resolution of the directors of Amcom Telecommunications Limited, I state that:

1. In the opinion of the directors:

   (a) the financial statements and Notes of the consolidated entity are in accordance with the *Corporations Act 2001*, including:

      (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2013 and performance, and

      (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*;

   (b) the financial statements and the Notes also comply with International Financial Reporting Standards as disclosed in Note 1; and

   (c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

2. This declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the *Corporations Act 2001* for the financial year ending 30 June 2013.

3. As at the date of this declaration, there are reasonable grounds to believe that the members of the Closed Group identified in Note 24 will be able to meet any obligations or liabilities to which they are or may become subject, by virtue of the Deed of Cross Guarantee.

On behalf of the Board

Anthony Grist
Director

Perth, Western Australia
6 September 2013

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Independent audit report to members of Amcom Telecommunications Limited

Report on the financial report

We have audited the accompanying financial report of Amcom Telecommunications Limited, which comprises the consolidated statement of financial position as at 30 June 2013, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the ***Corporations Act 2001*** and for such internal controls as the directors determine are necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 ***Presentation of Financial Statements***, that the financial statements comply with ***International Financial Reporting Standards***.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit 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.

Opinion

In our opinion:

a. the financial report of Amcom Telecommunications is in accordance with the ***Corporations Act 2001***, including:

   i giving a true and fair view of the consolidated entity's financial position as at 30 June 2013 and of its performance for the year ended on that date; and

   ii complying with Australian Accounting Standards and the ***Corporations Regulations 2001***; and

b. the financial report also complies with ***International Financial Reporting Standards*** as disclosed in Note 1.

Report on the remuneration report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2013. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the ***Corporations Act 2001***. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Amcom Telecommunications Limited for the year ended 30 June 2013, complies with section 300A of the ***Corporations Act 2001***.

Ernst & Young

Ernst & Young

T G Dachs
Partner
Perth
6 September 2013

TD:DJ:AMCOM:010

	Note	Consolidated 2013 $'000	Consolidated 2012 $'000
INCOME			
Revenue	3(a)	157,735	135,967
Profit on in specie distribution	3(b)	-	18,626
		157,735	154,593
EXPENSES			
Network costs and cost of hardware sold		(61,775)	(55,588)
Employee benefits expenses	3(b)	(40,130)	(33,737)
Occupancy expenses		(4,483)	(3,707)
Marketing related expenses		(2,191)	(1,560)
Finance costs		(1,857)	(1,739)
Repairs and maintenance expenses		(1,116)	(928)
Depreciation & amortisation expenses	3(b)	(9,494)	(8,887)
Impairment of network infrastructure	3(b)	-	(4,995)
Impairment of goodwill	3(b)	-	(2,814)
Other expenses		(7,763)	(6,930)
Profit from operations before income tax expense		28,926	33,708
Income tax expense	4(a)	(8,176)	(5,350)
Net Profit attributable to members of Amcom Telecommunications Ltd		20,750	28,358
Other comprehensive income (items that may be reclassified subsequently to profit or loss)			
Cash flow hedge – (loss) / gain taken to equity, net of tax		(116)	55
Total comprehensive income attributable to members of Amcom Telecommunications Ltd		20,634	28,413
Earnings per share from continuing operations			
Basic (cents per share)	20	8.50	11.76
Diluted (cents per share)	20	8.37	11.52

	Note	Consolidated 2013 $'000	Consolidated 2012 $'000
CURRENT ASSETS			
Cash and cash equivalents	30(a)	25,310	24,242
Trade and other receivables	7	15,983	15,439
Inventories	8	2,189	1,791
Other	9	2,332	2,147
Total current assets		45,814	43,619
NON-CURRENT ASSETS			
Property, plant and equipment	10	123,209	108,849
Goodwill	11	34,472	34,472
Other intangible assets	12	2,462	1,232
Total non-current assets		160,143	144,553
TOTAL ASSETS		205,957	188,172
CURRENT LIABILITIES			
Trade and other payables	14	20,169	23,030
Deferred revenue		13,934	11,308
Borrowings	15	639	100
Income tax payable		1,851	1,046
Derivative financial liability	16	47	-
Provisions	17	2,718	2,449
Total current liabilities		39,358	37,933
NON-CURRENT LIABILITIES			
Borrowings	15	36,516	32,100
Provisions	17	1,460	733
Deferred revenue		718	882
Derivative financial liability	16	70	-
Deferred tax liabilities	4(b)	7,189	4,687
Total non-current liabilities		45,953	38,402
TOTAL LIABILITIES		85,311	76,335
NET ASSETS		120,646	111,837
EQUITY			
Contributed equity	18	107,873	107,787
Reserves	19	(720)	(1,410)
Retained profits		13,493	5,460
TOTAL EQUITY		120,646	111,837

Consolidated Statement of Changes in Equity for the year ended 30 June 2013

	Contributed Equity	Equity – Settled Benefits Reserve	Cash flow Hedge Reserve	Option Cancellation Reserve	Retained Profit	Total Equity
	$'000	$'000	$'000	$'000	$'000	$'000
Consolidated						
At 30 June 2011	132,222	1,126	(55)	(3,366)	33,955	163,882
Profit for the year	-	-	-	-	28,358	28,358
Other comprehensive income	-	-	55	-	-	55
Total comprehensive income	-	-	55	-	28,358	28,413
Repayment of shareholders loan	80	-	-	-	-	80
Share based payment	-	830	-	-	-	830
Shares issued	985	-	-	-	-	985
Transaction costs on share issue	(7)	-	-	-	-	(7)
In specie distribution	(25,493)	-	-	-	(45,295)	(70,788)
Dividends paid	-	-	-	-	(11,558)	(11,558)
At 30 June 2012	107,787	1,956	-	(3,366)	5,460	111,837
Profit for the year	-	-	-	-	20,750	20,750
Other comprehensive income	-	-	(116)	-	-	(116)
Total comprehensive income			(116)		20,750	20,634
Repayment of shareholders loan	86	-	-	-	-	86
Share based payment	-	806	-	-	-	806
Dividends paid	-	-	-	-	(12,717)	(12,717)
At 30 June 2013	107,873	2,762	(116)	(3,366)	13,493	120,646

	Note	Consolidated 2013 $'000	2012 $'000
Cash flows from operating activities			
Receipts from customers		177,610	147,888
Payments to suppliers and employees		(138,320)	(108,769)
Interest received		276	533
Interest and other costs of finance paid		(1,856)	(1,739)
Income tax paid		(4,467)	(5,648)
Net cash provided by operating activities	30(c)	33,243	32,265
Cash flows from investing activities			
Payment for property, plant, equipment and intangibles		(19,243)	(18,848)
Proceeds from sale and lease back of property, plant and equipment	30(b)	801	-
Payment for acquisition of controlled entity, net of cash acquired		-	(13,116)
Acquisition activity expenses		(420)	-
Net cash (used in) investing activities		(18,862)	(31,964)
Cash flows from financing activities			
Repayment of loan		86	80
Payment of deferred consideration		-	(3,128)
Proceeds from borrowings		17,500	38,015
Repayment of borrowings		(18,182)	(21,519)
Dividends paid		(12,717)	(11,558)
Net cash provided by/(used in) financing activities		(13,313)	1,890
Net increase in Cash and cash equivalents		1,068	2,191
Cash and cash equivalents at the beginning of the financial year	30(a)	24,242	22,051
Cash and cash equivalents at the end of the financial year	30(a)	25,310	24,242

Corporate Information

Amcom Telecommunications Limited (the parent) is a for-profit company incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange Limited.

The nature of the operations and principal activities of the Group are described in the Directors' Report.

1. Summary of Accounting Policies

Statement of compliance

The financial report of Amcom Telecommunications Limited for the year ended 30 June 2013 was authorised for issue in accordance with a resolution of directors.

The financial report is a general purpose financial report which has been prepared in accordance with the *Corporations Act 2001*, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board.

Compliance with IFRS

The financial report complies with Australian Accounting Standards as issued by the Australian Accounting Standards Board and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

Basis of preparation

The financial report has been prepared on the basis of historical cost, except derivative financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

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 financial report are rounded off to the nearest thousand dollars unless otherwise indicated.

Basis of consolidation

The consolidated financial statements comprise the financial statements of Amcom Telecommunications Limited and its subsidiaries (as outlined in Note 24) as at 30 June each year.

Subsidiaries are all those entities over which the Group has the power to govern the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether a group controls another entity.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intra-group transactions have been eliminated in full.

Subsidiaries are fully consolidated from the date on which control is obtained by the Group and cease to be consolidated from the date on which control is transferred out of the Group.

For the purpose of consolidation, the assets and liabilities of the Amcom Incentive Share Trust (Trust) are consolidated.

The acquisition of subsidiaries is accounted for using the purchase method of accounting. The purchase method of accounting involves allocating the cost of the business combination to the fair value of the assets acquired and the liabilities and contingent liabilities assumed at the date of acquisition.

Critical accounting judgements and key sources of estimation uncertainty

In the application of the consolidated entity's accounting policies, management is required to make judgments, estimates and assumptions about carrying values of assets and liabilities that are not readily

1. Summary of Accounting Policies (continued)

apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the key assumptions concerning the future and other key sources of judgement and estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the cash-generating unit and applying a suitable discount rate in order to calculate net present value.

The carrying amount of goodwill at the balance sheet date was $34,472,000 (2012: $34,472,000), refer to Note 11.

Useful lives of network infrastructure

As described in Note 1(o), the Group reviews the estimated useful lives of property, plant and equipment including network infrastructure at the end of each annual reporting period. The directors are of the opinion that the useful economic life of network infrastructure ranges between 5 and 35 years depending on the nature of the component parts. Should the actual lives of these component parts be significantly different this would impact the depreciation charge arising. The useful economic life is management's best estimate based on historical experience and industry knowledge.

Share based payments

The company had on issue at 30 June 2013 2,765,000 performance rights. The expense recorded in the Statement of Comprehensive Income of $565,000 in 2013 has been based on an external valuation using Geometric Brownian Motion Modelling and applying Monte Carlo simulation in order to determine fair value (Note 27).

Significant accounting policies

The following significant accounting policies have been adopted in the preparation and presentation of the financial report:

a. Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash in banks and investments in money market instruments that are readily convertible to cash with no significant risk of change in value.

b. Interest-bearing loans and borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Fees paid on the establishment of loan facilities that are yield related are included as part of the carrying amount of the loans and borrowings.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

1. Summary of Accounting Policies (continued)

c. Derivative financial instruments

The Group uses derivative financial instruments (including interest rate swaps) to hedge its risk associated with interest rate fluctuations. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured to fair value.

Derivatives are carried as assets when their fair value is positive and as liabilities when their fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives, except for those that qualify as cash flow hedges, are taken directly to profit or loss for the year.

Cash flow hedges

Cash flow hedges are hedges of the Group's exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability that is a firm commitment and that could affect profit or loss. The effective portion of the gain or loss on the hedging instrument is recognised directly in equity, while the ineffective portion is recognised in profit or loss.

The Group tests the designated cash flow hedges for prospective effectiveness on a bi-annual basis using a sensitivity analysis on the cumulative ratio dollar offset method. If the testing falls within the 80:125 range, the hedge is considered highly effective and continues to be designated as a cash flow hedge.

Retrospective hedge effectiveness is assessed using the cumulative ratio dollar offset method. For interest rate cash flow hedges, any ineffective portion is taken to other expenses in the income statement.

If the forecast transaction is no longer expected to occur, amounts recognised in equity are transferred to the income statement.

If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked (due to it being ineffective), amounts previously recognised in equity remain in equity until the forecast transaction occurs.

d. Provisions and employee benefits

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Employee leave benefits

i. Wages, salaries and annual leave.

   Liabilities for wages and salaries, including non-monetary benefits and annual leave are expected to be settled within 12 months of the reporting date are recognised in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled inclusive of on-costs.

ii. Long service leave.

   The liability for long service leave is recognised and measured as the present value of expected future payments and on-costs to be made in respect of services provided by employees up to the reporting date. Consideration is given to the experience of employee departures and periods of service. Expected future payments are discounted using weighted average cost of capital.

e. Financial assets

Investments are recognised and derecognised on trade date where purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, net of transaction costs.

1. Summary of Accounting Policies (continued)

Subsequent to initial recognition, investments in subsidiaries are measured at cost less impairment. Subsequent to initial recognition, investments in associates are accounted for under the equity method in the consolidated financial statements and the cost method in the company financial statements.

Loans and receivables

Trade receivables, loans, and other receivables are recorded at amortised cost using the effective interest method less impairment.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that as a result of one or more events that occurred after the initial recognition of the financial asset the estimated future cash flows of the investment have been impacted. For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account.

When a trade receivable is identified as uncollectible, it is written off. Subsequent recoveries of amounts previously written off are credited to profits. An allowance for impairment provision is recognised when there is objective evidence that the amount will not be collected. Financial difficulties of the debtor or past due debtors are considered objective evidence of impairment.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

f. Financial instruments issued by the company

Debt and equity instruments

Debt and equity instruments are classified as either liabilities or as equity in accordance with the substance of the contractual arrangement.

Compound instruments

The component parts of compound instruments are classified separately as liabilities and equity in accordance with the substance of the contractual arrangement. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for a similar non-convertible debt. The equity component initially brought to account is determined by deducting the amount of the liability component from the amount of the compound instrument as a whole.

1. Summary of Accounting Policies (continued)

Transaction costs on the issue of equity instruments

Transaction costs arising on the issue of equity instruments are recognised directly in equity as a reduction of the proceeds of the equity instruments to which the costs relate. Transaction costs are the costs that are incurred directly in connection with the issue of those equity instruments and which would not have been incurred had those instruments not been issued.

Interest and dividends

Interest and dividends are classified as expenses or as distributions of profit consistent with the balance sheet classification of the related debt or equity instruments or component parts of compound instruments.

Financial guarantee contract liabilities

Financial guarantee contract liabilities are measured initially at their fair values and subsequently at the higher of the amount recognised as a provision and the amount initially recognised less cumulative amortisation.

g. Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of Goods and Services Tax (GST), except: where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or for receivables and payables which are recognised inclusive of GST.

The amount of GST recoverable from, or payable to the taxation authority is included as part of receivables or payables. Cash flows are included in the statement of cash flows on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

h. Goodwill

Goodwill acquired in a business combination is initially measured at its cost, being the excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. Goodwill is subsequently measured at its cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill is allocated to each of the Group's Cash-Generating units (CGUs), or groups of CGUs, expected to benefit from the synergies of the business combination. CGUs (or groups of CGUs) to which goodwill has been allocated are tested for impairment annually, or more frequently if events or changes in circumstances indicate that goodwill might be impaired.

If the recoverable amount of the CGU (or group of CGUs) is less than the carrying amount of the CGU (or groups of CGUs), the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the CGU (or groups of CGUs) and then to the other assets of the CGU (or groups of CGUs) pro-rata on the basis of the carrying amount of each asset in the CGU (or groups of CGUs). An impairment loss recognised for goodwill is recognised immediately in profit or loss and is not reversed in a subsequent period.

On disposal of an operation within a CGU, the attributable amount of goodwill is included in the determination of the profit or loss on disposal of the operation.

i. Intangible Assets

Intangible assets acquired in a business combination

All potential intangible assets acquired in a business combination are identified and recognised separately from goodwill where they satisfy the definition of an intangible asset and their fair value can be measured reliably.

1. Summary of Accounting Policies (continued)

Brand name and customer base

Brand names and customer base are recorded at cost less accumulated amortisation and impairment or at fair value as part of business combination. Amortisation is charged on a straight line basis over their estimated useful lives of 5 years. The estimated useful life and amortisation method is reviewed at the end of each annual reporting period.

Licenses

Licenses are recorded at cost less accumulated amortisation and impairment or at fair value as part of business combination. Amortisation is charged on a straight line basis over their estimated useful lives of 5 years. The estimated useful life and amortisation method is reviewed at the end of each annual reporting period.

Licences which have a perpetual life are held at cost and reviewed for impairment on an annual basis.

j. Impairment of Non-Financial Assets Other Than Goodwill

At each reporting date, the consolidated entity conducts a review of asset values to determine whether there is any indication that those assets have suffered an impairment loss. External factors, such as changes in expected future processes, technology and economic conditions, are also monitored to assess for indicators of impairment. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the consolidated entity estimates the recoverable amount of the cash-generating unit to which the asset belongs. Intangibles with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually or more frequently if there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.
If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount.
An impairment loss is recognised in profit or loss immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years.

k. Income Tax

Current tax

Current tax assets and liabilities are measured at the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

Deferred tax

Deferred tax is accounted for using the comprehensive balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items.

1. Summary of Accounting Policies (continued)

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit.

Furthermore, a deferred tax liability is not recognised in relation to taxable temporary differences arising from goodwill. Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries except where the consolidated entity is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets arising from deductible temporary differences associated with these investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the consolidated entity expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which these can be utilised.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the company/consolidated entity intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the period

Current and deferred tax is recognised as an expense or income in the income statement, except when it relates to items credited or debited directly to equity, in which case the deferred tax is also recognised directly in equity, or where it arises from the initial accounting for a business combination, in which case it is taken into account in the determination of goodwill or excess.

Tax consolidation

The Company and all its wholly-owned Australian resident entities are part of a tax-consolidated group under Australian taxation law. Amcom Telecommunications Ltd is the head entity in the tax-consolidated group. Tax expense/income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax-consolidated group are initially recognised in the separate financial statements of the members of the tax-consolidated group using the 'separate taxpayer within group' approach. Current tax liabilities and assets and deferred tax assets arising from unused tax losses and tax credits of the members of the tax-consolidated group are recognised by the Company (as head entity in the tax-consolidated group).

1. Summary of Accounting Policies (continued)

Due to the existence of a tax funding arrangement between the entities in the tax-consolidated group, amounts are recognised as payable to or receivable by the Company and each member of the group in relation to the tax contribution amounts paid or payable between the parent entity and the other members of the tax-consolidated group in accordance with the arrangement. Further information about the tax funding arrangement is detailed in Note 4 to the financial statements.

l. Inventories

Inventories are valued at the lower of cost and net realisable value on the first-in first-out basis. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

m. Leased Assets

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are initially recognised at their fair value or, if lower, at amounts equal to the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation.

Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income.

Finance leased assets are amortised on a straight line basis over the estimated useful life of the asset.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Lease Incentives

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefits of incentives are recognised as a reduction of rental expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

n. Trade and Other Payables

Trade and other payables are carried at amortised cost and due to their short term nature they are not discounted. They represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

o. Property, Plant and Equipment

Plant and equipment, network infrastructure, leasehold improvements and equipment under finance lease are stated at cost less accumulated depreciation and impairment. Cost includes expenditure that is attributable to the acquisition and installation of the item, including labour costs. In the event that settlement of all or part of the purchase consideration is deferred, cost is determined by discounting the amounts payable in the future to their present value as at the date of acquisition.

1. Summary of Accounting Policies (continued)

Depreciation is provided on property, plant and equipment, including network infrastructure. Depreciation is calculated on a straight line basis or reducing balance basis so as to write off the cost or other revalued amount net of estimated residual value of each asset over its expected useful life. Leasehold improvements are depreciated over the period of the lease or estimated useful life, whichever is the shorter, using the straight line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period.

The following estimated annual depreciation rates are used in the calculation of depreciation:

Asset Type	%
Network Infrastructure	3 – 20
Leasehold	10 – 20
Plant and Equipment	10 – 25
Furniture and Fittings	7 – 25
Motor Vehicles	14

p. Contributed Equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

q. Revenue Recognition

Revenue is recognised on an accrual basis in accordance with the substance of the relevant agreement.

Rendering of services

Revenue from a contract to provide services is recognised by reference to the stage of completion of the contract. Revenue is recognised based on the period of the contract and, where deferred to a subsequent period, recognised as deferred revenue in the balance sheet. Fees charged for the establishment of fibre services are brought to account as revenue over a two year period, unless the amount is below $2000 when it is brought to account as revenue when billed.

Sale of goods

Revenue from the sale of goods is recognised when the consolidated entity has transferred to the buyer the significant risks and rewards of ownership of the goods.

Dividend and interest revenue

Dividend revenue is recognised on a receivable basis when the Group's right to receive the payment is established.

Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

r. Share-Based Payment Transactions

Equity settled transactions

The Group provides benefits to its employees (key management personnel and senior management) in the form of share-based payments, whereby employees render services in exchange for performance rights over shares (equity-settled transactions).

The cost of these equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an external valuer using a Geometric Brownian Motion model and a Monte Carlo simulation. Taking into account the terms and conditions upon which the rights were granted, to fair value the performance rights, further details of which are given in Note 27.

In valuing equity-settled transactions, no account is taken of any vesting conditions, other than (if applicable):

- Non-vesting conditions that do not determine whether the Group receives the services that entitle the employees to receive payment in equity or cash; and

1. Summary of Accounting Policies (continued)

- Conditions that are linked to the price of shares of Amcom Telecommunications Limited.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled (the vesting period), ending on the date on which the relevant employees become fully entitled to the award (the vesting date).

At each subsequent reporting date until vesting, the cumulative charge to the Statement of Comprehensive Income is the product of:

- The grant date fair value of the award.
- The current best estimate of the number of awards that will vest, taking into account such factors as the likelihood of employee turnover during the vesting period and the likelihood of non-market performance conditions being met.
- The expired portion of the vesting period.

Any award subject to a market condition or non-vesting condition is considered to vest irrespective of whether or not that market condition or non-vesting condition is fulfilled, provided that all other conditions are satisfied.

If a non-vesting condition is within the control of the Group, Company or the employee, the failure to satisfy the condition is treated as a cancellation. If a non-vesting condition within the control of neither the Group, Company nor employee is not satisfied during the vesting period, any expense for the award not previously recognised is recognised over the remaining vesting period, unless the award is forfeited.

If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. An additional expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect, if any, of outstanding equity instruments is reflected as additional share dilution in the computation of diluted earnings per share (see Note 20).

s. Operating Segments

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity), whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available. This includes start-up operations which are yet to earn revenues. Management will also consider other factors in determining operating segments such as the existence of a line manager and the level of segment information presented to the board of directors.

Operating segments have been identified based on the information provided to the chief operating decision makers – being the executive management team.

1. Summary of Accounting Policies (continued)

The group aggregates two or more operating segments when they have similar economic characteristics, and the segments are similar in each of the following respects:

- Nature of the products and services
- Nature of the production processes
- Type or class of customer for the products and services
- Methods used to distribute the products or provide the services, and if applicable
- Nature of the regulatory environment

Operating segments that meet the quantitative criteria as prescribed by AASB 8 are reported separately. However, an operating segment that does not meet the quantitative criteria is still reported separately where information about the segment would be useful to users of the financial statements.

Information about other business activities and operating segments that are below the quantitative criteria are combined and disclosed in a separate category for "all other segments".

t. Earnings Per Share

Basic earnings per share is calculated as net profit attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends), divided by the weighted average number of ordinary shares on issue, adjusted for any bonus element.

Diluted earnings per share is calculated as net profit attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends) and for other non-discretionary changes in revenue or expenses during the period that would result from the dilution of potential ordinary shares, divided by the weighted average number of ordinary shares on issue and dilutive potential ordinary shares, adjusted for any bonus element.

u. AASB Accounting Standards Issued but not yet Effective

Standards and interpretations which were applied for the first time for the year ending 30 June 2013.

As at 30 June 2013, a number of Standards and Interpretations including those Standards and Interpretations issued by the IASB / IFRIC where an Australian equivalent has not been made by the AASB, were in issue but not yet effective.

Reference	Title	Application date of standard*	Impact on Group Financial Report	Application date for Group*
AASB 2013-2	Amendments to AASB 1038 – *Regulatory Capital* This Standard makes amendments to AASB 1038 *Life Insurance Contracts* as a consequence of changes to the Australian Prudential Regulation Authority's reporting requirements relating to life insurers, particularly Prudential Standard LPS 110 *Capital Adequacy*, applicable from 1 January 2013. Primarily the amendments align terminology by changing references to 'solvency' in AASB 1038 to 'capital'. A related explanatory paragraph is also removed.	Ending 31 March 2013	No Impact	Ending 30 June 2013
AASB 2010-8	Amendments to Australian Accounting Standards – *Deferred Tax: Recovery of Underlying Assets [AASB 112]* These amendments address the determination of deferred tax on investment property measured at fair value and introduce a rebuttable presumption that deferred tax on investment property measured at fair value should be determined on the basis that the carrying amount will be recoverable through sale. The amendments also incorporate SIC-21 *Income Taxes - Recovery of Revalued Non-Depreciable Assets* into AASB 112.	1 Jan 2012	No Impact	1 July 2012
AASB 2011-9	Amendments to Australian Accounting Standards – *Presentation of Other Comprehensive Income* [AASB 1, 5, 7, 101, 112, 120, 121, 132, 133, 134, 1039 & 1049] This standard requires entities to group items presented in other comprehensive income on the basis of whether they might be reclassified subsequently to profit or loss and those that will not.	1 July 2012	No Impact	1 July 2012

1. Summary of Accounting Policies (continued)

The following standards and interpretations have been issued by the AASB but are not yet effective for the period ending 30 June 2013.

Reference	Title	Summary	Application date of standard*	Impact on Group Financial Report	Application date for Group*
AASB 10	*Consolidated Financial Statements*	AASB 10 establishes a new control model that applies to all entities. It replaces parts of AASB 127 *Consolidated and Separate Financial Statements* dealing with the accounting for consolidated financial statements and UIG-112 *Consolidation - Special Purpose Entities*. The new control model broadens the situations when an entity is considered to be controlled by another entity and includes new guidance for applying the model to specific situations, including when acting as a manager may give control, the impact of potential voting rights and when holding less than a majority voting rights may give control. Consequential amendments were also made to this and other standards via AASB 2011-7 and AASB 2012-10.	1 January 2013	No Impact	1 July 2013
AASB 11	*Joint Arrange-ments*	AASB 11 replaces AASB 131 *Interests in Joint Ventures* and UIG-113 *Jointly- controlled Entities - Non-monetary Contributions by Ventures*. AASB 11 uses the principle of control in AASB 10 to define joint control, and therefore the determination of whether joint control exists may change. In addition it removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. Instead, accounting for a joint arrangement is dependent on the nature of the rights and obligations arising from the arrangement. Joint operations that give the venturers a right to the underlying assets and obligations themselves is accounted for by recognising the share of those assets and obligations. Joint ventures that give the venturers a right to the net assets is accounted for using the equity method. Consequential amendments were also made to this and other standards via AASB 2011-7, AASB 2010-10 and amendments to AASB 128.	1 January 2013	No Impact	1 July 2013

1. Summary of Accounting Policies (continued)

Reference	Title	Summary	Application date of standard*	Impact on Group Financial Report	Application date for Group*
AASB 12	*Disclosure of Interests in Other Entities*	AASB 12 includes all disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. New disclosures have been introduced about the judgments made by management to determine whether control exists, and to require summarised information about joint arrangements, associates, structured entities and subsidiaries with non-controlling interests.	1 January 2013	Not Assessed	1 July 2013
AASB 13	*Fair Value Measurement*	AASB 13 establishes a single source of guidance for determining the fair value of assets and liabilities. AASB 13 does not change when an entity is required to use fair value, but rather, provides guidance on how to determine fair value when fair value is required or permitted. Application of this definition may result in different fair values being determined for the relevant assets. AASB 13 also expands the disclosure requirements for all assets or liabilities carried at fair value. This includes information about the assumptions made and the qualitative impact of those assumptions on the fair value determined. Consequential amendments were also made to other standards via AASB 2011-8.	1 January 2013	Not Assessed	1 July 2013
AASB 119	*Employee Benefits*	The main change introduced by this standard is to revise the accounting for defined benefit plans. The amendment removes the options for accounting for the liability, and requires that the liabilities arising from such plans is recognised in full with actuarial gains and losses being recognised in other comprehensive income. It also revised the method of calculating the return on plan assets. The revised standard changes the definition of short-term employee benefits. The distinction between short-term and other long-term employee benefits is now based on whether the benefits are expected to be settled wholly within 12 months after the reporting date. Consequential amendments were also made to other standards via AASB 2011-10.	1 January 2013	No Impact	1 July 2013

1. Summary of Accounting Policies (continued)

Reference	Title	Summary	Application date of standard*	Impact on Group Financial Report	Application date for Group*
AASB 2012-2	Amendments to Australian Accounting Standards - *Disclosures - Offsetting Financial Assets and Financial Liabilities*	AASB 2012-2 principally amends AASB 7 *Financial Instruments: Disclosures* to require disclosure of the effect or potential effect of netting arrangements. This includes rights of set-off associated with the entity's recognised financial assets and liabilities on the entity's financial position, when the offsetting criteria of AASB 132 are not all met.	1 January 2013	Not Assessed	1 July 2013
AASB 2012-5	Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle	AASB 2012-5 makes amendments resulting from the 2009-2011 Annual Improvements Cycle. The standard addresses a range of improvements, including the following: • Repeat application of AASB 1 is permitted (AASB 1) • Clarification of the comparative information requirements when an entity provides a third balance sheet (AASB 101 *Presentation of Financial Statements*).	1 January 2013	Not Assessed	1 July 2013
AASB 2012-9	Amendment to AASB 1048 arising from the withdrawal of Australian Interpretation 1039	AASB 2012-9 amends AASB 1048 *Interpretation of Standards* to evidence the withdrawal of Australian Interpretation 1039 Substantive Enactment of Major Tax Bills in Australia.	1 January 2013	No Impact	1 July 2013
AASB 2011-4	Amendments to Australian Accounting Standards to *Remove Individual Key Management Personnel Disclosure Requirements* [AASB 124]	This amendment deletes from AASB 124 individual key management personnel disclosure requirements for disclosing entities that are not companies. It also removes the individual KMP disclosure requirements for all disclosing entities in relation to equity holdings, loans and other related party transactions.	1 July 2013	No Impact	1 July 2013**

1. Summary of Accounting Policies (continued)

Reference	Title	Summary	Application date of standard*	Impact on Group Financial Report	Application date for Group*
AASB 1053	*Application of Tiers of Australian Accounting Standards*	This standard establishes a differential financial reporting framework consisting of two tiers of reporting requirements for preparing general purpose financial statements: (a) Tier 1: Australian Accounting Standards (b) Tier 2: Australian Accounting Standards - Reduced Disclosure Requirements Tier 2 comprises the recognition, measurement and presentation requirements of Tier 1 and substantially reduced disclosures corresponding to those requirements. The following entities apply Tier 1 requirements in preparing general purpose financial statements: (a) For-profit entities in the private sector that have public accountability (as defined in this standard) (b) The Australian Government and State, Territory and Local governments The following entities apply either Tier 2 or Tier 1 requirements in preparing general purpose financial statements: (a) For-profit private sector entities that do not have public accountability (b) All not-for-profit private sector entities (c) Public sector entities other than the Australian Government and State, Territory and Local governments. Consequential amendments to other standards to implement the regime were introduced by AASB 2010-2, 2011-2, 2011-6, 2011-11, 2012-1, 2012-7 and 2012-11.	1 July 2013	No Impact	1 July 2013
AASB 2012-3	Amendments to Australian Accounting Standards *- Offsetting Financial Assets and Financial Liabilities*	AASB 2012-3 adds application guidance to AASB 132 *Financial Instruments: Presentation* to address inconsistencies identified in applying some of the offsetting criteria of AASB 132, including clarifying the meaning of "currently has a legally enforceable right of set-off" and that some gross settlement systems may be considered equivalent to net settlement.	1 January 2014	Not Assessed	1 July 2014
AASB	Levies	This Interpretation confirms that a liability to pay a levy is only recognised when the activity that triggers the payment occurs. Applying the going concern assumption does not create a constructive obligation.	1 January 2014	No Impact	1 July 2014

1. Summary of Accounting Policies (continued)

Reference	Title	Summary	Application date of standard*	Impact on Group Financial Report	Application date for Group*
AASB 9	*Financial Instruments*	AASB 9 includes requirements for the classification and measurement of financial assets. It was further amended by AASB 2010-7 to reflect amendments to the accounting for financial liabilities. These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. The main changes are described below. (a) Financial assets that are debt instruments will be classified based on (1) the objective of the entity's business model for managing the financial assets; (2) the characteristics of the contractual cash flows. (b) Allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument. (c) Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases. (d) Where the fair value option is used for financial liabilities the change in fair value is to be accounted for as follows: • The change attributable to changes in credit risk are presented in other comprehensive income (OCI) • The remaining change is presented in profit or loss If this approach creates or enlarges an accounting mismatch in the profit or loss, the effect of the changes in credit risk are also presented in profit or loss.	1 January 2015	Not Assessed	1 July 2015

1.Summary of Accounting Policies (continued)

Reference	Title	Summary	Application date of standard*	Impact on Group Financial Report	Application date for Group*
AASB 9 (cont)	*Financial Instruments*	Further amendments were made by AASB 2012-6 which amends the mandatory effective date to annual reporting periods beginning on or after 1 January 2015. AASB 2012-6 also modifies the relief from restating prior periods by amending AASB 7 to require additional disclosures on transition to AASB 9 in some circumstances. Consequential amendments were also made to other standards as a result of AASB 9, introduced by AASB 2009-11 and superseded by AASB 2010-7 and 2010-10.	1 January 2015	Not Assessed	1 July 2015

* Designates the beginning of the applicable annual reporting period unless otherwise stated

** This standard cannot be early adopted. Revisions are currently being made to the Corporations Law to bring this disclosure to the Directors' Report.

2. Financial Risk Management Objectives and Policies

The Group's principal financial instruments comprise receivables, payables, bank loans, finance leases, cash, short-term deposits and derivative financial instruments.

The Group manages its exposure to key financial risks, including credit risk, liquidity risk, interest rate risk and currency risk in accordance with the Group's risk management policy. The objective of the policy is to support the delivery of the Group's financial targets whilst managing risk.

The main risks arising from the Group's financial instruments are interest rate risk, credit risk and liquidity risk. The Group uses different methods to measure and manage different types of risks to which it is exposed. These include monitoring levels of exposure to interest rate risk and entering into derivative transactions such as interest rate swaps. Ageing analyses and monitoring of specific credit allowances are undertaken to manage credit risk. Liquidity risk is monitored through the development of future rolling cash flow forecasts.

Primary responsibility for identification and control of financial risks rests with management. The Audit and Risk Committee has an oversight role under the authority of the Board. The Board reviews and agrees policies for managing each of these risks as summarised below.

2. Financial Risk Management Objectives and Policies (continued)

Risk Exposures and Responses

Interest rate risk

The Group's exposure to market interest rates relates primarily to the Group's long-term debt obligations and cash at bank.

At balance sheet date, the Group had the following mix of financial assets and liabilities exposed to Australian variable interest rate risk that are not designated as cash flow hedges:

	Consolidated	
	2013 $'000	2012 $'000
Financial Assets		
Cash and cash equivalents	25,310	24,242
Financial liabilities		
Borrowings	32,332	32,200
Net Exposure	(7,022)	(7,958)

The Group constantly analyses its interest rate exposure with the objective of minimising the financial impact of interest rate fluctuations. The group has no material exposure to fixed interest rate instruments.

At 30 June 2013, if interest rates had moved with all other variables held constant prior to the cash flow hedge being taken, post tax profit would have been affected as illustrated below:

	Post tax profit Higher/(Lower)	
	2013 $'000	2012 $'000
Consolidated		
+ .5% (50 basis points)	(25)	(28)
- .5% (50 basis points)	25	28

At 30 June 2013, the company had an interest rate swap agreement in place with a notional amount of $12,000,000 (2012: nil) whereby the company pays a fixed rate of interest of 4.86% and receives a variable rate of interest of BBSW + 1.5% on the notional amount. The interest rate swap is used as a cash flow hedge to manage cash flow variations due to changes in interest rates as illustrated above.

Credit risk

Credit risk arises from the financial assets of the Group, which include cash at bank, trade and other receivables. The Group's exposure to credit risk arises from potential default of the counter party, with a maximum exposure equal to the carrying amount of these instruments. The company's bank's financial position and credit rating are reviewed on an annual basis. Bank deposits are mainly with one financial institution which has an AA-rating from Standard & Poor. The Group does not hold any credit derivatives to offset its credit exposure. Receivable balances are monitored on a regular basis with the result that the Group's exposure to bad debts is not

2. Financial Risk Management Objectives and Policies (continued)

significant. Receivables comprise amounts due from various corporate entities and individuals who are generally not rated. There are no significant concentrations of credit risk within the Group.

Foreign exchange risk

The Group has minimal foreign exchange risk.

Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans, finance leases and committed available lines. At 30 June 2013, 1% of the Group's debt will mature in less than one year (2012: 1%).

The table below reflects all contractually fixed payables and receivables for settlement, repayment and interest resulting from recognised financial assets and liabilities as of 30 June 2013. The gross undiscounted cash flows for the respective upcoming fiscal years are presented. Cash flows for financial assets and liabilities without fixed amount or timing are based on the conditions existing at 30 June 2013.

The remaining contractual maturities of the Group's financial liabilities are:

Year ended 30 June 2013	‹ 6 months $'000	6-12 months $'000	1-5 years $'000	› 5 years $'000	Total $'000
Consolidated Financial Liabilities					
Trade & other payables	20,169	-	-	-	20,169
Borrowings	180	789	37,558	-	38,527
Current tax payable	1,851	-	-	-	1,851
Gross callable amount under financial guarantee	-	1,883	-	-	1,883
	22,200	2,672	37,558	-	62,430

Year ended 30 June 2012	‹ 6 months $'000	6-12 months $'000	1-5 years $'000	› 5 years $'000	Total $'000
Consolidated Financial Liabilities					
Trade & other payables	23,030	-	-	-	23,030
Borrowings	50	50	33,865	-	33,965
Current tax payable	1,046	-	-	-	1,046
Gross callable amount under financial guarantee	-	1,711	-	-	1,711
	24,126	1,761	33,865	-	59,752

2. Financial Risk Management Objectives and Policies (continued)

Maturity analysis of financial assets and liabilities based on management's expectation.

Year ended 30 June 2013	< 6 months $'000	6-12 months $'000	1-5 years $'000	> 5 years $'000	Total $'000
Consolidated Financial Assets					
Cash & cash equivalents	25,310	-	-	-	25,310
Trade & other receivables	15,983	-	-	-	15,983
	41,293	-	-	-	41,293
Consolidated Financial Liabilities					
Trade & other payables	20,169	-	-	-	20,169
Borrowings	180	789	37,558	-	38,527
Current tax payable	1,851	-	-	-	1,851
Gross callable amount under financial guarantee	-	1,883	-	-	1,883
	22,200	2,672	37,558	-	62,430
Net maturity	19,093	(2,672)	(37,558)	-	(21,137)

Year ended 30 June 2012	< 6 months $'000	6-12 months $'000	1-5 years $'000	> 5 years $'000	Total $'000
Consolidated Financial Assets					
Cash & cash equivalents	24,242	-	-	-	24,242
Trade & other receivables	15,439	-	-	-	15,439
	39,681	-	-	-	39,681
Consolidated Financial Liabilities					
Trade & other payables	23,030	-	-	-	23,030
Borrowings	50	50	33,586	-	33,965
Current tax payable	1,406	-	-	-	1,046
Gross callable amount under financial guarantee	-	1,711	-	-	1,711
	24,126	1,761	33,865	-	59,752
Net maturity	15,555	(1,761)	(33,865)	-	(20,071)

3. Profit from Operations

	Consolidated 2013 $'000	Consolidated 2012 $'000
a. Revenue from continuing operations		
Rendering of services	132,170	111,969
Sale of hardware	25,289	19,372
Project revenue	-	4,093
Interest income – bank deposits	276	533
	157,735	135,967

	Consolidated 2013 $'000	Consolidated 2012 $'000
b. Profit before income tax		
Depreciation of non current assets	(9,330)	(8,652)
Amortisation of non current assets	(164)	(235)
Total depreciation and amortisation	(9,494)	(8,887)
Employee benefit expenses:		
Defined contribution plans	(3,098)	(2,184)
Salary and wages and on-costs	(42,577)	(35,702)
Share-based payments expense	(565)	(830)
	(46,240)	(38,716)
Capitalised to property, plant and equipment	6,110	4,979
	(40,130)	(33,737)
Impairment of network infrastructure (i)	-	(4,995)
Impairment of goodwill (ii)	-	(2,814)
Profit on in specie distribution (iii)	-	18,626

i. Following a review of the useful life of network assets in the prior year, an impairment charge of $5.0m (tax benefit: $1.5m) was taken. As a result of the discontinuance of legacy data and voice products, associated network assets were considered obsolete.

ii. An Amnet goodwill impairment charge of $2.8m was taken due to declining revenue and margins as a result of the intense competition in the residential broadband market in the prior year.

iii. On 18 August 2011 the company distributed its iiNet Limited shareholding to its shareholders as an in specie distribution. The profit arising on the in specie distribution was $18,626,000 (tax: nil) which reflects the fair value on the date of distribution less the equity accounted carrying value. The distribution was debited to contributed equity and retained profits.

4. Income Tax

The major components of income tax expense are:

	Consolidated	
	2013 $'000	2012 $'000
a. Income tax recognised in profit or loss		
Current income tax		
Current income tax expense	5,998	3,855
Adjustment in respect of current income tax of previous year	(324)	(16)
Deferred income tax		
Relating to origination and reversal of temporary differences	2,463	1,485
Deferred income tax of previous years	39	26
Income tax expense reported in the statement of comprehensive income	8,176	5,350

Numerical reconciliation between aggregate tax expense recognised in the Statement of Comprehensive Income and tax expense calculated per the statutory income tax rate.

	Consolidated	
	2013 $'000	2012 $'000
Accounting profit before income tax from continuing operations	28,926	33,708
At the Group's statutory income tax rate of 30% (2012: 30%)	8,678	10,112
Adjustment in respect of current income tax of previous years	(324)	10
Contribution to trust for acquisition of shares for LTI plan	(120)	-
Share-based payments	170	249
Expenditure not allowable for income tax purposes	180	10
Non-temporary differences	(408)	(287)
Profit on in specie distribution	-	(5,588)
Impairment of goodwill		844
Income tax expense reported in the statement of comprehensive income	8,176	5,350

4. Income Tax (continued)

b. Deferred Income Tax

Deferred income tax at 30 June relates to the following:

	Balance Sheet		Income Statement	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Consolidated				
Deferred tax liabilities				
Depreciable assets	(9,433)	(7,061)	(2,372)	(1,010)
Deferred tax assets				
Accruals	368	339	27	(154)
Provisions	1,115	1,091	23	(145)
Expenses tax deductible over time	83	258	(174)	(407)
Unearned revenue	678	686	(8)	205
Gross deferred tax assets	2,244	2,374		
Net deferred tax (liabilities)	(7,189)	(4,687)		
Deferred tax expense			(2,504)	(1,511)

Tax consolidation system

The Company and its wholly owned Australian resident entities have formed a tax – consolidated group with effect from 1 July 2003 and are therefore taxed as a single entity from that date with subsequently acquired entities included from the date of acquisition. The head entity and its entities within the tax consolidated entity except for the Amcom Incentive Share Trust are identified in Note 24.

Entities within the tax consolidated group have entered into a tax funding arrangement with the head entity. Under the terms of the tax funding arrangement, Amcom Telecommunications Ltd and each of the entities in the tax consolidated group has agreed to pay a tax equivalent payment to or from the head entity, based on the current tax liability or current tax asset of the entity.

Tax losses

The consolidated entity has capital tax losses for which no deferred tax asset is recognised in the statement of financial position of $1,776,137 (2012: $1,776,137) which are available indefinitely for offset against future capital gains subject to continuing to meet relevant income tax legislation.

5. Share Options

In-substance share option

Interest free loans were granted to Mr. A. Grist and Mr. C. Stein on 15 October 2003. The loans were granted to fund the shares issued as part of an executive incentive scheme approved by the shareholders in 2003. As a condition of these loans the directors must satisfy two year service contracts, which they have completed. There are no performance criteria attached.

The loans are repayable as a first charge on any funds received by the specified director from dividends and proceeds of sale of the Amcom shares (the subject of the loan). In the event of cessation of employment the loan must be repaid in full.

The loans have been treated as in-substance share options following the adoption of AASB 2 Share based payments. All actual shares related to this scheme are included within the directors' holdings as disclosed in Note 29(b). No additional in-substance options were granted within either the current or prior year.

	Opening Balance $	Repayment $	Closing Balance $
Shareholders' Loans			
2013			
Mr. A Grist	239,000	69,333	169,667
Mr. C Stein	60,250	17,334	42,916
	299,250	86,667	212,583
2012			
Mr. A Grist	303,000	64,000	239,000
Mr. C Stein	76,250	16,000	60,250
	379,250	80,000	299,250

6. Remuneration of Auditors

	Consolidated	
	2013 $	2012 $
Auditor of the parent entity – Ernst & Young		
Audit or review of the financial reports	158,000	174,600
Other non-audit services		
Tax services	86,967	74,714
Accounting advice	8,201	-
Corporate services – pre acquisition due diligence	112,985	141,110
	366,153	390,424

7. Trade and Other Receivables

	Consolidated 2013 $'000	Consolidated 2012 $'000
Trade and other receivables	16,075	15,596
Allowance for impairment loss	(92)	(157)
	15,983	15,439

Trade receivables are non-interest bearing and are generally on 30 day terms.

Allowance for impairment loss

Movements in the allowance for impairment loss:

	Consolidated 2013 $'000	Consolidated 2012 $'000
Opening balance	157	457
Provision acquired	-	18
Charge for the year	207	172
Amounts written off	(272)	(490)
Closing balance	92	157

At 30 June, the ageing analysis of trade and other receivables is as follows:

Ageing analysis of trade and other receivables ($'000):

	Total	0-30 days	31-60 days PDNI *	31-60 days CI#	61-90 days PDNI*	61-90 days CI#	+91 days PDNI*	+ 91 days CI#
2013	16,074	13,097	2,236	-	642	-	7	92
2012	15,596	12,413	2,591	-	228	-	207	157

* Past due not impaired ('PDNI')

\# Considered impaired ('CI')

Past due not impaired receivables

The Company has been in direct contact with the relevant debtor and is satisfied that payment will be received in full.

Fair value and credit risk

Due to the short term nature of these receivables, their carrying value is assumed to approximate their fair value.

The maximum exposure to credit risk is the carrying value of receivables. No collateral is held as security.

8. Inventories

	Consolidated 2013 $'000	Consolidated 2012 $'000
Spares and consumables – at cost	2,189	1,791

9. Other Current Assets

	Consolidated 2013 $'000	Consolidated 2012 $'000
Prepayments	1,964	1,661
Deposits	109	33
Other	259	453
	2,332	2,147

10. Property, Plant and Equipment

	Network Infra - structure	Leasehold Improve - ments	Plant & equipment	Furniture & fittings	Motor vehicles	TOTAL
	$'000	$'000	$'000	$'000	$'000	$'000
Gross Carrying Amount						
Balance at 30 June 2011	140,530	2,147	2,914	7,431	31	153,053
Additions	17,466	623	208	1,188	2	19,487
Disposals	(486)	-	(3)	(74)	(6)	(569)
Acquisition of subsidiary	-	563	-	886	-	1,449
Asset impairment	(7,335)	(190)	(683)	(360)	-	(8,568)
Balance at 30 June 2012	150,175	3,143	2,436	9,071	27	164,852
Additions	20,583	654	343	2,944	-	24,525
Disposals	(344)	(563)	-	(182)	-	(1,089)
Balance at 30 June 2013	170,414	3,235	2,779	11,833	27	188,288

10. Property, Plant and Equipment (continued)

	Network Infra - structure	Leasehold Improve - ments	Plant & equipment	Furniture & fittings	Motor vehicles	TOTAL
	$'000	$'000	$'000	$'000	$'000	$'000
Accumulated Depreciation						
Balance at 30 June 2011	41,273	1,398	2,320	5,159	25	50,175
Additions	7,389	221	227	1,056	2	8,895
Disposals	(216)	-	(2)	(20)	(5)	(243)
Acquisition of subsidiary	-	82	-	809	-	891
Asset impairment	(2,666)	(148)	(594)	(307)	-	(3,715)
Balance at 30 June 2012	45,780	1,553	1,951	6,697	22	56,003
Additions	7,924	246	196	1,106	1	9,474
Disposals	(78)	(227)	-	(94)	-	(398)
Balance at 30 June 2013	53,625	1,572	2,147	7,710	23	65,078
Net Carrying Amount						
As at 30 June 2012	104,395	1,590	485	2,374	5	108,849
As at 30 June 2013	116,789	1,662	632	4,122	4	123,209

11. Goodwill

	Consolidated	
	2013 $'000	**2012 $'000**
Net carrying amount		
Opening Balance	34,472	23,126
Impairment–Amnet	-	(2,814)
Acquisition of subsidiary (Note 25)	-	14,160
Closing Balance	34,472	34,472

11. Goodwill (continued)

Allocation of goodwill to cash-generating units

Goodwill has been allocated for impairment testing purposes to three individual cash-generating units as follows:

	Consolidated 2013 $'000
Telecommunications ('Telco')	11,285
Cloud and Hosted Services	22,030
IT Services	1,157
	34,472

The recoverable amounts of Telecommunications, Cloud and Hosted Services and IT Services cash-generating units are determined based on value in use calculations which use cash flow projections based on financial budgets approved by the board covering a two-year period and a risk adjusted pre-tax discount rate of 18.6% (2012:18.6%). For cash-generating units growth rates beyond the two year period are extrapolated over the following eight years using the assumptions outlined below. The period used reflects the minimum period of expected sustainable growth of the business unit.

No adjustment has been made to the 2012 comparative, which were disclosed as Data networks $11,285,000 and Business Services $23,187,000.

Impairment testing of goodwill

The key assumptions used in the value in use calculations for the various significant cash-generating units are as follows:

	2013 (ii)			2012		
	Telco %	Cloud and Hosted %	IT Services %	Data Networks %	Amnet %	Business Services %
Key assumptions (i)						
Revenue growth	9	16	2	7	-8	10
Expense growth	4	5	3	5	-8	5

The cash generating units are identified by management based on the nature of the services provided.

(i) Assumptions have been based on historical observed trends and expected future events

Revenue growth has been based on the company's various products life cycle, current market trends as observed in the industry and the expected future product mix of the business.

Expense growth has been based on market pricing, gross margin observations through the industry and forecast CPI increases for corporate overhead costs.

(ii) The cash generating units have been realigned in 2013 to be consistent with the operating segments and accordingly goodwill has been assigned in accordance with AASB 136.

12. Other Intangible Assets

	Consolidated			
	Brand name $'000	Customer Base $'000	Licenses $'000	Total $'000
Gross carrying amount				
Balance at 1 July 2011	62	717	250	1,029
Additions	-	-	797	797
Balance at 30 June 2012	62	717	1,047	1,826
Additions	-	-	1,389	1,389
Disposals	-	-	(82)	(82)
Balance at 30 June 2013	62	717	2,354	3,133
Accumulated amortisation				
Balance at 1 July 2011	62	315	45	422
Amortisation expense	-	71	101	172
Balance at 30 June 2012	62	386	146	594
Amortisation expense	-	-	114	114
Disposals	-	-	(37)	(37)
Balance at 30 June 2013	62	386	223	671
Net carrying amount				
As at 30 June 2012	-	331	901	1,232
As at 30 June 2013	-	331	2,131	2,462

13. Assets Pledged as Security

In accordance with the security arrangements of bank borrowings, as disclosed in Note 15, to the financial statements, a general security interest has been registered over all the assets and undertakings of the consolidated entity, excluding Amcom IP Tel Pty Ltd and Amcom Incentive Share Trust, although the investment in Amcom IP Tel Pty Ltd is the subject of the charges. The general security interest is supported by a cross deed of guarantee and indemnity provided by all entities in the consolidated entity (except Amcom IP Tel Pty Ltd and Amcom Share Incentive Trust) in favour of the bank.

The consolidated entity does not hold title to the equipment under finance leases pledged as security.

14. Trade and Other Payables

	Consolidated 2013 $'000	Consolidated 2012 $'000
Trade payables (i)	11,737	16,531
Accruals	6,391	5,536
Others	2,041	963
Fair value of trade and other payable	20,169	23,030

(i) Trade payables are interest free for up to 30 days. Thereafter interest may be charged at commercial rates. The consolidated entity has financial cash management policies in place to ensure that all payables are paid within the credit framework.

Fair value

The carrying amounts of trade payables approximate their fair value as these are short term in nature.

Interest rate and liquidity risk

Information regarding interest rate and liquidity risk exposure is set out in Note 2.

15. Borrowings

	Consolidated 2013 $'000	Consolidated 2012 $'000
Current		
Finance lease liabilities (i)	296	100
Vendor Loan (ii)	343	-
	639	100
Non-Current		
Bank debt (iii)	31,500	32,015
Finance lease liabilities (i)	536	85
Vendor Loan (ii)	4,480	-
	36,516	32,100

(ii) Secured by assets under lease. Refer to note 22 for further details.

(iii) Refer to note 30 for further details.

(iv) The consolidated entity has a facility to 31 December 2016. The current weighted average effective interest rate is 4.57%. Refer to note 13 for security details.

15. Borrowings (continued)

Fair value

The carrying amounts of the Group's borrowings approximate their fair values as these carry interest at market rates.

Interest rate and liquidity risk

Details regarding interest rate and liquidity risk are disclosed in Note 2.

16. Derivative Financial Liability

	Consolidated	
	2013 $'000	2012 $'000
Current Liability		
Interest rate swap contract-cash flow hedge	47	-
Non-Current Liability		
Interest rate swap contract-cash flow hedge	70	-

At 30 June 2013, the company had an interest rate swap agreement in place with a notional amount of $12,000,000 (2012: nil) whereby the company pays a fixed rate of interest of 4.86% and receives a variable rate of interest of BBSW + 1.5% on the notional amount. The interest rate swap is used as a cash flow hedge to manage cash flow variations due to changes in interest rates.

Refer to Note 2 for details on the company's policy on financial risk management

17. Provisions

	Consolidated	
	2013 $'000	2012 $'000
Current		
Employee provisions	2,718	2,449
Non-Current		
Employee provisions	802	733
Deferred Rent provision	658	-
Total Non-Current provisions	1,460	733
Total provisions	4,178	3,182

18. Contributed Equity

	Consolidated 2013 $'000	Consolidated 2012 $'000
Balance at beginning of financial year	107,787	132,222
Partial repayment of share based loan to directors	86	80
Issue of shares	-	985
Cost of share issuance	-	(7)
In specie distribution of iiNet shares	-	(25,493)
Balance at end of financial year	107,873	107,787

	Consolidated 2013 No.	Consolidated 2012 No.
Fully Paid Ordinary Shares		
Balance at beginning of financial year	241,507,213	240,341,533
Issue of shares	3,049,888	1,165,680
Balance at end of financial year	244,557,101	241,507,213

Fully paid ordinary shares carry one vote per share and carry the right to dividends.

When managing capital, management's objective is to ensure the entity continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders.

The gearing ratios based on continuing operations at 30 June 2013 and 2012 were as follows:

	Consolidated 2013 $'000	Consolidated 2012 $'000
Total borrowings	37,155	32,200
Less cash and cash equivalents	25,310	24,242
Net debt	11,845	7,958
Total equity	120,646	111,837
Total capital	132,491	119,795
Gearing ratio	9%	7%

19. Reserves

Nature and purpose of reserves

Equity-settled benefits reserve

The equity-settled benefits reserve is used to recognise the value of equity-settled share-based payment transactions provided to employees, including key management personnel, as part of their remuneration. Refer to Note 29 for further details of these plans.

Cash flow hedge reserve

The cash flow hedge reserve contains the effective portion of the cash flow hedge relationships incurred as at the reporting date.

Option cancellation reserve

The option cancellation reserve contains consideration of the cancellation of 81,175,585 options at 4c per option cancelled during 2010.

20. Earnings per Share (EPS)

	Consolidated	
	2013 Cents per share	2012 Cents per share
Basic earnings per share	8.50	11.76
Diluted earnings per share	8.37	11.52

The earnings and weighted average number of ordinary shares used in the calculation of basic and diluted earnings per share are as follows:

	Consolidated	
	2013 $'000	2012 $'000
Net Profit after tax and used in calculation of basic & diluted EPS	20,750	28,358

	Consolidated	
	2013 No.	2012 No.
Weighted average number of ordinary shares used in calculation of basic EPS	244,121,403	241,044,135
Potential ordinary shares underlying the performance rights	3,695,579	5,205,689
Weighted average number of ordinary shares used in calculation of diluted EPS	247,816,982	246,249,824

21. Dividends

	2013		2012	
	Cents per shares	Total $'000	Cents per shares	Total $'000
Recognised amounts				
Fully paid ordinary shares				
Final dividend	3.2	7,826	3.0	7,210
Interim dividend	2.0	4,891	1.8	4,348
		12,717		11,558
Fully franked to 30% (Prior year: 30%)				
Unrecognised amounts				
Fully paid ordinary shares				
Final dividend payable 4 October 2013	3.5	8,559	3.2	7,826
Fully franked to 30% (Prior Year: 30%)				

Franking account balance as at 30 June

	Consolidated	
	2013 $'000	2012 $'000
Franking account balance as at 30 June	3,328	4,310
Impact on franking account balance of dividends not recognised	(3,668)	(3,354)
Impact on franking account balance of income tax payable at 30 June	1,851	1,046
Adjusted franking account balance	1,511	2,002

22. Commitments

Finance lease commitments

(i) Leasing arrangements

Finance leases relate to motor vehicles and equipment with lease terms of between 1 to 5 years. The consolidated entity has options to purchase the equipment at the conclusion of the lease agreements.

	Minimum future lease payments		Present value of minimum future lease payments	
	Consolidated		Consolidated	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
No later than 1 year	347	115	296	100
Later than 1 year and not later than 5 years	584	88	536	85
Minimum lease payments	931	203	832	185
Less future finance charges	(99)	(18)	-	-
Present value of minimum lease payments	832	185	832	185
Included in the financial statements as:				
Current interest-borrowings (Note 15)			296	100
Non-current interest-borrowing (Note 15)			536	85
			832	185

Operating lease arrangements

Operating leases relate to premises and equipment with varying lease terms. The majority of the premise operating leases contain market and fixed rent review clauses. The consolidated entity does not have an option to purchase the leased assets at the expiry of the leased period.

	Consolidated	
	2013 $'000	2012 $'000
Operating lease commitments		
Non-cancellable operating leases		
No longer than 1 year	9,004	6,465
Longer than 1 year and not longer than 5 years	26,157	19,739
Longer than 5 years	123	1,542
	35,284	27,746

23. Contingent Liabilities

a. Financial Guarantees

The reporting entity has issued bank guarantees in favour of third parties to the face value of $1,883,304.

In addition, the parent entity has provided guarantees to third parties guaranteeing the debts and the performance of contracts entered into by controlled entities with third parties. No amounts have been recognised in the financial statements in respect of these guarantees based on Directors assessment of the fair value at 30 June 2013.

b. ASIC Class Order 98/1418

The Closed Group consists of the entities denoted by (ii) at Note 24.

Pursuant to Class Order 98/1418, the Company and each of the entities of the closed group have entered into a Deed of Cross Guarantee such that the Company guarantees to pay any deficiency in the event of a winding up of a controlled entity and each controlled entity has also given a similar guarantee in the event of the winding up of the Company.

The Statement of Comprehensive Income and Statement of Financial Position of the entities that are members of the Closed Group are as follows:

23. Contingent Liabilities (continued)

Statement of Financial Position

	2013 $'000	2012 $'000
CURRENT ASSETS		
Cash and cash equivalents	23,171	21,350
Trade and other receivables	6,086	6,035
Inventories	2,156	1,641
Other	1,891	1,384
Total current assets	33,304	30,410
NON-CURRENT ASSETS		
Investment in subsidiaries	27,144	25,944
Property, plant and equipment	121,776	108,254
Goodwill	11,784	11,784
Other intangible assets	769	485
Total non-current assets	161,473	146,467
Total assets	194,777	176,877
CURRENT LIABILITIES		
Trade and other payables	14,799	12,271
Deferred revenue	8,971	10,417
Borrowings	552	-
Income Tax Payable	2,361	1,369
Derivate financial liability	47	-
Provisions	2,719	1,859
Total current liabilities	29,449	25,916
NON-CURRENT LIABILITIES		
Borrowings	36,516	32,015
Provisions	800	480
Deferred revenue	718	882
Other financial liabilities	70	1,189
Deferred tax liabilities	7,301	5,090
Total non-current liabilities	45,405	39,655
Total liabilities	74,854	65,572
Net Assets	119,923	111,305
Contributed equity	107,873	107,787
Reserves	(720)	(1,410)
Retained profit	12,770	4,928
Total Equity	119,923	111,305

23. Contingent Liabilities (continued)

Statement of Comprehensive Income

	2013 $'000	2012 $'000
Profit from continuing operations before income tax	29,213	33,086
Income tax expense	(8,654)	(5,168)
Net profit	20,559	27,918
Retained earnings at beginning of the period	4,928	33,863
In specie distribution	-	(45,295)
Dividends paid	(12,717)	(11,558)
Retained earnings at end of the period	12,770	4,928

24. Subsidiaries

Name of Entity	Country of Incorporation	Ownership Interest 2013 %	Ownership Interest 2012 %
Parent Entity			
Amcom Telecommunications Ltd (i)(ii)	Australia		
Controlled Entities			
Amcom Pty Ltd (ii)	Australia	100	100
Rescue Technology Group Pty Ltd (ii)	Australia	100	100
Future Proof Technologies (WA)			
Pty Ltd (ii)	Australia	100	100
Amnet Internet Services Pty Ltd (ii)	Australia	100	100
Amnet Broadband Pty Ltd (ii)	Australia	100	100
Amcom Data Centres Pty Ltd (ii)	Australia	100	100
Ezesoftwrite Pty Ltd (ii)	Australia	100	100
Amcom L7 Solutions Pty Ltd	Australia	100	100
Amcom IP Tel Pty Ltd	Australia	100	100
L7 ERP Pty Ltd	Australia	100	100
L7 Recruitment Pty Ltd	Australia	100	100
L7 Training Pty Ltd	Australia	100	100
Amcom Incentive Share Plan Pty Ltd (iii)	Australia	100	-
Amcom Incentive Share Trust (iii)	Australia	100	-

i. Amcom Telecommunications Ltd is the head entity within the Closed Group.

ii. These companies are members of the Closed Group.

23. Subsidiaries (continued)

iii. Amcom Incentive Share Plan Pty Ltd was formed on 26 June 2013, to act as the corporate trustee of Amcom Incentive Share Trust. The share trust exists to purchase Amcom Telecommunications Ltd shares 'on market' for use in the LTI plan.

Amcom Pty Ltd is a large proprietary company and pursuant to ASIC Class Order 98/1418 is relieved from the requirement to prepare and lodge an audited financial report.

All other controlled entities are small proprietary companies as described by the *Corporations Act 2001*.

25. Acquisition of a Controlled Entity

In the previous corresponding period on 22 November 2011, Amcom Telecommunications Ltd acquired 100% of Amcom L7 Solutions Pty Ltd for a consideration of $15,000,000. The consideration comprised an issue of shares in Amcom Telecommunications Ltd of $985,000 and cash consideration of $14,015,000.

26. Parent Entity Information

Information relating to Amcom Telecommunications Limited:

	2013 $'000	2012 $'000
Current assets	140	44
Total assets	78,629	71,177
Current liabilities	13,165	40
Total liabilities	12,858	5,924
Contributed Equity	107,873	107,787
Retained (losses)	(39,403)	(39,594)
Employee Equity-settled Benefits Reserve	666	426
Option Cancellation Reserve	(3,366)	(3,366)
Total shareholders' equity	65,771	65,253
Profit of the parent entity	(191)	34,044
Total comprehensive income of the parent entity	(191)	34,044

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries

The financial guarantees and the contingent liabilities of the group are the same as that of the parent. Refer to Note 23 for further details.

27. Share-Based Payment Plans

a. Recognised share-based payment expenses

	Consolidated	
	2013 $'000	2012 $'000
Expense arising from equity-settled share-based payment transactions (Note 19)	565	830

Type of share-based payment plans

Performance Rights long term incentive plan.

Performance Rights are granted to executives and senior management. The plan is designed to align participants' interests with those of shareholders by increasing the value of the Company's shares.

The Performance Rights enable the participant to receive ordinary shares in Amcom Telecommunications Limited. No amount is payable upon the grant or the issue of an ordinary share following the vesting of a Performance Right. These rights cannot be transferred and will be forfeited if vesting conditions are not satisfied by the end of the vesting period. Participants will have full entitlements attaching to ordinary shares when converted.

Tranche A

During the period the Tranche A performance rights vested as the condition of 20-day volume weighted average price of Amcom's shares traded on the ASX was met. The rights were converted to ordinary shares at a conversion ratio of 1:1.3165 resulting in 3,049,888 shares being issued.

Tranche B

Issued for nil consideration pursuant to the Amcom Executive Long Term Incentive Plan with no exercise price. Half of the performance rights will vest on 30 June 2013 with 25% vesting if the Amcom Total Shareholder Return (TSR) is equal to but less than 110% of the S&P/ASX 300 Accumulation Index (Index) and a further 25% if the TSR exceeds 110% of the Index. Unvested Performance Rights will lapse on 30 June 2013 or if employment is terminated. Change of control provisions also apply. At 30 June 2013 these Performance Rights vested.

Tranche C

Issued for nil consideration pursuant to the Amcom Executive Long Term Incentive Plan with no exercise price. Vesting conditions and performance hurdles: 33.3% at 30 June 2014; a further 33.3% if Amcom TSR equals S&P/ASX 300 Accumulation Index; a final 33.3% if Amcom TSR equals or exceeds 110% of the S&P/ASX 300 Accumulation Index. Unvested Performance Rights will lapse on 30 June 2014 or if employment is terminated. Change of control provisions also apply. The fair value of the rights when granted was 51.9- 61.5 cents per right.

27. Share-Based Payment Plans (continued)

Tranche D

Performance Rights were granted for nil consideration pursuant to the Amcom Executive Long Term Incentive Plan, with no exercise price. Vesting conditions and performance hurdles for the rights: 33.3% at 30 June 2015; 33.3% if Amcom TSR equals the S&P/ASX 300 Accumulation Index; a final 33.3% if Amcom TSR equals or exceeds 110% of the S&P/ASX 300 Accumulation Index. Unvested Performance Rights will lapse on 30 June 2015 or if employment is terminated. Change of control provisions apply. The fair value of the rights granted during the period was in the range of 70.5 cents – 120 cents per right.

b. Summaries of Performance Rights granted

The following table illustrates the number and movements in Performance Rights issued during the year:

Movement in Performance Rights	Tranche A	Tranche B	Tranche C	Tranche D
Opening balance @ 1 July 2012	2,349,995	480,000	1,480,000	-
Issued in year	-	-	-	1,300,000
Lapsed	(33,333)	-	(330,000)	(165,000)
Converted to ordinary shares	(2,316,662)	-	-	-
Closing balance @ 30 June 2013	-	480,000	1,150,000	1,135,000

c. Weighted average remaining contractual life

The weighted average remaining contractual life for the Performance Rights outstanding at 30 June 2013 is 1.2 years (2012: 0.8 years).

d. Performance Rights pricing model

Equity-settled transactions

The fair value of the Performance Rights granted is estimated as at the date of grant using a Geometric Brownian Motion model and a Monte Carlo simulation taking into account the terms and conditions upon which the rights were granted. The model takes into account the historic dividends and share price volatilities of the Company.

Valuation Inputs for Performance Rights on issue during the year

	Tranche A	Tranche B	Tranche C	Tranche D
Grant date	31/03/2010	17/09/2011	27/09/2011 - 24/01/2012	16/09/2012 - 29/01/2013
Hurdle date	31/03/2012	30/06/2013	30/06/2014	30/06/2015
Share price at grant date	$0.876	$1.065	$0.75 - $0.85	$1.33-$1.57
Dividend Yield	2.61%	4.29%	5.49% - 5.64%	3.18% - 3.53%
Volatility	48.56%	45.33%	43.22%-46.68%	30.30% - 32.49%
Risk Free Rate	5.25%	5.19%	3.13% - 3.66%	2.85% - 3.14%

28. Segment Information

Operating segments

Segment revenue and assets include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise cash, borrowings, corporate assets and expenses. Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one period.

Segment result is earnings before interest, tax, impairments and other once-off costs.

Identification of Reportable Segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the executive management team (the chief operating decision makers) in assessing performance and in determining the allocation of resources.

The operating segments are identified by management based on the nature of the services provided.

Types of Services

Telecommunications

Data Networks

Provision of high-speed fibre based connectivity services. Development of high-speed technology links and supply of last mile fibre optic network connections and business grade internet.

Amnet

Consumer DSL services.

Hosted and Cloud Services

IP telephony voice services, cloud and data centre management.

IT Services

Sale of hardware and provision of implementation consultancy services.

Corporate Overheads

The following items are not allocated to the operating segment.

- Interexpense and revenue
- Product development expense
- Corporate overheads
- Income tax expense
- Acquisition activity expenses

Accounting policies and inter-segment transactions

The accounting policies used by the Group in reporting segments internally are the same as those contained in note 1 of this financial report and in the prior period.

28. Segment Information (continued)

The following table presents revenue and profit information for reportable segments for the year ended 30 June 2013 and 30 June 2012.

30 June 2013 $'000	Telco	Hosted & Cloud Services	IT Services	Corporate Overhead	Total
Revenue from external customers	83,358	25,880	48,221	276	157,735
Total segment revenue	83,358	25,880	48,221	276	157,735
Other revenue					-
Total revenue per the statement of comprehensive income					157,735
Earnings before interest, tax, depreciation and amortisation	37,760	5,713	1,623	(5,095)	40,001
Depreciation and amortisation	(8,465)	(850)	(171)	(8)	(9,494)
Segment result (EBIT)	29,295	4,863	1,452	(5,103)	30,507
Interest (net)					(1,581)
Net profit before tax					28,926
Tax expense					(8,176)
Net profit after tax					20,750

30 June 2012 $'000	Telco	Hosted & Cloud Services	IT Services	Corporate Overhead	Total
Revenue from external customers	75,252	23,682	36,500	533	135,967
Total segment revenue	75,252	23,682	36,500	533	135,967
Other revenue					18,626
Total revenue per the statement of comprehensive income					154,593
Earnings before interest, tax, depreciation and amortisation	32,093	3,285	1,500	(2,870)	34,008
Depreciation and amortisation	(7,853)	(742)	(282)	(10)	(8,887)
Segment result (EBIT)	24,240	2,543	1,218	(2,880)	25,121
Interest (net)					(1,206)
Profit on in specie Distribution					18,626
Impairment of goodwill					(2,814)
Impairment of network infrastructure					(4,995)
Acquisition activity expenses					(1,024)
Net profit before tax					33,708
Tax expense					(5,350)
Net profit after tax					28,358

28. Segment Information (continued)

	Assets	
	2013 $	2012* $
Telecommunications	134,499	125,505
Hosted and Cloud Services	36,555	28,467
IT Services	9,593	9,958
Total of all segments	180,647	163,930
Cash and cash equivalents	25,310	24,242
Total Assets	205,957	188,172

* The company has updated its operating segments for 30 June 2013 and as a result has restated the 2012 comparative.

29. Related Party Disclosures

a. Equity interests in related parties

Equity interests in controlled entities and in associate.

Details of the percentage of ordinary shares held in controlled entities and associates are disclosed in Notes 24 to the financial statements.

b. Key management personnel compensation

The aggregate compensation of key management personnel is set out below:

	Consolidated	
	2013 $	2012 $
Short-term employee benefits	2,671,711	2,433,851
Post employment benefits	204,258	305,958
Share-based payment	451,384	600,092
Long-term employment benefits	13,526	31,184
	3,340,880	3,371,085

Further details of key management personnel compensation are disclosed in the remuneration report included in the directors' report.

29. Related Party Disclosure (continued)

Key management personnel equity holdings

Fully paid ordinary shares of Amcom Telecommunications Ltd

	Balance at 1 July	Vesting of Performance Rights (Tranche A)	Net other change	Balance at 30 June
2013	No.	No.	No.	No.
Mr. A Grist	9,300,003	-	(425,000)	8,875,003
Mr. C Stein	504,334	943,492	(447,826)	1,000,000
Mr. A Davies	366,667	-	-	366,667
Mr. P Clifton	1,600,000	-	150,000	1,750,000
Mr. I Warner	66,667	-	-	66,667
Mr. C Coleman	1,466,668	-	(1,000,000)	466,668
Mr. M Knee	123,500	394,950	(323,950)	194,500
Mr. D Hinton	211,334	394,950	10,000	616,284
Mr. M Sullivan	591,716	-	-	591,716
Mr. R Whiting	66,667	394,950	(261,617)	200,000
	14,297,556	2,128,342	(2,298,393)	14,127,505
2012				
Mr. A Grist	9,000,003		300,000	9,300,003
Mr. C Stein	770,334		(266,000)	504,334
Mr. A Davies	366,667		-	366,667
Mr. P Clifton	1,500,000		100,000	1,600,000
Mr. I Warner	66,667		-	66,667
Mr. C Coleman	1,466,668		-	1,466,668
Mr. M Knee	63,333		60,167	123,500
Mr. D Hinton	211,334		-	211,334
Mr. M Sullivan(*)	-		591,716	591,716
Mr. R Whiting	66,667		-	66,667
	13,511,673		785,883	14,297,556

* Transactions on same terms and conditions as transactions with other shareholders except for Mr. M Sullivan whereby 591,716 shares were issued to an entity controlled by Mr Sullivan as part consideration for the acquisition of Amcom L7 Solutions Pty Ltd.

29. Related Party Disclosures (continued)

Performance rights held by key management personnel

	Balance at 1 July 2012	Vested and Converted Tranche A	Issued Tranche D	Lapsed	Balance at 30 June 2013
Mr C. Stein	1,233,667	(716,667)	310,000	-	827,000
Mr. D Hinton	537,000	(300,000)	165,000	-	402,000
Mr. R Whiting	537,000	(300,000)	165,000	-	402,000
Mr. M Knee	537,000	(300,000)	165,000	-	402,000
Mr. M Sullivan	165,000	-	165,000	(330,000)	-
Total	3,009,667	(1,616,667)	970,000	(330,000)	2,033,000

c. Other transactions with key management personnel

i. Consultancy fee of $168,000 (2012: $168,000) paid to Albion Capital Partners Pty Ltd, a corporate advisory group of which Mr A Grist is the shareholder. The agreement is based on commecial terms and can be terminated by either party with 30 days notice. The agreement is reviewed by the independent Board on a regular basis.

ii. The Company provides normal secretarial support, car parking and office accommodation to Mr Grist in his role as non-executive chairman.

30. Statement of Cash Flows

a. Reconciliation of cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the balance sheet as follows:

	Consolidated	
	2013 $'000	2012 $'000
Cash and cash equivalents - available	25,100	23,923
Cash and cash equivalents - restricted	210	319
	25,310	24,242

The restricted amount represents deposits held by bankers as security for bank guarantees provided.

Non Cash Transactions

In 2013, $4,772,000 (2012: $nil) of property, plant and equipment was acquired via the vendor loan facility. In addition, $800,813 was acquired via finance lease arrangements.

30. Statement of Cash Flows (continued)

b. Bank and other Financing Facilities

	Consolidated 2013 $'000	Consolidated 2012 $'000
Bank Facilities		
Commercial Advance [i]		
Drawn	31,500	32,015
Undrawn	4,500	3,985
	36,000	36,000
Working Capital [ii]		
Drawn	1,416	1,213
Undrawn	2,584	2,787
	4,000	4,000
Asset Finance [iii]		
Drawn	801	-
Undrawn	1,199	-
	2,000	-
Interest Rate Management [iv]		
Drawn	12,000	-
Undrawn	24,000	36,000
	36,000	36,000
Total Bank facilities	78,000	76,000
Vendor facilities [v]		
Drawn	5,257	-
Undrawn	5,243	-
	10,500	-

(i) Expiry date of 31 December 2016.

(ii) Subject to annual review.

(iii) Expiry date of 31 January 2017.

(iv) Expiry date of 31 December 2015.

(v) Limit of $10,500,000 is available until 31 December 2013. Subject to meeting covenants at maturity, a further $4,500,000 plus the undrawn amount is available until 31 December 2014.

Funding under the vendor loan facility can be drawn down in the form of an operating lease or cash advance. Cash advances drawn are repayable on a principle and interest basis over a term of term of 3 - 5 years. The interest is fixed for the term of the advance. Weighted average interest rate of the cash advances drawn are 5.95%.

30. Statement of Cash Flows (continued)

c. Reconciliation of profit for the period to net cash flows from operating activities

	Consolidated	
	2013 $'000	2012 $'000
Profit before tax for the period	28,926	33,708
Tax Paid	(4,467)	(5,648)
Depreciation and amortisation of non-current assets	9,494	8,887
Profit on in specie distribution	-	(18,626)
Share-based payment expense	565	830
Impairment of network infrastructure	-	4,995
Impairment of goodwill	-	2,814
Aquisition expenses	320	-
(Increase)/decrease in assets:		
Current receivables	(1,009)	(3,431)
Current inventories and other assets	(211)	(454)
Increase/(decrease) in liabilities:		
Payables and provisions	(2,837)	5,309
Deferred revenue	2,462	3,881
Net cash provided by operating activities	33,243	32,265

31. Events After Balance Sheet Date

The following significant events occurred after the balance date:

a. At year end, Tranche B Performance Rights vested and 631,920 Amcom shares were acquired on market for $1.2m and subsequently transferred to the holders of the rights under the Amcom long term incentive plan.

b. 100% of the issued shares in Global Networks AMC Data Centre Pty Ltd were acquired for cash consideration of $2.2m on 25 July 2013.

c. The company has increased its core bank debt facility from $36m to $51m and extended the maturity to December 2016. The company has also extended the maturity of its core debt facility to December 2016.

d. An agreement was entered into to acquire Acure Technology Pty Ltd for cash consideration of $14.3m. The settlement is subject to a number of standard procedural conditions which are expected to be met by the end of September 2013.

32. Declaration of Dividend

Dividends declared by the Company after 30 June 2013 are disclosed in Note 21 and have a payment date of 4 October 2013 (record date 19 September 2013).

33. Additional Company Information

The parent entity in the consolidated entity is Amcom Telecommunications Ltd (ABN 20 062 046 217). Amcom Telecommunications Ltd is a listed public company, incorporated and operating in Australia.

Additional Securities Exchange Information

Distribution of Holders of Equity Securities as at 14 August 2013

	Fully paid listed ordinary shares
1 – 1,000	1,196,400
1,001 - 5,000	8,299,889
5,001 – 10,000	8,490,401
10,001 - 100,000	35,366,585
100,001 and over	191,203,826
	244,557,101
Number of shareholders holding less than a marketable parcel	266

Substantial Shareholders

	Fully Paid	
	Number	Percentage
Details as per notices		
Ordinary Shareholders		
AJA Super IW Pty Ltd	20,886,719	8.54%
National Australia Bank Limited and its associates	13,704,523	5.60%
Pengana Capital Limited	12,827,957	5.25%

Additional Securities Exchange Information (continued)

Twenty Largest Holders of Quoted Equity Securities (AMM) as at 14 August 2013

Listed Ordinary Shares Name	Holder Balance as at 14/08/2013	%	Rank
National Nominees Limited	34,515,009	14.11%	1
JP Morgan Nominees Australia Limited	31,165,589	12.69%	2
AJA Super IW Pty Ltd	20,886,719	8.54%	3
Bell Potter Nominees Ltd ‹BB Nominees A/C›	10,465,437	4.28%	4
HSBC Custody Nominees (Australia) Limited	10,028,678	4.10%	5
Citicorp Nominees Pty Limited	9,504,504	3.99%	6
Wyllie Group Pty Ltd	7,813,181	3.29%	7
BNP Paribas Nominess Pty Ltd ACF Pengana ‹DRP A/C›	7,673,509	3.19%	8
JP Morgan Nominees Australia Limited‹Cash Income A/C)	7,256,305	3.14%	9
Oaktone Nominees Pty Ltd ‹The Grist Investment A/C›	4,677,457	1.91%	10
UBS Nominees Pty Ltd	3,159,798	1.46%	11
BNP Paribas NOMS PTY LTD ‹DRP›	2,726,290	1.07%	12
Newport Timber &Trading Pty Ltd	2,250,006	1.03%	13
RBC Investor Services Australia Nominees Pty Limited ‹GSAM A/C›	2,353,760	0.96%	14
Equity Trustees Limited‹SGH20›	2,198,000	0.90%	15
Citicorp Nominees Pty Limited ‹Colonial First State Inv A/C)	2,072,145	0.86%	16
Mr Danny Kontos	1,916,667	0.78%	17
HSBC Custody Nominees (Australia) Limited ‹NT-COMNWLTH SUPER CORP A/C)	1,862,130	0.77%	18
Clifton Super (WA) Pty Ltd ‹ The Clifton Super Fund A/C›	1,750,000	0.72%	19
Oaktone Nominees Pty Ltd‹The Grist Investment A/C›	1,400,844	0.57%	20

COMPANY INFORMATION

Company Secretary
Mr. David Hinton

Registered office
Level 22
44 St Georges Terrace
Perth WA 6000

Principal administration office
Level 22
44 St Georges Terrace
Perth WA 6000

Share registry
Computershare Investor Services Pty Ltd
Level 2
Reserve Bank Building
45 St Georges Terrace
Perth WA 6000

Australian Securities Exchange listings
Amcom Telecommunications Ltd's ordinary shares are quoted on the Australian Securities Exchange (ASX: AMM).

"Amcom Cloud Collaboration changes how businesses communicate."

Matthew Veitch
National Business Development Manager

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amcom

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