



23 February 2011

Company Announcements Office
Australian Securities Exchange Limited

RESULTS FOR RELEASE TO THE MARKET

Net profit up 30% to \$9.9m and dividend up 50%
FY 11 earnings guidance upgraded to 25% over FY 10
Strategically positioned to leverage emerging IT markets

Amcom Telecommunications Limited ("Amcom") (ASX: AMM), a leading telecom provider, today announced an increase of 30% in reported net profit after tax of \$9.9m inclusive of the equity accounted earnings of iiNet Limited for the six months to 31 December 2010.

The net profit after tax from 100% owned operations, excluding equity accounted earnings of iiNet Limited, increased 46% to \$7m for the six months to 31 December 2010.

The Board has announced a fully franked interim dividend of 0.6 cents per share, up from 0.4 cents per share in the previous corresponding period. The increase reflects the policy to pay out approximately 50% of earnings as dividends given the company's strong financial position, cash generation and outlook.

Amcom CEO Clive Stein said the results reflect the strength of the business model and the company's market position.

"Despite a competitive telecommunications market, Amcom's track record of industry outperformance, strong earnings growth and attractive shareholder returns continues," he said. The result was based on continued strong demand for Amcom's core fibre-based communications services and the company's embedded service culture.

Revenue growth of 43% to \$41m reflected the focus on the high growth data segment of the telecommunications market, and the acquisition of IP Systems which was Amcom's first entry into Cloud based services.

Operating cashflow increased 42% to \$13.1m and return on shareholders' funds continued to improve from 12.1% to 13.1% (annualised).

Financial highlights

- Revenue \$41m – up 43%
- EBITDA \$13.8m – up 33%
- EBIT \$9.6m – up 37%
- Operating cash flow \$13.1m – up 42%
- Interim fully franked dividend of 0.6 cents – up 50%
- Strong balance sheet with negligible gearing

Interim dividend

An interim dividend of 0.6 cents per share will be paid on 4 April 2011 with a record date of 18 March 2011.

Outlook

Amcom recently announced a partnership with BlueFire Corporation, reinforcing the strategic direction of the business in the emerging Cloud market. Amcom will launch its Cloud IT service in the fourth quarter of this financial year and it is expected to contribute to Amcom's revenue and earnings from FY12 onwards.

Amcom is strategically positioned to leverage emerging telecommunications and IT markets and expects to continue its consistent organic growth in the second half of this financial year. The business is proud of its firmly embedded service culture and sees this as a key differentiator in the market, as do Amcom's customers. This service culture is a vital factor in Amcom's continued ability to grow market share.

The increase in the company's presence in the Northern Territory offers more growth opportunities. The company is now seeing an increased take up of new services from Corporate customers as well.

The earnings guidance for 100% owned operations (excluding iiNet equity accounted earnings), is for at least a 25% increase or \$13.2m net profit for FY11.

The company has upgraded its earnings guidance for FY11 with net profit after tax to be at least 25% up on FY10, which would result in at least \$21.6m. This includes equity accounted earnings from Amcom's strategic investment in iiNet Limited based upon analyst consensus forecasts for FY11 of \$37m for iiNet. Previous guidance was for an increase in FY11 reported net profit of at least 20%.

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Amcom Telecommunications Limited
Results six months ending 31 December 2010

1. Profit

The reported net profit after tax for the six months ended 31 December 2010 was \$9.9m (2009: \$7.6m) an increase of 30%. This result includes Amcom's equity accounted share of profits from iiNet Limited.

A summary of these results is as follows:

\$ 000	Dec 10	Dec 09	% Change
Revenue	41,433	29,013	43%
EBITDA	13,760	10,325	33%
EBIT	9,648	7,061	37%
Interest expense (net)	(541)	(669)	
Profit before tax	9,107	6,392	42%
Tax	(2,121)	(1,615)	
Net profit after tax before equity accounted earnings	6,986	4,777	46%
Equity accounted earnings	2,874	2,810	2%
Net profit after tax as reported	9,860	7,587	30%
EPS basic (cents)	1.37	1.38	(1)%

iiNet Limited contributed equity accounted earnings of \$2.9m (2009: \$2.8m). iiNet Limited reported a net profit for the six months to 31 December 2010 of \$12.3m (2009: \$12.1m) inclusive of non-recurring items of \$4.9m. Prior to the impact of these non-recurring items the equity accounted contribution would have been approximately \$4m.

During the period under review Amcom received dividends from iiNet of \$2.1m (2009:\$1.7m). Amcom owns a strategic 23.4% interest in iiNet Limited and holds one Board seat.

2. Cash flow

Amcom recorded a 42% increase in operating cash flow to \$13.1m for the six months to 31 December 2010.

Cash utilised in investing activities for the financial year was \$14.1m (2009:\$7.4m) comprising capital expenditure of \$9.9m (2009: \$7.4m) and \$4.1m for the acquisition of additional shares in iiNet Limited. The capital expenditure comprised \$5.4m for customer connections (2009: \$5.7m), \$2m for the Northern Territory network build and general stay in business capex \$2.5m (2009: \$1.5m).

Dividends paid during the period was \$7.2m representing the final dividend from FY 10.

3. Review of operations

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

\$ 000	Revenue			EBITDA		
	Dec-10	Dec-09		Dec-10	Dec-09	
Fibre - core	25,119	20,263	24%	12,392	10,085	23%
Fibre - projects	491	433		137	84	
Fibre	25,610	20,696	24%	12,529	10,169	23%
EBITDA / Rev margin %	49%	49%				
Amnet	5,857	6,000	-2%	1,011	1,068	-5%
Business Services	9,717	2,157	350%	1,418	914	55%
Corporate	249	160		(1,198)	(1,826)	
Totals	41,433	29,013	43%	13,760	10,325	33%
EBITDA / Rev margin %	33%	36%				

Amcom achieved an increase in revenue of 43% to \$41m in the six months to 31 December 2010.

The period to 31 December 2010 includes revenue from IP Systems Pty Ltd of \$7.4m, this entity was acquired in May 2010. On a proforma basis the revenue of IP Systems Pty Ltd increased over the previous corresponding period as the business continued to scale under Amcom ownership.

Overall, EBITDA increased by 33% to \$13.8m with Fibre the main contributor to the increase in EBITDA.

The Fibre business provides a comprehensive range of high speed data transmission products to blue chip corporates, government departments and other telecommunication providers. The Fibre business has continued its double digit growth in revenue with an increase of 24% to \$25.6m and an increase in EBITDA of 23% to \$12.5m.

The Amnet consumer DSL business provides broadband services to the domestic market. Despite intense competition in the residential broadband market, small declines in revenue and EBITDA were recorded.

4. Balance Sheet

\$ 000	Dec-10	FY 10	Dec-09
Shareholders' equity	151,760	148,633	140,361
Cash	14,193	19,518	39,181
Borrowings	23,245	20,416	23,104
Net cash / (debt)	(9,052)	(898)	16,077
iiNet Limited - investment	56,550	51,683	47,663
NTA	117,676	114,675	125,763
Gearing (%) #	6%	n/a	n/a
NTA per share (c)	16.3 c	17.5 c	17.5 c

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

Balance sheet movements of significance are:

- Shareholders' equity increased by 2% to \$151.8m from \$148.6m as at 30 June 2010.
- Net debt increased to \$9m from net debt of \$0.9m at June 2010. The overall increase in net debt is due to the level of capital expenditure associated with the Northern Territory infrastructure build and \$4.1m for the acquisition of iiNet shares in the period.
- The iiNet Limited investment is carried on the balance sheet at \$56.6m as at reporting date. Our share of equity accounted earnings for the period were \$2.9m and dividends received were \$2.1m. At 31 December 2010 the investment is carried in the balance sheet at the equivalent of \$1.60 per iiNet Ltd share. The ASX listed market value at 31 December 2010 was \$103m or \$2.90 per share.

Appendix 4D

Results for announcement to the market

Amcom Telecommunications Ltd (ACN 062 046 217)

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

Current Reporting Period: Half - Year ending 31 December 2010

Previous Corresponding Period: Half - Year ending 31 December 2009

Results

		Percentage Change %	31 Dec 2010 \$'000	31 Dec 2009 \$'000
Revenue	up	43	41,433	29,013
Net profit after tax attributable to members	up	30	9,860	7,587
Earnings per share – basic (cents)	up	0	1.37	1.38

	Amount per security ¢	Franked amount per security ¢
Dividend (interim)	0.6	0.6

Key Dates:

Dividend record date 18 March 2011

Dividend payment date 4 April 2011

	31 Dec 2010	31 Dec 2009
Net tangible assets per share	16.3 cents	17.5 cents

Directors' Report

The directors of Amcom Telecommunications Limited submit herewith the financial report for the half-year ended 31 December 2010.

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

Name

Anthony Grist (Non-executive Chairman)

Clive Stein (Managing Director and CEO)

Ian Warner (Non-executive director)

Peter Clifton (Non-executive director)

Craig Coleman (Non-executive director)

Anthony Davies (Non-executive director)

Review of Results and Operations

The Consolidated Entity has reported a profit after tax for the period of \$9,860,000 (2009: \$7,587,000). This result was generated on an increase in revenue to \$41,433,000. The result includes a share of profits of associates of \$2,874,200 (2009: \$2,810,000). Further details are included in the review of results and operations provided to the Australian Securities Exchange.

Auditor's Independence Declaration

The auditor's independence declaration is attached.

Rounding off of Amounts

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

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

On behalf of the Directors



Anthony Grist
Chairman
Perth, Western Australia
23 February 2011

Directors' Declaration

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

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 31 December 2010 and of its performance for the period ended on that date; and
 - (ii) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001.
- b) there are reasonable grounds to believe that the consolidated entity will be able to pay its debts as and when they become due and payable.

On behalf of the Directors



Anthony Grist
Chairman
Perth, Western Australia
23 February 2011

Amcom Telecommunications Ltd

STATEMENT OF COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

		Consolidated	
		Half-year ended 31 Dec 2010 \$'000	Half-year ended 31 Dec 2009 \$'000
	Note		
Continuing Operations			
Rendering of services and sale of hardware		40,693	28,420
Project revenue		491	433
Other revenue – interest income		249	160
Total revenue		41,433	29,013
Network and hardware costs		(12,444)	(7,530)
Accommodation expense		(1,503)	(829)
Depreciation and amortisation expenses		(4,112)	(3,264)
Employee benefits expense		(9,892)	(6,431)
Finance costs		(790)	(829)
Marketing related expenses		(466)	(615)
Other expenses		(3,119)	(3,123)
Share of profits of associates using the equity method	5	2,874	2,810
Profit from continuing operations before income tax expense		11,981	9,202
Income tax expense		(2,121)	(1,615)
Net Profit attributable to members of Amcom Telecommunications Ltd		9,860	7,587
Other comprehensive income			
Cash flow hedge – gain taken to equity		158	327
Total comprehensive income attributable to members of Amcom Telecommunications Ltd		10,018	7,914
Earnings per share from continuing operations			
Basic (cents per share)	4	1.37	1.38
Diluted (cents per share)	4	1.35	1.38

Amcom Telecommunications Ltd

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2010

	Note	Consolidated	
		31 December 2010 \$'000	30 June 2010 \$'000
Current assets			
Cash and cash equivalents		14,193	19,518
Trade and other receivables		6,613	6,191
Inventories		1,410	1,462
Other		1,447	1,101
Total current assets		23,663	28,272
Non-current assets			
Investment in associate	5	56,550	51,683
Property, plant and equipment		99,523	93,680
Goodwill and intangible assets		34,084	33,958
Total non-current assets		190,157	179,321
Total assets		213,820	207,593
Current liabilities			
Trade and other payables		10,255	10,763
Deferred revenue		7,452	7,273
Borrowings		207	389
Income tax payable		756	1,805
Derivative financial liability		149	249
Provisions		2,250	1,708
Total current liabilities		21,069	22,187
Non-current liabilities			
Borrowings		23,038	20,027
Trade and other payables		330	330
Provisions		359	295
Deferred revenue		410	520
Contingent consideration		13,842	13,842
Deferred tax liabilities		3,012	1,701
Derivative financial liability		-	58
Total non-current liabilities		40,991	36,773
Total liabilities		62,060	58,960
Net assets		151,760	148,633
Equity			
Contributed equity	3	132,192	132,142
Reserves		(2,720)	(3,147)
Retained profits		22,288	19,638
Total equity		151,760	148,633

Amcom Telecommunications Ltd

STATEMENT OF CASH FLOWS FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

	Consolidated	
	Half-year ended 31 Dec 2010 \$'000	Half-year ended 31 Dec 2009 \$'000
Cash flows from operating activities		
Receipts from customers	45,439	31,792
Payments to suppliers and employees	(32,118)	(22,321)
Interest and other costs of finance paid	(542)	(657)
Income tax paid	(1,860)	(1,325)
Dividend received	2,133	1,702
Net cash provided by operating activities	13,052	9,191
Cash flows from investing activities		
Payment for property, plant and equipment	(9,945)	(7,416)
Payment for acquisition of equity investments	(4,127)	-
Net cash used in investing activities	(14,072)	(7,416)
Cash flows from financing activities		
Proceeds from issues of equity securities	-	30,294
Proceeds from borrowings	8,800	5,000
Repayment of shareholder loans	50	25
Repayment of borrowings	(5,944)	(9,940)
Dividends paid	(7,210)	(2,771)
Net cash/(used in) provided by financing activities	(4,304)	22,608
Net (decrease)/increase in Cash and Cash Equivalents	(5,325)	24,383
Cash and Cash Equivalents at the beginning of the Period	19,518	14,798
Cash and Cash Equivalents at the end of the Period	14,193	39,181

Amcom Telecommunications Ltd

STATEMENT OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

	Contributed Equity \$'000	Employee Equity – Settled Benefits Reserve \$'000	Cash Flow Hedge Reserve \$'000	Option Cancellation Reserve \$'000	Retained Profits \$'000	Total Equity \$'000
Consolidated						
At 30 June 2009	101,792	426	(703)	-	8,025	109,540
Profit for the Period	-	-	-	-	7,587	7,587
Other comprehensive income	-	-	327	-	-	327
Total comprehensive income	-	-	327	-	7,587	7,914
Exercise of options	30,258	-	-	-	-	30,258
Repayment of shareholder loans	25	-	-	-	-	25
Issue of securities to employees	11	-	-	-	-	11
Option underwriting fee	(1,275)	-	-	-	-	(1,275)
Option cancellation	-	-	-	(3,341)	-	(3,341)
Dividends paid	-	-	-	-	(2,771)	(2,771)
At 31 December 2009	130,811	426	(376)	(3,341)	12,841	140,361
At 30 June 2010	132,142	526	(307)	(3,366)	19,638	148,633
Profit for the Period	-	-	-	-	9,860	9,860
Other comprehensive income	-	-	158	-	-	158
Total comprehensive income	-	-	158	-	9,860	10,018
Repayment of shareholder loans	50	-	-	-	-	50
Share based payment	-	269	-	-	-	269
Dividends paid	-	-	-	-	(7,210)	(7,210)
At 31 December 2010	132,192	795	(149)	(3,366)	22,288	151,760

Amcom Telecommunications Ltd

Notes to the Financial Statements For the Half-Year Ended 31 December 2010

1. Basis of Preparation

This general purpose condensed financial report for the half year ended 31 December 2010 has been prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

The half-year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report. It is recommended that the half-year financial report be read in conjunction with the annual report for the year ended 30 June 2010 and considered together with any public announcements made by Amcom Telecommunications Limited during the half-year ended 31 December 2010 in accordance with the continuous disclosure obligations of the ASX listing rules.

The accounting policies adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the consolidated financial report of 30 June 2010.

Changes in Accounting Policy

The Group has adopted all accounting standards and interpretations applicable from 1 July 2010. The adoption of the new standards and interpretations has had no impact on the recognition, measurement and disclosure of any assets, liabilities or the income statement for the period

The Group has not elected to early adopt any new standards or amendments that are issued but not yet effective.

2. Dividends fully franked

	Half-year ended 31 December 2010		Half-year ended 31 December 2009	
	Cents per Share	Total \$'000	Cents per Share	Total \$'000
Final dividend paid on ordinary shares	1.0	7,210	0.5	2,771

3. Contributed Equity

Fully paid ordinary shares	Number of shares	\$'000
Opening balance	721,018,555	132,142
Repayment of shareholder loans	-	50
Closing balance	721,018,555	132,192

Securities on issue

Listed ordinary shares	716,812,103
Unlisted fully paid ordinary employee shares	92,166
Unlisted converting ordinary shares	4,114,286
Performance rights – Tranche A	6,550,000
Performance rights – Tranche B	1,440,000

Amcom Telecommunications Ltd

Notes to the Financial Statements For the Half-Year Ended 31 December 2010

Tranche A

Issued for nil consideration pursuant to the Amcom Executive Long Term Incentive Plan with no exercise price. The performance rights will vest if the 20-day volume weighted average price of Amcom's shares traded on the ASX reaches or exceeds \$0.50 at anytime between 31 March 2012 and 31 December 2012. Unvested performance rights will lapse on 31 December 2012 or if employment is terminated. Change of control provisions also apply.

Tranche B

Issued for nil consideration pursuant to 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 ASX300 Accumulation Index (Index) and a further 25% if the TSR exceeds 110% of the Index. Change of control provisions also apply.

4. Earnings per Share

	2010 ¢ per share	2009 ¢ per share
Basic EPS	1.37	1.38
Diluted EPS	1.35	1.38
	2010 No. '000	2009 No. '000
Basic EPS – Weighted average number of ordinary shares	721,018,555	548,422,741
Performance rights granted	7,990,000	-
Diluted EPS – Weighted average number of ordinary shares	729,008,555	548,422,741

5. Details of Associates

Name of Entity	Ownership interest		Contribution to net profit	
	Dec 2010 %	Dec 2009 %	Dec 2010 \$'000	Dec 2009 \$'000
iiNet Limited – Listed	23.4	22	2,874	2,722
Perth IX (Belmont) Pty Ltd – Unlisted	-	20	-	88
			2,874	2,810

	Dec 2010 \$'000	Dec 2009 \$'000
Listed investment		
Carrying value	56,550	47,663
Market value at balance date	103,087	63,263

The investment in Perth IX (Belmont) Pty Ltd was disposed in the year ended 30 June 2010.

Amcom Telecommunications Ltd

Notes to the Financial Statements For the Half-Year Ended 31 December 2010

6. Operating segments

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

Fibre

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

Amnet

Consumer DSL services.

Business Services

Voice services, data centre management and managed IT services.

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 to this financial report and in the prior year.

The following items are not allocated to operating segments as they are not considered part of the core operations of any segment:

- Share of profits of associates
- Interest expense and revenue
- Corporate overheads
- Income tax expense

The following table presents revenue and profit information for reportable segments for the half years ended 31 December 2010 and 31 December 2009.

31 December 2010					
\$'000	Fibre	Amnet	Business Services	Corporate Overheads	Total
Revenue from external customers	25,610	5,857	9,717	-	41,184
Total segment revenue	25,610	5,857	9,717	-	41,184
Other revenue					249
Total revenue per the statement of comprehensive income					41,433
Earnings before interest, tax, depreciation and amortisation	12,529	1,011	1,418	(1,198)	13,760
Depreciation and amortisation	(3,249)	(401)	(456)	(6)	(4,112)
Segment result (EBIT)	9,280	610	962	(1,204)	9,648
Interest (net)					(541)
Share of profit of associate					2,874
Net profit before tax					11,981
Tax expense					(2,121)
Net profit after tax					9,860

Amcom Telecommunications Ltd

Notes to the Financial Statements For the Half-Year Ended 31 December 2010

31 December 2009 \$'000	Fibre(1)	Amnet(2)	Business Services	Corporate Overheads	Total
Revenue from external customers	20,696	6,000	2,157	-	28,853
Total segment revenue	20,696	6,000	2,157	-	28,853
Other revenue					160
Total revenue per the statement of comprehensive income					<u>29,013</u>
Earnings before interest, tax, depreciation and amortisation	10,169	1,068	914	(1,826)	10,325
Depreciation and amortisation	(2,730)	(418)	(109)	(7)	(3,264)
Segment result (EBIT)	7,439	650	805	(1,833)	7,061
Interest (net)					(669)
Share of profit of associate					2,810
Net profit before tax					9,202
Tax expense					(1,615)
Net profit after tax					<u>7,587</u>

Adjustments to comparative segment information to align comparatives with current operating segment classification:

- (1) Voice and managed IT services revenue of \$787k and EBITDA of \$325k now included in Business Services previously included in Fibre.
- (2) Data Centre revenue of \$1,370k and EBITDA of \$589k now included in Business Services previously included in Amnet.

Segment assets

	Assets	
	Dec 2010 \$'000	June 2010 \$'000
Fibre	95,434	89,847
Amnet	8,766	8,925
Business services	25,494	24,345
Total of all segments	129,694	123,117
Unallocated	84,126	84,476
Consolidated	213,820	207,593

Amcom Telecommunications Ltd

Notes to the Financial Statements For the Half-Year Ended 31 December 2010

7. Contingent Liabilities in Associate

There has been no material change in contingent liabilities of the Economic Entity.

However, we do note for disclosure purposes the contingent liability of our associate iiNet Limited in relation to the copyright matter. This matter is not capable of being quantified and does not give rise to any liability to Amcom Telecommunications Limited. The matter refers to an appeal by the Australian Federation Against Copyright Theft (AFACT) against the decision on *Roadshow Films Pty Ltd v iiNet Limited (No3)* [2010] FCA 24 which was heard in August 2010 by the Full Court of the Federal Court of Australia of which the outcome is still pending. iiNet has filed a Notice of Contention in response to this appeal.

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

In relation to our review of the half-year financial report of Amcom Telecommunications Limited for the half-year ended 31 December 2010, 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.

A handwritten signature in black ink that reads 'Ernst & Young' in a cursive style.

Ernst & Young

A handwritten signature in black ink that reads 'P McIver' in a cursive style.

P McIver
Partner
Perth
23 February 2011

To the members of Amcom Telecommunications Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Amcom Telecommunications Limited, which comprises the statement of financial position as at 31 December 2010, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, 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 half-year end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of Interim and Other Financial Reports Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at [period date] and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Amcom Telecommunications Limited and the entities it controlled during the half-year, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

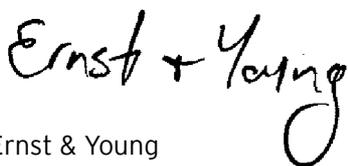
Independence

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

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Amcom Telecommunications Limited is not in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2010 and of its performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A handwritten signature in black ink that reads 'Ernst + Young'.

Ernst & Young

A handwritten signature in black ink that reads 'P McIver'.

P McIver
Partner
Perth
23 February 2011