

24 February 2010

Company Announcements Office
Australian Securities Exchange Limited

Amcom's half year net profit \$7.6m

Amcom Telecommunications Limited ("Amcom") (ASX: AMM), a leading fibre network provider, today announced a reported net profit after tax of \$7.6m for the six months to 31 December 2009.

This result was up 66% over the previous corresponding period. On a like-for-like basis (excluding one off costs in the prior period) the reported net profit after tax was up 24%.

The net profit after tax prior to equity accounted earnings of associates was \$4.8m, up from \$3.5m in the previous corresponding period.

The strong result was based on an increase in revenue of 16%, and an increase in EBITDA of 21% driven by new sales in the period and the momentum of growth in new customer connections experienced in the 2009 financial year.

Financial highlights

- Revenue \$29.0m – up 16%
- EBITDA \$10.3m – up 21%
- EBITDA margin expanded from 34% to 36%
- EBIT \$7.0m – up 24%
- Net profit after tax before equity accounted earnings \$4.8m – up 35%
- Net profit after tax including equity accounted earnings \$7.6m – up 66%
- Interim fully franked dividend declared of 0.4 cents per share – up 33%
- Strong balance sheet with net cash of \$16m

Amcom CEO Clive Stein said the result was very pleasing, and demonstrated the strength of the company's business model.

"We are continuing to see very strong demand for our products from the corporate, government and wholesale sectors.

“Our recently-announced contract to provide high-speed fibre based telecommunications services to the Northern Territory Government demonstrates Amcom’s ability to win new business in new markets.

“With the company’s strong balance sheet and track record of recurring earnings, Amcom is now poised for future growth,” Mr Stein said.

Interim dividend

The Board has declared a fully franked interim dividend of 0.4 cents per share, up 33% on the previous corresponding period, to be paid on 16 April 2010 with a record date of 26 March 2010.

Outlook

Amcom re-affirms its earnings guidance for FY10 as previously foreshadowed.

The earnings guidance for FY10 is an increase of at least 20%. This would result in \$9.5m of net profit after tax from 100% owned operations excluding equity accounted earnings of associates and the transaction costs arising from the company’s recently announced proposed acquisition of IP Systems. Earnings guidance including equity accounted earnings of associates (based upon consensus forecasts of iiNet) and excluding the IPS transaction costs is an increase of at least 30% or \$15.7m for FY10.

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Amcom Telecommunications Limited
Results six months ending 31 December 2009

1. Profit

The reported net profit after tax for the six months ended 31 December 2008 was \$7.6m (2008: \$4.5m). This result includes Amcom's equity accounted share of profits from associates of \$2.6m (2008:\$2.6m).

A summary of these results is as follows:

| \$ 000 | Dec 09 | Dec 08 | % Change |
|---|--------------|--------------|-------------|
| Revenue | 29,013 | 25,023 | 16% |
| EBITDA | 10,325 | 8,532 | 21% |
| EBIT | 7,061 | 5,681 | 24% |
| Interest expense (net) | (669) | (814) | |
| Profit before tax | 6,392 | 4,867 | 31% |
| Tax | (1,615) | (1,323) | |
| Net profit after tax before equity accounted earnings and significant item | 4,777 | 3,544 | 35% |
| Equity accounted earnings | 2,810 | 2,580 | |
| Net profit after tax including equity accounted earnings but before significant item | 7,587 | 6,124 | 24% |
| Significant item: Buy back and sell down costs (net of tax) | nil | (1,545) | |
| Net profit after tax as reported | 7,587 | 4,579 | 66% |
| EPS (cents) | 1.38 | 0.85 | 62% |

The growth in EBITDA to \$10.3m was achieved on an increase in revenue of 16% to \$29m.

Net interest expense decreased to \$0.7m (2008:\$0.8m). The decrease in net interest expense is due to the overall reduction in net debt.

iiNet Limited contributed equity accounted earnings of \$2.7m (2008: \$2.6m). iiNet Limited reported a net profit for the six months to 31 December 2009 of \$12.1m (2008: \$11.4m). During the period under review Amcom received dividends from iiNet of \$1.7m (2008:\$1.4m). Amcom owns a strategic 22.5% interest in iiNet Limited and holds one Board seat.

Amcom Telecommunications Limited
Results six months ending 31 December 2009

2. Cash flow

Amcom generated operating cash flow of \$9.2m for the six months to 31 December 2009.

Cash utilised in investing activities for the six months to 31 December 2009 was \$7.4m (2008:\$7.0m). This comprised Capital expenditure on customer connections of \$5.7m (2008: \$6.2m) general stay in business capex of \$1.5m (2008: \$1.1m) and network expansion of \$0.2m (2008:\$0.7m).

Financing activities during the six months to 31 December 2009 resulted in a net cash inflow of \$22.6m (2008: outflow \$0.8m). The net cash inflow was attributable to monies received from the exercise of 178m Options at 17 cents each raising \$30m. The financing cash flow for the period doesn't include the payment of the Option cancellation fees of \$3.2m and the Option underwriting fee of \$1.4m as these cash flows occurred in January 2010.

3. Review of operations

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

| \$ 000 | Revenue | | | EBITDA | | |
|-----------------------|---------------|---------------|------------|---------------|--------------|------------|
| | Dec 09 | Dec 08 | | Dec 09 | Dec 08 | |
| Fibre - core | 21,050 | 17,527 | 20% | 10,410 | 8,429 | 24% |
| Fibre - projects | 433 | 133 | | 84 | 26 | |
| Fibre * | 21,483 | 17,660 | 22% | 10,494 | 8,455 | 24% |
| EBITDA / Rev margin % | 49% | 48% | | | | |
| Amnet * | 7,370 | 7,118 | 4% | 1,657 | 1,466 | 13% |
| Corporate | 160 | 245 | | (1,826) | (1,389) | |
| Totals | 29,013 | 25,023 | 16% | 10,325 | 8,532 | 21% |
| EBITDA / Rev margin % | 36% | 34% | | | | |

* Earnings from voice services are now included in the Fibre division. These were previously included in Amnet. Amnet pcp has been restated for comparative purposes.

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

Amcom experienced an uplift in business activity during the six months to 31 December 2009 with an overall revenue increase of 16% to \$29m.

EBITDA increased by 21% to \$10.3m with both the Fibre and Amnet divisions contributing to the overall EBITDA growth.

The increase in revenue generated from delivering services over a relatively fixed cost base structure has increased the EBITDA / Revenue margin to 36% from 34%.

The Fibre Division has continued its double digit growth in revenue with an increase of 22% to \$21.5m for the six months to 31 December 2009. EBITDA has increased by 24% to \$10.5m, with an improvement in margin to 49%.

The Amnet Division leverages the Company's owned physical fibre network to provide DSL broadband to consumers and business grade DSL, and data centre services to the Corporate and SME markets. The revenue from this division increased by 4% to \$7.4m and EBITDA increased by 13% to \$1.7m. The DSL business is the major component of this division with revenue of \$6m (2008:\$5.8m) and EBITDA of \$1m (2008:\$0.7m).

4. Balance Sheet

| \$ 000 | Dec-09 | Jun-09 | Dec-08 |
|----------------------------|---------|-----------|-----------|
| Shareholders' equity | 140,361 | 109,540 | 103,066 |
| Cash | 39,181 | 14,798 | 10,882 |
| Borrowings | 23,104 | 28,020 | 26,508 |
| Net cash / (debt) | 16,077 | (13,222) | (15,626) |
| iiNet Limited - investment | 47,663 | 46,642 | 44,535 |
| NTA | 125,703 | 94,845 | 88,372 |
| Gearing (%) # | n/a | 11% | 13% |
| NTA per share (c) | 17.5 c | 17.5 c | 16.4 c |

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

Balance sheet movements of significance are:

- Net cash at reporting date was \$16m. This compares to a net debt position of \$13m at 30 June 2009. The change is due to the receipt of Option exercise monies of \$30m.
- Shareholders' equity increased by 28% to \$140m from \$109m as at 30 June 2009 largely as a result of the receipt of Option exercise monies of \$30m.
- The iiNet Limited investment is carried on the balance sheet at \$47.7m as at reporting date. Our share of equity accounted earnings for the period were \$2.7m and dividends received were \$1.7m. At 31 December 2009 the investment is carried in the balance sheet at the equivalent of \$1.40 per iiNet Ltd share. The ASX listed market value at 31 December was \$63.3m or \$1.86 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 2009

Previous Corresponding Period: Half - Year ending 31 December 2008

Results

| | | Percentage Change % | 31 Dec 2009 \$'000 | 31 Dec 2008 \$'000 |
|--|----|------------------------------------|-------------------------------|-------------------------------|
| Revenue | up | 16 | 29,013 | 25,023 |
| Net profit after tax attributable to members | up | 66 | 7,587 | 4,579 |
| Earnings per share – basic (cents) | up | 62 | 1.38 | 0.85 |

| | Amount per security ¢ | Franked amount per security ¢ |
|--------------------|----------------------------------|--|
| Dividend (interim) | 0.4 | 0.4 |

Key Dates:

Dividend record date 26 March 2010

Dividend payment date 16 April 2010

| | 31 Dec 2009 | 31 Dec 2008 |
|-------------------------------|--------------------|--------------------|
| Net tangible assets per share | 17.5 cents | 16.4 cents |

Directors' Report

The directors of Amcom Telecommunications Limited submit herewith the financial report for the half-year ended 31 December 2009.

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 \$7,587,000 (2008: \$4,579,000). This result was generated on an increase in revenue to \$29,013,000. The result includes a share of profits of associates of \$2,810,000 (2008: \$2,580,000). During this period 177,990,391 options were exercised at 17c per option, 81,175,585 options were cancelled at 4c per option and 12,755,819 options expired. 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.

Significant Events after Balance Date

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

- a) On 8 February 2010 the company announced an agreement to provide high-speed fibre based telecommunications services to the Northern Territory Government. The initial contract value is for \$20 million over 5 years with an estimated capital expenditure of \$10 million; and
- b) On 23 February 2010 the company announced that it has agreed to purchase, subject to shareholder approval, 100% of the issued share capital of IP Systems Pty Ltd (IPS) for an initial consideration of \$6.5m comprising cash of \$5.3m and 4.1m shares. Further consideration of a minimum of \$3m and a maximum of \$14m in Amcom shares will be issued based upon achievement of profitability levels.

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
24 February 2010

Directors' Declaration

The directors declare that:

- a) In the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and
- b) In the directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standard AASB 134 Interim Financial Reporting, giving a true and fair view of the financial position as at 31 December 2009 and the performance for the half-year ended on that date of the consolidated entity.

Signed in accordance with a resolution of the directors.

On behalf of the Directors



Anthony Grist
Chairman
Perth, Western Australia
24 February 2010

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2009**

| | Note | Consolidated | |
|---|------|---|---|
| | | Half-year ended 31 Dec 2009 \$'000 | Half-year ended 31 Dec 2008 \$'000 |
| Continuing Operations | | | |
| Revenue | 2 | 28,580 | 24,890 |
| Project revenue | | 433 | 133 |
| Total Revenue | | 29,013 | 25,023 |
| Network costs | | (7,530) | (6,788) |
| Accommodation expense | | (829) | (869) |
| Depreciation & amortisation expenses | | (3,264) | (2,851) |
| Employee benefits expense | | (6,431) | (5,677) |
| Finance costs | | (829) | (1,058) |
| Marketing related expenses | | (615) | (543) |
| Corporate costs | | (555) | - |
| Other expenses | | (2,568) | (2,370) |
| Share buy-back and sell down expenses | 3 | - | (2,207) |
| Share of profits of associates using the equity method | 8 | 2,810 | 2,580 |
| Profit from continuing operations before income tax expense | | 9,202 | 5,240 |
| Income tax expense | | (1,615) | (661) |
| Net Profit attributable to members of Amcom Telecommunications Ltd | | 7,587 | 4,579 |
| Other comprehensive income | | | |
| Cash flow hedge – gain/(loss) taken to equity | | 327 | (1,215) |
| Total comprehensive income attributable to members of Amcom Telecommunications Ltd | | 7,914 | 3,364 |
| Earnings per share from continuing operations | | | |
| Basic (cents per share) | 7 | 1.38 | .85 |
| Diluted (cents per share) | 7 | 1.38 | .56 |

Amcom Telecommunications Ltd

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2009

| | Note | Consolidated | |
|--------------------------------------|------|-------------------------------|---------------------------|
| | | 31 December 2009 \$'000 | 30 June 2009 \$'000 |
| Current assets | | | |
| Cash and cash equivalents | | 39,181 | 14,798 |
| Trade and other receivables | | 4,430 | 5,009 |
| Inventories | | 1,357 | 1,316 |
| Other | | 1,325 | 1,011 |
| Total current assets | | 46,293 | 22,134 |
| Non-current assets | | | |
| Investment in associates | 8 | 48,330 | 47,221 |
| Property, plant and equipment | | 78,653 | 74,467 |
| Goodwill | | 14,598 | 14,615 |
| Other intangible assets | | 60 | 80 |
| Total non-current assets | | 141,641 | 136,383 |
| Total assets | | 187,934 | 158,517 |
| Current liabilities | | | |
| Trade and other payable | | 12,991 | 9,912 |
| Deferred revenue liability* | | 6,599 | 6,403 |
| Borrowings | | 1,323 | 2,076 |
| Income tax payable | | 1,204 | 914 |
| Derivative financial liability | 9 | 274 | 484 |
| Provisions | | 1,204 | 1,100 |
| Total current liabilities | | 23,595 | 20,889 |
| Non-current liabilities | | | |
| Borrowings | | 21,781 | 25,944 |
| Provisions | | 239 | 219 |
| Deferred revenue liability* | | 501 | 351 |
| Deferred tax liabilities | | 1,355 | 1,355 |
| Derivative financial liability | 9 | 102 | 219 |
| Total non-current liabilities | | 23,978 | 28,088 |
| Total liabilities | | 47,573 | 48,977 |
| Net assets | | 140,361 | 109,540 |
| Equity | | | |
| Contributed equity | 5 | 130,811 | 101,792 |
| Reserves | | (3,291) | (277) |
| Retained profits | | 12,841 | 8,025 |
| Total equity | | 140,361 | 109,540 |

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

Amcom Telecommunications Ltd

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE HALF-YEAR ENDED 31 DECEMBER 2009

| | Consolidated | |
|---|---|---|
| | Half-year ended 31 Dec 2009 \$'000 | Half-year ended 31 Dec 2008 \$'000 |
| Cash flows from operating activities | | |
| Receipts from customers | 31,792 | 25,641 |
| Payments to suppliers and employees | (22,321) | (15,475) |
| Interest and other costs of finance paid | (657) | (814) |
| Income tax paid | (1,325) | (1,301) |
| Dividends received | 1,702 | 1,411 |
| Net cash provided by operating activities | 9,191 | 9,462 |
| Cash flows from investing activities | | |
| Payment for property, plant and equipment | (7,416) | (8,085) |
| Payment for acquisition of equity investments | - | (508) |
| Proceeds from sale of equity investments | - | 1,640 |
| Net investing cash flows | (7,416) | (6,953) |
| Cash flows from financing activities | | |
| Proceeds from issues of equity securities | 30,294 | 253 |
| Share buy back and sell down costs | - | (1,864) |
| Proceeds from borrowings | 5,000 | 7,800 |
| Repayment of borrowings | (9,915) | (4,879) |
| Dividends paid | (2,771) | (2,154) |
| Net financing cash flows | 22,608 | (844) |
| Net increase in Cash and Cash Equivalents | 24,383 | 1,665 |
| Cash and Cash Equivalents at the beginning of the Period | 14,798 | 9,217 |
| Cash and Cash Equivalents at the end of the Period | 39,181 | 10,882 |

Amcom Telecommunications Ltd

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED 31 DECEMBER 2009

| | Contributed Equity \$'000 | Employee Equity – Settled Benefits Reserve \$'000 | Cash Flow Hedge Reserve \$'000 | Option Cancellation Reserve \$'000 | Retained Profits/ (losses) \$'000 | Total Equity \$'000 |
|-----------------------------------|---------------------------------|--|---|---|--|------------------------|
| Consolidated | | | | | | |
| At 30 June 2008 | 101,739 | 426 | - | - | (321) | 101,844 |
| Profit for the Period | - | - | - | - | 4,579 | 4,579 |
| Other comprehensive income | - | - | (1,215) | - | - | (1,215) |
| Total comprehensive income | - | - | (1,215) | - | 4,579 | 3,364 |
| Exercise of options | 1 | - | - | - | - | 1 |
| Repayment of shareholders loan | 4 | - | - | - | - | 4 |
| Issue of shares to employees | 7 | - | - | - | - | 7 |
| Dividends paid | - | - | - | - | (2,154) | (2,154) |
| At 31 December 2008 | 101,751 | 426 | (1,215) | - | 2,104 | 103,066 |
| 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 shareholders loan | 25 | - | - | - | - | 25 |
| Issue of shares 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 |

Amcom Telecommunications Ltd

Notes to the Financial Statements For the Half-Year Ended 31 December 2009

1. Basis of Preparation

This general purpose condensed financial report for the half year ended 31 December 2009 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 2009 and considered together with any public announcements made by Amcom Telecommunications Limited during the half-year ended 31 December 2009 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 2009 apart from the changes in the accounting policy noted below.

Changes in Accounting Policy

The following amending standards and interpretations have been adopted from 1 July 2009:

- AASB 8 and AASB 2007-3 – Operating Segments
- AASB 123 (Revised) and AASB 2007-6 – Borrowing Costs
- AASB 101 (Revised), AASB 2007-8 and AASB 2007-10 – Presentation of Financial Statements
- AASB 2008-1 – Share Based Payments
- AASB 3 (Revised) – Business Combinations
- AASB 127 (Revised) – Consolidated and Separate Financial Statements
- AASB 2008-3 – Amendments arising from AASB 3 and AASB 127
- AASB 2008-5, 2008-6 and 2009-4 - Amendments arising from the Annual Improvements Project
- AASB 2008-7 – Cost of an Investment in a subsidiary, Joint Controlled Entity or Associate
- AASB 2008-8 – Eligible Hedged Items
- AASB 2009-2 – Improving Disclosures about Financial Instruments
- AASB 2009-7 – Amendments to AASB 5,7,107,112,136 and 139 and Interpretation 17

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

| | 2009 | 2008 |
|--|---------------|---------------|
| | \$'000 | \$'000 |

2. Revenue

Profit from ordinary activities before income tax includes the following items of revenue and expense:

| | | |
|---------------------------------|---------------|---------------|
| Rendering of services | 28,420 | 24,646 |
| Other revenue - Interest income | 160 | 244 |
| | <u>28,580</u> | <u>24,890</u> |

Amcom Telecommunications Ltd

Notes to the Financial Statements For the Half-Year Ended 31 December 2009

| | 2009 | 2008 |
|---------------------------------------|--------------|--------------|
| | \$000 | \$000 |
| 3. Expenses | | |
| Share buy back and sell down expenses | - | 2,207 |

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

| | Half-year ended 31 | | Half-year ended 31 | |
|--|---------------------------|-----------------|---------------------------|-----------------|
| | December 2009 | | December 2008 | |
| | Cents per Share | Total \$'000 | Cents per Share | Total \$'000 |
| Final dividend paid on ordinary shares | 0.5 | 2,771 | 0.4 | 2,154 |

| | Number of shares | \$'000 |
|---|-----------------------------|---------------|
| 5. Contributed Equity | | |
| Listed Ordinary Shares | | |
| Opening balance | 538,857,752 | 101,792 |
| Exercise of options | 177,990,391 | 30,258 |
| Issue of fully paid shares to employees | 56,122 | 11 |
| Option underwriting fee | - | (1,275) |
| Repayment of shareholders loan | - | 25 |
| Closing balance | 716,904,265 | 130,811 |
| Securities on issue | | |
| Listed ordinary shares | 716,801,119 | |
| Unlisted employee ordinary shares | 103,146 | |
| Listed options | nil | |

| | 2009 |
|--|---------------|
| 6. Options | |
| Movement in listed 31 December 2009 Options | |
| Opening balance | 271,921,795 |
| Exercised | (177,990,391) |
| Cancelled | (81,175,585) |
| Expired | (12,755,819) |
| Closing balance | - |

Amcom Telecommunications Ltd

Notes to the Financial Statements For the Half-Year Ended 31 December 2009

7. Earnings per Share

| | 2009 ¢ per share | 2008 ¢ per share |
|--|----------------------------|----------------------------|
| Basic EPS | 1.38 | 0.85 |
| Diluted EPS | 1.38 | 0.56 |
| | | |
| | 2009 No. '000 | 2008 No. '000 |
| Basic EPS - Weighted average number of ordinary shares | 548,422,741 | 538,802,933 |
| Effect of dilution: | | |
| Share options | - | 271,921,795 |
| Diluted EPS - Weighted average number of ordinary shares and potential ordinary shares | 548,422,741 | 810,724,728 |

8. Details of Associates

| Name of Entity | Ownership interest | | Contribution to net profit | |
|---------------------------------------|--------------------|-------------|----------------------------|---------------|
| | Dec 2009 | Dec 2008 | Dec 2009 | Dec 2008 |
| | % | % | \$'000 | \$'000 |
| iiNet Limited – Listed | 22 | 22 | 2,722 | 2,631 |
| Perth IX (Belmont) Pty Ltd – Unlisted | 20 | 20 | 88 | (51) |
| | | | 2,810 | 2,580 |
| | | | 2009 | 2008 |
| Listed investment | | | \$'000 | \$'000 |
| Carrying value | | | 47,663 | 44,535 |
| Market value at balance date | | | 63,263 | 41,374 |

Amcom Telecommunications Ltd

Notes to the Financial Statements For the Half-Year Ended 31 December 2009

| | Dec 2009 | June 2009 |
|-----------------------------------|------------|------------|
| | \$'000 | \$'000 |
| 9. Derivative financial liability | | |
| Current | 274 | 484 |
| Non - current | 102 | 219 |
| | <u>376</u> | <u>703</u> |

A controlled entity has entered into an interest rate swap of \$15m expiring October 2011.

The interest rate swap has been classified as a cash flow hedge and is measured at fair value at reporting date. All gains and losses in the fair value of the hedge to the extent that it is effective are taken direct to equity.

10. 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 data links, voice services and the supply of last mile fibre optic network connections.

Amnet

DSL services and Data centre 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 the accounts 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
- Fair value gain on cash flow hedge
- Corporate overheads
- Income tax expense

Amcom Telecommunications Ltd

Notes to the Financial Statements For the Half-Year Ended 31 December 2009

The following table presents revenue and profit information for reportable segments for the half years ended 31 December 2009 and 31 December 2008.

| 31 December 2009 \$'000 | Fibre | Amnet | Corporate Overheads | Total |
|--|---------------|--------------|--------------------------------|---------------|
| Revenue from external customers | 21,483 | 7,370 | - | 28,853 |
| Total segment revenue | 21,483 | 7,370 | - | 28,853 |
| Other revenue | | | | 160 |
| Total revenue per the statement of comprehensive income | | | | 29,013 |
| Earnings before interest, tax, depreciation and amortisation | 10,494 | 1,657 | (1,826) | 10,325 |
| Depreciation and amortisation | (2,730) | (527) | (7) | (3,264) |
| Segment result (EBIT) | 7,764 | 1,130 | (1,833) | 7,061 |
| Interest (net) | | | | (669) |
| Share buy-back and sell down expenses | | | | - |
| Share of profits of associates | | | | 2,810 |
| Net profit before tax | | | | 9,202 |
| Tax expense | | | | (1,615) |
| Net profit after tax | | | | 7,587 |

| 31 December 2008 \$'000 | Fibre | Amnet | Corporate Overheads | Total |
|--|---------------|--------------|--------------------------------|---------------|
| Revenue from external customers * | 17,660 | 7,118 | - | 24,778 |
| Total segment revenue | 17,660 | 7,118 | - | 24,778 |
| Other revenue | | | | 245 |
| Total revenue per the statement of comprehensive income | | | | 25,023 |
| Earnings before interest, tax, depreciation and amortisation * | 8,455 | 1,466 | (1,389) | 8,532 |
| Depreciation and amortisation | (2,325) | (519) | (7) | (2,851) |
| Segment Result (EBIT) | 6,130 | 947 | (1,396) | 5,681 |
| Interest (net) | | | | (814) |
| Share buy-back and sell down expenses | | | | (2,207) |
| Share of profits of associates | | | | 2,580 |
| Net profit before tax | | | | 5,240 |
| Tax expense | | | | (661) |
| Net profit after tax | | | | 4,579 |

* Voice is now included in the Fibre segment whereas previously part of Amnet. The comparative information has been restated. The financial impact is an increase in Fibre revenue and a reduction in Amnet revenue of \$678k as well as an increase in Fibre EBITDA and a reduction in the Amnet EBITDA of \$263k.

Amcom Telecommunications Ltd

Notes to the Financial Statements For the Half-Year Ended 31 December 2009

Segment assets

| | Assets | |
|-----------------------|----------------|---------------------|
| | 2009 \$'000 | June 2009 \$'000 |
| Fibre Division | 107,316 | 88,284 |
| Amnet Division | 16,373 | 16,940 |
| Total of all segments | 123,689 | 105,224 |
| Unallocated | 64,245 | 53,293 |
| Consolidated | 187,934 | 158,517 |

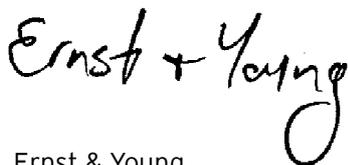
11. Subsequent Events

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

- a) On 8 February 2010 the company announced an agreement to provide high-speed fibre based telecommunications services to the Northern Territory Government. The initial contract value is for \$20 million over 5 years with an estimated capital expenditure of \$10 million; and
- b) On 23 February 2010 the company announced that it has agreed to purchase, subject to shareholder approval, 100% of the issued share capital of IP Systems Pty Ltd (IPS) for an initial consideration of \$6.5m comprising cash of \$5.3m and 4.1m shares. Further consideration of a minimum of \$3m and a maximum of \$14m in Amcom shares will be issued based upon achievement of profitability levels.

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 2009, 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 cursive script that reads 'Ernst & Young'.

Ernst & Young

A handwritten signature in cursive script that reads 'P McIver'.

P McIver
Partner
Perth
24 February 2010

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 2009, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, other selected explanatory notes, other information as set out in Appendix 4D to the Australian Stock Exchange (ASX) Listing Rules and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations), the *Corporations Act 2001* and the ASX Listing Rules as they relate to Appendix 4D. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the [period] financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of Interim and other Financial Reports Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2009 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting*, the *Corporations Regulations 2001* and the ASX Listing Rules as they relate to Appendix 4D. 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:

- a. the *Corporations Act 2001*, including:
 - i giving a true and fair view of the consolidated entity's financial position as at 31 December 2009 and of its performance for the half-year ended on that date; and
 - ii complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*; and
- b. the ASX Listing Rules as they relate to Appendix 4D.

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
24 February 2010