

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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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.

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 pcg 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.

2. Revenue

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

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

5. Contributed Equity		
Listed Ordinary Shares	Number of shares	\$'000
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	

6. Options	
Movement in listed 31 December 2009 Options	2009
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 \$'000	Dec 2008 \$'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 \$'000	2008 \$'000
Listed investment		
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

9. Derivative financial liability	Dec 2009 \$'000	June 2009 \$'000
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

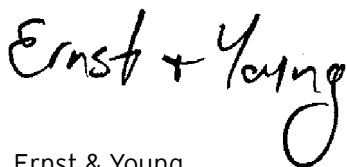
11. Subsequent Events

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 black ink that reads 'Ernst & Young' in a cursive script.

Ernst & Young

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

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.

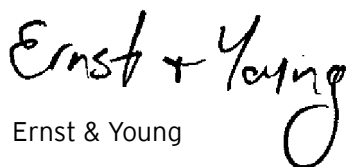
Independence

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