

25 August 2009

Company Announcements Office
Australian Securities Exchange Limited

RESULTS FOR ANNOUNCEMENT TO MARKET

Results financial year ended 30 June 2009

Amcom reports 35% NPAT¹ growth to \$13.7m

Amcom Telecommunications Limited ("Amcom") (ASX: AMM), a leading fibre network provider, today announced a 35% increase in net profit after tax of \$13.7m including equity accounted earnings of associates but prior to the once off significant item of \$1.5m (net of tax) for the financial year ended 30 June 2009.

The strong result was based on increased revenue of 20% and higher margins, which drove EBITDA growth of 29%.

The reported net profit after tax for the year ended 30 June 2009 including the significant item was up 19% to \$12.1m compared to the previous year of \$10.1m.

Financial Highlights

- Revenue increased 20% to \$53.4m
- EBITDA increased 29% to \$18.4m
- EBITDA margin expanded from 32% to 34%
- EBIT increased 41% to \$12.6m
- Operating cash flow increased 2% to \$20.0m
- Net profit after tax including equity accounted earnings prior to significant item increased 35% to \$13.7m
- Net debt remained low at \$13.2m with a gearing ratio of 11%
- Final fully franked dividend declared of 0.5 cents per share, taking the full year dividend to 0.8 cents per share, an increase of 14%

¹ NPAT including equity accounted earnings of associates but prior to the once off significant item of \$1.5m (net of tax) in relation to costs incurred with the exit of Elders Ltd from the share register.

Amcom's Fibre Division increased EBITDA by 30% to \$17.8m while its Amnet Division increased EBITDA by 39% to \$3.8m. The group benefited from its 22.5% stake in iiNet Ltd with an equity accounted contribution of \$5.8m versus \$4.4m in the previous year.

Amcom increased its annual recurring billing base by \$7.6m or 18% to \$50.8m at 30 June 2009. The net services growth in the second half exceeded the growth experienced in the first half of the year, despite a slowing economic environment.

Amcom Chief Executive Officer, Mr Clive Stein, said, "Our EBITDA margin improvement is pleasing, with margins expanding to 34% for the year," Mr Stein said.

The key driver behind the continuing trend in margin improvement is the growth and demand for Amcom's fibre networks generating increased revenues with a relatively flat cost base.

The business retains a strong balance sheet with net debt of \$13.2m, a gearing ratio of 11%, and interest cover of over 8 times on an EBIT/interest basis.

"Our business produces healthy operating cash flows, our net cash from operations was \$20m for the year ending 30 June 2009. This internally generated cash flow enables us to invest in our business to generate revenue and earnings growth whilst maintaining a conservatively geared balance sheet."

"We have a unique strategic position in the telecommunications market with our fibre networks. This positioning drives and sustains our strong financial performance. The continuing demand for fibre networks, across a diverse range of businesses and government departments, to provide internet and IT solutions, has seen our business become an essential service provider. The demand for fibre networks is reflected in the growth of our annual recurring billing base and has positioned the company for sustained growth as we connect more businesses and buildings to our fibre networks".

Significant item

The significant item included in these results are the buy back and sell down costs after tax of \$1.5m, incurred in the first half of the year, associated with the exit of Elders Limited, the former 50.1% shareholder from the share register.

Dividend

The Board has declared a fully franked final dividend of 0.5 cents per share to be paid on 11 November 2009 to all shareholders on the registry as at 23 October 2009.

This brings the total dividend for the year to 0.8 cents per share fully franked.

Outlook

Commenting on the outlook for Amcom, Mr Stein said:

"Data networks are now an essential service to business and in the coming year we will look to leverage our strong market position and expertise as we expand into new products and markets. We remain focused on delivering strong organic growth and creating long term value for our shareholders. We expect double digit earnings growth to continue for the year ahead."

For further comment and information.

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Amcom Telecommunications Limited
Results financial year ended 30 June 2009

1. Profit

The reported net profit after tax for the financial year ended 30 June 2009 was \$12.1m (2008: \$10.1m). This result includes Amcom's equity accounted share of profits from associates of \$5.8m (2008: \$4.4m) and non recurring sell down and buy back costs associated with the exit of Elders Limited as a shareholder of \$1.5m (net of tax).

A summary of these results is as follows:

\$ 000	FY 09	FY 08	% Change
Revenue	53,441	44,463	20%
EBITDA	18,384	14,250	29%
EBIT	12,618	8,952	41%
Interest expense (net)	(1,551)	(988)	
Profit before tax	11,067	7,964	39%
Tax	(3,183)	(2,236)	
Net profit after tax before equity accounted earnings and significant item	7,884	5,728	38%
Equity accounted earnings	5,779	4,415	31%
Net profit after tax including equity accounted earnings but before significant item	13,663	10,143	35%
Significant item: Buy back and sell down costs (net of tax)	(1,545)	-	
Net profit after tax as reported	12,118	10,143	19%
EPS (cents)	2.25	1.97	14%

The growth in EBITDA to \$18.4m of 29% was achieved on an increase in revenue of 20% to \$53.4m.

Equity accounted earnings includes our share of iiNet Limited profit for the year of \$5.8m (2008: \$4.4m). iiNet Limited reported an unaudited net profit for the financial year to 30 June 2009 of \$25.6m (2008:\$19.9m). During the period under review Amcom received dividends from iiNet of \$2.4m (2008:\$2.1m). Amcom owns a strategic 22.5% interest in iiNet Limited and holds one Board seat.

Amcom Telecommunications Limited
Results financial year ended 30 June 2009

2. Cash flow

Amcom generated operating cash flow of \$20m for the financial year ended 30 June 2009.

Cash utilised in investing activities for the financial year ended was \$13.1m (2008: \$28.5m). Capital expenditure was \$14.2m for 2009 (2008: \$11.5m). This comprised customer connections capex of \$10.4m (including \$1m of strategic network expansion in Adelaide) and stay in business capex of \$3.8m. During the year Amcom also disposed of some iiNet Limited shares realising \$1.7m in cash proceeds.

Cash flow from financing activities during the financial year ended 30 June 2009 resulted in a net cash outflow of \$1.3m (2008: inflow \$13.1m) which included dividend payments of \$3.8m (2008: \$4.1m), net drawing of borrowings of \$4.6m and the payment of share buy back and sell-down costs of \$2.2m.

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		
	FY 09	FY 08	YoY %	FY 09	FY 08	YoY %
Fibre - core	35,248	28,827	22%	17,018	13,430	27%
Fibre - projects	2,040	897		787	312	
Fibre	37,288	29,724	25%	17,805	13,742	30%
EBITDA / Rev margin %	48%	46%				
Amnet	15,768	14,449	9%	3,770	2,712	39%
EBITDA / Rev margin %	24%	19%				
Corporate	385	290		(3,191)	(2,204)	
Totals	53,441	44,463	20%	18,384	14,250	29%
EBITDA / Rev margin %	34%	32%				

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 financial year to 30 June 2009 with an overall revenue increase of 20% to \$53.4m.

EBITDA increased by 29% to \$18.4m with both the Fibre and Amnet divisions contributing to the double digit EBITDA growth.

The Fibre Division has continued its double digit growth in revenue and increased its revenue by 25% to \$37.3m for the financial year ended 30 June 2009. EBITDA has increased by 30% to \$17.8m with an improvement in margin to 48%.

The Amnet Division leverages the Company's owned physical fibre network to provide DSL broadband to consumers and business grade DSL, voice and data centre services to the Corporate and SME markets. The revenue from this division increased by 9% to \$15.8m and EBITDA increased by 39% to \$3.8m.

4. Balance Sheet

\$ 000	Jun-09	Jun-08	Dec-08
Shareholders' equity	109,540	101,844	103,066
Cash	14,798	9,217	10,882
Borrowings	28,020	23,184	26,508
Net debt	13,222	13,967	15,626
iiNet Limited - investment	46,656	44,881	44,535
NTA	94,862	87,110	88,372
Gearing (%) #	11%	12%	13%
NTA per share (c)	17.5 c	16.2 c	16.4 c

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

Balance sheet movements of significance are:

- Net debt has decreased to \$13.2m at year end from \$13.9m as at 30 June 2008 with gearing reducing to 11%.
- Shareholders' equity increased by 8% to \$109.5m from \$101.8m as at 30 June 2008.
- The iiNet Limited investment on the balance sheet has increased to \$46.7m as at 30 June 2009 from \$44.9m at June 2008. The net increase comprises the equity accounted earnings of \$5.8m less dividends received of \$2.4m and the sale of shares realising \$1.7m. At 30 June 2009 the investment is carried in the balance sheet at the equivalent of \$1.37 per iiNet Ltd share. The ASX listed market value at 30 June 2009 was \$58.8m or \$1.73 per share.

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

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

Current Reporting Period: Financial Year ending 30 June 2009

Previous Corresponding Period: Financial Year ending 30 June 2008

Results

		Percentage Change %	Amount \$'000
Revenue	up	20	53,441
Net profit after tax attributable to members	up	19	12,118

	Amount per security ¢	Franked amount per security ¢
Dividend (final)	0.5	0.5

Key Dates:

Annual Report	30 September 2009
Dividend record date	23 October 2009
Dividend payment date	11 November 2009
Annual General Meeting	19 November 2009

	30 Jun 2009	30 Jun 2008
Net tangible assets per share	17.5 cents	16.2 cents

Amcom Telecommunications Ltd

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2009

	Note	Consolidated	
		2009 \$'000	2008 \$'000
Continuing Operations			
Revenue	2	51,401	43,566
Project revenue		2,040	897
Total Revenue		53,441	44,463
Network costs		(15,133)	(13,476)
Accommodation expense		(1,676)	(1,199)
Depreciation & amortisation expenses		(5,766)	(5,298)
Employee benefits expense		(12,780)	(10,807)
Finance costs		(1,857)	(1,278)
Marketing related expenses		(880)	(710)
Other expenses		(4,282)	(3,731)
Share buy-back and sell down expenses	3	(2,207)	-
Share of profits of associates using the equity method	7	5,779	4,415
Profit before income tax expense		14,639	12,379
Income tax expense		(2,521)	(2,236)
Net Profit attributable to members of Amcom Telecommunications Ltd		12,118	10,143
Earnings per share from continuing operations			
Basic (cents per share)	6	2.25	1.97
Diluted (cents per share)	6	1.49	1.29

Amcom Telecommunications Ltd

CONSOLIDATED BALANCE SHEET AS AT 30 JUNE 2009

	Note	Consolidated	
		2009 \$'000	2008 \$'000
Current assets			
Cash and cash equivalents		14,798	9,217
Trade and other receivables		5,009	4,466
Inventories		1,316	1,219
Other		1,028	813
Total current assets		22,151	15,715
Non-current assets			
Investment in associates	7	47,221	44,881
Property, plant and equipment		74,467	65,922
Goodwill		14,598	14,615
Other intangible assets		80	119
Total non-current assets		136,366	125,537
Total assets		158,517	141,252
Current liabilities			
Trade and other payables		9,912	8,112
Deferred revenue *		6,403	5,260
Interest bearing liabilities		2,076	341
Current tax liabilities		914	816
Derivative financial liability	8	484	-
Provisions		1,100	566
Total current liabilities		20,889	15,095
Non-current liabilities			
Interest bearing liabilities		25,944	22,843
Provisions		219	264
Deferred revenue *		351	431
Deferred tax liabilities		1,355	775
Derivative financial liability	8	219	-
Total non-current liabilities		28,088	24,313
Total liabilities		48,977	39,408
Net assets		109,540	101,844
Equity			
Contributed equity		101,792	101,739
Reserves		(277)	426
Retained profits		8,025	(321)
Total equity		109,540	101,844

* 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 CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2009

	Note	2009 \$'000	2008 \$'000
Cash flows from operating activities			
Receipts from customers		52,851	46,445
Payments to suppliers and employees		(32,024)	(27,046)
Interest received		306	289
Interest and other costs of finance paid		(1,717)	(1,278)
Income tax paid		(1,831)	(999)
Dividends received		2,431	2,120
Net cash provided by operating activities	9	20,016	19,531
Cash flows from investing activities			
Payment for property, plant and equipment		(14,221)	(11,537)
Payment for acquisition of equity investments		(608)	(16,938)
Proceeds from sale of equity investments		1,692	-
Net investing cash flows		(13,137)	(28,475)
Cash flows from financing activities			
Proceeds from issues of equity securities		46	6,165
Share buy back and sell down costs		(2,207)	-
Proceeds from borrowings		14,800	13,105
Repayment of borrowings		(10,165)	(2,111)
Dividends paid		(3,772)	(4,060)
Net financing cash flows		(1,298)	13,099
Net increase in Cash and Cash Equivalents		5,581	4,155
Cash and Cash Equivalents at the beginning of the financial year		9,217	5,062
Cash and Cash Equivalents at the end of the financial year		14,798	9,217

Amcom Telecommunications Ltd

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2009

	Contributed Equity \$'000	Employee Equity – Settled Benefits Reserve \$'000	Cash Flow Hedge Reserve \$'000	Retained Profits/ (Losses) \$'000	Total Equity \$'000
Consolidated					
At 30 June 2007	95,288	426	-	(6,404)	89,310
Profit for the year	-	-	-	10,143	10,143
Total recognised income and expense	-	-	-	10,143	10,143
Exercise of options	30	-	-	-	30
Proceeds on repayment of shareholders loan	213	-	-	-	213
Conversion of notes	232	-	-	-	232
Issue of shares	6,000	-	-	-	6,000
Share issue expenses	(24)	-	-	-	(24)
Dividends paid	-	-	-	(4,060)	(4,060)
At 30 June 2008	101,739	426	-	(321)	101,844
Profit for the year	-	-	-	12,118	12,118
Net loss on cash flow hedge	-	-	(703)	-	(703)
Total recognised income and expense	-	-	(703)	12,118	11,415
Exercise of options	1	-	-	-	1
Repayment of shareholders loan	45	-	-	-	45
Issue of shares to employees	7	-	-	-	7
Dividends paid	-	-	-	(3,772)	(3,772)
At 30 June 2009	101,792	426	(703)	8,025	109,540

Amcom Telecommunications Ltd
Notes to the Financial Statements
For the Financial Year Ended 30 June 2009

1. Basis of Preparation

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

The accounting policies adopted in the preparation of the preliminary final report are consistent with those adopted and disclosed in the consolidated financial report of 30 June 2008.

2. Revenue

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

	2009 \$'000	2008 \$'000
Rendering of services	51,016	42,046
Interest income	306	290
Sale of goods	-	1,215
Other income	79	15
	51,401	43,566

3. Expenses

Share buy back and sell down expenses

	2,207	-
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Non-recurring costs associated with the completed \$28.9m institutional sell-down and the not proceeded with \$19.5m selective buy-back of the share holding in Amcom held by Elders Limited (previously known as Futuris Corporation Ltd) of 50.1%.

4. Dividends fully franked

	Date dividend paid / payable	Amount per security	
2009		¢	\$'000
Final	11 November 2009	0.5	2,695
Interim	29 April 2009	0.3	1,616
		0.8	4,311
2008			
Final	11 November 2008	0.4	2,155
Interim	24 April 2008	0.3	1,518
		0.7	3,673

Amcom Telecommunications Ltd
Notes to the Financial Statements
For the Financial Year Ended 30 June 2009

5. Contributed Equity

Listed Ordinary Shares	Number of shares	\$'000
Opening balance	538,801,250	101,739
Exercise of options	3,600	1
Issue of fully paid shares to employees	52,902	7
Repayment of shareholders loan	-	45
Closing balance	<u>538,857,752</u>	<u>101,792</u>

Securities on issue

Listed ordinary shares	538,804,850
Unlisted employee shares	52,902
Listed options exercisable at 17c by 31 December 2009	271,921,795

6. Earnings per Share

	2009 ¢ per share	2008 ¢ per share
Basic EPS	2.25	1.97
Diluted EPS	1.49	1.29
	2009 No. '000	2008 No. '000
Basic EPS - Weighted average number of ordinary shares	538,843	514,281
Effect of dilution:		
Share options	<u>271,922</u>	<u>271,925</u>
Diluted EPS - Weighted average number of ordinary shares and potential ordinary shares	<u>810,765</u>	<u>786,206</u>

7. Details of Associates

Name of Entity	Ownership interest		Contribution to net profit	
	2009 %	2008 %	2009 \$'000	2008 \$'000
iiNet Limited	22.5	23	5,809	4,415
Perth IX (Belmont) Pty Ltd	20	NA	(30)	-
			<u>5,779</u>	<u>4,415</u>

	2009 \$'000	2008 \$'000
Listed investment (iiNet Limited)		
Carrying value	46,642	44,881
Market value at reporting date	58,841	52,219

Amcom Telecommunications Ltd
Notes to the Financial Statements
For the Financial Year Ended 30 June 2009

8. Derivative financial liability	2009	2008
	\$'000	\$'000
Current	484	-
Non - current	219	-
	<u>703</u>	<u>-</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.

9. Cash Flow - Reconciliation of Operating Cash Flow

	2009	2008
	\$'000	\$'000
EBITDA	18,384	14,250
Tax paid	(1,831)	(999)
Interest (net)	(1,411)	(988)
Dividends received	2,431	2,120
Other	(74)	-
	<u>17,499</u>	<u>14,383</u>
Movement in working capital		
Receivables	(759)	889
Inventory	(97)	(105)
Deferred revenue	1,063	2,222
Trade creditors and provisions	2,289	2,533
Other	21	(391)
Total movement in working capital	<u>2,517</u>	<u>5,148</u>
Operating Cash Flow	<u>20,016</u>	<u>19,531</u>

10. Segment Information

30 June 2009				
\$'000	Fibre	Amnet	Corporate	Total
Revenue	37,288	15,768	385	53,441
Total Revenue	<u>37,288</u>	<u>15,768</u>	<u>385</u>	<u>53,441</u>
Earnings before interest, tax, depreciation and amortisation	17,805	3,770	(3,191)	18,384
Depreciation and amortisation	(4,712)	(1,040)	(14)	(5,766)
Segment result (EBIT)	13,093	2,730	(3,205)	12,618
Interest (net)				(1,551)
Share buy-back and sell down expenses				(2,207)
Equity accounting				<u>5,779</u>
Net profit before tax				14,639
Tax expense				<u>(2,521)</u>
Net profit after tax				<u><u>12,118</u></u>

Amcom Telecommunications Ltd
Notes to the Financial Statements
For the Financial Year Ended 30 June 2009

30 June 2008

\$'000	Fibre	Amnet	Corporate	Total
Revenue	29,724	14,449	290	44,463
Total Revenue	29,724	14,449	290	44,463
Earnings before interest, tax, depreciation and amortisation	13,742	2,712	(2,204)	14,250
Depreciation and amortisation	(4,180)	(1,091)	(27)	(5,298)
Segment Result (EBIT)	9,562	1,621	(2,231)	8,952
Interest (net)				(988)
Equity accounting iiNet				4,415
Net profit before tax				12,379
Tax expense				(2,236)
Net profit after tax				10,143

Segment assets and liabilities

	Assets		Liabilities	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Fibre Division	88,284	73,606	20,982	15,836
Amnet Division	16,940	16,933	6,398	4,170
Total of all segments	105,224	90,539	27,380	20,006
Unallocated	53,293	50,713	21,597	19,402
Consolidated	158,517	141,252	48,977	39,408

Products and services within each business segment

The consolidated entity is organised into two major operating segments – Fibre Division and Amnet Division. These segments are the basis on which the consolidated entity reports its primary segment information. The segment result is determined as Earnings before interest and taxation excluding unallocated costs. The principal products and services of each of these segments are as follows:

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

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

11. Subsequent Events

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

12. Information on Audit or Review

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