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Amcom Telecommunications Limited

ABN 20 062 046 217

Annual Financial Report for the Financial Year Ended 30 June 2007

ANNUAL FINANCIAL REPORT
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2007

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CHAIRMAN'S REPORT

Dear Fellow Shareholder,

Last year I was delighted to tell you about the tremendous growth prospects of Amcom, with its unique fibre optic network, our enlarging exchange infrastructure, our expanding geographic footprint and our strategic and acquisitive growth. This year I am pleased to report that we have indeed experienced strong growth in each of the key drivers of our business.

Amcom's earnings growth has accelerated in 2007 as the Company begins to benefit from its strategic growth initiatives and cost control.

The reported net profit after tax for the financial year ended 30 June 2007 was up 66% to $7.9m from the 2006 financial year result of $4.8m. This result included equity accounted earnings of $4.6 million from our 20% strategic stake in iiNet Ltd. This strategic initiative has proved a highly successful financial transaction for Amcom, with our $21.3 million investment made in 2006 having grown to a market value of $47.6 million at the end of June 2007. In addition Amcom will receive $1.2 million from the iiNet final declared dividend.

Importantly we were delighted to announce a 26% increase in the Amcom underlying* net profit after tax to $4.1m based on a 17% growth in revenues and tight cost controls.

During 2007 our Fibre revenues grew 12% to $25.6 million. We completed the roll-out of the Adelaide metropolitan fibre infrastructure enabling us to gain a meaningful presence in the Adelaide market.

Our acquisition of People Telecom's Perth Corporate business is also showing early benefits.

Our Amnet Division continued to build its business and reported its first profitable contribution to annual results with an EBITDA of $1.3 million. We have built the business from the ground up and believe it has many years of profitable growth ahead. It performed strongly during the year with subscriber numbers increasing by 43% to 13,950, and strong revenue growth of 30% producing $10.9 million of revenue.

Shareholder returns

During the year, shareholders received a final 2006 dividend of 0.375 cents per share fully franked. Shareholders (excluding Futuris Corporation Ltd) were also issued with a free 1 for 1 bonus share option in November 2006. These options are exercisable at 17 cents per share up until 31 December 2009. These options are also listed on the ASX under the code AMMO.

The board has also determined it is appropriate to reflect the improving fundamentals of the business by declaring an increase in dividend of 33% to 0.5 cents fully franked for the financial year ended 30 June 2007.

In determining the amount of this dividend the Directors have resolved to passing on the benefit of the iiNet Ltd dividend payment to Amcom shareholders as well as the distribution from the profits of the Amcom business.

The final 2007 dividend will be paid on 9 November 2007, to shareholders registered on the book as of 23 October 2007.

* Underlying financial information excludes share of profits in associated undertaking (iiNet Ltd) of $4,641,000 and the loss associated with the change in fair value of derivative of $1,079,000.

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CHAIRMAN'S REPORT

Appointment of Managing Director and Board Changes

During the year we had a successful transition with Mr. Clive Stein being appointed our new Managing Director. Clive has been with us for 7 years and worked closely with our former Managing Director Eddy Lee as our Chief Operating Officer. We are delighted that Clive has accepted the role of Managing Director and we believe he is well equipped and ready to take the company forward. We would also like to welcome Clive to the Board and are looking forward to Clive's contribution to future Board deliberations.

We also should recognise the contribution of Eddy Lee in both his role of Managing Director and his contribution to the board of Amcom. Under the six years of Eddy's stewardship significant shareholder value has been created with our market capitalisation increasing from $25 million to around $94 million at the end of June 2007.

In addition to Eddy's departure from the board, we have been advised that Andy McLean also intends to retire from the Board at the Annual General Meeting to pursue other business interests. Andy was a founder of the company, and a director since 2000. Andy has made a significant contribution to the development of the company over an extended period of time.

On behalf of the company, we would like to thank both Eddy and Andy for their dedicated service. We wish them all the best for the future and congratulate them both on a job well done.

We are seeking to fill the position left vacant by Andy with an independent non-executive director who can complement the Board composition.

Capital Position

Amcom has significantly strengthened its balance sheet during the year with a reduction in net debt to $7.2m at 30 June 2007, compared to $20.7m at 30 June 2006. This low level of gearing provides us with the opportunity to continue to pursue both organic growth and acquisitions.

Outlook

The Management and Board expect that we will maintain double digit growth in our Underlying net profit after tax.

The continued growth in the resources sector will underpin Amcom's revenue growth for several years and we are well placed to leverage our high speed network infrastructure advantage to meet the growing IT needs of the sector.

Our presence in Adelaide, the extraction of benefits of our Peopletel acquisition, building on our fibre customer base and growth in the DSL broadband space will be the platforms which provide us with further momentum for 2008 earnings growth.

Yours faithfully

Anthony J Grist

Chairman

28 September 2007

MANAGING DIRECTOR'S REPORT

I am pleased to announce that 2007 has been a year of substantial achievement for Amcom. We can now see early positive signs of investment decisions taken to diversify revenue streams and provide effective telecommunication solutions to our clients.

We have recorded a profit to shareholders after tax of $7.9m for the financial year ending 30 June 2007, significantly above the 2006 result of $4.8m.

The result includes the following significant items:
A share of equity accounted earnings from iiNet Ltd of $4.6m (after tax effect), and
A derivative loss of $0.8m (after tax) arising from the conversion of the Futuris loan to equity in the Company in November 2006.

We are delighted with the contribution from iiNet highlighting the significant value being generated from our 19.9% stake acquired in May 2006.

The once off derivative loss, as previously foreshadowed with shareholders, arose as a result of the change in the fair value of the derivative associated with the Futuris convertible note up to date of conversion.

It is pleasing to note that the 24% growth in underlying EBITDA to $10.4m was achieved on a solid increase in revenue of 17% to $36.7m. Amcom generated operating cash flow of $11.6m for the year a 38% increase on the last financial year. The operating cash flow for the year was consistent with underlying EBITDA with no significant movements in working capital.

During the year we continued to invest in the business with a further $8.2m in capital expenditure, of which $4.2m was customer connection related for Fibre and DSL and the balance for network infrastructure expansion. We also paid a further $0.7m to acquire shares in iiNet Ltd.

2007 Financial Highlights
Revenue up 17% to $36.7 million
EBITDA (underlying*) up 24% to $10.4 million
EBIT (underlying*) up 31% to $5.8 million
Profit before tax (underlying*) up 30% to $5.5 million
Net profit after tax (underlying*) up 26% to $4.1 million
Net profit after tax (reported) up 66% to $7.9million
EPS basic (reported) up 36.4% to 1.76 cents
EPS basic (underlying*) up 4.6% to 0.9 cents
Dividend up 33.3% to 0.5 cents

* Underlying financial information excludes share of profits in associated undertaking (iiNet Ltd) of $4,641,000 and the loss associated with the change in fair value of derivative $1,079,000.

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OPERATIONAL REVIEW

Amcom operates two business divisions - the Fibre Division and the Amnet Division, and we have our strategic holding in iiNet.

Over the 2007 financial year our strategic initiatives have delivered the following positive outcomes:

- profitable growth in the Amnet broadband business
- completion of the Adelaide metropolitan fibre infrastructure
- new products and technology
- acquisition of the Peopletel fibre business in Perth
- 20% stake in iiNet Ltd

Our ability to gain a meaningful presence in Adelaide, build on our fibre customer base and be a significant provider in the DSL broadband space will provide the momentum for 2008 earnings growth.

Fibre Division

The Fibre Division commenced its fibre rollout in 1999 and has since deployed over 1,087 km of high-speed metropolitan networks in Perth, Adelaide and Darwin, accessing 795 buildings. The Fibre Division has established extensive last mile networks servicing large blue chip corporates and government customers in strategic uncontested regional metropolitan centres. The division networks are maturing rapidly and this is being reflected in a comprehensive range of data and broadband products, faster connection provisioning times and excellence in customer service.

Despite competitive market pressures, the Fibre Division increased revenue in 2007 by 12% to \$25.6m. Organic growth together with the completion of the Sabrenet project and the contribution of the fibre business acquired contributed to this increase. The overall Fibre revenue growth combined with a relatively flat cost structure has enabled EBITDA to increase by 12% to \$11.2m from \$10.0m.

During the year \$7.4m was paid for business acquisitions of which the majority related to the acquisition of the Perth based fibre business of Peopletel.

Amcom now has one of the largest and most extensive data centre facilities in Perth. The newly acquired East Perth data centre has excess capacity that will accommodate the growing demand for secure off-site data storage. The 3 locations of Perth CBD, Osborne Park and East Perth are linked by high speed fibre and provide our customers with superior diverse hosting locations for business continuity purposes.

We view this as a strategic whole of business acquisition that will enhance Amcom's position to grow its revenue base in Perth fibre and data centre markets.

Amnet Division

The Amnet Division leverages the Company's physical fibre network to provide DSL broadband and voice services to Corporate, SME and residential clients over the Company owned fibre and DSL networks. The Amnet Division also provides sophisticated Information Technology (IT) services, including LAN/WAN, data centre and ISP services to larger corporate and government enterprises.

The Amnet Division continued its excellent performance over the 2007 financial year. Amnet increased its subscriber numbers by 43% to 13,950. This enhanced base has provided critical mass to turn the division's result from an EBITDA loss of \$0.2m in 2006 to a positive EBITDA of \$1.3m. The revenue grew by 30% to \$10.9m and the momentum gathered will see Amnet continue to perform strongly.

iiNet

iiNet Ltd equity accounted earnings for the year were $4.6m. iiNet Ltd recently reported an unaudited profit for the 2007 year of $23.2m and have declared a fully franked dividend of 5 per share cents payable in October 2007 with Amcom to receive $1.2m.

On the Amcom balance sheet the iiNet Ltd investment has increased from $15.9m at 30 June 2006 to $25.6m at 30 June 2007 although we should note that the market value of our holding was $47.6 million at the end of June 2007 ($43.5 million as at 19 September 2007).

Subsequent to the year end, we have purchased an additional 1,736,182 ordinary shares in iiNet Ltd for consideration of $2.8m which takes our interest in iiNet Ltd to just over 21%.

Capital Position and Outlook

Balance Sheet

	30 June 2007 $'000	30 June 2006 $'000
Shareholders' equity	89,310	57,416
Cash	5,062	4,589
Borrowings	12,256	25,276
Net debt	7,194	20,687
iiNet Ltd – investment *	25,649	15,914
NTA **	74,468	46,330
Gearing *** (%)	7.5%	26%
NTA ** per share (cents)	14.7c	12 c
Shares on issue ('000)	506,232	376,518

* equity accounted at 30 June 2007 (available for sale investment at 30 June 2006)
** calculated as Net assets less Goodwill and Intangible assets
*** calculated as Net debt / (Net debt + Shareholders' equity)

Net debt reduced to $7.2m at 30 June 2007 from $20.7m as at 30 June 2006 primarily due to the conversion of the $20.4m limited recourse convertible debt from Futuris to equity in November 2006 and the drawing of new bank debt for business acquisitions and re-financing purposes.

Overall with a gearing ratio of only 7.5% at the end of June 2007, this leaves us in a strong financial position to pursue further organic and strategic growth initiatives over 2008, and we anticipate delivering double digit growth on our underlying Net Profit after Tax.

Clive Stein

Managing Director & Chief Executive
28 September 2007

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THE BOARD OF DIRECTORS

This Corporate Governance Statement is provided in accordance with ASX Listing Rule 4.10. Under that listing rule companies are required to provide a statement disclosing the extent to which they have followed the best practice recommendations of the ASX Corporate Governance Council in the reporting period. Where companies have not followed all the recommendations, they must identify the recommendations that have not been followed and give reasons for not following them.

The Board of Directors of Amcom Telecommunications Ltd is responsible for corporate governance. The Board guides and monitors the business and affairs of the company on behalf of the shareholders by whom they are elected and to whom they are accountable.

Amcom Telecommunications Ltd's Corporate Governance Statement is structured with reference to the ASX Corporate Governance Council's principles and recommendations of March 2003, which are as follows:

Principle 1	Lay solid foundations for management and oversight
Principle 2	Structure the board to add value
Principle 3	Promote ethical and responsible decision making
Principle 4	Safeguard integrity in financial reporting
Principle 5	Make timely and balanced disclosure
Principle 6	Respect the rights of shareholders
Principle 7	Recognise and manage risk
Principle 8	Encourage enhanced performance
Principle 9	Remunerate fairly and responsibly
Principle 10	Recognise the legitimate interests of stakeholders

Amcom Telecommunications Ltd's corporate governance practices were in place throughout the year ended 30 June 2007 and were fully compliant with the Council's best practice recommendations.

Except for

Recommendation 2.1: A majority of the board should be independent directors

Currently there are three directors out of a total of seven at year end, that meet the definition of independent namely Messrs Warner, Clifton and as of 1 July 2007 Davies. Due to the size of the company and given the shareholding structure, this recommendation is difficult to comply with.

Recommendation 2.2: The Chairman should be an independent director.

The Chairman, Mr. Anthony Grist has a relevant interest in 4% of shares of the company and 11.7% of the options in the company. By virtue of this shareholding, he does not meet the definition of independent. However, it is not unusual for a company of Amcom's size not to comply with this recommendation. In light of this Mr. Grist does not sit on any of the Board's Committees.

Recommendation 2.4: The board should establish a nomination committee.

Due to the size of the company and the board a nomination committee had not been formed during the financial year. Since the year end, the Directors have renamed the Remuneration Committee to the Remuneration and Nomination Committee and have accordingly expanded its role.

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Recommendation 7.1: The board or appropriate board committee should establish policies on risk oversight and management (and therefore recommendations 7.2 and 7.3).

> The Board of Directors acknowledge that it is responsible for the overall internal control framework and risk management policies. The Directors intend to broaden the charter of the Audit Committee as well as to formalise a risk management structure within the company.

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

Structure of the Board

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

In the context of director independence, 'materiality' is considered from both the Company and individual director perspective. The determination of materiality requires consideration of both quantitative and qualitative elements. An item is presumed to be quantitatively immaterial if it is equal to or less than 5% of the appropriate base amount. It is presumed to be material (unless there is qualitative evidence to the contrary) if it is equal to or greater than 10% of the appropriate base amount. Qualitative factors considered include whether a relationship is strategically important, the competitive landscape, the nature of the relationship and the contractual or other arrangements governing it and other factors that point to the actual ability of the director in question to shape the direction of the Company's loyalty.

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

Ian Warner
Peter Clifton
Anthony Davies, from 1 July 2007

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

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

Name	**Date Appointed**
Ian Warner	March 1994
Anthony Grist	October 1997
Peter Clifton	September 1999
Andrew McLean	April 2000
Clive Stein	April 2000
Anthony Davies	October 2003
Les Wozniczka	February 2007

Performance

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

Audit Committee

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

The Committee also provides the Board with additional assurance regarding the reliability of financial information for inclusion in the financial reports. All members of the Audit Committee are non-executive directors.

The members of the Audit Committee during the year were:

Ian Warner (Chairman)
Mr. Warner has practiced as a commercial lawyer for over 25 years.

Anthony Davies

Mr. Davies is a Fellow of the Institute of Chartered Accountants and was Chief Financial Officer of Futuris Corporation Ltd. Previously he worked in areas of financial and risk management with public companies in Europe, North America and Australia.

Peter Clifton

Mr. Clifton has significant industry expertise gained as a telecommunications consultant. His expertise is in the areas of strategic and operational review over 25 years. This included 10 years establishing and managing Telstra's businesses in South East Asia, the Middle East and Europe. Mr. Clifton's clients include Asia Infrastructure Fund Advisors Ltd, Peregrine, Williams International, WorldxChange, KPMG and Leighton Visionstream.

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

Remuneration and Nomination Committee

It is the Company's objective to provide maximum stakeholder benefit from the retention of a high quality Board and executive team by remunerating directors and key executives fairly and appropriately with reference to relevant employment market conditions. To assist in achieving this objective, the Committee links the nature and amount of executive directors' and officers' remuneration to the Company's financial and operational performance.

The expected outcomes of the remuneration structure are:

- retention and motivation of key executives;
- attraction of high quality management to the Company; and
- performance incentives that allow executives to share in the success of the Company.

There is no scheme to provide retirement benefits to non-executive directors.

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

Peter Clifton (Chairman)
Ian Warner
Andy McLean

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

Subsequent to year end, the Committee was renamed as the Remuneration and Nomination Committee and have accordingly expanded its Charter.

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

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DIRECTORS REPORT

The directors of Amcom Telecommunications Ltd submit herewith the annual financial report of the Company for the financial year ended 30 June 2007. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

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

Directors

Mr. Anthony GRIST

non-executive Chairman

Joined the Board in 1997. After managing the corporate underwriting division of a Corporate Member of the Australian Stock Exchange, Mr. Grist formed a private investment group based in Perth, Western Australia, in 1991. He is also a director of iiNet Ltd. He has extensive international experience in the management of public companies.

Mr. Ian WARNER

non-executive Deputy Chairman

Joined the Board in 1994. Mr. Warner has practiced as a commercial lawyer for over 25 years. He is also a Director of Australia Post, Cape Bouvard Investments Pty Ltd and Rivaknar Properties (WA) Pty Ltd (a wholly owned subsidiary of two public companies).

Mr. Clive STEIN

Managing Director & Chief Executive Officer

Joined the Board in 2000. Mr. Stein has over 20 year's international experience in the electronics, computer and communications industries. He joined Amcom as General Manager in 1999 and was subsequently appointed to Chief Operating Officer. Mr. Stein's previous positions included various senior management roles in leading computer and electronic companies. His career, which commenced in the electronics industry in South Africa, has also included a number of engineering positions. Mr. Stein was appointed to the role of Managing Director and Chief Executive Officer on 1 July 2007

Mr. Andrew McLEAN

non-executive Director

Joined the Board in 2000. Mr. McLean, who has more than 20 years experience in the telecommunications industry, founded Amcom in 1988. He has experience in plant construction, maintenance and transmission systems for New Zealand Telecom and has worked on major projects in New Zealand, Australia, South America and South East Asia. Mr. McLean also had extensive involvement in the design and implementation of optical fibre networks and associated equipment.

Mr. Peter CLIFTON

non-executive Director

Joined the Board in 1999. A consultant with particular expertise in strategic and operational reviews of telecommunications business, Mr. Clifton has more that 25 years experience in the telecommunications industry and extensive international business experience. This included 10 years establishing and managing Telstra's businesses in South East Asia, the Middle East and Europe. Mr. Clifton's clients include Asia Infrastructure Fund Advisors Ltd, Peregrine, Williams International, WorldxChange, KPMG and Leighton Visionstream.

Mr. Chris FERGUSON

non-executive Director

Joined the Board in 2003. He is the General Manager in Information Systems of Elders Ltd. Mr. Ferguson is a qualified industrial engineer with extensive experience in process improvements and productivity methods. With Elders Ltd, he has had 20 years of experience at both the operational and information systems level, in particular with network communications. Appointed alternate director from 26 February 2007.

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Mr. Anthony DAVIES

non-executive Director

Joined the Board in 2003. He is a Chartered Accountant and was an executive of Futuris Corporation Ltd from 1989 until 2004, as the Chief Financial Officer for 11 years and latterly as Executive Director, Director of Integrated Tree Cropping Ltd, Chairman of Australian Plantation Timber Ltd. Previously he worked in areas of financial and risk management with public companies in Europe, North America and Australia.

Mr. Leslie WOZNICZKA

Non-executive Director

Joined the Board on 26 February 2007. He is the Executive Director, Chief Executive Officer and Managing Director of Futuris Corporation Ltd, Director of Futuris Automotive Group Ltd, Elders Australia Ltd, Westralia Property Management Ltd and Integrated Tree Cropping Ltd. Mr. Wozniczka was appointed Chief Executive Officer of Futuris Corporation Ltd on 1 July 2003, after having served in the role of Chief Operating Officer of Futuris since January 1999. He has been an executive director of Futuris since January 2002. Prior to joining Futuris, Mr. Wozniczka managed private investment interests and held senior management positions within the corporate service and investment banking sectors including the position of Director Corporate, Potter Warburg. Mr. Wozniczka also holds directorships in Australian Agricultural Company Ltd, Hi Fert Pty Ltd and Forest Enterprises Australia Ltd.

Mr. Eddy LEE

Managing Director & Chief Executive Officer

Joined the Board in 2000. Mr. Lee began his career with the Sheraton Corporation in Australia. A former President and CEO of Star Cruises based in Singapore, Mr. Lee is best known for successfully introducing, developing and transforming the cruise industry in Asia into a billion-dollar business. Mr. Lee has more than 20 years international business experience having held CEO positions with some of the major blue chip companies in Hong Kong, Singapore and Malaysia including CDL Hotel International (Hong Leong Group), Star Cruises and Resorts World (Genting Group). Mr. Lee resigned from both his positions on 30 June 2007.

Directorships of other listed companies

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

Name	Company	Period of Directorship
Mr. A Grist	*Hillgrove Resources Ltd*	*November 2002 – April 2005*
	Alto Energy Ltd	*January 2006 to 8 August 2007*
	iiNet Ltd	*Since July 2006*
Mr. E Lee	*Hailian International Ltd (formerly Amnet Ltd)*	*March 2000 – March 2005*
Mr. A Davies	*Integrated Tree Cropping Ltd*	*Since May 2002*
	Australian Plantation Timber Ltd	*Since April 2002*
	Chemeq Ltd	*Since May 2005*
Mr. L Wozniczka	*Futuris Corporation Ltd*	*Since January 2002*
	Westralia Property Management Ltd	
	Integrated Tree Cropping Ltd	
	Australian Agricultural Company Ltd	
	Forest Enterprises Australia Ltd	

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Company Secretaries

Mr. Malcolm Smartt **(Appointed 28 July 2006)** **(Resigned 31 January 2007)**	*Company Secretary* Mr. Smartt has held a number of senior finance positions within the resource sector over the past 20 years and performs the Finance and Company Secretarial functions for several listed resource companies.
Mr. Tian Kotze **(Appointed 19 September 2006)**	*Company Secretary* Mr. Kotze joined the company in September 2006 as the Group Financial Controller Mr. Kotze is a Chartered Accountant with 20 years financial management experience in several listed companies, initially in South Africa.
Mr. David Hinton **(Appointed 23 February 2007)**	*Company Secretary* Mr. Hinton was appointed Company Secretary in February 2007. He is a Chartered Accountant and member of Chartered Secretaries Australia Ltd. Mr. Hinton was previously Group Financial Controller of Futuris Corporation Ltd and prior to that held senior finance positions in Perth and London. Mr. Hinton is on secondment from Futuris Corporation Ltd.

Principal activities

Amcom Telecommunications Ltd is Western Australia's leading locally owned and operated fibre, DSL Broadband and Internet provider serving business customers of all sizes.

Review of Operations

Refer to the Managing Director's Report.

Changes in state of affairs

During the financial year the Company acquired the WA fibre business of People Telecom Ltd on 3 April 2007 for $6.6 million.

In November 2006, Futuris Administration Pty Ltd exercised its option to convert the convertible loan note into 120,282,352 shares in Amcom Telecommunications Ltd.

On 12 December 2006, bonus options were issued to all shareholders, excluding Futuris Corporation Ltd, on the basis of one option for every share held. The exercise price of the option is 17c each and is to be exercised on or before 31 December 2009.

The Company entered into an Additional Facility Agreement with Futuris Administration Pty Ltd to the amount of $30 million to be drawn by mutual agreement. This facility is interest free, for an 18 month period to 22 May 2008 and the lender has limited recourse.

Other that the above, there was no significant change in the state of affairs of the consolidated entity during the financial year.

Subsequent events

There has not been any matter or circumstance, other than that referred to in the financial statements or notes thereto, that has arisen since the end of the financial year, that has significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

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Future developments

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

Share options

Share options granted to directors and executives

There were no options issued to directors and executives in the current year other than the Bonus Options received on the same terms as ordinary shareholders, excluding Futuris Corporation Ltd. Refer Note 4 of the financial statements for further information.

Shares under option or issued on exercise of options

Details of unissued shares under option as at the date of this report are:

Issuing entity	Number of shares under option	Class of Shares	Exercise price of option	Expiry date of options
Amcom Telecommunications Ltd	1,500,000	Ordinary	$0.20	31/08/08
Amcom Telecommunications Ltd	272,102,311	Ordinary	$0.17	31/12/09

The holders of such options do not have the right, by virtue of the option, to participate in any share issue or interest issue of any other body corporate or registered scheme.

Details of shares or interests issued during or since the end of the financial year as a result of exercise of options are:

Issuing entity	Number of shares issued	Class of Shares	Amounts paid for shares	Amount unpaid on shares
Amcom Telecommunications Ltd	8,641,387	Ordinary	$0.14	Nil

Employee Share Option Plan

The Company has an existing Employee Share Option Plan. The issue of entitlements is at the discretion of the Board of Directors. Directors of the Company cannot be beneficiaries of this scheme without appropriate regulatory and shareholder approval. From time to time the Board of Directors will allocate options to employees of the Company subject to certain conditions. These terms and conditions will be decided by the Board from time to time having regard to various factors such as the current and potential contribution to the Company, period of employees' service with the company, and other matters the directors consider in their absolute discretion. The maximum number of options issued pursuant to the employee share option plan is 5% of the issued capital of the Company.

During the financial year, there were no options exercised that were granted under the Employee Share Options Plan.

Indemnification of officers and auditors

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

The Company has not otherwise, during or since the financial year, indemnified or agreed to indemnify an officer or auditor of the Company or of any related body corporate against a liability incurred as such an officer or auditor.

Directors' meetings

The following table sets out the number of directors' meetings (including meetings of committees of directors) held during the financial year and the number of meetings attended by each director (while they were a director or committee member). During the financial year, 13 board meetings, 2 remuneration committee meeting and 4 audit committee meetings were held.

Directors	Board of Directors		Remuneration Committee		Audit Committee	
	Held	Attended	Held	Attended	Held	Attended
Mr. A Grist	13	13	-	-	-	-
Mr. I Warner	13	12	2	1	4	4
Mr. E Lee	13	12	-	-	-	-
Mr. C Stein	13	13	-	-	-	-
Mr. A McLean	13	12	2	2	-	-
Mr. P Clifton	13	13	2	2	4	4
Mr. C Ferguson	13	11	-	-	-	-
Mr. A Davies	13	12	-	-	4	4
Mr. L Wozniczka	5	3	-	-	-	-

Directors' shareholdings

The following table sets out each director's relevant interest in the share capital of the Company as at the date of this report. Further details are included in note 33 to the financial statements.

Directors	Fully paid ordinary shares (i)	Share options (ii)	Convertible notes
Mr. A Grist	19,864,671	32,561,671	-
Mr. I Warner	2,000,000	2,000,000	-
Mr. C Stein	1,000,000	1,000,000	-
Mr. A McLean	10,100,000	15,100,000	-
Mr. P Clifton	2,813,555	3,313,555	-
Mr. C Ferguson	-	-	-
Mr. A Davies	-	1,000,000	-
Mr. L Wozniczka	-	-	-

(i) These include shares issued to directors pursuant to service contract entitlement.

(ii) These options were issued as part of the issue to all shareholders following approval of conversion of the Futuris Loan Note at the AGM in November 2006. For further information, refer note 4.

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Remuneration Report (audited)

This Remuneration Report outlines the director and executive remuneration arrangements of the Company and the Consolidated Entity in accordance with the requirements of the Corporations Act 2001 and its Regulations. It also provides the remuneration disclosures required by paragraphs Aus 25.4 to Aus 25.7.2 of AASB 124 Related Party Disclosures, which have been transferred to the Remuneration Report in accordance with Corporations Regulation 2M.6.04. For the purposes of this report Key Management Personnel (KMP) of the group are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the company and the group, directly or indirectly, including any director (whether executive or otherwise) of the parent company, and includes the five executives in the parent and the group receiving the highest remuneration.

For the purposes of this report, the term 'executive' encompasses the Chief Executive, senior executives, and secretaries of the parent and the group.

Remuneration committee

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

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

Remuneration philosophy

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

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

Remuneration structure

In accordance with best practice corporate governance, the structure of non-executive director and executive remuneration is separate and distinct.

Non-executive director remuneration

Objective

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

Structure

The Constitution and the ASX Listing Rules specify that the aggregate remuneration of non-executive directors shall be determined from time to time by a general meeting. The latest determination was at the Annual General Meeting held on 24 November 2006 when shareholders approved an aggregate remuneration of $360,000 per year.

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Remuneration Report (audited) – cont'd

The fee structure is reviewed annually. The Board considers advice from external consultants as well as the fees paid to non-executive directors of comparable companies when undertaking the annual review process.

Each director, except as otherwise noted, receives a fee for being a director of the Company. An additional fee is also paid for the Chairman and to any director that sits on a Board committee. The payment of additional fees recognises the additional time commitment required by the Chairman or directors who serve on one or more sub committees.

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

Executive remuneration

Remuneration consists of the following key elements:

- Fixed remuneration (base salary, superannuation and non-monetary benefits)
- Variable remuneration – discretionary cash bonus

With effect from 1 July 2007, the Company has established a short term incentive plan (STI) and long term incentive plan (LTI) as part of its review of executive remuneration.

Objective

The entity aims to reward executives with a level and mix of compensation commensurate with their position and responsibilities within the Company so as to:

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

Structure

In determining the level and make-up of executive compensation, the Remuneration Committee engaged an external consultant to provide independent advice in the form of a written report and discussions with the Committee as to executive remuneration structure.

Fixed Remuneration

Objective

Fixed compensation is reviewed annually by the Remuneration Committee. The process consists of a review of companywide, business unit and individual performance, relevant comparative compensation in the market and internally and, where appropriate, external advice on policies and practices. As noted above, the Committee has access to external advice independent of management.

Structure

Executives are given the opportunity to receive their fixed remuneration in a variety of forms including cash and fringe benefits such as motor vehicles and expense payment plans.

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Remuneration Report (audited) – cont'd

Variable remuneration – cash bonus

Bonuses to Directors and key management personnel are made at the discretion of the remuneration committee with no set performance criteria.

For the year ending 30 June 2008, the discretionary cash bonus scheme has been replaced by the short term and long term incentive plans. Further information on these plans is included below to illustrate the nature of the schemes in place.

Variable Remuneration – Short Term Incentive Plan

Objective

The Short Term Incentive Plan was commenced as of 1 July 2007 and has a term of three years. The objective of the STI Plan is to link the achievement of the company's targets with the annual compensation received by the senior executives charged with meeting those targets. The total potential STI available is set at a level so as to provide sufficient incentive to the executive to achieve profit and operational targets such that the cost to the company is reasonable in the circumstances.

Structure

Senior executives will become entitled to be paid a Short Term Incentive if the Company achieves its budgeted net profit for the year and its budgeted earnings before equity accounting, interest, tax, depreciation and amortisation, upon completion of the annual financial statements. The aggregate of Short Term Incentive payable in any year will be limited to the lesser of one third of base salary of senior executives under the Plan and 50% of the amount by which the actual earnings before equity accounting, interest, tax, depreciation and amortisation exceeds budget. The amount of Short Term Incentive paid to an individual senior executive, excluding the Chief Executive Officer, is calculated also having regard to performance against pre-determined operational targets. For the Chief Executive Officer the individual target is achievement of the budgeted underlying net profit after tax. The CEO can earn an additional bonus for Company profit out-performance but any STI paid to the CEO is limited to 50% of base salary in any one year.

Should the Company not achieve its budgeted net profit for the year but achieve its budgeted earnings before equity accounting, interest, tax, depreciation and amortisation, then the Board may at its absolute discretion waive this requirement and pay a Short Term Incentive calculated as if that condition precedent had been met or pay a lesser amount at the Boards absolute discretion.

Variable Remuneration – Long Term Incentive Plan

Objective

The Long Term Incentive Plan was commenced as of 1 July 2007 and has a term of three years. The objective of the LTI Plan is to reward executives in a manner that aligns this element of compensation with the creation of shareholder wealth. As such participation in the LTI Plan is only made available to senior executives who are able to influence the generation of shareholder wealth and thus have a direct impact on the Company's performance against the relevant long term performance hurdle.

Structure

All senior executives of the Company participate in the plan subject to meeting duration of service conditions. The LTI Plan is delivered in the form of cash at the end of the Plan in three years. There is no vesting of entitlements during the term. Should there be a change in control of the Company, other than by Futuris Corporation Ltd, entitlements to the Plan automatically vest. The maximum amount of long term incentive that can be paid is one third of the base salary for each year or part thereof.

Performance hurdle

The Company uses a relative Total Shareholder Return (TSR) as the performance hurdle. The use of a relative TSR based hurdle is currently market best practice as it ensures an alignment between comparative shareholder return and reward for its key management personnel.

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Remuneration Report (audited) – cont'd

In assessing whether the performance hurdles have been met, the Company compares its TSR for the relevant period with the S&P / ASX 200 Accumulation Index over the same period. The S&P / ASX 200 Accumulation Index is publicly available from Standard & Poors. Where the Company's TSR is equal to the S&P / ASX 200 Accumulation Index, then 50% of the Long Term incentive is paid. The percentage of Long Term incentive payable increases, pro-rata, to a maximum of 100% when the Company's TSR outperforms the S&P / ASX 200 Accumulation Index by 50%. The Directors will annually assess the appropriateness of the S&P / ASX 200 Accumulation Index and may adopt a different benchmark if the scheme's objectives are not being met.

Employment contracts

Chief Executive Officer

Mr. Stein is employed under a rolling employment contract. The contract has a six month termination notice period.

Other Executives

Mrs. Papandreou, Mr. Hinton and Mr. Kotze are employed under rolling employment contracts with one months notice period. Mr. Hinton is on a rolling secondment from Futuris Corporation Ltd.

Mr. Whiting is employed under a fixed term contract to 15 March 2009 with 28 days notice period.

Mr. Knee is engaged in a contract with an initial term to 30 October 2007 and thereafter with a three month notice period.

There are no termination provisions in respect of the above employment contracts.

Director and executive details

The directors of Amcom Telecommunications Ltd during the year were:

• Mr. A Grist	Chairman, non-executive
• Mr. I Warner	Deputy Chairman, non-executive,
• Mr. E Lee	Managing director/Chief Executive Officer *(resigned on 30 June 2007)*
• Mr. C Stein	Managing director/Chief Executive Officer *(from 1 July 2007, previously Chief Operating Officer)*
• Mr. A McLean	Director, non-executive
• Mr. P Clifton	Director, non-executive
• Mr. A Davies	Director, non-executive
• Mr. C Ferguson	Director, non-executive *(alternate from 26 February 2007; resigned on 27 September 2007))*
• Mr. L Wozniczka	Director, non-executive *(from 26 February 2007)*

The group executives of Amcom Telecommunications Ltd during the year were:

• Mrs. L Papandreou	General Manager – Sales & Marketing
• Mr. R Whiting	Chief Operating Officer *(from 15 March 2007, previously General Manager Network)*
• Mr. M Knee	General Manager – Consumer Business
• Mr. D Hinton	Company Secretary *(Chief Financial Officer from 26 February 2007 to 27 June 2007)*
• Mr. T Kotze	Group Financial Controller and Company Secretary *(from 19 September 2006)*
• Mr. S Day	Chief Financial Officer and Company Secretary *(resigned 4 September 2006)*
• Mr. M Smartt	Company Secretary *(from 28 July 2006 to 1 February 2007)*

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Remuneration Report (audited) – cont'd

Elements of director and executive remuneration

Remuneration packages contain the following key elements:

a) Salary/fees to companies employing the director/executive;

b) Benefits including superannuation, motor vehicle and other fringe benefits; and

c) Incentive schemes – shares and options under the employee share option plan

Non-executive Directors and the Chairman are remunerated by a fixed Director's fee, as permitted by the Company's Constitution. The Executive Directors and senior executives of the Company receive salary, benefits and incentives as part of their remuneration package as detailed above. The incentives comprise long-term option and share incentives. An employee option plan is in place and was approved by shareholders at the 2000 Annual Meeting of the Company.

The Board carries out an annual review of the performance of key executives. This is undertaken as part of the salary review process carried out for all staff, which has regard to individual performance, market conditions, agreed position descriptions and other relevant factors.

The Remuneration Committee has formalised a performance related bonus scheme based on industry norms which will take effect from 1 July 2007 as noted above. For the 2007 and 2006 financial years, no performance bonuses were paid therefore all remuneration disclosed below is not related to the company's performance.

Key Management Personnel Compensation

The aggregate compensation of the key management personnel of the consolidated entity and the company is set out below:

	Consolidated		Company	
	2007	2006	2007	2006
	$	$	$	$
(a) Short-term employee benefits	1,868,550	1,690,270	1,868,550	1,690,270
(b) Post-employment benefits	97,698	79,387	97,698	79,387
(c) Share-based payment	-	125,735	-	125,735
(d) Other long-term benefits	-	5,852	-	5,852
(e) Termination benefits	111,725	-	111,725	-
	2,077,973	1,901,244	2,077,973	1,901,244

Remuneration Report (audited) – cont'd

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

2007	Short Term			Post employment	Long term	Termination benefits	Share-based Payments		Totals
	Salary & fees $	Cash bonus (i) $	Non-monetary benefits $	Super annuation $	Other $	$	In-substance options (ii) $	Share options $	$
Non-executive directors									
Mr. A. Grist	120,000	-	-	-	-	-	-	-	120,000
Mr. I Warner	51,000	-	-	-	-	-	-	-	51,000
Mr. P Clifton	49,000	-	-	-	-	-	-	-	49,000
Mr. A Davies	45,000	-	-	-	-	-	-	-	45,000
Mr. A McLean	39,000	-	-	-	-	-	-	-	39,000
Mr. C Ferguson	36,000	-	-	-	-	-	-	-	36,000
Mr. L Wozniczka	13,333	-	-	-	-	-	-	-	13,333
	353,333	-	-	-	-	-	-	-	353,333
Executive directors									
Mr. E Lee	351,000	-	100,594	-	-	-	-	-	451,594
Mr. C Stein	241,832	23,108	35,734	21,607	-	-	-	-	322,281
	592,832	23,108	136,328	21,607	-	-	-	-	773,875
Executives									
Mr. S Day	63,380	-	-	3,761	-	111,725	-	-	178,866
Mr. D Hinton	70,581	-	-	6,352	-	-	-	-	76,933
Mr. M Knee	120,000	-	7,886	-	-	-	-	-	127,886
Mr. T Kotze	121,355	-	-	10,922	-	-	-	-	132,277
Mrs. L Papandreou	150,651	5,000	7,622	13,559	-	-	-	-	176,832
Mr. M Smartt	24,929	-	-	-	-	-	-	-	24,929
Mr. R Whiting	156,008	5,000	30,537	41,497	-	-	-	-	233,042
	706,904	10,000	46,045	76,091	-	111,725	-	-	950,765
Total	1,653,069	33,108	182,373	97,698	-	111,725	-	-	2,077,973

(i) Discretionary end of year bonus granted by the Managing Director on 8 September 2006. No service or performance criteria were attached.

(ii) The value of the in-substance share options is based on the Black Scholes valuation method. Refer Note 4 for further information.

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Remuneration Report (audited) – cont'd

The compensation of each member of the key management personnel of the consolidated entity and company for 2006 is set out below:

2006	Short Term			Post employment	Long term	Share-based Payments		Totals
	Salary & fees $	Non-monetary benefits $	Others $	Super-annuation $	Other $	In-substance options (i) $	Share options (ii) $	$
Non-executive directors								
Mr. A. Grist	171,360	-	-	-	-	32,175	-	203,535
Mr. A McLean	24,000	-	-	2,160	-	-	-	26,160
Mr. P Clifton	48,000	-	-	4,320	-	-	-	52,320
Mr. I Warner	36,000	-	-	3,240	-	-	-	39,240
Mr. R Sayers	29,700	-	7,000	-	-	-	-	36,700
Mr. A Davies	24,000	-	-	2,160	-	-	-	26,160
Mr. C Ferguson	24,000	-	-	2,160	-	-	-	26,160
	357,060	-	7,000	14,040	-	32,175	-	410,275
Executive directors								
Mr. E Lee	331,000	29,186	-	-	-	12,066	-	372,252
Mr. C Stein	205,000	14,587	-	18,450	4,035	8,044	-	250,116
	536,000	43,773	-	18,450	4,035	20,110	-	622,368
Executives								
Mrs. L Papandreou	134,438	-	-	12,385	-	-	-	146,823
Mr. R Whiting	178,306	-	-	16,062	1,817	-	-	196,185
Mr. K Allen	160,000	-	-	-	-	-	-	160,000
Mr. S Day	204,884	-	-	18,450	-	-	73,450	296,784
Mr. F Strauss (iii)	61,434	-	-	-	-	-	-	61,434
Mr. M Burke (iv)	7,375	-	-	-	-	-	-	7,375
	746,437	-	-	46,897	1,817	-	73,450	868,601
Total	1,639,497	43,773	7,000	79,387	5,852	52,285	73,450	1,901,244

(i) The value of the in-substance share options is based on the Black Scholes valuation method. Refer Note 4 for further information.

(ii) Mr. S Day was granted 1.5 million share options under the executive share option plan on 31 August 2005 at an exercise price of 20 cents. 750,000 vested immediately with the further 750,000 vesting after eighteen months. There are no performance conditions attached. The value of the share options disclosed above is based on the Black Scholes valuation method. Refer Note 4 for further information.

(iii) Resigned on 31 October 2005.

(iv) Resigned on 1 July 2005.

None of the above elements of director's remuneration are linked to performance. The above equity component of remuneration is not dependent on the satisfaction of performance conditions as the remuneration committee has not formalised a performance related bonus scheme for the 2006 and 2007 year.

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Remuneration Report (audited) – cont'd

Value of options issued to directors and executives

There were no options issued to directors and executives in the current year other than Bonus Options received on the same terms as ordinary shareholders, excluding Futuris Corporation Ltd. Refer Note 4 of the financial statements for further information.

In-substance share options

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

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

The loans have been treated as in-substance share options following the adoption of AASB 2 *Share based payments*. The number of in-substance share options in existence as at 30 June 2007 is 6,195,000 (2006: 6,195,000). No additional in-substance options were granted within either the current or prior year. The benefit in relation to these in-substance options has been calculated using the Black Scholes model and is disclosed within the remuneration tables.

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Dividends

In respect of the financial year ended 30 June 2006, as detailed in the directors' report for that financial year, a final dividend of 0.375 cents per shares franked to 100% at 30% corporate income tax rate was paid to the holders of fully paid ordinary shares on 8 November 2006.

Subsequent to year end, the Directors recommend the payment of a final dividend of 0.5 cents per share franked to 100% at 30% corporate income tax rate to the holders of fully paid ordinary shares on 23 October 2007.

Non-audit services

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

Auditor's independence declaration

The auditor's independence declaration is included on page 25 of the annual report.

Rounding off of amounts

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

Signed in accordance with a resolution of the directors made pursuant to s.298(2) of the Corporations Act 2001.

On behalf of the Directors

Anthony Grist

Chairman

Perth, Western Australia

28 September 2007

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The Board of Directors
Amcom Telecommunications Limited
Level 18
44 St Georges Terrace
Perth WA 6000

28 September 2007

Dear Board Members

Amcom Telecommunications Limited

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Amcom Telecommunications Limited.

As lead audit partner for the audit of the financial statements of Amcom Telecommunications Limited for the financial year ended 30 June 2007, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Peter Rupp
Chartered Accountants
Perth

Member of
Deloitte Touche Tohmatsu

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Independent auditor's report to the members of Amcom Telecommunications Limited

We have audited the accompanying financial report of Amcom Telecommunications Limited, which comprises the balance sheet as at 30 June 2007, and the income statement, cash flow statement and statement of changes in equity for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year as set out on pages 28 to 79.

As permitted by the *Corporations Regulations 2001*, the company has disclosed information about the compensation of key management personnel ("compensation disclosures"), as required by paragraphs Aus 25.4 to Aus 25.7.2 of Accounting Standard AASB 124 *Related Party Disclosures* ("AASB 124") under the heading "remuneration report" on pages 16 to 23 of the directors' report, and not in the financial report.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the 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. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the consolidated financial statements comply with International Financial Reporting Standards.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are

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appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Auditor's Independence Declaration

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Auditor's Opinion

In our opinion:

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

   (i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2007 and of their performance for the year ended on that date; and

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

(b) the compensation disclosures that are contained on pages 16 to 23 under the heading "remuneration report" of the directors' report comply with paragraphs Aus 25.4 to Aus 25.7.2 of Accounting Standard AASB 124 *Related Party Disclosures*; and

(c) the consolidated financial statements and notes also comply with International Financial Reporting Standards as disclosed in Note 1.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Peter Rupp
Partner
Chartered Accountants
Perth, 28 September 2007

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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.

b) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the company and consolidated entity; and

c) the directors have been given the declarations required by s.295A of the Corporations Act 2001.

Signed in accordance with a resolution of the directors made pursuant to s.295(5) of the Corporations Act 2001.

On behalf of the Directors

Anthony GRIST

Director

Perth, Western Australia

28 September 2007

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Amcom Telecommunications Limited

INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2007

		Consolidated		Company	
	Note	2007 $'000	2006 $'000	2007 $'000	2006 $'000
Revenue	2 (a)	36,700	31,488	4,918	197
Share of net profits of associate using the equity method		4,641	-	-	-
Other (loss) / income	2 (b)	(1,079)	2,240	(1,079)	2,240
Changes in inventories of finished goods	2 (c)	(785)	(702)	-	-
Network costs		(9,326)	(7,672)	-	-
Project related costs – contractors		(3,471)	(2,865)	-	-
Employee benefits expense	2 (c)	(7,795)	(7,698)	(800)	(763)
Accommodation expense		(763)	(561)	-	(12)
Marketing expense		(1,024)	(918)	(124)	(71)
Finance costs	2 (c)	(422)	(422)	(30)	(156)
Depreciation & amortisation expenses	2 (c)	(4,607)	(3,954)	(17)	(16)
Impairment of non-current assets		-	(6)	-	-
Other expenses		(2,961)	(2,428)	(1,565)	(660)
Profit before tax		9,108	6,502	1,303	759
Income tax (expense) / income	3 (a)	(1,161)	(1,706)	1,022	(343)
Net Profit attributable to equity holders of the parent entity		7,947	4,796	2,325	416
Earnings per share:					
Basic (cents per share)	25	1.76	1.29	-	-
Diluted (cents per share)	25	1.61	1.21	-	-

Notes to the financial statement are included on pages 34-79

Amcom Telecommunications Limited

BALANCE SHEET
AS AT 30 JUNE 2007

	Note	Consolidated 2007 $'000	Consolidated 2006 $'000	Company 2007 $'000	Company 2006 $'000
Current assets					
Cash and cash equivalents	34(a)	5,062	4,589	495	2,095
Trade and other receivables	6	5,355	8,556	20	39
Derivative financial asset	9	-	2,240	-	2,240
Other financial assets	10(b)	-	15,914	-	15,914
Inventories	7	1,115	1,107	-	-
Other	8	429	590	34	40
Total current assets		11,961	32,996	549	20,328
Non-current assets					
Investment accounted for using equity method	11	25,649	-	-	-
Other financial assets	10(a)	-	-	76,687	51,060
Property, plant and equipment	12	59,352	49,156	95	112
Deferred tax asset	3(c)	1,259	978	10	55
Goodwill	13	14,615	10,887	-	-
Other intangible assets	14	227	199	-	-
Total non-current assets		101,102	61,220	76,792	51,227
Total assets		113,063	94,216	77,341	71,555
Current liabilities					
Trade and other payables	16	5,810	6,654	361	359
Deferred revenue		3,469	2,951	-	-
Borrowings	17	9,143	21,367	231	20,453
Current tax liabilities		1,054	343	1,054	343
Provisions	18	569	423	-	-
Total current liabilities		20,045	31,738	1,646	21,155
Non-current liabilities					
Borrowings	19	3,113	3,909	-	270
Provisions	20	30	68	-	-
Deferred tax liabilities	3(c)	565	1,085	25	732
Total non-current liabilities		3,708	5,062	25	1,002
Total liabilities		23,753	36,800	1,671	22,157
Net assets		89,310	57,416	75,670	49,398
Equity					
Issued capital	22	95,288	74,564	95,288	74,564
Employee equity settled benefits reserve	23	426	426	426	426
Available for sale revaluation reserve	23	-	(4,635)	-	(4,635)
Accumulated Losses	24	(6,404)	(12,939)	(20,044)	(20,957)
Total equity		89,310	57,416	75,670	49,398

Notes to the financial statement are included on pages 34-79

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STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2007

	Issued Capital $'000	Employee Equity – Settled Benefits Reserve $'000	Available for Sale Revaluation Reserve $'000	Accumulated Losses $'000	Total Equity $'000
Consolidated					
At 30 June 2005	73,601	308	-	(16,817)	57,092
Unrealised loss on available for sale assets	-	-	(4,635)	-	(4,635)
Net income recognised directly in equity	-	-	(4,635)	-	(4,635)
Profit for the year	-	-	-	4,796	4,796
Total recognised in income and expense	-	-	(4,635)	4,796	161
Share based payments	-	118	-	-	118
Partial repayment of share based loans to directors	24	-	-	-	24
Issue of shares through conversion of notes	939	-	-	-	939
Dividends paid	-	-	-	(918)	(918)
At 30 June 2006	74,564	426	(4,635)	(12,939)	57,416
Reversal of unrealised loss on available for sale assets	-	-	4,635	-	4,635
Net income recognised directly in equity	-	-	4,635	-	4,635
Profit for the year	-	-	-	7,947	7,947
Total recognised income and expense		-	4,635	7,947	12,582
Conversion of loan	20,448	-	-	-	20,448
Conversion of loan – unwinding of derivative	(813)	-	-	-	(813)
Exercise of options	1,222	-	-	-	1,222
Shares issue costs	(210)	-	-	-	(210)
Issue of shares through conversion of notes	77	-	-	-	77
Dividends paid	-	-	-	(1,412)	(1,412)
At 30 June 2007	95,288	426	-	(6,404)	89,310

Notes to the financial statement are included on pages 34-79

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STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2007

	Issued Capital $'000	Employee Equity-settled Benefits Reserve $'000	Available for Sale Revaluation Reserve $'000	Accumulated Losses $'000	Total Equity $'000
Company					
At 30 June 2005	73,601	308	-	(20,455)	53,454
Unrealised loss on available for sale assets	-	-	(4,635)	-	(4,635)
Net income recognised directly in equity	-	-	(4,635)	-	(4,635)
Profit for the year	-	-	-	416	416
Total recognised in income and expense	-	-	(4,635)	416	(4,219)
Share based payments	-	118	-	-	118
Partial repayment of share based loans to directors	24	-	-	-	24
Issue of shares through conversion of notes	939	-	-	-	939
Dividends paid	-	-	-	(918)	(918)
At 30 June 2006	74,564	426	(4,635)	(20,957)	49,398
Reversal of unrealised loss on available for sale assets	-	-	4,635	-	4,635
Net income recognised directly in equity	-	-	4,635	-	4,635
Profit for the year	-	-	-	2,325	2,325
Total recognised income and expense	-	-	4,635	2,325	6,960
Conversion of loan	20,448	-	-	-	20,448
Conversion of loan – unwinding of derivative	(813)	-	-	-	(813)
Exercise of options	1,222	-	-	-	1,222
Shares issue costs	(210)	-	-	-	(210)
Issue of shares through conversion of notes	77	-	-	-	77
Dividends paid	-	-	-	(1,412)	(1,412)
At 30 June 2007	95,288	426	-	(20,044)	75,670

Notes to the financial statement are included on pages 34-79

CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2007

	Note	Consolidated 2007 $'000	Consolidated 2006 $'000	Company 2007 $'000	Company 2006 $'000
Cash flows from operating activities					
Receipts from customers		40,678	28,499	-	40
Payments to suppliers and employees		(28,029)	(19,553)	(1,954)	(1,339)
Interest received		154	245	67	197
Interest and other costs of finance paid		(422)	(422)	(30)	(156)
Income tax (paid)/received		(903)	(387)	(785)	668
Dividend received		251	-	251	-
Net cash provided by/(used in) operating activities	34(c)	11,729	8,382	(2,451)	(590)
Cash flows from investing activities					
Payment for property, plant and equipment		(8,206)	(9,421)	-	(84)
Payment for acquisition of equity investment		(709)	(20,550)	(709)	(20,550)
Payment for acquisition of businesses	31	(6,618)	(1,512)	-	-
Net cash (used in)/provided by investing activities		(15,533)	(31,483)	(709)	(20,634)
Cash flows from financing activities					
Proceeds from issues of equity securities		1,222	-	1,222	-
Payment of share issues costs		(210)	-	(210)	-
Proceeds from borrowings		8,534	20,448	-	20,448
Proceeds from finance leases and hire purchase liabilities		-	127	-	7
Repayment of borrowings		(3,857)	(269)	(5)	-
Amounts paid to related subsidiaries		-	-	-	(2,407)
Amounts received from subsidiaries		-	-	1,965	-
Dividends paid		(1,412)	(918)	(1,412)	(918)
Net cash provided by/(used in) financing activities		4,277	19,388	1,560	17,130
Net increase / (decrease) in cash and cash equivalents		473	(3,713)	(1,600)	(4,094)
Cash and cash equivalents at the beginning of the financial year		4,589	8,302	2,095	6,189
Cash and cash equivalents at the end of the financial year	34(a)	5,062	4,589	495	2,095

Notes to the financial statement are included on pages 34-79

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1. Summary of accounting policies

Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with the Corporations Act 2001, Accounting Standards and Interpretations, and complies with other requirements of the law. The financial report includes the separate financial statements of the company and the consolidated financial statements of the group. Accounting Standards include Australian equivalents to International Financial Reporting Standards ('A-IFRS'). Compliance with the A-IFRS ensures that the consolidated financial statements and notes of the consolidated entity comply with International Financial Reporting Standards ('IFRS'). The parent entity financial statements and notes also comply with IFRS except for the disclosure requirements in IAS 32 'Financial Instruments: Disclosure and Presentation' as the Australian equivalent Accounting Standard, AASB 132 'Financial Instruments: Disclosure and Presentation' does not require such disclosures to be presented by the parent entity where its separate financial statements are presented together with the consolidated financial statements of the consolidated entity.

In the current year, the consolidated entity has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for the current annual reporting period.

The adoption of these new and revised Standards and Interpretations has resulted in changes to the Group's accounting policies in the following areas that have affected the amounts reported for the current or prior years:

- financial guarantee contracts (AASB 2005-09 'Amendments to Australian Accounting Standards').

The adoption of these new and revised Standards and Interpretations has also resulted in a change to the Group's accounting policies in relation to business combinations involving entities under common control. Such business combinations were formerly within the scope of AASB 3 'Business Combinations', but are now scoped out of that Standard by AASB 2005-6 'Amendments to Australian Accounting Standards'.

The impact of these changes in accounting policies is discussed below:

Accounting for financial guarantee contracts

The AASB released AASB 2005-9 'Amendments to Australian Accounting Standards' in September 2005. AASB 2005-9 amends AASB 139 'Financial Instruments: Recognition and Measurement' to require certain financial guarantee contracts to be recognised in accordance with AASB 139 and measured initially at their fair values, and subsequently measured at the higher of the amount recognised as a provision and the amount initially recognised less cumulative amortisation in accordance with the revenue recognition policies described in note 1(r).

The changes introduced by AASB 2005-9 are applied by the Group with effect from the beginning of the comparative reporting period presented in this financial report (i.e., with effect from 1 July 2005).

The Company is party to a financial guarantee contract where Amcom Telecommunications Ltd has provided a financial guarantee to an entity external to the group (ZTE Corporation) in relation to the finance facility extended to Amcom Pty Ltd. Amcom Telecommunications Ltd (the company) is also party to a deed of cross guarantee with other entities in the group. The nature of the deed of cross guarantee is such that each company which is party to the deed guarantees, to each creditor, payment in full of any debt in accordance with the deed of cross guarantee. This amendment has no effect on the financial statements of the Company or Group.

The application of these amendments results in such financial guarantee contracts now being recognised and measured at the higher of the best estimate of the expenditure required to settle the obligation and the amount initially recognised less, where appropriate, cumulative amortisation.

The financial statements were authorised for issue by the directors on 28 September 2007.

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1. Summary of accounting policies (cont'd)

Basis of preparation

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

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

Critical accounting judgements and key sources of estimation uncertainty

In the application of the consolidated entity's accounting policies, management is required to make judgments, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgments. Actual results may differ from these estimates.

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

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

Impairment of goodwill

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

The carrying amount of goodwill at the balance sheet date was $14,615,000 (2006: $10,887,000), refer to note 13.

Useful lives of network infrastructure

As described in note 1(p), the Group reviews the estimated useful lives of property, plant and equipment including network infrastructure at the end of each annual reporting period. The directors are of the opinion that the useful economic life of network infrastructure ranges between 5 and 20 years depending on the nature of the component parts. Should the actual lives of these component parts be significantly different this would impact the depreciation charge arising. The useful economic life is management's best estimate based on historical experience and industry knowledge.

The carrying amount of network infrastructure at the balance sheet date was $56,493,000 (2006: $45,855,000), refer to note 12.

Significant accounting policies

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

(a) Borrowings

Borrowings are recorded initially at fair value, net of transaction costs. Subsequent to initial recognition, borrowings are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in profit and loss over the period of the borrowing using the effective interest rate method.

Borrowing costs relating to qualifying assets are capitalised.

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1. Summary of accounting policies (cont'd)

(b) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash in banks and investments in money market instruments, net of outstanding bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

(c) Derivative financial instruments

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in profit or loss immediately. The consolidated entity does not enter into derivative financial instruments to either minimise risk or for speculative purposes. The only derivative instruments present relate to embedded derivatives.

Embedded derivatives
Derivatives embedded in other financial instruments or other host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of host contracts and the host contracts are not measured at fair value with changes in fair value recognised in profit or loss.

(d) Employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave, long service leave, and sick leave when it is probable that settlement will be required and they are capable of being measured reliably.

Liabilities recognised in respect of employee benefits expected to be settled within 12 months, are measured at the present value of the estimated future cash outflows to be made by the Group in respect of services provided by employees up to reporting date.

Defined contribution plans
Contributions to defined contribution superannuation plans are expensed when incurred.

(e) Financial assets

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

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

Other financial assets are classified into the following specified categories: financial assets, 'available-for-sale' financial assets, and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Available for sale financial assets
Certain shares held by the consolidated entity are classified as being available for sale and are stated at fair value. Fair value is determined in the manner described in note 35. Gain and loss arising from the changes in fair value are recognised directly in the available for sale revaluation reserve, until the investment is disposed of or is determined to be impaired at which time the cumulative gain or loss previously recognised in the available for sale revaluation reserve is included in profit or loss for the period.

Loans and receivables
Trade receivables, loans, and other receivables are recorded at amortised cost less impairment.

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1. Summary of accounting policies (cont'd)

(e) Financial assets (cont'd)

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period.
Income is recognised on an effective interest rate basis for debt instruments other than those financial assets 'at fair value through profit or loss'.

Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that as a result of one or more events that occurred after the initial recognition of the financial asset the estimated future cash flows of the investment have been impacted. For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.
The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. When a trade receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.
With the exception of available-for-sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.
In respect of available-for-sale equity instruments, any subsequent increase in fair value after an impairment loss is recognised directly in equity.

(f) Financial instruments issued by the company

Debt and equity instruments

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

Compound instruments

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

Transaction costs on the issue of equity instruments

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

Interest and dividends

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

Financial guarantee contract liabilities

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

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1. Summary of accounting policies (cont'd)

(g) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except: where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or for receivables and payables which are recognised inclusive of GST.
The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables. Cash flows are included in the cash flow statement on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

(h) Goodwill

Goodwill acquired in a business combination is initially measured at its cost, being the excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. Goodwill is subsequently measured at its cost less any impairment losses.
For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units (CGUs), or groups of CGUs, expected to benefit from the synergies of the business combination. CGUs (or groups of CGUs) to which goodwill has been allocated are tested for impairment annually, or more frequently if events or changes in circumstances indicate that goodwill might be impaired.
If the recoverable amount of the CGU (or group of CGUs) is less than the carrying amount of the CGU (or groups of CGUs), the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the CGU (or groups of CGUs) and then to the other assets of the CGU (or groups of CGUs) pro-rata on the basis of the carrying amount of each asset in the CGU (or groups of CGUs). An impairment loss recognised for goodwill is recognised immediately in profit or loss and is not reversed in a subsequent period.
On disposal of an operation within a CGU, the attributable amount of goodwill is included in the determination of the profit or loss on disposal of the operation

(i) Intangible assets

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

<u>Brand name and customer base</u>
Brand names and customer base are recorded at cost less accumulated amortisation and impairment. Amortisation is charged on a straight line basis over their estimated useful lives of 5 years. The estimated useful life and amortisation method is reviewed at the end of each annual reporting period. Refer also note (j).

(j) Impairment of other tangible and intangible assets

At each reporting date, the consolidated entity reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the consolidated entity estimates the recoverable amount of the cash-generating unit to which the asset belongs. Goodwill, intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually and whenever there is an indication that the asset may be impaired. An impairment of goodwill is not subsequently reversed.

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1. Summary of accounting policies (cont'd)

(j) Impairment of other tangible and intangible assets (cont'd)

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

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase.

(k) Income tax

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

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

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

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries except where the consolidated entity is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.
Deferred tax assets arising from deductible temporary differences associated with these investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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

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

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1. Summary of accounting policies (cont'd)

(k) Income tax (cont'd)

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

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

Due to the existence of a tax funding arrangement between the entities in the tax consolidated group, amounts are recognised as payable to or receivable by the company and each member of the group in relation to the tax contribution amounts paid or payable between the parent entity and the other members of the tax-consolidated group in accordance with the arrangement. Further information about the tax funding arrangement is detailed in note 3 to the financial statements. Where the tax contribution amount recognised by each member of the tax-consolidated group for a particular period is different to the aggregate of the current tax liability or asset and any deferred tax asset arising from unused tax losses and tax credits in respect of that period, the difference is recognised as a contribution from (or distribution to) equity participants.

(l) Inventories

Inventories are valued at the lower of cost and net realisable value. Costs, including an appropriate portion of fixed and variable overhead expenses, are assigned to inventory on hand by the method most appropriate to each particular class of inventory, with the majority being valued on a first in first out basis. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

(m) Leased assets

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

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

Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the consolidated entity's general policy on borrowing costs. Refer to note 1(a).

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

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

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1. Summary of accounting policies (cont'd)

(m) Leased assets (cont'd)

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

(n) Payables

Trade payables and other accounts payable are recognised when the consolidated entity becomes obliged to make future payments resulting from the purchase of goods and services.

(o) Principles of consolidation

The consolidated financial statements are prepared by combining the financial statements of all the entities that comprise the consolidated entity, being the company (the parent entity) and its subsidiaries as defined in Accounting Standard AASB 127 'Consolidated and Separate Financial Statements'. A list of subsidiaries appears in note 30 to the financial statements. Consistent accounting policies are employed in the preparation and presentation of the consolidated financial statements.

On acquisition, the assets, liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill. If, after reassessment, the fair values of the identifiable net assets acquired exceed the cost of acquisition, the excess is credited to profit and loss in the period of acquisition.

The interest of minority shareholders is initially measured at the minority's proportion of the net fair value of the assets and liabilities recognised.

The consolidated financial statements include the information and results of each subsidiary from the date on which the company obtains control and until such time as the company ceases to control such entity.

In preparing the consolidated financial statements, all intercompany balances and transactions, and unrealised profits arising within the consolidated entity are eliminated in full.

(p) Property, plant and equipment

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

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

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

Network Infrastructure	4 – 20%
Leasehold Improvements	5 – 25%
Plant and equipment	10 – 25%
Furniture & Fittings	7 – 25%
Motor Vehicles	20%

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1. Summary of accounting policies (cont'd)

(q) Provisions

Provisions are recognised when the consolidated entity has a present obligation, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that recovery will be received and the amount of the receivable can be measured reliably.

(r) Revenue recognition

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

Bandwidth Capacity
Revenue from a contract to provide bandwidth capacity is recognised on an accrual basis at the point where the bandwidth capacity has been provided and is in accordance with the contract terms. Billings are done one month in arrears.

Rendering of services
Revenue from a contract to provide services is recognised by reference to the stage of completion of the contract.

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

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

(s) Share-based payments

Equity-settled share-based payments granted after 7 November 2002 that were unvested as of 1 January 2005, are measured at fair value at the date of grant. Fair value is measured by use of the Black-Scholes model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the consolidated entity's estimate of shares that will eventually vest.

(t) Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the purchase method. The cost of the business combination is measured as the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under AASB 3 'Business Combinations' are recognised at their fair values at the acquisition date, except for non-current assets (or disposal groups) that are classified as held for sale in accordance with AASB 5 'Non-current Assets Held for Sale and Discontinued Operations', which are recognised and measured at fair value less costs to sell.

1. Summary of accounting policies (cont'd)

(t) Business combinations (cont'd)

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in profit or loss.

The interest of minority shareholders in the acquiree is initially measured at the minority's proportion of the net fair value of the assets, liabilities and contingent liabilities recognised.

(u) AASB accounting standards issued but not yet effective
Standards and Interpretations in issue not yet adopted
At the date of authorisation of the financial report, a number of Standards and Interpretations including those Standards and Interpretations issued by the IASB / IFRIC where an Australian equivalent has not been made by the AASB, were in issue but not yet effective.
Initial application of the following Standards will not affect any of the amounts recognised in the financial report, but will change the disclosures presently made in relation to the consolidated entity's and the company's financial report:

Standard	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 7 'Financial Instruments: Disclosures' and consequential amendments to other accounting standards resulting from its issue	1 January 2007	30 June 2008
AASB 101 'Presentation of Financial Statements' – revised standard	1 January 2007	30 June 2008
AASB 2007-7 'Amendments to Australian Accounting Standards'	1 July 2007	30 June 2008
AASB 8 'Operating Segments'	1 January 2009	30 June 2010

Initial application of the following Standards and Interpretations is not expected to have any material impact to the financial report of the consolidated entity and the company:

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB Interpretation 10 'Interim Financial Reporting and Impairment'	1 November 2006	30 June 2008
AASB Interpretation 11 'AASB 2 – Group and Treasury Share Transactions'	1 March 2007	30 June 2008
AASB 2007-1 'Amendments to Australian Accounting Standards arising from AASB Interpretation 11'	1 March 2007	30 June 2008
AASB Interpretation 12 'Service Concession Arrangements'	1 January 2008	30 June 2009
AASB 2007-2 'Amendments to Australian Accounting Standards arising from AASB Interpretation 12'	1 January 2008	30 June 2009
AASB 2007-4 'Amendments to Australian Accounting Standards arising from ED 151 and Other Amendments'	1 July 2007	30 June 2008
AASB Interpretation 13 'Customer Loyalty Programmes'	1 July 2008	30 June 2009
AASB Interpretation 14 'AASB 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction'	1 January 2008	30 June 2009
AASB 123 'Borrowing Costs' – revised standard	1 January 2009	30 June 2010
AASB 2007-6 'Amendments to Australian Accounting Standards arising from AASB 123'	1 January 2009	30 June 2010
IAS 1 (Revised) 'Presentation of Financial Statements'	1 January 2009	30 June 2010

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AASB Interpretation 10

AASB 134 'Interim Financial Reporting' requires an entity to apply the same accounting policies in its interim financial report as are applied in its annual financial report. It also states that measurements for interim reporting purposes are made on a year-to-date basis so that the frequency of reporting does not affect an entity's annual reports. AASB Interpretation 10 clarifies that an entity cannot reverse an impairment loss recognised in a previous interim period in relation to goodwill or either an investment in an equity instrument or in a financial asset carried at cost.

This approach is consistent with impairment reversal prohibitions in AASB 136 'Impairment of Assets' and AASB 139 'Financial Instruments: Recognition and Measurement'.

AASB Interpretation 10 is required to be applied prospectively from the date at which the entity first applied AASB 136 (ie. 1 July 2004) and AASB 139 (ie. 1 July 2005), for goodwill and investments in either equity instruments or financial assets carried at cost, respectively.

AASB Interpretation 11 and AASB 2007-1

AASB Interpretation 11 clarifies the application of AASB 2 'Share-based Payment' to certain share-based payment arrangements involving the entity's own equity instruments and to arrangements involving equity instruments of the entity's parent. AASB 2007-1 amends AASB 2 to insert transitional provisions of IFRS 2 'Share-based Payment' that had previously been set out in AASB 1 'First-time Adoption of Australian Equivalents to International Financial Reporting Standards'.

AASB Interpretation 11 and AASB 2007-1 are required to be applied retrospectively.

AASB 2007-4

AASB 2007-4 makes amendments to a number of Australian Accounting Standards to introduce various accounting policy options, delete various disclosures presently required and make a number of editorial amendments.

Whilst a large number of Accounting Standards are amended by AASB 2007-4, key accounting policy options introduced by AASB 2007-4 relate to:

- the measurement and presentation of government grants;
- the accounting for jointly controlled entities using the proportionate consolidation method; and
- the presentation of the cash flow statement.

The consolidated entity does not intend to change any of its current accounting policies on adoption of AASB 2007-4; accordingly, there will no financial impact to the financial report. However, in the financial report for the financial year ending 30 June 2008, certain information may no longer be disclosed, or may be disclosed in an alternative manner, due to amendments made by AASB 2007-4 to the disclosure requirements of various Accounting Standards.

AASB 123 (revised) and AASB 2007-6

AASB 123 (July 2004) permits an entity to either expense or capitalise borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets. Under AASB 123 (revised), entities are no longer permitted to choose between alternate treatments and must capitalise borrowing costs relating to qualifying assets. AASB 2007-6 makes amendments to various Accounting Standards arising from the issue of AASB 123 (revised).

The accounting policy of the Group is in accordance with the treatment required by AASB 123 (revised).

	Consolidated		Company	
	2007	2006	2007	2006
	$'000	$'000	$'000	$'000
2. Profit from operations				
(a) Revenue from continuing operations				
An analysis of the groups revenue for the year is as follows				
Revenue from the sale of goods (i)	1,234	921	-	-
Rendering of services	30,824	27,005	-	-
Project Revenue	4,407	3,288	-	-
	36,465	31,214	-	-
Other revenue	81	29	-	-
Dividend revenue				
- from subsidiary entities	-	-	4,600	-
- from associate	-	-	251	-
Interest income – bank deposits	154	245	67	197
	36,700	31,488	4,918	197

(i) Sale of goods represents sales of hardware and software to customers.

	Consolidated		Company	
	2007	2006	2007	2006
(b) Other (loss) / Income				
Profit before income tax has been arrived at after crediting / (charging) the following gains and losses:				
Gain on recognition of derivative asset	-	2,833	-	2,833
Change in fair value of derivative	(1,079)	(593)	(1,079)	(593)
	(1,079)	2,240	(1,079)	2,240

This gain in 2006 resulted from an embedded derivative within the funding from Futuris Corporation Ltd in relation to the company's investment in iiNet Ltd. This interest free loan of $20.5m was extinguished and the derivative derecognised when Futuris Corporation Ltd converted the loan to Amcom Telecommunications Ltd shares on 28 November 2006.

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	Consolidated		Company	
	2007 $'000	2006 $'000	2007 $'000	2006 $'000
2. Profit from operations (cont'd)				
(c) Profit before income tax				
Profit before income tax has been arrived at after charging the following expenses				
Changes in inventories of finished goods (Cost of sales)	(785)	(702)	-	-
Finance costs:				
Other interest expense	(422)	(422)	(30)	(156)
Net bad and doubtful debts – trade receivables	147	(204)	-	-
Depreciation of non current assets	(4,553)	(3,916)	(17)	(16)
Amortisation of non current assets	(54)	(38)	-	-
	(4,607)	(3,954)	(17)	(16)
Operating lease rental expenses:				
Minimum lease payments	(763)	(543)	-	-
Sub-lease payments received	29	55	-	-
Employee benefit expense:				
Post employment benefits:				
Defined contribution plans	(556)	(523)	(12)	(24)
Share based payments:				
Equity share based payments	-	(118)	-	(118)
Other employee benefits	(8,779)	(7,954)	(788)	(621)
	(9,335)	(8,595)	(800)	(763)
Absorption costing allocated	1,540	897	-	-
	(7,795)	(7,698)	(800)	(763)
Profit before income tax has been arrived at after charging the following losses:				
Loss on disposal of property, plant & equipment	3	-	-	-

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3. Income tax

The major components of income tax expense are:

	Consolidated		Company	
	2007 $'000	2006 $'000	2007 $'000	2006 $'000
(a) Income tax recognised in profit or loss				
Current income tax				
Current income tax expense / (income)	1,887	984	(628)	(378)
Adjustment in respect of current income tax of previous year	(273)	(192)	(80)	44
Deferred income tax				
Relating to origination and reversal of temporary differences	(453)	914	(314)	677
Income tax expense / (income) reported in the income statement	1,161	1,706	(1,022)	343
(b) Income tax recognised directly in equity				
Deferred income tax related to items charged or credited directly to equity				
Issued capital: unwinding of derivative on conversion of loan	(348)	-	(348)	-
Income tax expense/(income) reported in equity	(348)	-	(348)	-
A reconciliation between tax expense and the product of accounting profit before income tax multiplied by the Group's applicable income tax rate as follows:				
Accounting profit before tax from continuing operation	9,108	6,502	1,303	759
Loss before tax from discontinued operations	-	-	-	-
Accounting profit before income tax	9,108	6,502	1,303	759
At the Group's statutory income tax rate of 30% (2006: 30%)	2,732	1,951	391	228
Adjustment in respect of current income tax of previous years	(273)	(192)	(80)	44
Expenditure not allowable for income tax purposes	30	27	-	11
Income not assessable for income tax purposes – share of profits of associate using the equity method	(1,396)	-	-	-
Income not assessable for income tax purposes - dividends	-	-	(1,455)	-
Recognition of deferred tax on intangibles	21	59		59
Intangibles transferred within group	-	-	(60)	-
R&D Tax Concession	(150)	-	-	-
Other	197	(139)	182	1
	1,161	1,706	(1,022)	343

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3. Income taxes (cont'd)

(c) Deferred Income Tax
Deferred income tax at 30 June relates to the following:

	Balance Sheet		Income Statement	
	2007 $'000	2006 $'000	2007 $'000	2006 $'000
CONSOLIDATED				
Deferred tax liabilities				
Accrued sales taxable in future years	243	353	(110)	302
Intangible assets	75	60	14	60
Embedded derivative	-	672	(324)	672
Depreciable assets	247	-	247	-
	565	1,085		
Deferred tax assets				
Provisions	247	258	11	(113)
Accrued expenditure deductible in future years	28	181	154	(264)
Depreciable assets	-	536	536	261
Expenses tax deductible over time	2	3	1	(4)
Unearned revenue	982	-	(982)	-
Gross deferred income tax assets	1,259	978		
Deferred tax income / (expense)			(453)	914
COMPANY				
Deferred tax liability				
Intangibles	-	60	(60)	60
Embedded Derivative	-	672	(324)	672
Depreciable Assets	25	-	25	-
	25	732		
Deferred tax asset				
Accrued expenditure deductible in future years	8	43	35	(43)
Depreciable assets	-	9	9	(9)
Expenses tax deductible over time	2	3	1	(3)
	10	55		
Deferred tax (income) / expense			(314)	677

Unrecognised deferred tax balances

The following deferred tax assets have not been brought to accounts as assets:

	Balance Sheet 2007 $'000	Balance Sheet 2006 $'000	Income Statement 2007 $'000	Income Statement 2006 $'000
Tax losses – revenue	85	85	85	85
Tax losses – capital	3,000	-	3,000	-
	3,085	85	3,085	85

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3. Income Tax (cont'd)

Tax consolidation system

Relevance of tax consolidation to the consolidated entity

The company and its wholly owned Australian resident entities have formed a tax – consolidated group with effect from 21 October 2002 and are therefore taxed as a single entity from that date. The head entity within the tax consolidated group is Amcom Telecommunications Ltd. The members of the tax consolidated group are identified in note 30.

Nature of tax funding arrangements

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

4. Share Option Plan

Employee share option plan

The company has an existing Employee Share Option Plan. The issue of entitlements is at the discretion of the board of directors. Directors of the company cannot be beneficiaries of this scheme without appropriate regulatory and shareholder approval. From time to time the board of directors will allocate options to employees of the company subject to certain conditions. These terms and conditions will be decided by the board from time to time having regard to various factors such as the current and potential contribution to the company, period of employees' service with the company, and other matters the directors consider in their absolute discretion. The maximum number of options issued pursuant to the employee share option plan is 5% of the issued capital of the company.

The following share based payment arrangements were in existence during the current or prior period:

Options series	Number	Grant Date	Expiry Date	Exercise Price $	Fair value at grant date $
Series 1; Issued 31 March 2002 (i)	6,500,000	3/12/2003	31/3/2006	0.30	0.01
Series 2; Issued 3 December 2003 (i)	1,060,000	6/10/2003	31/3/2006	0.172	0.04
Series 3; Issued 6 October 2003 (i)	241,000	31/3/2002	31/3/2006	0.30	0.00
Series 4; Issued 31 August 2005 (ii) (iv)	750,000	31/8/2005	31/8/2008	0.20	0.04
Series 4; Issued 31 August 2005 (iii) (iv)	750,000	31/8/2005	31/8/2008	0.20	0.06

4. Share Option Plan (cont'd)

(i) These options have expired in the previous financial year.

(ii) These options are exercisable from date of grant.

(iii) These options are exercisable after 18 months from the date of grant.

(iv) These options lapsed during the year on cessation of employment.

Options were priced using the Black-Scholes valuation method. Where relevant, the expected life used in the model has been adjusted based on management's best estimate for the effect of non-transferability, exercise restrictions (including the probability of meeting market conditions attached to the option), and behavioural considerations. Expected volatility is based on the historical share price volatility over the expected life of the options.

	Option Series	Option Series	Option Series	Option Series
Inputs into the model	Series 1	Series 2	Series 3	Series 4
Grant date share price	0.08	0.16	0.14	0.18
Exercise price	0.30	0.172	0.30	0.20
Expected volatility	50%	50%	50%	50%
Option life	48 Months	28 Months	28 Months	36 Months
Risk free interest rate	6.5%	6.5%	6.5%	6.5%

The following reconciles the outstanding share options granted under the employee share option plan at the beginning and end of the financial year:

	2007		2006	
	Number of options	Weighted average exercise price $	Number of options	Weighted average exercise price $
Balance at beginning of the financial year	1,500,000	0.20	7,801,000	0.23
Granted during the financial year	-	-	1,500,000	0.20
Expired during the financial year	-	-	(7,801,000)	0.23
Exercised during the financial year (i)	-	-	-	-
Lapsed during the financial year (ii)	(1,500,000)	0.20	-	-
Balance at end of the financial year	-	-	1,500,000	0.20
Exercisable at end of the financial year	-	-	1,500,000	0.20

(i) No share options granted under the employee share option plan were exercised during the current or prior financial year.
(ii) These options lapsed during the year on cessation of employment.

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4. Share Option Plan (cont'd)

Non-Employee share option plan

The company has in existence a number of share options to non-employees.

The following share based payment arrangements were in existence during the period:

Options series	Number	Grant Date	Expiry Date	Exercise Price $	Fair value at grant date $
Series 1; Issued 4 September 2002 (i) (iv) (v)	500,000	04/09/2002	03/09/2007	0.12	0.02
Series 2; Issued 13 November 2002 (i) (iv) (v)	1,800,000	13/11/2002	12/11/2007	0.12	0.02
Series 3; Issued 8 August 2003 (ii) (iv) (v)	5,500,000	08/08/2003	31/12/2007	0.15	0.04
Series 4; Issued 8 August 2003 (i) (iv) (v)	500,000	08/08/2003	31/12/2007	0.125	0.04
Series 5: Issued 12 December 2006 (i) & (iii)	272,443,698	12/12/2006	31/12/2009	0.17	0.05

The options series carry no rights to dividends and no voting rights

(i) These options are exercisable from date of grant, ending on the above respective expiry dates.

(ii) These options are exercisable after 12 months from the date of grant, ending on the above expiry date.

(iii) These options were issued on 12 December 2006 to all shareholders excluding Futuris Corporation Ltd following approval at the AGM by the shareholders of the conversion of the convertible note held by Futuris into 120,282,352 ordinary shares (refer note 22). Each existing shareholder (excluding Futuris Corporation Ltd or its subsidiaries) was granted one free option to subscribe for shares in the Company for every one share held. Each option entitles the holder to subscribe for one share in the Company at an exercise price of 17 cents each on or before 5.00pm (WST) on 31 December 2009. Following issuance, these options are tradable on the ASX under symbol AMMO. No share based compensation charge arose in relation to these options as their grant has been treated as a transaction between shareholders in their capacity as owners of the Company and is therefore outside the scope of AASB 2 "Share Based Payments". The fair value per option on date of grant was 5 cents based on the ASX quoted price.

(iv) No share based compensation charge has been recognised in relation to these options because they were granted and vested before transition to A-IFRS.

(v) These options have been exercised during the year.

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4. Share Option Plan (cont'd)

The following reconciles the outstanding share options granted to non-employees at the beginning and end of the financial year:

	2007		2006	
	Number of options	Weighted average exercise price $	Number of options	Weighted average exercise price $
Balance at beginning of the financial year	8,300,000	0.14	8,300,000	0.14
Granted during the financial year (i)	272,443,698	0.17	-	-
Expired during the financial year	-	-	-	-
Exercised during the financial year (ii)	(8,641,387)	0.14	-	-
Balance at end of the financial year (iii)	272,102,311	0.17	8,300,000	0.14
Exercisable at end of the financial year	272,102,311	0.17	8,300,000	0.14

(i) These options were issued on 12 December 2006 to all shareholders excluding Futuris Corporation Ltd (Vickner Pty Ltd) following the approval at the AGM by the shareholders of the conversion of the convertible note held by Futuris into 120,282,352 ordinary shares (refer note 22). Each existing shareholder (excluding Futuris Corporation Ltd or its subsidiaries) was granted one free option to subscribe for Shares in the Company for every one Share held. Each Option entitles the holder to subscribe for one Share in the Company at an exercise price of 17 cents each on or before 5.00pm (WST) on 31 December 2009. Following issuance these options are tradable on the ASX under symbol AMMO.

(ii) During the year 2,300,000 options were exercised in December 2006 at an exercise price of $0.12; 5,500,000 options were exercised in December 2006 at an exercise price of $0.15; 500,000 options were exercised in December 2006 at an exercise price of $0.125; 341,387 bonus options were exercised from January to June 2007 at an exercise price of $0.17.

(iii) The share options outstanding at the end of the financial year had an exercise price of $0.17 and a weighted average remaining contractual life of 914 days.

In-substance share options:

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

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

The loans have been treated as in-substance share options following the adoption of AASB 2 Share based payments. The number of in-substance share options in existence as at 30 June 2007 is 6,195,000 (2006: 6,195,000). All actual shares related to this scheme are included within the directors holdings as disclosed in note 33(d). No additional in-substance options were granted within either the current or prior year.

The benefit in relation to these in-substance options has been calculated using the Black Scholes model using the assumptions below and is disclosed within the remuneration tables in the directors report.

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4. Share Option Plan (cont'd)

Assumptions:
Grant date: 15 October 2003
Number: 6,500,000
Exercise price: $0.125
Expiry date: 15 October 2005 (2 year vesting period)
Stock price at issue: $0.145
Expected volatility: 50%
Option life: 48 months
Risk free interest rate: 6.5%
The fair value at grant date was $0.06 per in-substance option.

	Consolidated		Company	
	2007 $	2006 $	2007 $	2006 $
5. Remuneration of Auditors				
(a) Auditor of the Parent Entity				
Audit or review of the financial report	119,350	95,988	119,350	75,388
Accounting and technical services	4,000	9,490	4,000	9,490
	123,350	105,478	123,350	84,878

Deloitte Touche Tohmatsu is the auditor of Amcom Telecommunications Ltd and its subsidiaries.

	Consolidated		Company	
	2007 $'000	2006 $'000	2007 $'000	2006 $'000
6. Trade and other receivables				
Trade receivables (i)	5,577	8,925	-	-
Allowance for doubtful debts (ii)	(222)	(369)	-	-
	5,355	8,556	-	-
Goods and services tax (GST) recoverable	-	-	20	39
	5,355	8,556	20	39

(i) The average credit period on sales is 31 days.

(ii) The group has recognised a credit of $147,000 (2006: loss of $204,000) in respect of bad and doubtful trade receivables during the year ended 30 June 2007. The credit/(loss) has been included in the income statement.

7. Inventories				
Finished goods – at cost	1,115	1,107	-	-
	1,115	1,107	-	-

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	Consolidated		Company	
	2007 $'000	2006 $'000	2007 $'000	2006 $'000
8. Other				
Prepayments	356	248	-	12
Deposits	28	30	28	28
Other	45	312	6	-
	429	590	34	40
9. Derivative Financial asset				
Derivative financial asset – at fair value (i)	-	2,240	-	2,240

(i) This embedded derivative related to the funding from Futuris Corporation Ltd in relation to the Company's investment in iiNet Ltd (note 17). At the time of converting this interest-free loan into Amcom Telecommunications Ltd shares on 28 November 2006, the derivative was re-valued. This adjustment of $1,079,000 was charged to the income statement (refer note 2(b)). The balance of this account was charged to equity.

10. Other financial assets

(a) Non-current
At cost or amortised cost

	Consolidated 2007 $'000	Consolidated 2006 $'000	Company 2007 $'000	Company 2006 $'000
Shares in listed entities - associate (i)	-	-	21,259	-
Investments in subsidiaries	-	-	32,174	32,174
Loans to subsidiaries (ii)	-	-	23,254	18,886
	-	-	76,687	51,060

(b) Current
At fair value

	Consolidated 2007 $'000	Consolidated 2006 $'000	Company 2007 $'000	Company 2006 $'000
Shares in listed entities (i)	-	15,914	-	15,914

(i) Available for sale: The entity holds 19.98 % (2006: 19.3%) of the ordinary share capital of iiNet Ltd, a company involved in the provision of internet services, ADSL2 and broadband. At 30 June 2006, the directors of the consolidated entity did not believe that the consolidated entity was able to exert significant influence over iiNet Ltd as there are other directors and management that manage the day to day operations of the company. In July 2006, Mr. A Grist, Chairman for Amcom Telecommunications Ltd, became a director of iiNet Ltd. The company is of the opinion that as of this date it was able to exert significant influence over iiNet Ltd and this investment has been accounted for under the equity accounting method from 1 July 2006 (refer note 11). In 2006, the investment in iiNet was treated as being Available For Sale.

(ii) Loans to subsidiaries have no defined terms and are non-interest bearing.

	Consolidated 2007 $'000	Consolidated 2006 $'000	Company 2007 $'000	Company 2006 $'000
11. Investment accounted for using the equity method				
Investment in associate	25,649	-	-	-

Name of entity	Principal activity	Country of incorporation	Ownership interest 2007 %	Ownership interest 2006 %	Published fair value 2007 $'000	Published fair value 2006 $'000
Associate						
iiNet Ltd	Internet Service Provider	Australia	20	-	47,600	-

(i) Although the Group held during the year less than 20% of the equity shares of iiNet Ltd, the Group exercised significant influence by virtue of its participation at Board level by Mr. A Grist.
(ii) The reporting date of iiNet Ltd is 30 June.
(iii) The market value of the holding at 19 September 2007 was $43.5m.

	Consolidated 2007 $'000	Consolidated 2006 $'000
Summarised financial information in respect of the Group's associate is set out below:		
Financial position:		
Total assets	214,854	-
Total liabilities	77,580	-
Net assets	137,274	-
Group's share of associate's net assets	27,455	-
Financial performance:		
Total revenue	229,628	-
Total profit/(loss) for the year	23,253	-
Group's share of associate's profit before tax	6,092	-
Group's share of associate's income tax expense	1,451	-
Group's share of associate's profit/(loss)	4,641	-

Dividends received from associate

During the year, the Group received dividends of $251,000 (2006: Nil) from its associate.

Contingent liabilities and capital commitments

The Group's share of the contingent liabilities, capital commitments and other expenditure commitments of its associate are disclosed in notes 28 and 29 respectively.

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12. Property, Plant and Equipment

	Consolidated					
	Network Infrastructure at cost	Leasehold Improvements at cost	Plant and Equipment at cost	Furniture & Fittings at cost	Motor Vehicles at cost	TOTAL
	$'000	$'000	$'000	$'000	$'000	$'000
Gross Carrying Amount						
Balance at 1 July 2005	52,002	1,023	1,106	2,592	235	56,958
Additions	8,195	33	311	799	185	9,523
Acquisitions through business combinations	-	-	73	-	-	73
Balance at 30 June 2006	60,197	1,056	1,490	3,391	420	66,554
Additions	11,483	102	82	247	4	11,918
Disposals	-	-	-	-	(97)	(97)
Acquisitions through business combinations	2,834	-	-	-	-	2,834
Balance at 30 June 2007	74,514	1,158	1,572	3,638	327	81,209

	Consolidated					
	Network Infrastructure at cost	Leasehold Improvements at cost	Plant and Equipment at cost	Furniture & Fittings at cost	Motor Vehicles at cost	TOTAL
	$'000	$'000	$'000	$'000	$'000	$'000
Accumulated Depreciation						
Balance at 1 July 2005	11,000	479	505	1,331	168	13,483
Depreciation expense	3,342	114	73	386	-	3,915
Balance at 30 June 2006	14,342	593	578	1,717	168	17,398
Disposals	-	-	-	-	(94)	(94)
Depreciation expense	3,679	107	223	464	80	4,553
Balance at 30 June 2007	18,021	700	801	2,181	154	21,857
Net Book Value						
As at 30 June 2006	45,855	463	912	1,674	252	49,156
As at 30 June 2007	56,493	458	771	1,457	173	59,352

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12. Property, Plant and Equipment (cont'd)

	Company			
	Leasehold improvements at cost	Plant and Equipment at cost	Furniture & Fittings at cost	TOTAL
	$'000	$'000	$'000	$'000
Gross Carrying Amount				
Balance at 30 June 2005	-	30	103	133
Additions	3	-	10	13
Acquisitions through business combinations	-	72	-	72
Balance at 30 June 2006	3	102	113	218
Additions	-	-	-	-
Balance at 30 June 2007	3	102	113	218

	Company			
	Leasehold improvements at cost	Plant and Equipment at cost	Furniture & Fittings at cost	TOTAL
	$'000	$'000	$'000	$'000
Accumulated Depreciation				
Balance at 1 July 2005	-	10	80	90
Depreciation expense	-	7	9	16
Balance at 30 June 2006	-	17	89	106
Depreciation expense	-	10	7	17
Balance at 30 June 2007	-	27	96	123
Net Book Value				
As at 30 June 2006	3	85	24	112
As at 30 June 2007	3	75	17	95

(i) The aggregate depreciation allocated during the year is recognised as an expense and disclosed in note 2(c) to the financial statements.

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13. Goodwill

	Consolidated 2007 $'000	Consolidated 2006 $'000	Company 2007 $'000	Company 2006 $'000
Gross Carrying amount				
Balance at beginning of financial year	10,887	9,254	-	-
Additional amounts recognised from business combinations occurring during the period (note 31)	3,728	1,633	-	-
Balance at end of financial year	14,615	10,887	-	-
Accumulated impairment losses				
Balance at beginning of financial year	-	-	-	-
Impairment losses for the year	-	-	-	-
Balance at end of financial year	-	-	-	-
Net Book Value				
At the beginning of the financial year	10,887	9,254	-	-
At the end of the financial year	14,615	10,887	-	-

Allocation of goodwill to cash-generating units

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

- Fibre unit (APL)
- DSL and voice unit (Amnet)

	Consolidated 2007 $'000	Consolidated 2006 $'000
Fibre Unit (APL)	11,301	7,573
DSL and voice unit (Amnet)	3,314	3,314
	14,615	10,887

The recoverable amounts of both cash-generating units are determined based on a value in use calculation which uses cash flow projections based on financial budgets approved by management covering a two-year period and a discount rate of 13.05% (2006:15.45%). Growth rates beyond the two year period are extrapolated over the following eight years using the assumptions outlined below.

Impairment testing of goodwill

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

Key assumption (i)	**APL**	**Amnet**
Revenue growth	10% p.a.	Broadband 15% p.a., Dial Hosting 10% p.a.
Gross profit %	83%	42% p.a.
Expense growth	6.5% p.a.	6.5% p.a.

(i) Assumptions have been based on historical observed trends.

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14. Other Intangible assets

	Consolidated		
	Brand name $'000	Customer Base $'000	Total $'000
Gross carrying amount			
Balance at 1 July 2005	-	-	-
Acquisition of business	62	175	237
Balance at 1 July 2006	62	175	237
Acquisition of business (note 31)	-	82	82
Balance at 30 June 2007	62	257	319
Accumulated amortisation			
Balance at 1 July 2005	-	-	-
Acquisition of business	(10)	(28)	(38)
Balance at 1 July 2006	(10)	(28)	(38)
Amortisation expense (i)	(10)	(44)	(54)
Balance at 30 June 2007	(20)	(72)	(92)
Net book value			
As at 30 June 2006	52	147	199
As at 30 June 2007	42	185	227

(i) Amortisation expense is included in the line "depreciation and amortisation expense" in the income statement.

Significant intangible assets

The entity purchased the customer base and brand name of the Perth based internet service provider Arachnet on 6 September 2005. The initial carrying amount of the intangible assets of $227,000 (2006: $199,000) will be fully amortised in 5 years.

On the 31 March 2007 the entity purchased the WA Fibre business of People Telecommunications Ltd. This transaction included Customer contracts to the value of $82,072 which will be amortised over 12 months.

15. Assets Pledged as Security

In accordance with the security arrangements of liabilities, as disclosed in notes 17 and 19 to the financial statements. A fixed and floating charge has been registered over all assets.

The economic entity does not hold title to the equipment under finance lease pledged as security.

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16. Trade and other payables

	Consolidated		Company	
	2007 $'000	2006 $'000	2007 $'000	2006 $'000
Trade payables (i)	3,762	2,277	118	206
Accrued expenses	1,171	3,711	207	142
Accrued wages and salaries	73	337	-	-
Others	804	329	36	11
	5,810	6,654	361	359

(i) Trade payable are interest free for periods ranging from 30 to 90 days. Thereafter interest is charged at commercial rates. The consolidated entity has financial cash management polices in place to ensure that all payables are paid within the credit framework.

17. Borrowings - current

	Consolidated		Company	
	2007 $'000	2006 $'000	2007 $'000	2006 $'000
Secured:				
At amortised cost				
Loans – Ausdrill Ltd (i) (iv)	-	644	-	-
Convertible notes others (v)	229	-	229	-
Finance lease liabilities (note 27) (ii) (iv)	380	275	2	5
Finance Facility agreement (iii)	-	20,448	-	20,448
Bank Facility (vi)	8,534	-	-	-
	9,143	21,367	231	20,453

(i) Secured by a fixed and floating registered debenture mortgage over the assets and undertakings of the operating subsidiaries.

(ii) Secured by assets leased, the current market value of which exceeds the value of the finance lease liability (note 12).

(iii) In 2006, the consolidated entity entered into a finance facility agreement with Futuris Administration Pty Ltd to fund the acquisition of 19.3% stake in iiNet Ltd. The facility agreement contained a number of options such that it created a hybrid financial instrument being a loan host contract and a compound embedded derivative. The derivatives embedded in the loan change over time depending on what happens to the debt host contract. In accordance with the stated accounting policy these embedded derivatives were recognised separately from the host debt instrument. There was a put option for the shareholders of the Borrower to convert the loan into ordinary shares of the Borrower in settlement of the loan. During November 2006, the full loan was converted to 120,282,352 shares in Amcom Telecommunications Ltd.

(iv) Relates to the current portion of the long term borrowing.

(v) On the 28th October 2002, the Company issued 2,500,000 notes at a face value of $1.20 per note, bearing interest of 10% per annum. Subsequent to the rights entitlement issue approved by shareholders in November 2003, each note is convertible into 12.2825 fully paid ordinary shares and matures on the 28th October 2007. Each note is convertible at the holders' option. During the year 64,413 notes were converted.

(vi) The consolidated entity secured a five year (reviewable annually) facility, secured by fixed and floating charge over all assets, with cross guarantees provided by all group companies. The current weighted average effective interest rate on the bank loan is 7.37%.

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18. Provisions – current

	Consolidated		Company	
	2007 $'000	2006 $'000	2007 $'000	2006 $'000
Employee benefits (note 21)	569	423	-	-

19. Borrowings – non-current

	Consolidated		Company	
	2007 $'000	2006 $'000	2007 $'000	2006 $'000
Secured:				
At amortised cost				
Loans Ausdrill Ltd (i)	-	2,668	-	-
Convertible notes others (iii)	-	268	-	268
Finance lease liabilities (note 27)(ii)	883	973	-	2
Loan – ZTE (iv)	2,230	-	-	-
	3,113	3,909	-	270

(i) Secured by a fixed and floating registered debenture mortgage over the assets and undertakings of the operating subsidiaries.

(ii) Secured by the assets leased, the current market value of which exceeds the value of the finance lease liability (note 12).

(iii) On the 28th October 2002, the Company issued 2,500,000 notes at a face value of $1.20 per note, bearing interest of 10% per annum. Subsequent to the rights entitlement issue approved by shareholders in November 2003, each note is convertible into 12.2825 fully paid ordinary shares and matures on the 28th October 2007. Each note is convertible at the holders' option. During the year 64,413 notes were converted.

(iv) The consolidated entity has entered into a finance arrangement for the purchase of network equipment. The consideration is interest free deferred terms. This loan will be repaid over a 3 year period to May 2010. Amcom Telecommunications Ltd has provided a parent guarantee for the liability incurred by Amcom Pty Ltd. The loan is secured by the assets to which it relates.

20. Provisions – non-current

	Consolidated		Company	
	2007 $ '000	2006 $ '000	2007 $ '000	2006 $ '000
Employee benefits (note 21)	30	68	-	-

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21. Employee Benefits

	Consolidated		Company	
	2007 $'000	2006 $'000	2007 $'000	2006 $'000
The aggregate employee benefits liability recognised and included in the financial statements is as follows:				
Provision for employee benefits:				
Current (note 18)	582	423	-	-
Non-current (note 20)	17	68	-	-
Accrued wages and salaries (note 16)	73	337	-	-
	672	828	-	-

	2007 No.	2006 No.	2007 No.	2006 No.
Number of employees at the end of financial year	126	96	1	2

22. Issued Capital

	Consolidated		Company	
	2007 $'000	2006 $'000	2007 $'000	2006 $'000
Balance at beginning of financial year	74,564	73,601	74,564	73,601
Partial repayment of share based loans to directors	-	24	-	24
Conversion of Futuris Loan (note 17)	20,448	-	20,448	-
Conversion of Futuris loan – unwinding of derivative (net of tax)	(813)	-	(813)	-
Proceeds – Exercise of Options (note 4)	1,222	-	1,222	-
Share issue costs	(210)	-	(210)	-
Conversion of Convertible notes (note 19)	77	939	77	939
Balance at end of financial year	95,288	74,564	95,288	74,564

Changes to the then Corporations' law abolished the authorised capital and par value concept in relation to share capital from 1 July 1998. Therefore the company does not have a limited amount of authorised capital and issued shares do not have a par value.

22. Issued Capital (cont'd)

Fully Paid Ordinary Shares	Consolidated 2007 No.	Consolidated 2006 No.	Company 2007 No.	Company 2006 No.
Balance at beginning of financial year	376,517,672	366,807,883	376,517,672	366,807,883
Conversion of Futuris Loan (note 17)	120,282,352	-	120,282,352	-
Exercise of Options (note 4)	8,641,387	-	8,641,387	-
Conversion of Convertible notes (note 19)	791,152	9,709,789	791,152	9,709,789
Balance at end of financial year	506,232,563	376,517,672	506,232,563	376,517,672

Fully paid ordinary shares carry one vote per share and carry the right to dividends.
The total options on issue at year end is 273,602,311 (2006: 9,800,000); with an employee having options over 1,500,000 ordinary shares (of which all are vested), expiring 31 August 2008. Other shares under option at 30 June 2007 total 272,102,311 (of which are all vested), in aggregate, expiring 31 December 2009.

23. Reserves

	Consolidated 2007 $ '000	Consolidated 2006 $ '000	Company 2007 $ '000	Company 2006 $ '000
Available for sale revaluation reserve *(note i)*	-	(4,635)	-	(4,635)
Employee equity-settled benefits reserve *(note ii)*	426	426	426	426
	426	(4,209)	426	(4,209)

(i) Available for Sale Revaluation Reserve				
Balance at beginning of financial year	(4,635)	-	(4,635)	-
Reversal of unrealised loss (a)	4,635	-	4,635	-
Write down value of investment in iiNet Ltd	-	(4,635)	-	(4,635)
Balance at end of financial year	-	(4,635)	-	(4,635)

The available-for-sale revaluation reserve arises on the revaluation of available-for-sale financial assets.

(a) The impairment was reversed following the commencement of equity accounting for iiNet Ltd (refer note 10 and 11).

(ii) Employee Equity-settled Benefits Reserve	Consolidated 2007 $ '000	Consolidated 2006 $ '000	Company 2007 $ '000	Company 2006 $ '000
Balance at beginning of financial year	426	308	426	308
Share-based payment	-	118	-	118
Balance at end of financial year	426	426	426	426

The employee equity-settled benefits reserve arises on the grant of share options to executives under the employee share option plan. Amounts are transferred out of the reserve and into issued capital when the options are exercised. Further information about share-based payments to employees is made in note 4 to the financial statements.

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24. Accumulated Losses

	Consolidated 2007 $ '000	Consolidated 2006 $ '000	Company 2007 $ '000	Company 2006 $ '000
Balance at beginning of financial year	(12,939)	(16,817)	(20,957)	(20,455)
Dividends paid (note 26)	(1,412)	(918)	(1,412)	(918)
Net profit after tax attributable to members of the parent entity	7,947	4,796	2,325	416
	(6,404)	(12,939)	(20,044)	(20,957)

25. Earnings per Share

	Consolidated 2007 Cents per Share	Consolidated 2006 Cents per Share
Basic earnings per share	1.76	1.29
Diluted earnings per share	1.61	1.21

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

	Consolidated 2007 $'000	Consolidated 2006 $'000
Basic earnings per share		
Earnings (a)	7,947	4,796
Weighted average number of ordinary shares for the purposes of basic earnings per share	452,706,133	372,136,157

(a) Earnings used in the calculation of basic earnings per share reconciles to net profit in the income statement as follows:

	Consolidated 2007 $'000	Consolidated 2006 $'000
Net Profit	7,947	4,796
Earning used in the calculation of basic EPS	7,947	4,796

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25. Earnings Per Share (cont'd)

Diluted Earnings per Share

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

	Consolidated 2007 $'000	Consolidated 2006 $'000
Earnings (a)	7,971	4,796
Weighted average number of ordinary shares (b), (c)	494,674,230	397,809,396

(a) Earnings used in the calculation of diluted earnings per share reconciles to net profit in the statement of financial performance as follows:

	Consolidated 2007 $'000	Consolidated 2006 $'000
Net profit	7,947	4,796
Dilutive impact of options and convertible notes	24	-
Earnings used in the calculation of diluted EPS	7,971	4,796

(b) Weighted average number of ordinary shares used in the calculation of diluted earnings per share reconciles to the weighted average number of ordinary shares used in the calculation of basic earnings per share as follows:

	2007 No.	2006 No.
Weighted average number of ordinary shares used in calculation of basic EPS	452,706,133	372,136,157
Unlisted options (note 4)	-	7,300,000
Finance facility agreement – Futuris (note 17)	39,544,883	15,158,872
Convertible notes – other (note 17)	2,423,214	3,214,367
Weighted average number of ordinary shares used in calculation of diluted EPS	494,674,230	397,809,396

(c) The following potential ordinary shares are not dilutive and are therefore excluded from the weighted average number of ordinary shares used in the calculation of diluted earnings per share:

Listed options (note 4)	272,102,311	-
Unlisted options (note 4)	1,500,000	8,100,000
	273,602,311	8,100,000

(d) Weighted average number of converted, lapsed or cancelled ordinary shares included in the calculation of diluted earnings per share:

Convertible note	39,544,883	15,158,572

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	2007		2006	
	Cents per Shares	Total $'000	Cents per shares	Total $'000
26. Dividends				
Recognised amounts				
Fully paid ordinary shares				
Final dividend				
Fully franked to 30% (Prior year: 30%)	0.375	1,412	0.25	918
		1,412		918
Unrecognised amounts				
Fully paid ordinary shares				
Final dividend				
Fully franked to 30% (Prior Year: 30%)	0.500	2,531	0.375	1,412
		2,531		1,412

The amount recognised is the final dividend in respect of the prior financial year. The final dividend in respect of ordinary shares for the year ended 30 June 2007 has not been recognised in this financial report because the final dividend was declared in respect of ordinary shares subsequent to the reporting date.

On 27 September 2006 and 27 June 2007, Amcom Pty Ltd declared a dividend of $2,000,000 and $2,600,000 respectively.

	Group	
	2007 $'000	2006 $'000
Adjusted franking account balance	2,061	601
Impact on franking account balance of dividends not recognised	1,085	605
Income tax consequence of unrecognised dividends	-	-

27. Leases

Finance leases

(i) Leasing arrangements

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

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27. Leases (cont'd)

Finance lease liabilities

	Minimum future lease payments				Present value of minimum future lease payments			
	Consolidated		Company		Consolidated		Company	
	2007 $'000	2006 $'000	2007 $'000	2006 $'000	2007 $'000	2006 $'000	2007 $'000	2006 $'000
No later than 1 year	508	368	2	6	380	275	2	5
Later than 1 year and not later than 5 years	979	1,115	-	2	883	973	-	2
Minimum lease payments	1,487	1,483	2	8	1,263	1,248	2	7
Less future finance charges	(224)	(235)	-	(1)	-	-	-	-
Present value of minimum lease payments	1,263	1,248	2	7	1,263	1,248	2	7
Included in the financial statements as:								
Current interest-borrowings *(Note 17)*	-	-	-	-	380	275	2	5
Non-current interest-borrowings *(note 19)*	-	-	-	-	883	973	-	2
	-	-	-	-	1,263	1,248	2	7

(ii) Operating lease arrangements

Operating leases relate to office premises and telecommunications access to buildings with lease terms of between 3 to 5 years. The majority of the operating leases contain market review clauses in the event that the economic entity exercises its options to renew. The economic entity does not have an option to purchase the leased assets at the expiry of the leased period.

	Consolidated		Company	
	2007 $'000	2006 $'000	2007 $'000	2006 $'000
Operating leases				
Non-cancellable operating leases				
Not longer than 1 year	1,101	593	-	-
Longer than 1 year and not longer than 5 years	2,072	1,269	-	-
	3,173	1,862	-	-

Sub-leases
For non cancellable sub-leases, the total of future minimum lease payments expected to be received is $29,400 (2006: $55,000).

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28. Commitments for expenditure

	Consolidated 2007 $'000	Consolidated 2006 $'000
(a) Capital expenditure commitments		
Group's share of associate's capital expenditure commitments		
Not longer than 1 year	719	-
Longer than 1 year and not longer than 5 years	-	-
Longer than 5 years	-	-
	719	-

(b) Lease commitments

Finance lease liabilities and non-cancellable operating lease commitments are disclosed in Note 27 to the financial statements.

	2007 $'000	2006 $'000
Group's share of associate's lease commitments		
(i) Finance leases (minimum lease payments)		
Not longer than 1 year	831	-
Longer than 1 year and not longer than 5 years	484	-
Longer than 5 years	-	-
Minimum lease payments	1,315	-
Less: Future finance charges	(70)	-
	1,245	-
(ii) Non cancellable operating leases		
Not longer than 1 year	362	-
Longer than 1 year and not longer than 5 years	2,220	-
Longer than 5 years	6,108	-
	8,690	-

(c) Other expenditure commitments

	2007 $'000	2006 $'000
Group's share of associate's other expenditure commitments		
Not longer than 1 year	1,503	-
Longer than 1 year and not longer than 5 years	47	-
Longer than 5 years	-	-
	1,550	-

Other than as disclosed above, the Group and Company had no commitments for expenditure as at 30 June 2007.

29. Contingent liabilities

(a) Financial guarantees

The reporting entity has bank guarantees in favour of property owning companies for rental obligations to the value of $286,820.

A further guarantee to the value of $160,062 has been issued in favour of Sabrenet Ltd for contractual obligations. No amounts have been recognised in the financial statements in respect of these guarantees based on Director's assessment of the fair value as at 30 June 2007.

Other than as disclosed above, the Group and Company had no contingent liabilities as at 30 June 2007.

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30. Subsidiaries

Name of Entity	Country of Incorporation	Ownership Interest	
		2007 %	2006 %
Parent Entity			
Amcom Telecommunications Ltd (i)	Australia		
Controlled Entities			
Amcom Pty Ltd (ii)	Australia	100	100
Rescue Technology Group Pty Ltd (ii)	Australia	100	100
Future Proof Technologies (WA) Pty Ltd (ii) & (iii)	Australia	100	100
Amnet Internet Services Pty Ltd (ii)	Australia	100	100
Amnet IT services Pty Ltd (ii)	Australia	100	100
Amnet IX Pty Ltd (ii)	Australia	100	100
Ezesoftwrite Pty Ltd (ii)	Australia	100	100

All controlled entities, with the exception of Amcom Pty Ltd, are small proprietary companies and, in accordance with the Corporations Act 2001, are relieved from the requirements to prepare, audit and lodge a financial report.

(i) Amcom Telecommunications Ltd is the head entity within the tax consolidated group.
(ii) These companies are members of the tax consolidated group.
(iii) This company does not trade but holds 50% of the issued capital of Amcom Pty Ltd. The other 50% is held by the Parent Entity.

31. Acquisition of businesses

Name of businesses acquired	Principal activity	Date of acquisition	Proportion of shares acquired %	Cost of acquisition $'000
2007				
WA Fibre Business of People Telecom Ltd	Fibre Provider	April 2007	N/A	6,618
				6,618
2006				
Arachnet	ADSL Provider	September 2005	N/A	1,683
Swiftnet / Boldweb	ADSL Provider	August 2005	N/A	177
ADSL Perth Broadband Internet	ADSL Provider	September 2005	N/A	15
				1,875

All acquisitions made during the current and prior period related to trade and assets only. In each acquisition, the consolidated entity has paid a premium for the acquisition as it believed the acquisition will introduce additional synergies to its existing operations.

31. Acquisition of businesses (cont)

Net assets acquired – People Telecom

	Book Value $'000	Fair value adjustment $'000	Fair value on acquisition $'000
Current assets			
Plant and equipment	2,834	-	2,834
Non-current assets			
Intangibles – Customer Base	-	82	82
	2,834	82	2,916
Goodwill			3,702
			6,618

Total purchase consideration:	
Cash consideration	6,250
Directly attributable costs	368
Total cost of business combination (satisfied by cash)	6,618

During April 2007 the Group (via its subsidiary, Amcom Pty Ltd) acquired the WA Fibre business from People Telecom Ltd (PEO). Goodwill arose in the business combination because the cost of the combination included a premium paid to acquire the trade and assets. In addition, the consideration paid for the combination effectively included amounts in relation to the benefit of expected synergies, revenue growth and future market development. Included in the net profit after tax for the period is $362,000, generated in PEO since acquisition. Had the business combination been effected at 1 July 2006, the revenue for the Group would be $41,356,000 and net profit $9,033,000. The initial accounting for the acquisition has only been provisionally determined at the reporting date.

32. Segment Information

Business segments

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

Products and services within each business segment

For management purposes, the consolidated entity is organised into two major operating entities – Fibre Division and Amnet Division. These segments are the basis on which the consolidated entity reports its primary segment information. The principal products and services of each of these divisions 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

Primary Reporting						
Segment revenue	**External Sales**		**Inter-segment (i)**		**Total**	
	2007 $'000	**2006 $'000**	**2007 $'000**	**2006 $'000**	**2007 $'000**	**2006 $'000**
Fibre Division	25,561	22,838	-	-	25,561	22,838
Amnet Division	10,904	8,405	-	-	10,904	8,405
Total of all segments	**36,465**	**31,243**	-	-	**36,465**	**31,243**
Unallocated (Interest and Others)	235	245	-	-	235	245
Consolidated	**36,700**	**31,488**	-	-	**36,700**	**31,488**

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32. Segment Information (cont'd)

(i) Inter-segment sales are recorded at amounts equal to competitive market prices charged to external customers for similar goods.

Segment results	**2007 $'000**	**2006 $'000**
Fibre Division	7,566	6,618
Amnet Division	256	(699)
Total of all segments	**7,822**	**5,919**
Interest	(268)	(177)
Unallocated Corporate Overheads	(2,008)	(1,480)
Profit before income tax expense	**5,546**	**4,262**
Income tax expense	(1,485)	(1,034)
Net profit after tax (underlying)	4,061	3,228
Equity accounting iiNet	4,641	-
Derivative (net of tax)	(755)	1,568
Profit for the year	**7,947**	**4,796**

Segment assets and liabilities

	Assets		**Liabilities**	
	2007 $'000	**2006 $'000**	**2007 $'000**	**2006 $'000**
Fibre Division	64,200	54,841	5,927	6,058
Amnet Division	16,464	15,064	3,951	4,038
Total of all segments	80,664	69,905	9,878	10,096
Unallocated	32,399	24,311	13,875	26,704
Consolidated	113,063	94,216	23,753	36,800

Other Segment information

	Fibre Division		**Amnet Division**		**Total**	
	2007 $'000	**2006 $'000**	**2007 $'000**	**2006 $'000**	**2007 $'000**	**2006 $'000**
Acquisition of segment assets	14,318	7,346	434	2,250	14,752	9,596
Depreciation and amortisation	3,612	3,405	995	549	4,607	3,954
Share-based payments	-	82	-	36	-	118

Secondary Reporting: Geographic segment

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

33. Related party disclosures

(a) **Equity interests in related parties**

Equity interests in controlled entities and in associate

Details of the percentage of ordinary shares held in controlled entities and associate are disclosed in notes 30 and 11 to the financial statements.

(b) **Key management personnel compensation**

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

	Consolidated		Company	
	2007	2006	2007	2006
	$	$	$	$
(a) Short-term employee benefits	1,868,550	1,690,270	1,868,550	1,690,270
(b) Post-employment benefits	97,698	79,387	97,698	79,387
(c) Share-based payment	-	125,735	-	125,735
(d) Other long-term benefits	-	5,852	-	5,852
(e) Termination benefits	111,725	-	111,725	-
	2,077,973	1,901,244	2,077,973	1,901,244

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

(c) **Loans to key management personnel**

	Balance at beginning $	Repayment $	Balance at end $	Interest not charged $	Number in group No.
2007	771,875	-	771,875	61,750	3
2006	796,250	(24,375)	771,875	62,400	3

Key management personnel with loans above $100,000 in the reporting period.

	Balance at beginning	Repayment	Balance at end	Highest in period
	$	$	$	$
2007				
Mr. A Grist	475,000	-	475,000	475,000
Mr. E Lee	178,125	-	178,125	178,125
Mr. C Stein	118,750	-	118,750	118,750
	771,875	-	771,875	771,875
2006				
Mr. A Grist	490,000	(15,000)	475,000	490,000
Mr. E Lee	183,750	(5,625)	178,125	183,750
Mr. C Stein	122,500	(3,750)	118,750	122,500
	796,250	(24,375)	771,875	796,250

(i) Key management personnel are provided with interest-free loans to fund the shares issued as part of an executive incentive scheme approved by shareholders in 2003.

These loans are non-interest bearing. Normal commercial rates for similar loans are estimated by the company to be 8%.

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33. Related party disclosures (cont'd)

The loans are repayable as a first charge on any funds received by the specified director from dividends and proceeds of sale of the Amcom shares. In the event of cessation of employment after the escrow period, the loan must be repaid in full. Refer to note 4 for further information

(d) Key management personnel equity holdings

Fully paid ordinary shares of Amcom Telecommunications Ltd

	Balance at 1 July	Granted as compensation under contract entitlement	Net other change	Balance at 30 June	Balance held nominally
	No.	No.	No.	No.	No.
2007					
Mr. A Grist	25,024,143	-	(4,759,472)	20,264,671	-
Mr. E Lee	6,678,307	-	(6,678,307)	-	-
Mr. C Stein	1,000,000	-	-	1,000,000	-
Mr. P Clifton	2,813,555	-	-	2,813,555	-
Mr. I Warner	2,000,000	-	-	2,000,000	-
Mr. A McLean	25,100,000	-	(15,000,000)	10,100,000	-
Mr. R Whiting	100,000	-	-	100,000	-
Total	**62,716,005**	**-**	**(26,437,779)**	**36,278,226**	**-**
2006					
Mr. A Grist	25,024,143	-	-	25,024,143	-
Mr. E Lee	6,678,307	-	-	6,678,307	-
Mr. C Stein	1,000,000	-	-	1,000,000	-
Mr. P Clifton	2,813,555	-	-	2,813,555	-
Mr. I Warner	2,000,000	-	-	2,000,000	-
Mr. A McLean	25,100,000	-	-	25,100,000	-
Mr. R Whiting	636,000	-	(536,000)	100,000	-
Total	**63,252,005**	**-**	**(536,000)**	**62,716,005**	**-**

Convertible notes issued by Amcom Telecommunications Ltd

	Balance at 1 July	Granted as compensation under contract entitlement	Net other change	Balance at 30 June	Balance held nominally
	No.	No.	No.	No.	No.
2007					
Mr. A Grist	19,583	-	(19,583)	-	-
Total	19,583	-	(19,583)	-	-
2006					
Mr. A Grist	101,000	-	(81,417)	19,583	-
Total	101,000	-	(81,417)	19,583	-

33. Related party disclosures (cont'd)

Other options issued by Amcom Telecommunications Ltd

	Balance at 1 July 2006 No.	Not granted as compensation (i) No.	Granted as compensation No.	Net other change (ii) No.	Balance at 30 June 2007 No.	Balance held nominally No.
Mr. A Grist	-	30,264,671	-	1,797,000	32,061,671	-
Mr. C Stein	-	1,000,000	-	-	1,000,000	-
Mr. P Clifton	-	2,813,555	-	-	2,813,555	-
Mr. I Warner	-	2,000,000	-	-	2,000,000	-
Mr. A McLean	-	25,100,000	-	(10,000,000)	15,100,000	-
Mr. R Whiting	-	50,000	-	-	50,000	-
Total	**-**	**61,228,226**	**-**	**(8,203,000)**	**53,025,226**	**-**

(i) These options were issued as part of the issue to all shareholders following approval of conversion of the Futuris Loan note at the AGM in November 2006. For further information, refer note 4.
(ii) Additional options were acquired and disposed of by Mr. A Grist and Mr. A McLean respectively

Employee share options issued by Amcom Telecommunications Ltd

	Balance at 1 July No.	Granted as compen-sation No.	Lapsed No.	Balance at 30 June No.	Balance vested at 30 June No.	Vested but not exercis-able No.	Vested and exercis-able No.	Options vested during year No.
2007								
Mr. S Day (i)	1,500,000	-	(1,500,000)	-	-	-	-	-
Total	1,500,000	-	(1,500,000)	-	-	-	-	-
2006								
Mr. A Grist	2,500,000	-	(2,500,000)	-	-	-	-	-
Mr. E Lee	2,500,000	-	(2,500,000)	-	-	-	-	-
Mr. C Stein	1,500,000	-	(1,500,000)	-	-	-	-	-
Mr. S Day	-	1,500,000	-	1,500,000	750,000	-	750,000	750,000
Total	6,500,000	1,500,000	(6,500,000)	1,500,000	750,000	-	750,000	750,000

(i) Mr. S Day resigned on 4 September 2006.

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33. Related party disclosures (cont'd)

	2007 $	2006 $
(e) Other transactions with key management personnel		
The profit from ordinary activities before income tax includes the following items of revenue and expense that resulted from transactions other than remuneration, loans or equity holdings, with a company related to Mr. A Grist:		
with a company related to Mr. A Grist:		
Shared office rental	-	16,879
Reimbursement of expenses	13,539	-
Consultancy fee paid to corporate advisory firm in which Mr. A Grist has an interest.	120,000	31,802
Total recognised as expenses (i)	133,539	48,681
with a company related to Mr. A McLean:		
Sub-lease of office rental	29,400	55,000
Total recognised as revenue (i)	29,400	55,000

(f) Transactions with other related parties

During the financial year, the following transaction occurred between the company and it's related parties:

The company entered into an additional Facility Agreement with Futuris Corporation Ltd, who holds 49% of the shares in Amcom Telecommunications Ltd. This additional non-interest bearing facility of $30 million, could when drawn down by mutual consent, be converted (at the option of Futuris) to shares at a deemed issue price of 0.17 cents.

At 30 June 2007, no amount has been drawn down on this facility.

All transactions with Futuris Corporation Ltd and its controlled entities are completed at an arms length on normal commercial terms.

All transactions with iiNet Ltd and its controlled entities are completed at an arms length on normal commercial terms.

(i) The transactions disclosed above were at commercial market rates. No portion of the above was outstanding at 30 June 2007 and 30 June 2006.

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34. Notes to the cash flow statement

(a) Reconciliation of cash and cash equivalents

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

	Consolidated 2007 $'000	Consolidated 2006 $'000	Company 2007 $'000	Company 2006 $'000
Cash and cash equivalents	5,062	4,589	495	2,095
	5,062	4,589	495	2,095

(b) Financing Facilities

Secured loan facilities with various maturity dates through to 2007 and which may be extended by mutual agreement:

	Consolidated 2007 $'000	Consolidated 2006 $'000	Company 2007 $'000	Company 2006 $'000
amount used	8,534	3,312	-	-
amount unused	11,466	5,438	-	-
	20,000	8,750	-	-

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

	Consolidated 2007 $'000	Consolidated 2006 $'000	Company 2007 $'000	Company 2006 $'000
Profit for the period	7,947	4,796	2,325	416
Dividends receivable	-	-	(4,600)	-
Loss on sale or disposal of non-current assets	3	-	-	-
Depreciation of non-current assets	4,553	3,916	17	16
Amortisation of non-current assets	54	38	-	-
Equity settled share based payments	-	118	-	118
Share of associate's profit (net of dividend received)	(4,390)	-	-	-
Loss / (Gain) on derivative financial assets	1,079	(2,240)	1,079	(2,240)
Provision for doubtful debts	(146)	-	-	-
Provision for employee leave benefits	109	147	-	-
(Increase)/decrease in assets:				
Current receivables	3,348	(4,097)	-	135
Current inventories	(7)	51	-	-
Other	427	5	503	101
Increase/(decrease) in liabilities:				
Current Payables	(2,683)	4,392	2	(19)
Other	1,148	1,057	-	684
Income tax provided / paid	287	199	(1,777)	199
Net cash provided by / (used in) operating activities	11,729	8,382	(2,451)	(590)

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34. Notes to the cash flow statement (cont'd)

(d) *Businesses acquired*

No cash was acquired with any of the trade and asset acquisitions made during the year. Details of cash consideration are provided in note 31.

35. Financial Instruments

The consolidated entity's treasury function provides services to the business, coordinates access to domestic and international financial markets, and manages the financial risks relating to the operations of the consolidated entity. The consolidated entity does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes. The consolidated entity's activities expose it primarily to the financial risks of changed interest rates.

(a) Significant Accounting Policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which revenues and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument, are disclosed in note 1 to the financial statements.

(b) Interest Rate Risk

The following table details the consolidated entity's interest rate risk as at 30 June 2007.

	Fixed Interest Rate Maturity						
2007	**Weighted average Interest Rate %**	**Variable Interest Rate $'000**	**Less than 1 Year $'000**	**1 to 5 Years $'000**	**More than 5 Years $'000**	**Non-Interest Bearing $'000**	**Total $'000**
Financial Assets							
Cash and cash equivalents	4	5,062	-	-	-	-	5,062
Trade and other receivables *(note 6)*	-	-	-	-	-	5,355	5,355
	-	**5,062**	**-**	**-**	**-**	**5,355**	**10,417**
Financial Liabilities							
Trade and other payables *(note 16)*						5,810	5,810
Borrowings – loans *(note 17 & 19)*	7	-	8,534	2,230	-	-	10,764
Finance lease *(note 27)*	8	-	380	883	-	-	1,263
Convertible notes *(note 19)*	10	-	229	-	-	-	229
Employee benefits *(note 18 & 20)*	-	-		-	-	599	599
	-	**-**	**9,143**	**3,113**	**-**	**6,409**	**18,665**

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The following table details the consolidated entity's interest rate risk as at 30 June 2006.

			Fixed Interest Rate Maturity				
2006	**Weighted average Interest Rate %**	**Variable Interest Rate $'000**	**Less than 1 Year $'000**	**1 to 5 Years $'000**	**More than 5 Years $'000**	**Non-Interest Bearing $'000**	**Total $'000**
Financial Assets							
Cash and cash equivalents	4	4,589	-	-	-	-	4,589
Trade and other receivables *(note 6)*	-	-	-	-	-	8,556	8,556
Shares in listed entities	-	-	-	-	-	15,914	15,914
Derivative Financial Asset (note 9)	-	-	-	-	-	2,240	2,240
	-	**4,589**	**-**	**-**	**-**	**26,710**	**31,299**
Financial Liabilities							
Trade and other payables *(note 16)*	-	-	-	-	-	6,654	6,654
Borrowings – loans *(note 17 & 19)*	12	-	644	2,668	-	-	3,312
Finance lease *(note 27)*	8	-	275	973	-	-	1,248
Convertible notes *(note 19)*	10	-	-	268	-	-	268
Employee benefits *(note 18 & 20)*	-	-	-	-	-	491	491
	-	**-**	**919**	**3,909**	**-**	**7,145**	**11,973**

(c) Credit Risk

Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in financial loss to the economic entity. The economic entity has adopted the policy of only dealing with creditworthy counterparties and obtaining sufficient collateral or other security where appropriate, as a means of mitigating the risk of financial loss from defaults. The economic entity measures credit risk on a fair value basis.

The economic entity does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics.

The carrying amount of financial assets recorded in the financial statements, net of any allowances for losses, represents the consolidated entity's maximum exposure to credit risk without taking account the value of any collateral or other security obtained.

(d) Fair Value

The directors considered that the carrying amount of financial assets and financial liabilities recorded in the financial assets and financial liabilities approximates their fair values.

(e) Liquidity Risk Management

The consolidated entity manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

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36. Additional Company Information

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

Registered office
Level 1
Reserve Bank Building
45 St Georges Terrace
Perth WA 6000
Tel : (08) 9244 6000

Principal administration office
Level 1
Reserve Bank Building
45 St Georges Terrace
Perth WA 6000
Tel : (08) 9244 6000

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DISTRIBUTION OF HOLDERS OF EQUITY SECURITIES

	Fully Paid Ordinary Shares	Options	Convertible Notes
1 - 1,000	388,950	336,996	1,836
1,001 - 5,000	3,519,460	3,439,812	6,540
5,001 - 10,000	4,224,611	3,908,355	17,164
10,001 - 100,000	38,542,990	37,780,421	171,750
100,001 and over	459,606,553	226,636,728	0
	506,282,564	272,102,312	197,290
Number of shareholders holding less than a marketable parcel	1,484,032	6,125,163	0

SUBSTANTIAL SHAREHOLDERS

	Fully Paid	
Ordinary Shareholders	Number	Percentage
Vickner Pty Ltd	248,519,186	49.09
National Nominees Ltd	31,296,996	6.18
Wyillie Group Pty Ltd	25,564,000	5.05
Oaktone Nominees Pty Ltd	15,331,202	3.03

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TWENTY LARGEST HOLDERS OF QUOTED EQUITY SECURITIES AMM AS AT 21 SEPTEMBER 2007

Name	Holder Balance as at 21/9/07	% 1 decimal point	RANK
VICKNER PTY LTD	248,519,186	49.09	1
NATIONAL NOMINEES LIMITED	31,296,996	6.18	2
WYILLIE GROUP PTY LTD	25,564,000	5.05	3
OAKTONE NOMINEES PTY LTD	15,331,202	3.03	4
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	13,925,201	2.75	5
MR ANDREW MCLEAN	10,100,000	2.00	6
J P MORGAN NOMINEES AUSTRALIA LIMITED	8,566,882	1.69	7
CITICORP NOMINEES PTY LIMITED	6,999,574	1.38	8
MR DANNY KONTOS	6,188,752	1.22	9
AUSDRILL LTD	5,000,000	0.99	10
ANZ NOMINEES LIMITED	4,019,429	0.79	11
MR ANTHONY GRIST	4,000,000	0.79	12
CASTRUM PTY LTD	3,050,000	0.60	13
TELEFRONT PTY LTD	3,000,000	0.59	14
CLIFTON SUPER (WA) PTY LTD	2,813,555	0.56	15
MERRILL LYNCH (Australia) NOMINEES PTY LIMITED	2,300,000	0.45	16
CAPITAL CONCERNS PTY LTD	2,000,000	0.40	17
WARRAWEE PTY LTD	2,000,000	0.40	18
TRUAT TPY LTD	1,966,973	0.39	19
GWYNVILL TRADING PTY LIMITED	1,928,100	0.38	20
Top 20 Subtotal	398,569,850	78.73	

Number of shareholders at 21ST September 2007	3,585

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HOLDERS OF QUOTED EQUITY SECURITIES AMMO AS AT 21 SEPTEMBER 2007

Name	Holder Balance as at 21/9/07	% 1 decimal point	RANK
NATIONAL NOMINEES LIMITED	37,683,726	13.85	1
OAKTONE NOMINEES PTY LTD	27,128,202	9.97	2
ANDREW MCLEAN	15,100,000	5.55	3
CITICORP NOMINEES PTY LTD	9,084,759	3.33	4
JP MORGAN NOMINEES	8,197,112	3.01	5
JANVIN PTY LTD	7,000,000	2.57	6
AUSDRILL LTD	5,000,000	1.84	7
TRUAT PTY LTD	4,277,778	1.57	8
ANTHONY GRIST	4,000,000	1.47	9
EDDY YIP HANG LEE	3,173,801	1.17	10
HSBC CUSTODY NOMINEES	3,171,061	1.17	11
TELEFRONT PTY LTD	3,000,000	1.10	12
CLIFTON SUPER (WA) PTY LTD	2,813,555	1.03	13
JAMIE PHILLIP BOYTON	2,000,000	0.74	14
NATURAL BEEF PTY LIMITED	2,000,000	0.74	15
NICHOLAS BURTON	2,000,000	0.74	16
WARRAWEE PTY LTD SUPER FUND	2,000,000	0.74	17
JOHN CHARLES	1,973,780	0.73	18
GWYNVILL TRADING PTY LIMITED	1,928,100	0.71	19
CASTRUM PTY LTD	1,900,000	0.70	20
Top 20 Subtotal	143,431,874	52.73	

Number of option holders at 21st September 2007	3,493

Company secretary
Mr. Tian Kotze
Mr. David Hinton

Registered office
Level 1
Reserve Bank Building
45 St Georges Terrace
Perth WA 6000

Principal administration office
Level 1
Reserve Bank Building
45 St Georges Terrace
Perth WA 6000

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

Stock exchange listings

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

Amcom Telecommunications Ltd's convertible notes are quoted on the Australian Stock Exchange (ASX:AMMG).

Amcom Telecommunications Ltd's options are quoted on the Australian Stock Exchange (ASX: AMMO)

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