

Appendix 4D

Results for announcement to the market

Amcom Telecommunications Ltd (ACN 062 046 217)

This half-year report is provided to the Australian Securities Exchange (ASX) under ASX Listing Rule 4.2A.3.

This should be read in conjunction with the most recent annual financial report.

Current Reporting Period: Half - Year ending 31 December 2014

Previous Corresponding Period: Half - Year ending 31 December 2013

Results		Percentage Change %	31 Dec 2014 \$'000	31 Dec 2013 \$'000
Revenue from ordinary activities	down	(3%)	80,681	82,877
Net profit after tax attributable to members	down	(16%)	9,317	11,051
Earnings per share – basic (cents)	down	(22%)	3.51	4.52
Net tangible assets per share (cents)	up	37%	40.3	29.5

Dividend (interim)	Amount per security ¢	Franked amount per security ¢
	5.0	5.0

The Amcom Dividend Reinvestment Plan (DRP) has been suspended due to the proposed Scheme of Arrangement with Vocus Communications Limited.

Key Dates

Dividend record date 24 April 2015

Dividend payment date 30 April 2015

Directors' Report

The Directors of Amcom Telecommunications Limited submit herewith the financial report for the half-year ended 31 December 2014.

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

Name

Anthony Grist (Non-executive Chairman)

Clive Stein (Managing Director and CEO)

Ian Warner (Non-executive Director)

Paul Brandling (Non-executive Director)

Peter Clifton (Non-executive Director)

Craig Coleman (Non-executive Director)

Anthony Davies (Non-executive Director)

Review of Results and Operations

See overleaf.

Scheme of Arrangement (Scheme)

On 17 December 2014, it was announced that the company and Vocus Communications Limited ("Vocus") entered into a Scheme implementation agreement under which Vocus will acquire the 90% shares in Amcom that Vocus doesn't currently own. The Scheme is subject to Amcom shareholder approval and a number of conditions including court approval and an independent expert opining that the Scheme is in the best interests of Amcom shareholders. Further details will be available with the issue of the Scheme booklet in March 2015. A Shareholder meeting is anticipated in April 2105 with and the implementation of the Scheme in May 2015.

As a result of the announcement on 17 December 2014, the company is forecast to incur costs associated with the implementation of the Scheme. Should the Scheme as proposed not occur, then it is estimated that costs of approximately \$5,000,000 may be incurred by the company.

Auditor's Independence Declaration


The auditor's independence declaration is attached.

Rounding off of Amounts

The company is a company of the kind referred to in ASIC Class Order 98/100, dated 10 July 1998, and in accordance with that Class Order amounts in the Directors' Report and the half-year financial report are rounded to the nearest thousand dollars, unless otherwise indicated.

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

On behalf of the Directors



Anthony Grist
Chairman

19 February 2015

Review of Results and Operations

1. Profit Summary

The reported net profit after tax before significant items for the period ended 31 December 2014 was \$11.004m (2013: \$11.5m) and after significant items \$9.3m (2013: \$11.1m).

A summary of the result is shown below:

\$ 000	1H 15	1H 14	% Change
Revenue	80,681	82,877	(3)%
Revenue (excluding IT Services)	67,266	60,903	10%
EBITDA*	22,984	22,381	3%
EBITDA* (excluding IT Services)	23,442	21,217	10%
EBIT*	16,219	17,053	(5)%
Interest expense (net)	(782)	(1,029)	
Profit before tax*	15,437	16,024	(4)%
Tax	(4,433)	(4,525)	
Net profit after tax before significant items *	11,004	11,499	(4)%
Significant items: Acquisition and integration expenses* (tax: \$28k)	(1,687)	(448)	
Net profit after tax as reported	9,317	11,051	(16)%
EPS basic – NPAT before significant items*	4.1c	4.7c	(13)%
EPS basic – NPAT as reported	3.5c	4.5c	(22)%

**non AIFRS financial information is reconciled to AIFRS financial information below*

2. Cash flow

Amcom recorded an operating cash flow of \$13.4m for the period to 31 December 2014 (2013: \$16.9m).

Dividends paid during the period ended 31 December 2014 were \$7.6m (net of dividend reinvestment) (2013:\$8.6m).

3. Review of operations

The company's business operations are reported under three operating segments based upon product or service groupings.

\$ 000	Revenue			EBITDA		
	1 H 15	1 H 14	Δ %	1 H 15	1 H 14	Δ %
Data networks	44,758	39,760	13%	22,139	19,952	11%
Amnet - consumer	5,052	5,151		574	840	
Telecommunications	49,810	44,911	11%	22,713	20,792	9%
EBITDA / Rev margin %	46%	46%				
Hosted and Cloud Services	17,352	15,863	9%	3,938	3,076	28%
IT Services	13,415	21,974	(39)%	(458)	1,164	(139)%
Sub Total	80,577	82,748	(3)%	26,193	25,032	5%
Corporate	104	129		(3,209)	(2,651)	
Total	80,681	82,877	(3)%	22,984	22,381	3%
EBITDA / Rev margin %	28%	27%				

The Telecommunications segment recorded a revenue increase of 11% to \$49.8m and increased EBITDA by 9% to \$22.7m. The Telecommunications segment includes Data networks and the Amnet consumer division. Data networks revenue increased 13% to \$44.8m and increased EBITDA by 11% to \$22.1m.

The Hosted and Cloud Services segment recorded a revenue increase of 9% to \$17.4m and increased EBITDA by 28% to \$3.9m. This segment includes the products of Cloud IaaS, IP Telephony and data centre operations.

IT Services was adversely impacted by local market conditions with revenue reducing by 39% and recording an EBITDA loss of \$458k.

4. Balance Sheet

The following table summarises the key balance sheet items:

\$'000	Dec - 14	FY14	Dec - 13
Equity	170,412	167,764	123,212
Cash	21,702	31,443	25,283
Borrowings	37,600	24,179	59,381
Net debt / (cash)	15,898	(7,264)	34,098
NTA	107,327	113,126	72,118
Gearing (%) #	9%	N/A	22%
NTA per Share	40.3 c	42.9 c	29.5 c

calculated as Net debt / (Net debt + Equity)

5. AIFRS Reconciliation (not subject to Audit review)

The Directors believe that the presentation of non-Australian International Financial Reporting Standards (“non-AIFRS”) financial information is useful for readers of this report to provide information of the company’s profit results that is consistent with equity valuation and investment research methodologies generally adopted in Australia.

The following table reconciles the AIFRS based profit result included in the Statement of Comprehensive Income in this Appendix 4D to the non-AIFRS Profit summary appearing above.

\$ 000	1 H 15	1 H 14
Net profit after tax	9,317	11,051
Income tax expense	4,405	4,380
Acquisitions and integration expenses*	1,715	593
Depreciation & amortisation	6,765	5,328
Interest revenue	(104)	(129)
Finance costs	886	1,158
EBITDA *	22,984	22,381
Depreciation & amortisation	(6,765)	(5,328)
EBIT *	16,219	17,053
Interest revenue	104	129
Finance costs	(886)	(1,158)
Profit before tax *	15,437	16,024
Income tax expense*	(4,433)	(4,525)
Net profit after tax before significant items *	11,004	11,499

* non AIFRS financial information

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

In relation to our review of the financial report of Amcom Telecommunications Limited for the half-year ended 31 December 2014, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.



Ernst & Young



T G Dachs
Partner
19 February 2015

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Directors' Declaration

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

In the opinion of the Directors:

- a) the financial statements and notes of the consolidated entity for the half-year ended 31 December 2014 are in accordance with the Corporations Act 2001, including:
- (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and of its performance for the half-year ended on that date; and
 - (ii) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001.
- b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

On behalf of the Directors



Anthony Grist
Chairman
19 February 2015

Amcom Telecommunications Ltd

STATEMENT OF COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

	Note	Consolidated	
		Half-year ended 31 Dec 2014 \$'000	Half-year ended 31 Dec 2013 \$'000
Continuing Operations			
Revenue	2	80,681	82,877
Network costs (inc. cloud and hosted costs)		(21,729)	(21,635)
Cost of hardware sold		(5,996)	(9,944)
Occupancy expenses		(3,505)	(3,398)
Depreciation and amortisation expenses		(6,765)	(5,328)
Employee benefits expenses		(19,488)	(19,843)
Finance costs		(886)	(1,158)
Marketing related expenses		(1,194)	(1,186)
Repairs and maintenance expenses		(1,623)	(661)
Other expenses		(5,773)	(4,293)
Profit from continuing operations before income tax expense		13,722	15,431
Income tax expense		(4,405)	(4,380)
Net Profit attributable to members of Amcom Telecommunications Ltd		9,317	11,051
Other comprehensive income			
(Items that may be reclassified subsequently to profit or loss)			
Cash flow hedge – (loss)/gain taken to equity, net of tax		122	(38)
Total comprehensive income attributable to members of Amcom Telecommunications Ltd, net of tax		9,439	11,013
Earnings per share from continuing operations			
Basic (cents per share)	5	3.51	4.52
Diluted (cents per share)	5	3.46	4.47

Amcom Telecommunications Ltd

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2014

	Note	Consolidated	
		31 December 2014 \$'000	30 June 2014 \$'000
Current assets			
Cash and cash equivalents		21,702	31,443
Trade and other receivables		12,986	15,301
Inventories		3,654	3,358
Other		6,711	2,790
Total current assets		45,053	52,892
Non-current assets			
Property, plant and equipment		154,726	140,981
Goodwill	7	54,048	48,599
Other intangible assets		9,037	6,039
Total non-current assets		217,811	195,619
Total assets		262,864	248,511
Current liabilities			
Trade and other payables		20,239	25,861
Deferred revenue		13,072	12,367
Borrowings	6	5,006	3,320
Income tax payable		443	1,982
Deferred consideration	7	1,000	1,000
Provisions and other liabilities		3,558	3,302
Total current liabilities		43,318	47,832
Non-current liabilities			
Borrowings	6	32,594	20,859
Provisions and other liabilities		2,710	3,179
Deferred revenue		4,775	557
Deferred tax liabilities		9,055	8,320
Total non-current liabilities		49,134	32,915
Total liabilities		92,452	80,747
Net assets		170,412	167,764
Equity			
Contributed equity	4	151,511	148,525
Reserved shares		-	(2,410)
Reserves		(1,767)	(295)
Retained profits		20,668	21,944
Total equity		170,412	167,764

Amcom Telecommunications Ltd

STATEMENT OF CASH FLOWS FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

	<u>Note</u>	<u>Consolidated</u>	
		<u>Half-year ended 31 Dec 2014 \$'000</u>	<u>Half-year ended 31 Dec 2013 \$'000</u>
Cash flows from operating activities			
Receipts from customers		91,804	90,516
Payments to suppliers and employees		(73,384)	(70,636)
Interest and other costs of finance paid (net)		(641)	(1,029)
Income tax paid		(4,425)	(1,935)
Net cash provided by operating activities		<u>13,354</u>	<u>16,916</u>
Cash flows from investing activities			
Payment for property, plant, equipment		(13,472)	(11,109)
Payment for intangibles		(3,366)	(406)
Proceeds on sale and leaseback of plant and equipment		-	2,673
Acquisition and integration expenses		(1,715)	(592)
Payment for acquisition of subsidiary (net of cash acquired)	7	(5,535)	(13,781)
Deferred payment of acquisition of subsidiary		(1,000)	-
Net cash used in investing activities		<u>(25,088)</u>	<u>(23,215)</u>
Cash flows from financing activities			
Proceeds from borrowings		27,000	27,217
Repayment of borrowings		(17,400)	(11,409)
Repayment of loans to Directors		24	182
Purchase of shares for long term incentive plan		-	(1,158)
Dividends paid (net of dividend reinvestment plan)		(7,631)	(8,560)
Net cash provided by financing activities		<u>1,993</u>	<u>6,272</u>
Net decrease in Cash and Cash Equivalents		(9,741)	(27)
Cash and Cash Equivalents at the beginning of the Period		<u>31,443</u>	<u>25,310</u>
Cash and Cash Equivalents at the end of the Period		<u>21,702</u>	<u>25,283</u>

Non Cash Transactions

In the six months to 31 December 2014 \$1.38m (31 December 2013: \$ 2.31m) of property, plant and equipment was acquired via a vendor loan facility.

Amcom Telecommunications Ltd

STATEMENT OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

Consolidated	Contributed Equity \$'000	Shares Reserved For Employee Share Plans \$'000	Employee Equity – Settled Benefits Reserve \$'000	Cash Flow Hedge Reserve \$'000	Option Cancellation Reserve \$'000	Retained Profits \$'000	Total Equity \$'000
At 30 June 2013	107,873	-	2,762	(116)	(3,366)	13,493	120,646
Profit for the period	-	-	-	-	-	11,051	11,051
Other comprehensive income	-	-	-	(38)	-	-	(38)
Total comprehensive income	-	-	-	(38)	-	11,051	11,013
Repayment of loans	182	-	-	-	-	-	182
Share based payment	-	-	356	-	-	-	356
Deferred tax on share based payment	-	-	733	-	-	-	733
Equity settled benefits	-	-	(1,158)	-	-	-	(1,158)
Dividends paid	-	-	-	-	-	(8,560)	(8,560)
At 31 December 2013	108,055	-	2,693	(154)	(3,366)	15,984	123,212
At 30 June 2014	148,525	(2,410)	3,193	(122)	(3,366)	21,944	167,764
Profit for the period	-	-	-	-	-	9,317	9,317
Other comprehensive income	-	-	-	122	-	-	122
Total comprehensive income	-	-	-	122	-	9,317	9,439
Repayment of loans	24	-	-	-	-	-	24
Dividend Reinvestment Plan	2,962	-	-	-	-	-	2,962
Share based payment	-	-	378	-	-	-	378
Deferred tax on share based payment	-	-	438	-	-	-	438
Equity settled benefits	-	2,410	(2,410)	-	-	-	-
Dividends paid	-	-	-	-	-	(10,593)	(10,593)
At 31 December 2014	151,511	-	1,599	-	(3,366)	20,668	170,412

Amcom Telecommunications Ltd

Notes to the Financial Statements For the Half-Year Ended 31 December 2014

1. Basis of Preparation

This general purpose condensed financial report for the half year ended 31 December 2014 has been prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

The half-year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report. It is recommended that the half-year financial report be read in conjunction with the annual report for the year ended 30 June 2014 and considered together with any public announcements made by Amcom Telecommunications Limited during the half-year ended 31 December 2014 in accordance with the continuous disclosure obligations of the ASX listing rules.

The accounting policies adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the consolidated financial report of 30 June 2014.

Changes in Accounting Policy

The Group has adopted all accounting standards and interpretations applicable from 1 July 2014. The adoption of the new standards and interpretations has had no material impact on the recognition, measurement and disclosure of any assets, liabilities or the income statement for the period.

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

2. Revenue

Profit from continued operations before income tax includes the following items of revenue and expense:

	Half-year ended 31 Dec 2014 \$'000	Half-year ended 31 Dec 2013 \$'000
Rendering of services	73,117	71,059
Sale of hardware	7,460	11,689
Interest income-bank deposits	104	129
	<u>80,681</u>	<u>82,877</u>

3. Dividends (fully franked) paid

	Half-year ended 31 December 2014		Half-year ended 31 December 2013	
	Cents per Share	Total \$'000	Cents per Share	Total \$'000
Final dividend paid on ordinary shares	4.0	10,593	3.5	8,560

The Amcom Dividend Reinvestment Plan (DRP) has been suspended in light of the proposed Scheme of Arrangement with Vocus Communications Limited.

Amcom Telecommunications Ltd

Notes to the Financial Statements For the Half-Year Ended 31 December 2014

4. Contributed Equity

Fully paid ordinary shares	Number of shares	\$'000
Opening balance @ 1 July 2014	263,685,089	148,525
Repayment of share based loan to Directors	-	24
Dividend reinvestment plan	1,564,059	2,962
Transfer of shares to employees on vesting of performance rights	1,150,000	-
Closing balance @ 31 December 2014	<u>266,399,148</u>	<u>151,511</u>

Reserved shares*	Number of shares	\$'000
Opening balance @ 1 July 2014	(1,150,000)	(2,410)
Transfer of shares to employees on vesting of performance rights	1,150,000	2,410
Closing balance	<u>-</u>	<u>-</u>

*During the period Reserved shares held by the Amcom Incentive Share Trust ("the trust") at 30 June 2014 have been transferred for nil considerations to the holders of 1,150,000 Tranche C Performance Rights in accordance with the Long Term Incentive Plan.

Other securities on issue

Performance rights – Tranche D	1,025,000
Performance rights – Tranche E	1,060,000
Performance rights – Tranche F	2,100,000

Movement in Performance Rights	Tranche C	Tranche D	Tranche E	Tranche F
Opening balance @ 1 July 2014	1,150,000	1,025,000	1,060,000	-
Issued in period	-	-	-	2,100,000
Vested	(1,150,000)	-	-	-
Closing balance @ 31 December 2014	<u>-</u>	<u>1,025,000</u>	<u>1,060,000</u>	<u>2,100,000</u>

Amcom Telecommunications Ltd

Notes to the Financial Statements For the Half-Year Ended 31 December 2014

Tranche C

On 3 July 2014, Tranche C Performance Rights vested and shares were accordingly transferred to the holder in the current period.

Tranche D

Performance Rights were granted in a prior period for nil consideration pursuant to the Amcom Executive Long Term Incentive Plan, with no exercise price. Vesting conditions and performance hurdles for the rights: 33.3% at 30 June 2015; and 33.3% if Amcom's Total Shareholder Return (TSR) equals the S&P ASX 300 Accumulation Index; and a further 33.3% if Amcom's TSR equals or exceeds the S&P ASX 300 Accumulation Index by 10%. Unvested Performance Rights will lapse on 30 June 2015 or if employment is terminated. Change of control provisions apply. The fair value of these rights is in the range of 70.5 cents – 95.7 cents per right.

Tranche E

Performance Rights were granted in a prior period for nil consideration pursuant to the Amcom Executive Long Term Incentive Plan, with no exercise price. Vesting conditions and performance hurdles for the rights: 33.3% at 1 September 2016; and 33.3% if Amcom TSR equals the S&P ASX 300 Accumulation Index; and a further 33.3% if Amcom's TSR is equal to or greater than 110% of the percentage movement in the index of the vesting period. Unvested Performance Rights will lapse on 1 September 2016 or if employment is terminated. Change of control provisions apply. The fair value of these rights granted was in the range of 134.85 – 138.84 cents per right.

Tranche F

Performance Rights were granted for nil consideration pursuant to the Amcom Executive Long Term Incentive Plan, with no exercise price. These Performance Rights will vest as follows:

- 10% if the employee is employed by the company at 1 September 2017; and
- 90% if the 5 day volume weighted average share price as traded on the ASX reaches or exceeds \$4.00 at any time in the period 1 September 2017 to 31 January 2018, inclusive.

Should a change of control occur then:

- In respect to 520,000 Tranche F Performance Rights granted to the CEO as approved by members at the Annual General Meeting on 19 November 2014 then 100% of the Performance Rights held by the CEO will vest and 520,000 Amcom shares will be issued to the CEO for nil consideration; and
- In respect to 1,580,000 Tranche F Performance Rights 50% will vest and 790,000 Amcom shares will be issued to the holders of these Performance Rights for nil consideration. The remaining entitlement will be transferred into Performance Rights of the Offeror (Replacement Performance Rights) with 50% of the Replacement Performance Rights vesting upon six months of the change of control and 50% vesting upon 12 months of the change of control. Replacement Performance Rights will lapse if the employee resigns or is dismissed for serious misconduct. Further details can be found in the Scheme Implementation Agreement dated 17 December 2014 lodged on ASX.

Amcom Telecommunications Ltd

Notes to the Financial Statements For the Half-Year Ended 31 December 2014

5. Earnings per Share

Earnings and weighted average number of shares used to calculate basic and diluted earnings per share:

	Half-year ended 31 Dec 2014 \$'000	Half-year ended 31 Dec 2013 \$'000
Net Profit attributable to ordinary equity holders of the company	9,317	11,051
Weighted average number of shares	No.	No.
Weighted average number of ordinary shares for basic EPS	265,462,915	244,557,101
Potential ordinary shares arising on vesting of performance rights	4,185,000	3,445,000
Weighted average number of ordinary shares for diluted EPS	269,647,915	248,002,101
	Cents	Cents
Basic EPS	3.51	4.52
Diluted EPS	3.46	4.47

6. Borrowings

	Dec 2014 \$'000	June 2014 \$'000
Current		
Finance lease liabilities	1,321	1,188
Vendor loan	3,844	2,328
Debt establishment costs	(159)	(196)
	5,006	3,320
Non-Current		
Bank debt	24,000	12,000
Finance lease liabilities	986	1,540
Vendor loan	7,631	7,356
Debt establishment costs	(23)	(37)
	32,594	20,859

Amcom Telecommunications Ltd

Notes to the Financial Statements For the Half-Year Ended 31 December 2014

7. Acquisition of Controlled Entity

Amcom East Pty Ltd (formerly Megaport Pty Ltd)

On 21 November 2014, the company acquired Amcom East Pty Ltd (formerly Megaport Pty Ltd) for a total consideration of \$6,535,708.

	Provisional Fair Value at acquisition date \$'000
Prepayments and deposits	274
Property, plant and equipment (work in progress)	7,123
Deferred tax asset	1,388
Total assets	8,785
Trade payables and other current liabilities	2,611
Deferred revenue (Indefeasible right of use granted)	4,500
Total liabilities	7,111
Net Assets	1,674
Net Assets	1,674
Other contract obligation assumed	(739)
Goodwill arising on acquisition	5,600
Total acquisition consideration	6,535
	\$'000
The cash outflow on acquisition is as follows:	
Initial payment at acquisition	5,535
Deferred cash consideration	1,000
Total acquisition consideration	6,535

The provisional goodwill of \$5,600k arising from the acquisition is allocated in its entirety to the Telecommunications cash-generating unit.

As part of the acquisition of Amcom East Pty Ltd, \$5,100k of capital commitments arose (refer to Note 9).

Amcom East's contribution to net profit after tax for the period ended 31 December 2014 since acquisition was immaterial to the results. The net loss after tax for the 6 month period ended 31 December 2013 under prior ownership was (\$755k).

Amcom Telecommunications Ltd

Notes to the Financial Statements For the Half-Year Ended 31 December 2014

8. Operating Segments

Identification of Reportable Segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the executive management team (the chief operating decision makers) in assessing performance and in determining the allocation of resources.

The operating segments are identified by management based on the nature of the services provided.

Types of Services

Telecommunications

Data Networks

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

Amnet

Consumer DSL services.

Hosted and Cloud Services

IP telephony voice services, cloud and data centre management.

IT Services

Sale of hardware and provision of implementation consultancy services.

Accounting policies and inter-segment transactions

The accounting policies used by the Group in reporting segments internally are the same as those contained in note 1 of the 2014 annual report and applied in the prior period.

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

- Interest expense and revenue
- Corporate overheads
- Income tax expense
- Acquisition and integration expenses

The following table presents revenue and profit information for reportable segments for the half years ended 31 December 2014 and 2013.

Amcom Telecommunications Ltd

Notes to the Financial Statements For the Half-Year Ended 31 December 2014

31 December 2014 \$'000	Telco	Hosted & Cloud Services	IT Services	Total
Revenue from external customers	49,810	17,352	13,415	80,577
Total segment revenue	49,810	17,352	13,415	80,577
Other revenue				104
Total revenue per the statement of comprehensive income				80,681
Segment earnings before interest, tax, depreciation and amortisation	22,713	3,938	(458)	26,193
Depreciation and amortisation	(5,609)	(1,100)	(56)	(6,765)
Segment result (EBIT)	17,104	2,838	(514)	19,428
Corporate Overhead				(3,209)
EBIT				16,219
Interest (net)				(782)
Acquisition & integration expenses				(1,715)
Net profit before tax				13,722
Tax expense				(4,405)
Net profit after tax				9,317
31 December 2013 \$'000	Telco	Hosted & Cloud Services	IT Services	Total
Revenue from external customers	44,911	15,863	21,974	82,748
Total segment revenue	44,911	15,863	21,974	82,748
Other revenue				129
Total revenue per the statement of comprehensive income				82,877
Segment earnings before interest, tax, depreciation and amortisation	20,792	3,076	1,164	25,032
Depreciation and amortisation	(4,337)	(894)	(97)	(5,328)
Segment result (EBIT)	16,455	2,182	1,067	19,704
Corporate Overhead				(2,651)
EBIT				17,053
Interest (net)				(1,029)
Acquisition expense & other items				(448)
Net profit before tax				15,576
Tax expense				(4,525)
Net profit after tax				11,051

Amcom Telecommunications Ltd

Notes to the Financial Statements For the Half-Year Ended 31 December 2014

Segment Assets

	Assets	
	Dec 2014 \$'000	June 2014 \$'000
Telecommunications	180,818	152,773
Hosted and Cloud Services	55,190	54,149
IT Services	5,154	10,146
Total of all segments	241,162	217,068
Cash and cash equivalents (unallocated)	21,702	31,443
Total Assets	262,864	248,511

9. Material Contingent Assets and Liabilities and Capital commitments

There has been no material change in the contingent assets or liabilities during the period except for:

- As at 31 December 2014, the company has \$5,100k of capital commitments which included an estimate of the cost to complete data network infrastructure arising from the acquisition of Amcom East Pty Ltd.
- Should the Scheme of Arrangement with Vocus Communications Limited not proceed then it is estimated that the company will incur costs of approximately \$5,000k.

Independent Review Report to the members of Amcom Telecommunications Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Amcom Telecommunications Limited, which comprises the condensed statement of financial position as at 31 December 2014, the condensed statement of comprehensive income, condensed statement of changes in equity and condensed statement of cash flows for the half year ended on that date and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Amcom Telecommunications Limited and the entities it controlled during the half-year, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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

Conclusion

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

- a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and of its performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.



Ernst & Young



T G Dachs
Partner
Perth
19 February 2015

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