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About Amcom Telecommunications Ltd

Amcom was founded in 1988 by former Telecom New Zealand engineer Andrew McLean, initially with the aim of providing cabling services to CBD-based corporations and institutions in its base city of Perth, Western Australia.

The company has since evolved into Amcom Telecommunications Ltd, an Australian Stock Exchange listed fibre network and infrastructure Telecommunications Company.

In 1998, Amcom secured a telecommunications carrier licence.

This created a platform for the strategic expansion of the company, with Amcom developing its own fibre optic broadband network.

Its cable roll out targets both last mile networks in cities throughout Australia, and complementary inter capital links to establish a national carrier infrastructure.

This strategy has positioned Amcom as an established player at the leading edge of the high-speed carrier market in Australia.

Amcom is also developing partnerships with both domestic and international carriers, setting the scene for the provision of international broadband data services to corporate Australia.

Increasing profitability and shareholder value comes with a larger proportion of network ownership and a focus on a smaller number of customers with relatively large spends.

Source: BBY Note 13 March 2000



Chairman's Review



Your Company has undergone fundamental changes over the past 12 months, moving from an investor in telecommunications infrastructure to a fully-fledged telecommunications carrier. Consequently the operating results for the year reflect 10 months as a Telecommunications Investment Company with no income producing assets until moving to ownership of 100% of operating carrier Amcom Pty Ltd. in April 2000.

The operating business has experienced exponential growth and I believe we will look back on 1999/2000 as a significant milestone in the history of the company.

The platform for our growth was the acquisition of our own carriers' licence in 1998. The deregulation of the telecommunications market in 1997 had already created a market for Amcom; the carrier's licence now provided us with the tools we needed to access that market and realise our vision for the company.

The past twelve months have moved us closer to realising that vision - to become Australia's leading national broadband carrier, and a provider of value added content and services over our own network.

The building blocks for our vision are threefold - geographical reach, technological advantage, and added-value services.

Our geographical reach is growing daily.

We are already providing high-speed switched connectivity to a growing number of corporate and government clients in the regions where we already have our own infrastructure (Perth, Adelaide, Hobart and Darwin).

We have cabled entry points to more than 200 major buildings throughout Australia, with nearly 300 kilometres of fibre optic cabling completed in Perth, Fremantle, Adelaide, Darwin and Hobart.

We are now looking to new centres of significance both in terms of population and telecommunications needs.

Having established a strong regional presence, Amcom has taken the next logical step in the development of the business by establishing a strategic alliance with PowerTel, an East Coast based telecommunications company with infrastructure already connecting Sydney, Brisbane and Melbourne.

Our aim is to develop a national network via investment in infrastructure in the relatively uncontested markets in regional centres, and the creation of strategic alliances with other telecommunications companies in the harder to penetrate East Coast cities.

This strategy maximises our geographical reach whilst minimising our capital investment and financial exposure.

This national coverage is complemented by the development of a new agreement with SingTel, an international telecommunications company with a global fibre optic infrastructure.

Once this partnership develops, Amcom will become a truly international telecommunications company with global reach, offering corporate broadband data services to our Australian customers to any city in the world.

Our technological advantage continues to grow as we expand our network using the latest fibre optic technology.

The first stage of the IP1 project - connecting Adelaide to Melbourne - uses more than 30 channels and DWDM technology to offer unrivalled capacity and speed of transmission.

During the implementation phase of IP1 we are leasing capacity from Telstra to provide a national connection for our customers, which has given us a proven business case for our investment in IP1.

By combining leading edge technology with national and international reach, Amcom is continually finding new ways of bringing added value services to our customers. These move beyond the traditional telecommunications products of voice and data carriage to offsite data storage, hosting of PABX and the provision of business content, amongst other products and services.

The achievements of the past twelve months would not have been possible without the support, commitment and enthusiasm of our staff and the Amcom board.

We have been fortunate in attracting some of the industry's most skilled and experienced professionals to our team, and we look forward to reaping the benefits of their collective expertise.

I would also like to formally welcome a new Director to the Board of Amcom. Mr Eddy Lee brings a wealth of international business experience and contacts to the company.

All members of the Board have continued to provide their support and counsel during the past twelve months and I would like to take this opportunity to personally thank all of them.

Finally, I would like to thank all shareholders for their support and confidence, and for sharing our vision for the company.

I look forward to working together to build on our achievements of the past year.

Tony Grist
Chairman

29th September 2000

Managing Director's Report

The past twelve months have been an exciting and challenging time for Amcom, as long-planned projects get underway and customer demand for our services increases.

This report details the major developments that have occurred during the past year, and the systems we have put in place to ensure that we manage our growth in a way that meets our needs today and stands up in good stead for the future.

Network Expansion

During 1999/2000 we have continued our program of rolling out our network.

Our last mile rollout in the regional cities of Perth, Adelaide, Hobart and Darwin is soon to be complemented by the development of infrastructure in Bunbury, in the South West of Western Australia.

A number of centres are currently subject to demographic and market analysis, and we expect to progress these in the coming year.

By investing in infrastructure in these centres, Amcom is also increasing the level of the company's assets, creating a robust platform for the growth of the company.

The implementation of Internet Protocol (IP) switching technology on our fibre optic network has also enabled us to develop and market leading-edge services to customers. This will place us in a very strong position for growing our business using lower cost technology than legacy networks, as well as providing services that meet today's business needs.

We have also been successful in accessing some 220 buildings around Australia by working with building owners and property managers. This has given us fast penetration of CBD buildings and access to the resident tenants, and this sector of our business will continue to be a major focus for the company.

We have also established a Network Operating Centre to ensure that our networks are monitored 24 hours a day, seven days a week.

Sales And Marketing

The trend towards IP based services and away from legacy networks has placed us in a strong market position, which is reflected in the 25 new customers who are joining Amcom every month in Perth alone. Total customers now number in excess of 250 government and corporate enterprises.

Customers are drawn from a broad cross-section of industry sectors, covering:

- ▶ Internet Service Providers
- ▶ Government
- ▶ Corporate
- ▶ SMEs
- ▶ Other telecommunications providers

The range of Amcom's market penetration means that we are not over-reliant on the viability and fluctuations of a single industry sector. It also means that we structure our business around the many and varied needs of a wide number of smaller businesses, rather than being driven by the specific needs of a small number of large customers.

The flexibility of our service offering is also a key advantage for Amcom. Our services are completely scalable, which means that clients can upgrade their service from less than 2Mbps to the high volume 100Mbps service (or anywhere in between) at a keystroke.

The dramatic increase in sales we saw in 1999/2000 is set to continue, as the addition of long-haul and value added content and services continue to enhance the range of services we can offer to our 'last mile' customers.

Over the past quarter, we have been working on a Reseller Model strategy, which is aimed at reaching more potential customers via a third party or 'reseller'. This strategy is now being implemented, and will be trialled over the next few months.

To find out more about why our customers choose to be Amcom Enabled™, please refer to the customer profiles on page 15.



Project IP1

IP1 is our most significant infrastructure project currently being implemented.

This single initiative will enable us to rapidly expand Amcom's business into a dynamic marketplace by providing a high-speed fibre optic link between Perth, Bunbury, Kalgoorlie, Adelaide and Melbourne.

The completion of the IP1 project will put us in a strong position to take advantage of the rapidly increasing demand for data bandwidth.

We recently appointed Network Design and Construction (NDC) to construct Stage One of IP1 - Adelaide to Melbourne. NDC will work closely with our highly talented project teams, who have vast experience in rolling out fibre optic networks through Australia, South East Asia and the Middle East.

Staffing Levels

Amcom has spent much of the past year putting together a team of experienced industry professionals to provide the resources and skills set which will make Amcom the leading national broadband carrier in Australia.

Our investment in people has seen staffing levels more than double during the past twelve months.

Our progressive HR strategy, which provides for all staff to participate in Amcom as equity holders via an Employee Share Option Plan, has helped us to attract some of the most experienced and respected people from both the national and international telecommunications industry.

The success of this strategy is demonstrated by the growth and expansion of our business, which would not have been possible without the skill, commitment and enthusiasm of the Amcom team.

Rescue Technology Group

We are currently in the process of finalising the acquisition of Rescue Technology Group. Rescue provide their customers with remote network management services to application level. This means for example that if a customer's email application crashes, Rescue can remotely restart the program for them via the web or wireless application protocol (WAP).

This strategic acquisition will increase our customer base, as well as providing a value added service to our existing customers. It will also add a new skills set in e-commerce to our portfolio.

New Services

We are currently developing new services that use our high-speed cable technology to enable building owners to upgrade their properties to 'smart' buildings.

This service will give building tenants access to a number of services from their existing local networks, giving them greater choice and potential cost savings on telecommunication services.

In developing this service we are looking to capitalise on our existing investment in infrastructure.

By innovating about how best to maximise the value of our investment, we are able to create services that position Amcom in a unique market niche and help us to achieve our vision of becoming a provider of value added content and services over our own network.

Acknowledgements

If I had to identify a common theme that has run through the many developments at Amcom during the past twelve months, it has to be partnership.

Partnership, co-operation, and commitment to mutually beneficial goals - these have been the cornerstones of Amcom's growth.

I have already talked about the partnership we have with our staff, and the partnerships we have entered into with both local and overseas Telco's which are so critical in helping us to achieve our goals.

I must also acknowledge the contribution made by our suppliers, without whom we would not have taken such great leaps forward in the past year.

I would like to thank them for their support, for their reliability, and for their commitment to customer service which has been so invaluable during the year.

I look forward to working with all our partners in the industry during the coming year to realise our shared vision for Amcom.

Andrew McLean
Managing Director & CEO

Amcom Organisational Chart and Corporate Structure



Key Staff



Karl Matacz
General Manager

Karl is a qualified CPA with more than 25 years experience in the telecommunications industry. He has extensive experience in financial management, business planning and business analysis. He is a former Financial Controller for Telstra's Asia South region, and has held a number of senior commercial positions in Telstra's international and domestic operations, as well as with Western Power.



Murray Yeoman
Director - IP1

With a background in engineering and management, Murray has over 25 years experience in the telecommunications industry, both in Australia and overseas. His particular area of expertise is the engineering management of fibre optic projects, as well as operations and business management at a senior level. His experience includes extensive involvement in new business development and telecommunications engineering projects in Vietnam, Thailand, Poland, Pakistan and the Middle East.



Colin Bettis
Network Manager

Colin has more than 20 years of experience in the telecommunications industry, and a Bachelor of Engineering degree in Communications Systems Engineering. The bulk of his professional life to date has involved working for British Telecom, starting as an apprentice learning the business and evolving towards network management, maintenance and design. Colin brings to Amcom a broad knowledge of the networking and communications industry alongside experience in large dollar project rollouts. This incorporates experience within Australia, as well as most parts of Europe.



Stephen Davies
Technology and Network
Design Manager

Since 1985, Stephen has specialised in the data communications field, designing corporate and Wide Area Networks. He has extensive commercial and managerial experience and is a former Managing Director of WA's largest regional ISP. Stephen has also held senior positions in both ComsWest and AlphaWest, being seconded from AlphaWest to Optus, where he worked exclusively on the Statewide Telecommunications Enhancement Program.



Akram Sabbagh
National Sales & Marketing Manager

Ak is an experienced marketer with over 15 years in the profession, covering a diverse range of industry sectors encompassing IT, publishing, financial services and business consultancy. A former State sales manager for Ernst & Young, Ak has also worked with PMP Communications Ltd as Market Development Manager (WA and SA), as well as holding key marketing positions within Australian Technology Resources and IBM Australia Ltd.



Bruno Clifford Scarcella
Business Director - Wholesale
Services Eastern Seaboard

Bruno has accumulated more than 30 years experience in the telecommunications industry with Telstra. His experience encompasses all aspects of a telecommunications operation, from strategy, planning and resources management through to construction, installation and front of house activities. His various roles, and in particular his 4 years in Vietnam, have provided Bruno with considerable interaction with the senior management of customers, suppliers and international financial institutions as well as across all areas of Telstra. He later returned to Australia to be one of four senior managers reporting directly to the CEO on the company wide restructure of Telstra.



Teresa Ai Lan Twining
Finance and Administration
Manager/Company Secretary

A qualified CPA and Fellow of the Chartered Association of Certified Accountants, Teresa has more than 15 years experience in financial management gained at international accountancy firms such as Pannell Kerr Forster and Coopers and Lybrand. Most recently she was involved in the construction and operation of an investment project for the Singapore Government Investment Corporation in Victoria, where she was the Financial Controller, Company Secretary and Director.

Amcom and the Australian Telecommunications Market

Market Structure

The Australian telecommunications market is comprised of two main entities; carriers and service providers. The owner of telecommunications transmission facilities (fixed links over 500 meters, satellite, mobile) which are used to supply carriage services (services for carrying communications) to the public must either: hold a carrier licence; or make arrangements to ensure that another licensed carrier accepts carrier-related responsibilities for those facilities.

Carriers must be individually licensed by the Australian Communications Authority (ACA). Amcom obtained its license in 1998 and has an unrestricted license in terms of types of transmission (voice or data et al) and methodology of transmission.

Market Competition

During July 1999, the ACCC announced that Telstra's local loop will be unbundled and that competitors would be able to gain access to this last part of the network remaining under monopoly control. The Australian Communications Industry Forum now has to put in place a number of technical and procedural standards to enable this unbundling to proceed and it is hoped that these aspects will be in place by the middle of the year 2000.

This is potentially a great opportunity for Amcom and can provide the ability and the mechanism to offer a range of innovative voice and data services via Telstra's vast local loop network.

There are key areas of the telecommunications market which have been left relatively untapped by the incumbents and their competitors and these include the provision of telecommunications infrastructure and access to advanced telecommunications services in:

- ▶ regional Australia; and
 - ▶ metropolitan areas outside of Melbourne, Sydney and Brisbane.
- Telstra and Optus have not focused strongly on these markets while major competitive battles are taking place in the east coast markets.

With the growth towards information highways, regional and residential users are demanding services of similar quality and cost to those being provided in metropolitan Australia. To date the major players have shown limited interest in exploiting the market potential of regional Australia while focusing on the major east coast metropolitan markets eg Brisbane, Sydney, Canberra and Melbourne.

Internet Growth

The rapid growth of Internet subscribers in Australia from 1.8 million at the end of 1998 to an estimate of 2.8 million by June 2000 has resulted in Internet traffic overtaking telephony traffic on national and international networks.

Internet related demand for bandwidth is forecast to grow at 40-60% per annum over the next five years due to increasing internet penetration, increased usage amongst existing users and development of 'killer applications'.

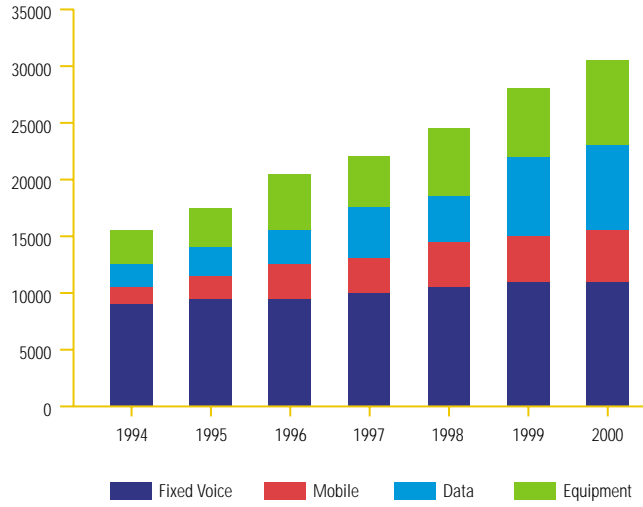
The growth in electronic commerce volumes and the sophistication of web sites will result in higher demands for bandwidth. The need for quick access will be an important requirement for internet users.

Many Internet applications are dependent on the use of higher bandwidth capacity which will have a significant impact on the future growth of internet traffic.

"Amcom is in a strong position to gain a substantial market share by building on its current network, customer base and experience." KPMG Consulting Report, 1999

Market Size

Total revenue for the telecommunications market in Australia is estimated at A\$28.2 billion for 1999, an annual growth of 10%. The annual growth in 1998 was 9% and in 1997 5% (Paul Budde). Market segment split and growth are:



(Source: Paul Budde Communication Pty Ltd Report "Australia - Industry - Revenue Overview" 1999)

Accessible Market

The broadband data market in Australia is estimated at some \$6.7 billion for the year 2000 (Paul Budde) and growing at 26% per annum.

Amcom's total accessible market outside of Sydney, Melbourne and Brisbane has been estimated to be approximately \$3.4 billion in the year 2000 increasing to approximately \$11 billion in the year 2006.

In the Perth, Adelaide, Darwin and Hobart regions where our proprietary network coverage exists KPMG estimate Amcom has a total accessible market of \$1.1 billion in the year 2000 increasing to \$4 billion by the year 2006.

The recent agreement with PowerTel means Amcom has increased its accessible market to include the major financial and population centres of Sydney, Melbourne and Brisbane as well as the Gold Coast of Queensland

Demand For Bandwidth

Market drivers for data include:

- ▶ High speed internet access
- ▶ Video conferencing
- ▶ Application services
- ▶ Hosting services
- ▶ Offsite data storage
- ▶ Voice/data integration (VoIP)

"Optical technology will be as important to the 21st century as electricity was to the 20th century."

Source: Gerry Butters Lucent

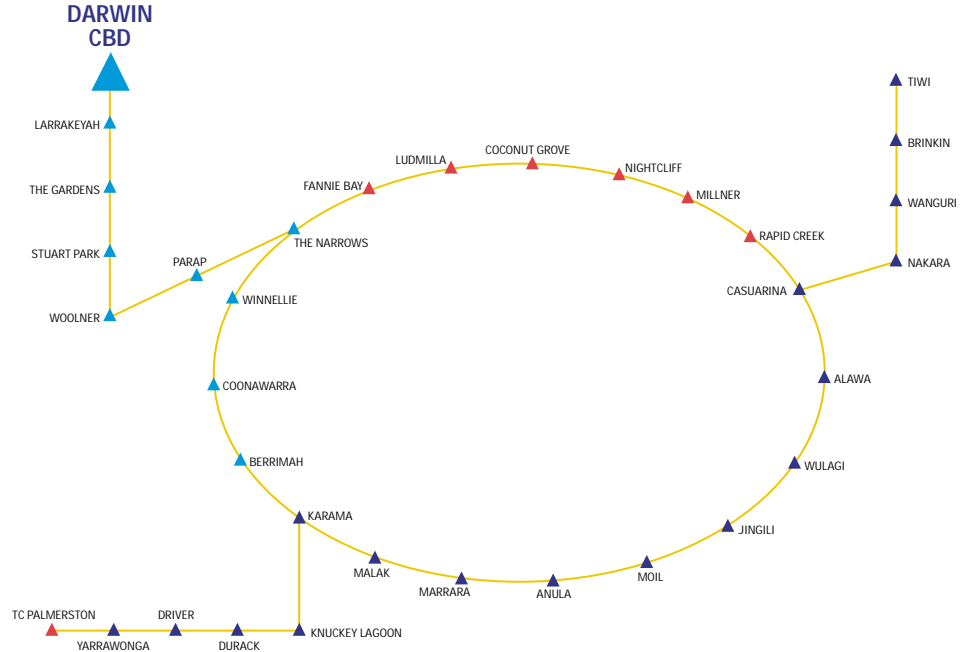
Metropolitan Network and Buildings

	Perth	Adelaide	Darwin	Hobart
Existing Infrastructure	~ 200km	~ 12km	~ 35km	~ 5km
Building Access	~ 200	~ 16	~ 9	
Under Construction	~ 50km	~ 18km	~ 9km	~ 20km

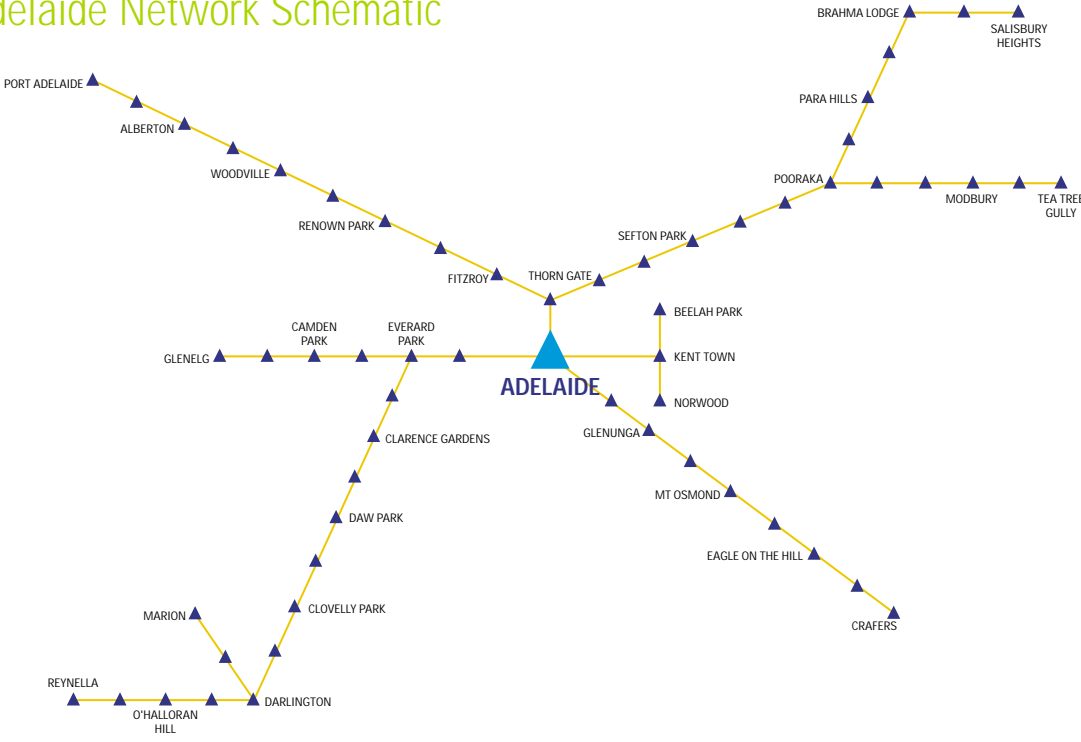
Amcom's Perth Fibre Network - More Than 220km



Amcom's Darwin Fibre Network



Amcom's Adelaide Network Schematic



IP1™ - Long Haul

Project IP1 involves the construction of an optic fibre cable linking Melbourne, Adelaide, Kalgoorlie, Perth and Bunbury.

Amcom in the interim is leasing bandwidth capacity from Telstra in order to generate early cashflows and to continue to grow our revenues and customers whilst rolling out the network.

Timing of Construction

Construction of the Melbourne - Adelaide link has commenced, with completion of all Stage 1 East links scheduled for March 2001. This construction has been awarded to Telstra subsidiary NDC (Network Design and Construction Limited).

Market Opportunity

Over the next 5 years demand for data bandwidth is expected to grow at 40% to 60% per annum, driven by increasing Internet usage and penetration, growth in mobile telephony and the take up of new applications such as video conferencing, video on demand and remote health services. Further, the arrival of the Southern Cross cable and the Australia - Japan cable to the east coast of Australia will further stimulate demand for bandwidth between Perth and the east coast.

The market for terrestrial bandwidth capacity between Perth and Melbourne is currently served only by Telstra and Cable and Wireless Optus. The forecast growth in demand for data bandwidth and the development of new applications requiring large bandwidth capacity will allow a new participant the opportunity to develop a long haul telecommunications business. A new carrier can achieve substantial growth without causing any significant adverse impact on the existing carriers.

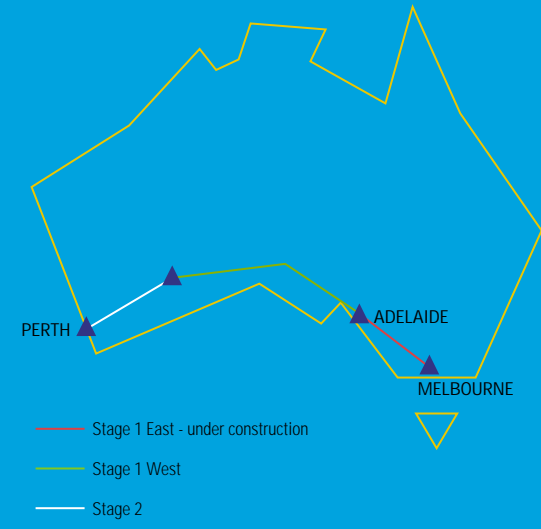
Market Positioning

Project IP1 will be positioned as a carrier's carrier with an innovative long haul optic fibre network providing wholesale bandwidth capacity to telecom carriers, ISPs, corporates, service providers and data resellers. The key strengths are:

- ▶ IP1 will not be a competitor of its customers. Unlike Telstra or Cable & Wireless Optus, IP1 does not provide mobile telephony or ISP services to the retail market;
- ▶ IP1 will use DWDM technology on its long-haul fibre networks to offer a high capacity communications systems;
- ▶ IP1 will provide complete end to end high bandwidth networks, to the customer;
- ▶ IP1 will focus on customer service and meeting customers' demands by developing flexible pricing structures and innovative products and service offerings

Network specifications

The fibre cable will be equipped with 36 fibre pairs, including 12 non-zero dispersion fibres. The network will be installed with DWDM technology with each pair initially capable of handling bandwidth of 360 Gbps. The network will be scalable to easily accommodate the demand for bandwidth.



Amcom, with Project IP1, has the opportunity to be the first independent carrier in the Australian market to offer a viable terrestrial network alternative for the provision of high speed data communications services between Melbourne, Adelaide and Perth to wholesale and corporate customers. This opportunity will position the company to take advantage of the rapidly increasing demand for data bandwidth through the next 10 years.

Amcom Services

SpeedLink

Speed
The fastest data transfer solution available, with constant bit rate connections from 2Mbps to 1Gbps

Flexibility
Speedlink's bandwidth range means we can grow with your business

Reliability
Around the clock network management coupled with the latest technology

Security
Industry standard IEEE 802.1Q VLAN tagging ensures the security of your data is protected in the network

Amcom
Expertise in fibre optic telecommunication services and unrivalled commitment to our customers

Bandwidth the Facts

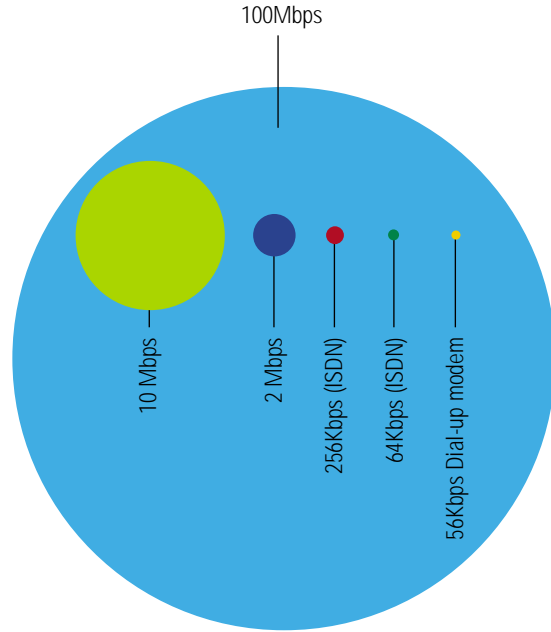
Band-width is the speed of data transfer. In the illustration below, assume that each circle represents the inside of a pipe, and that the bandwidth is the water flowing through the pipe. The "fatter" the pipe, the faster the data flow.

Telecommunication solutions are built around the availability of bandwidth - the more the better.

Starting at the 'thin' end of the scale, a typical 56Kbps (i.e. 56 thousand bits per second) dial-up modem allows a very small amount of data to flow, thus leading to frustration and long waiting times.

Amcom's ability to provide scalable bandwidth gives our clients choices, ranging from 2Mbps (2 million bits per second approx.), up to 100Mbps and beyond. Some clients, for example, utilise Amcom's 1Gbps (1billion bits per second approx.) services. Clients that need more capacity can increase their bandwidth as and when needed.

Using the Amcom fibre network enables our clients to significantly increase their communication effectiveness and speed of operation in a flexible and scalable way.



The size of the bandwidth 'pipes' in this diagram are illustrative only and depict the scale of capacities that Fibre Optic technology offers. In reality the actual fibre used by Amcom is only 9 microns in diameter.



SPEEDLINK™



AMCOM ENABLED™



AMCOM ENABLED™
AUTHORISED RESELLER

Customer Profiles



West Australian Government Health Services (WAGHS)

Amcom completed a broadband network for WAGHS last year which has become a key component of the health services provided by the WA Government. The network links Perth's 13 metropolitan hospitals and a central data centre using 34mb, 155mb and 622mb links, connecting to Amcom's ATM backbone network in the Perth metropolitan area. The network is mainly used to support patient and financial data, intranet and mail applications. Future uses include 'value-added' applications such as videoconferencing, Voice Over Internet Protocol (VoIP) and Virtual Private Networks (VPN's).



Post Data Pty Ltd

WA-based mailing and information management group Post Data was connected to Amcom's Perth Metropolitan Area Network in early 2000, bringing significant enhancements to its existing business - which involves handling large volumes of electronically distributed information, mailing lists and billing information. Connection to the Amcom network has resulted in enhanced client service through quicker turnaround times. Post Data, which has a large number of corporate and government clients, also plans to use the network to boost the speeds and volumes of its Intelligent Billing Service.



Woodside Energy

Woodside Energy, Western Australia's largest company, has been a foundation customer for Amcom through the provision of a dedicated network connecting Woodside's major Perth CBD locations. The Amcom network replaced a range of Telstra, or multiples of them, including ISDN, Frame Relay and megalinks, offering a flexible solution which Woodside has tailored to its own requirements. Key advantages of the network include the centralisation of file and mail servers, reducing support costs and improving network management, as well as a scalable solution to the Group's significant inter-office bandwidth requirements.



North Limited - West Angelas Iron Ore Project

Amcom is providing voice services over a high-speed network between North Limited's WA head office in Perth and the corporate office of one of its key engineering consultants on the new West Angelas iron ore project. Engineering group Sinclair Knight Merz (SKM) will house a large team of people as the West Angelas project moves through engineering and design phases toward construction on-site. North will utilise four 2Mbps services across Amcom's Perth network to provide remote connections between the two buildings.

Northern Territory University

In February 2000, Amcom secured a major contract with the NTU to install a high-speed telecommunications and data carriage network providing point-to-point links between two NTU campuses and Royal Darwin Hospital. The new network, which was completed and commissioned in record time by June 2000, consists of a 22-kilometre link between the NTU at Casuarina and the Palmerston campus and a shorter 4-kilometre link between Casuarina and Royal Darwin Hospital.

The network will be used to carry both voice and data, providing services ranging from high-speed Internet access and Local Area Network (LAN) applications, to video link-ups, remote learning facilities and security integration. The high-speed bandwidth, combined with the upgraded PABX, will enable the development of cost effective mobile video conferencing between Casuarina and the new Learning Centre at Palmerston Campus.

Directors' Report

The Directors of Amcom Telecommunications Limited submit herewith the annual financial report for the year ended 30 June 2000. In order to comply with the provisions of the Corporations Law, this report is made on the 29th September 2000 and the directors report as follows:

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

BOARD OF DIRECTORS



Anthony GRIST
Executive Chairman

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 has extensive international experience in the management of public companies.

Ian Keith WARNER
Deputy Chairman

Non-executive Deputy Chairman, joined the Board in 1994 and has practiced as a commercial lawyer for over 25 years. He is a Director of Western Power Corporation, Chairman of Rivknars Property WA (Pty Ltd) (a wholly owned subsidiary of 2 public companies), a Director of Franchise Investments International Limited and a member of the Public Trust Advisory Board.

Andrew McLEAN
CEO / Managing Director

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, Vietnam, South America and Indonesia.

Mr. McLean also had extensive involvement in the design and implementation of optical fibre networks and associated equipment. Mr McLean was appointed on 24 May 2000.



Peter CLIFTON
Non-Executive Director

Consults internationally in the area of telecommunications strategy and business development. Mr Clifton has 30 years experience in telecommunications and extensive international business experience, including establishing and managing a number of telecommunications businesses in Asia, the Middle East and Europe. His clients include ING Barings and the Asian Infrastructure Fund from Hong Kong, Williams International and oCen from the USA and KPMG and Leighton from Australia. Mr Clifton was appointed in September 1999.

Clive STEIN
Chief Operating Officer

Clive Stein has 20 years international experience in the electronics, computer and communications industries. He joined Amcom as General Manager in 1999 and was subsequently appointed as Chief Operating Officer following the merger with FiberTel Limited. Mr. Stein's previous positions included State Manager of AWA Limited - a major Australian communications manufacturer and General Manager of an electronic communications company which developed, manufactured and distributed products throughout Australia and South East Asia. Prior to this Mr. Stein was the Software Services Business Manager with Digital Equipment Corporation (DEC) in New Zealand. His career, which commenced in the electronics industry in South Africa, has also included a number of engineering positions. Mr Stein was appointed on 24 May 2000.

Eddy LEE
Non-Executive Director

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 was appointed on 23 June 2000.

Directors who have resigned over the course of the year

Clive HARTZ	Alastair WALKER
Non-executive director, resigned on 21 March 2000.	Non-executive director, resigned on 21 March 2000.

Director Meetings		
Director	Board Meetings Held Whilst Director In Office	Number Attended
Andrew McLean	2	2
Anthony Grist	17	15
Clive Stein	2	2
Peter Clifton	13	12
Ian Warner	17	16
Clive Hartz	14	14
Alistair Walker	14	14
Eddy Lee	-	-

A total of 17 Board Meetings were held during the year. No separate audit committee or remuneration committee meetings were held

Dividends

No dividends have been paid or declared since the start of the financial year.

The directors do not recommend the payment of a dividend in respect of the year ended 30 June 2000.

Principal Activities Of The Company

The consolidated entity's principal activity is the development of major high speed technology links and the supply of last mile fibre optic network roll outs in Australia.

Review Of Operations

The Company has undergone a major restructure over the past 12 months. The operating results for the year reflect 10 months as a Telecommunications Investment Company with no income producing assets until moving to 100% ownership of Amcom Pty. Ltd. in April 2000.

Losses for the year resulted from the administration and reorganisation of the listed company as well as the sale and write off of all non-telecommunication assets.

Additional information reviewing the operations of the company are detailed in the Managing Directors report.

Environmental Regulations

The Company's environmental obligations are regulated under both State and Federal law. The Company has a policy of exceeding or at least complying with its environmental performance obligations. No environmental breaches have been notified by any Government agency to the date of this report.

Changes In State Of Affairs

Significant changes in the state of affairs of the company that occurred during the financial year, were:

1. On the 9 September 1999 the company consolidated its issued capital in a 1:4 reconstruction.
2. Issue of 16.66 million shares at issue price of \$0.60
3. Issue of 6 million shares at issue price of \$1.03
4. The exercise of 3,647,227 options to raise \$2,917,782 before expenses;
5. The acquisition by the Company of all shares in Future Proof Technologies (WA) Pty Ltd which holds 50% of the issued shares in Amcom) and the issue of 25,000,000 shares in the Company to Andy McLean as part of the consideration pursuant to the Share Agreement
6. The approval of employment contracts for Andrew McLean and Clive Stein
7. The election of Andrew McLean and Clive Stein as directors of the Company
8. The issue of 500,000 Options to Clive Stein, Director of the Company and 500,000 Options to Anthony Grist at nil consideration with an exercise price of \$1.50.
9. The change of name from FiberTel Limited to Amcom Telecommunications Limited.

Subsequent Events

Subsequent to the balance sheet date, IP1 (Australia) Pty Ltd was incorporated on the 11 July 2000. The Company is involved in the high-speed fibre optic link between Perth, Bunbury, Kalgoorlie, Adelaide and Melbourne - connecting Australia by utilizing the latest DWDM technology across an ATM transmission network. This will allow Amcom to take advantage of the rapidly increasing demand for data bandwidth through the next 10 years. Adelaide and Melbourne will be the first stage to be built and is scheduled for completion in March 2001, under a contract signed with Network Design and Construction Limited.

The company is completing the acquisition of Rescue Technology Pty Ltd, a company based in Perth whose activity is complementary to Amcom Telecommunications, being a network system manager.

The issue of 5,000,000 fully paid shares at \$1.40 per share.

Future Developments

Amcom is taking advantage of the under contested telecommunications data market outside of Melbourne, Sydney and Brisbane to roll-out a "legacy free" broadband fibre optic based network utilising ATM switches that will provide extremely high capacity data carriage for integrated and managed voice, data and content services for other carriers, service providers, and corporate and government clients.

For further information see the Managing Director's report.

Period	Maximum Number of Options
Date of Issue - 31 December 2000	125,000*
1 January 2001 - 31 December 2001	250,000*
1 January 2002 - 31 December 2004	375, 000*

* Figures provided for each period are the maximum number of options which may be exercised assuming no options have been exercised in the previous period or periods.

Share Options

The company is undergoing the implementation of an Employee Incentive Option Scheme. This scheme is in the development phase at the signing of this report.

During the year the company issued the following options to directors:

26 October 1999
P Clifton
375,000 options
exercisable at \$0.80
and expiring on 31/12/2004

The Options shall be capable of exercise on or before 31 December 2001 in accordance with the following table :

28 April 2000
A Grist
500,000 options
exercisable at \$1.50
and expiring on 06/07/2003

28 April 2000
C Stein
500,000 options
exercisable at \$1.50
and expiring on 06/07/2003

Indemnification Of Officers And Auditors

During the financial year the company has paid a premium in respect of a contract insuring all of the directors of the company (as named above) against a liability incurred as such a director to the extent permitted by the Corporations Law. The contract of insurance prohibits the disclosure of the nature of the liability and the amount of the premium.

During the financial year the company indemnified Mr Peter Clifton to the extent permitted by the law against all losses, all liabilities and all legal costs in connection with any demand in relation to the officer carrying out his obligations and or neglect, default or omission by the company.

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' Interests And Benefits

The relevant interest of each director in the share capital of the Company in the Register of Director's Shareholdings as at the date of this report is:

	Ordinary Shares	Unlisted Shares	Options	Unlisted Options
Mr. IK Warner	325,000	-	400,000	-
Mr. P Clifton	2,700	-	-	375,000
Mr. AJ Grist	4,054,375	-	-	500,000
Mr. Andrew McLean	-	25,000,000	-	-
Mr. Clive Stein	5,000	-	20,000	500,000
Mr. Eddy Lee	35,100	-	80,000	-

DIRECTORS' AND EXECUTIVES REMUNERATION

	Salary/ Fees \$	Benefits	Incentive Schemes	Total \$
Executive Directors (b)				
Mr. IK Warner	18,000	-	-	18,000
Mr. P Clifton	-	-	-	-
Mr. Clive Stein	108,693	-	(a)	108,693
Mr. AJ Grist	130,000	-	(a)	130,000
Mr. A Walker	-	-	-	-
Mr. Andrew McLean	92,005	-	-	92,005
Non-executive Directors				
Mr. Clive Hartz	25,650	-	-	25,650
Mr. Eddy Lee	-	-	-	-

(a) These directors were issued options as detailed in changes to the state of affairs of the company above, for nil consideration with an exercise price of \$1.50. At the time of issue the shares were trading at less than the exercise price and therefore not directly measurable. The options have a number of restrictions, including being unlisted and not transferable and as such the directors are not able to determine a valuation for these options. If these restrictions were not in place, the value that is ascribed using the Black Scholes option pricing model would be between 49 cents and 68 cents per option at the time of issue.

(b) There were no other executive officers in the company.

Signed in accordance with a resolution of the directors made pursuant to Section 298(2) of the Corporations Law.

On behalf of the directors



Anthony J. Grist
Chairman
29 September 2000
Perth, Western Australia

Auditor's Report

Independent Audit Report To The Members Of Amcom Telecommunications Limited

Scope

We have audited the financial report of Amcom Telecommunication Limited for the financial year ended 30 June 2000 as set out on pages 23 to 42. The financial report includes the consolidated financial statements 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. The company's directors are responsible for the financial report. We have conducted an independent audit of the financial report in order to express an opinion on its members of the company.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the financial report is free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with Accounting Standards issued in Australia and other mandatory professional reporting requirements and statutory requirements so as to present a view which is consistent with our understanding of the company's and the consolidated entity's financial position, and performance as represented by the results of their operations and their cash flows.

The audit opinion expressed in this report has been formed on the above basis.

Audit Opinion

In our opinion, the financial report of Amcom Telecommunications Limited is in accordance with:

- (a) the Corporations Law, including:
 - (i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2000 and of their performance for the year ended on that date; and
 - (ii) complying with Accounting Standards and the Corporations Regulations and
- (b) other mandatory professional reporting requirements.

Deloitte Touche Tohmatsu

K F Jones
Partner
Chartered Accountants

Perth, 29 September 2000

The liability of Deloitte Touche Tohmatsu, is limited by, and to the extent of, the Accountants' Scheme under the Professional Standards Act 1994 (NSW)

Director's Declaration

The director's declare that:

- a) The attached financial statements and notes thereto comply with accounting standards;
- b) The attached financial statements and notes thereto give a true and fair view of the financial position and performance of the company and the consolidated entity;

c) In the director's opinion the attached financial statements and notes thereto are in accordance with the Corporations Law; and

d) In the director's 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.

Signed in accordance with a resolution of directors pursuant to Section 295 (5) of the Corporations Law.

On behalf of the directors

Anthony J. Grist
Director

29 September 2000
Perth, Western Australia

Financial Statements

PROFIT AND LOSS STATEMENT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2000

	Note	Consolidated 2000 \$	Company 2000 \$	Company 1999 \$
Operating loss before abnormal items	2	(1,642,390)	(1,065,579)	(1,291,074)
Abnormal items before income tax	3	(1,030,857)	(1,030,857)	-
Operating loss		(2,673,247)	(2,096,436)	(1,291,074)
Income tax expense attributable to operating loss	5	-	-	-
Operating Loss After Income Tax		(2,673,247)	(2,096,436)	(1,291,074)
Accumulated losses at beginning of financial year		(12,748,335)	(12,748,335)	(11,457,261)
Accumulated Losses At End Of Financial Year		(15,421,582)	(14,844,771)	(12,748,335)

Notes to the financial statements are included on pages 28 to 42



BALANCE SHEET AS AT 30 JUNE 2000

	Note	Consolidated 2000 \$	Company 2000 \$	Company 1999 \$
Current Assets				
Cash		1,185,233	899,984	21,299
Receivables	6	745,253	-	3,397
Inventories	7	857,216	-	-
Investments	8	5,412,909	5,199,524	-
Other	9	46,722	-	-
Total Current Assets		8,247,333	6,099,508	24,696
Non-Current Assets				
Investments	10	212,647	29,512,001	1,000,000
Property, plant and equipment	11	22,899,023	57,549	667,391
Exploration, evaluation and development expenditure	12	-	-	779,889
Intangible Assets	13	9,470,094	-	-
Receivables	6	-	2,000,000	-
Total Non-Current Assets		32,581,764	31,569,550	2,447,280
Total Assets		40,829,097	37,669,058	2,471,976
Current Liabilities				
Accounts payable	14	2,966,134	122,369	60,729
Borrowings	15	218,875	-	300,000
Provisions	16	117,561	-	-
Total Current Liabilities		3,302,570	122,369	360,729
Non Current Liabilities				
Borrowings	17	524,015	-	-
Provisions	16	32,634	-	-
Total Non Current Liabilities		556,649	-	-
Total Liabilities		3,859,219	122,369	360,729
Net Assets		36,969,878	37,546,689	2,111,247
Equity				
Issued capital	18	52,391,460	52,391,460	14,859,582
Accumulated losses		(15,421,582)	(14,844,771)	(12,748,335)
Total Equity		36,969,878	37,546,689	2,111,247

Notes to the financial statements are included on pages 28 to 42

STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2000

	Note	Consolidated 2000 Inflows (Outflows)	Company 2000 Inflows (Outflows)	Company 1999 Inflows (Outflows)
Cash flows from operating activities				
Receipts from customers		744,955	9,824	-
Payments to suppliers and employees		(2,088,342)	(1,132,837)	(986,097)
Interest received		325,124	307,460	12,649
Refund of Bond		-	-	5,000
Net cash provided by operating activities	26(c)	(1,018,263)	(815,553)	(968,448)
Cash flows from investing activities				
Payments for property, plant and equipment		(2,930,656)	(51,356)	(3,632)
Payments for exploration, evaluation and development expenditure		-	-	(2,072)
Payments for business		(11,012,000)	-	-
Payments for investments		-	(11,012,000)	(1,000,000)
Proceeds from sale of plant and equipment		372,500	372,500	131,100
Cash acquired with acquisition of subsidiary	26(d)	1,580,644	-	-
Net cash used in investing activities		(11,989,512)	(10,690,856)	(874,604)
Cash flows from financing activities				
Loan made		-	(2,000,000)	(200)
Proceeds from borrowings		-	-	300,000
Proceeds from issue of shares and options		20,728,793	20,728,793	1,169,181
Payments for share issue costs		(1,144,175)	(1,144,175)	-
Net cash from financing activities		19,584,618	17,584,618	1,468,981
Net increase/(decrease) in cash held		6,576,843	6,078,209	(374,071)
Cash at beginning of the financial year		21,299	21,299	395,370
Cash at the end of the financial year	26(a)	6,598,142	6,099,508	21,299

Notes to the financial statements are included on pages 28 to 42

ACCOUNTING POLICY SUMMARY

1. Summary Of Accounting Policies

Financial Reporting Framework

The financial report is a general-purpose financial report which has been prepared in accordance with the Corporations Law, applicable Accounting Standards and Urgent Issues Group Consensus Views, and complies with other requirements of the law.

The financial report has been prepared on the basis of historical cost and except where stated, does not take into account changing money values or current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

Significant Accounting Policies

Accounting policies are selected and applied in a manner which ensures that the resultant financial information satisfies the concepts of relevance and reliability, thereby, ensuring that the substance of the underlying transactions and other events is reported.

In addition to the accounting policies prescribed by applicable Accounting Standards and Urgent Issues Group Consensus Views, the following significant accounting policies have been adopted in the preparation and presentation of the financial report.

(a) Foreign Currency

All foreign currency transactions during the year have been brought to account using the exchange rate in effect at the date of the transaction. Foreign currency monetary items at balance date are translated at the exchange rate existing at that date. Exchange differences on forward foreign exchange contracts to hedge the purchase or sale of specific goods and services are deferred and included in the measurement of the purchase or sale.

(b) Depreciation

Depreciation is provided on property, plant and equipment, including freehold buildings but excluding land. Depreciation on mining plant and equipment is calculated on a unit of production basis over the life of the economically recoverable reserves. Depreciation on the remaining plant and equipment is depreciated on a diminishing value method at 24%. Furniture and fittings, leasehold improvements are depreciated on a straight line basis at 20% pa. Infrastructure is depreciated over 20 years at 5% straight line method.

(c) Goodwill

Goodwill, representing the excess of the cost of acquisition over the fair value of the identifiable net assets acquired, is amortised on a straight line basis over a period of 20 years.

(d) Income Tax

Tax effect accounting principles have been adopted whereby income tax expense has been calculated on pre-tax accounting profits after adjustment for permanent differences. The tax effect of timing differences, which occur when items are included or allowed for income tax purposes in a period different to that for accounting, is shown at current taxation rates in provision for deferred income tax and future income tax benefit, as applicable.

(e) Recoverable Amount of Non-Current Assets

Non-current assets are written down to recoverable amount where the carrying value of any non-current assets exceeds recoverable amount. In determining the recoverable amount of non-current assets the expected net cash flows have not been discounted to their present value.

(f) 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 or average cost basis.

(g) Receivables

Trade receivables and other receivables are recorded at amounts due less any provision for doubtful debts.

(h) Accounts Payable

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

(i) Borrowings

Bank loans and other loans are recorded at an amount equal to the net proceeds received. Interest expense is recognised on an accrual basis.

(j) Revenue Recognition

Revenue from a contract to provide services is recognised at the point when the services have been provided in accordance with the contract term.

(k) Comparative Figures

Comparative figures are, where appropriate, reclassified so as to be comparable with the figures presented for the current financial year. No comparatives are presented for the consolidated entity as this is the first year that the company has had a material subsidiary.

(l) Investments

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 Investments are recorded at cost.

(m) Financial Instruments Issued by the Company

Debt and Equities Instruments

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

Transaction Costs on the Issue of Equity Instruments

Transaction costs arising on the issue of equity instruments are recognized 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 or profits consistent with the balance sheet classifications of the related debt or equity instruments.

(n) Employee Entitlements

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

- (o) **Leased Assets**
Leased assets classified as finance leases are capitalized as fixed assets. The amount initially brought into the account is the present value of the minimum lease payments.

A finance lease is one which effectively transfers from the lessor to the lessee substantially all the risks and benefits incidental to ownership of the leased property. Capitalised leased assets are amortised on a straight line basis over the estimated useful life of the asset. Finance lease payments are allocated between interest expense and reduction of lease liability over the term of the lease. The interest expense is determined by applying the interest rate implicit in the lease to the outstanding lease liability at the beginning of each lease payment period.

Operating lease payments are recognized as an expense on a basis which reflects the pattern in which economic benefits from the leased asset are consumed.

- (p) **Licences**
Licences are recorded at cost and amortised on a straight line basis over a period of 20 years.

- (q) **Acquisition of Assets**
Assets acquired are recorded at the cost of acquisition, being the purchase consideration determined as at the date of acquisition plus costs incidental to the acquisition.

- (r) **Goods and Services Tax**
Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:
1) where the amount of GST is non recoverable
2) for receivables and payables which are recognised inclusive of GST.

- (s) **Principles of Consolidation**
The consolidated financial statements are prepared by combining the financial statements of all the entities that comprise the economic entity, being the company (the parent entity) and its controlled entities as defined in accounting standard AASB 1024 "Consolidated Accounts". A list of controlled entities appears in note 24 to the financial statements. Consistent accounting policies are employed in the preparation and presentation of the consolidated financial statements.

The consolidated financial statement include the information and results of each controlled entity from the date on which the company obtains control and until such time as the company ceases to control such entity, this represents a period of two months consolidation of the operating entity.

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

- (t) **Segment Report**
The company's core business is now fully telecommunications whereas for the previous financial year's return the company's business was both telecommunications and non-telco. The company has divested all interests in non telecommunication activities and concentrated fully on telecommunications.

	Consolidated 2000 \$	Company 2000 \$	Company 1999 \$
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2. Operating Result

The Operating Result before income tax includes the following items of revenue and expense:

Operating Revenue			
Sales revenue - services	1,051,973	9,770	-
Sales revenue - goods	14,290	-	-
Equity share of associates profit	88,793	-	-
Other operating revenue			
Interest: Other	323,458	310,313	12,649
	<u>1,478,514</u>	<u>320,083</u>	<u>12,649</u>

The operating results for the year reflect 10 months as a telecommunications investment company with no income producing assets until moving to 100% ownership of Amcom Pty Ltd on 28 April 2000. Only 2 months of the trading activity of Amcom Pty Ltd is reflected in the consolidated results for the year

Non Operating Revenue

Proceeds from sale of non-current assets (Note 4):

Property, plant and equipment	372,500	372,500	131,100
	<u>372,500</u>	<u>372,500</u>	<u>131,100</u>

Total Revenue	<u>1,851,014</u>	<u>692,583</u>	<u>143,749</u>
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Expenses

Inventory - write down	-	-	262,122
Interest: Other	32,350	-	7
Depreciation of non-current assets:			
Property, plant and equipment	264,740	16,071	4,127
Amortisation of non-current assets			
Goodwill	79,266	-	-

3. Abnormal Items

Abnormal expenses			
Writedown of mine equipment	1,030,857	1,030,857	-
	<u>1,030,857</u>	<u>1,030,857</u>	<u>-</u>
Applicable income tax	-	-	-
Total Abnormal Items	<u>1,030,857</u>	<u>1,030,857</u>	<u>-</u>

The abnormal item relates to the write-down of non telco plant & equipment. Due to its size and impact on financial statements, the amount is disclosed as an abnormal item.

	Consolidated	Company	Company
	2000	2000	1999
	\$	\$	\$

4. Sales Of Non-Current Assets

Sales of non-current assets in the ordinary course of business have given rise to the following profits and losses:

Profits (Losses) :

Property, plant and equipment	(58,065)	(58,065)	(6,569)
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During the year the parent company disposed of its non telco operations, the group now operates in the telecommunications sector.

5. Income Tax

(a) The prima facie income tax benefit on pre-tax accounting income reconciles to the income tax (benefit) expense in the accounts as follows:

Operating loss	2,673,247	2,096,436	1,291,074
Income tax (benefit) calculated at 36% of operating loss	(962,369)	(754,717)	(464,787)
Add/(Less):			
Tax effect of permanent differences:			
Non-allowable amortization	79,266	-	-
Non-allowable expenses	87,697	87,697	22,635
Equity share of associates profit	(31,966)	-	-
Timing differences and tax losses not brought to account as future income tax benefits	827,372	667,020	442,152
Income Tax Expense	-	-	-

(b) Future income tax benefits not brought to account as assets (at 30%):

Tax losses - revenue	3,068,983	2,929,818	2,855,407
Tax losses - capital	906,764	906,764	1,088,117
	3,975,747	3,836,582	3,943,524

The taxation benefits of tax losses and timing differences not brought to account will only be obtained if:

- assessable income is derived of a nature and of amount sufficient to enable the benefit from the deductions to be realised;
- conditions for deductibility imposed by the law are complied with; and
- no changes in tax legislation adversely affect the realization of the benefit from the deductions.

	Consolidated	Company	Company
	2000	2000	1999
	\$	\$	\$

6. Current Receivables

Trade receivables	745,253	-	-
Sundry receivables	-	-	3,397
	745,253	-	3,397

Non Current Receivable

Loan to subsidiary	-	2,000,000	-
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This loan is unsecured and interest free with no fixed date of repayment.

7. Current Inventories

Raw materials and stores - at cost	796,793	-	-
Work in progress	60,423	-	-
	857,216	-	-

8. Current Investments

At cost:			
Commercial Bills	5,412,909	5,199,524	-
	5,412,909	5,199,524	-

9. Other Current Assets

Prepayments	31,373	-	-
Other	15,349	-	-
	46,722	-	-

10. Non Current Investments

At cost			
Shares in Subsidiaries	-	29,512,001	1,000,000
Capitalised Costs on IP1 Australia Pty Ltd	212,647	-	-
	212,647	29,512,001	1,000,000

On 28 April 2000 the company acquired 100% of the ordinary shares in Amcom Pty Ltd, a company involved in the telecommunications industry.

	Consolidated 2000 \$	Company 2000 \$	Company 1999 \$
11. Property, Plant And Equipment			
Infrastructure:			
At Cost	22,175,912	-	-
Accumulated Depreciation	373,814	-	-
	<u>21,802,098</u>	-	-
Leasehold Improvements:			
At Cost	108,718	-	-
Accumulated Depreciation	11,085	-	-
	<u>97,633</u>	-	-
Mining Plant & Machinery:			
At cost	-	-	3,813,003
Accumulated Depreciation	-	-	3,162,164
	<u>-</u>	<u>-</u>	<u>650,839</u>
Plant & Equipment:			
At cost	449,249	66,722	47,235
Accumulated Depreciation	98,725	30,026	30,683
	<u>350,524</u>	<u>36,696</u>	<u>16,552</u>
Furniture and Fittings:			
At Cost	130,253	22,832	-
Accumulated Depreciation	12,642	1,979	-
	<u>117,611</u>	<u>20,853</u>	<u>-</u>
Motor Vehicles:			
At Cost	274,071	-	-
Accumulated Depreciation	67,298	-	-
	<u>206,773</u>	<u>-</u>	<u>-</u>
Computers:			
At cost	347,647	-	-
Accumulated Depreciation	23,263	-	-
	<u>324,384</u>	<u>-</u>	<u>-</u>
Total Property, Plant & Equipment	<u>22,899,023</u>	<u>57,549</u>	<u>667,391</u>

	Consolidated 2000 \$	Company 2000 \$	Company 1999 \$
12. Exploration, Evaluation And Development Expenditure			
Costs carried forward in respect of areas of interest in:			
Exploration and/or evaluation phase	-	-	179,889
Development and production phase	-	-	1,666,406
Less: Accumulated amortisation	-	-	1,066,406
	<u>-</u>	<u>-</u>	<u>600,000</u>
	<u>-</u>	<u>-</u>	<u>779,889</u>
The company disposed of its non telco operations during the year (see note 4)			
13. Intangible Assets			
Licence - at cost	37,466	-	-
Goodwill on Consolidation	9,511,894	-	-
	<u>9,549,360</u>	<u>-</u>	<u>-</u>
Amortisation of Goodwill	(79,266)	-	-
	<u>9,470,094</u>	<u>-</u>	<u>-</u>
14. Current Accounts Payable			
Trade payables	2,811,196	122,369	-
Sundry creditors and accruals	154,938	-	60,729
	<u>2,966,134</u>	<u>122,369</u>	<u>60,729</u>
15. Current Borrowings			
Loans - other	-	-	300,000
Finance Lease *	155,290	-	-
Unsecured: Related Party	63,585	-	-
	<u>218,875</u>	<u>-</u>	<u>300,000</u>
* Finance leases are secured by the assets leased.			
16. Current Provisions			
- Sick leave	41,561	-	-
- Annual leave	76,000	-	-
	<u>117,561</u>	<u>-</u>	<u>-</u>
Non-Current Provisions			
- Long service leave	32,634	-	-

	Consolidated 2000 \$	Company 2000 \$	Company 1999 \$
17. Non Current Borrowings			
Long Term Liability	177,645	-	-
Finance Lease Liability *	346,370	-	-
	<u>524,015</u>	<u>-</u>	<u>-</u>

* Finance leases are secured by the assets leased.

18. Issued Capital

(a) Issued Capital

100,231,409 fully paid ordinary shares, (1999 : 174,170,005)	51,857,724	51,857,724	14,252,901
26,686,781 Options exercisable @ \$0.80 on or before 30th June 2001 (1999: 121,336,004)	533,736	533,736	606,681
	<u>52,391,460</u>	<u>52,391,460</u>	<u>14,859,582</u>

(b) Share Capital Issued During Financial Year

28,041,665 Ordinary Shares		17,114,097	
3,647,227 Options exercised at \$0.80		2,917,781	
25,000,000 Ordinary Shares issued at \$0.70 as consideration for interest in Amcom Pty Ltd		17,500,000	
		<u>37,531,878</u>	

The above capital raisings have incurred costs which have been netted off against these amounts.
Total costs incurred in raising capital amounted to \$1,144,175.

(c) On 9 September 1999 the company reconstructed its share capital in a 1:4 consolidation.

(d) Share Options

The company is undergoing the implementation of an Employee Incentive Option Scheme.
This scheme will be put to shareholders for approval at the annual general meeting.

During the year the company issued the following options to directors:

26 October 1999 P Clifton 375,000 options exercisable at \$0.80 and expiring on 31/12/2004

The Options shall be capable of exercise on or before 31 December 2001 in accordance with the following table :

Period	Maximum Number Of Options
Date of Issue - 31 December 2000	125,000*
1 January 2001 - 31 December 2001	250,000*
1 January 2002 - 31 December 2004	375,000*

* Figures provided for each period are the maximum number of options which may
be exercised assuming no options have been exercised in the previous period or periods.

28 April 2000 A Grist 500,000 options exercisable at \$1.50 and expiring on 06/07/2003

28 April 2000 C Stein 500,000 options exercisable at \$1.50 and expiring on 06/07/2003

19. Financial Instruments

a) Significant accounting policies

Details of 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 to each class of financial assets, financial liability and equity instruments are disclosed in note 1 to the financial statements

b) Interest Rate Risk

In relation to the cash holdings an average interest rate of 4.5% was received during the financial year. No interest was payable on trade creditors.

c) Credit Rate Risk

The carrying amount of financial assets recorded in the balance sheet net of any provisions for losses represents the maximum exposure to credit risk. The economic entity does not have any significant credit risk exposure to any single counter party

d) Net Fair Value

The net fair value of financial assets and liabilities at balance date approximate their carrying value.

e) Interest Rate Table:

The following cash financial assets are recorded in the financial statements at their Net Fair Value.

Financial Assets 30 June 2000	Average Interest Rate %	Variable Interest Rate \$	Non Interest Bearing \$	Total \$
Cash	4.5%			1,185,233
Trade Receivables			745,253	745,253
Commercial Bills short-term	6.1%			213,384
Commercial Bills over 30 days	6.1%			5,199,524

Financial Liabilities

Trade Payables			2,966,134	2,966,134
Finance Leases	8.0%			501,660

Financial Assets 30 June 1999	Average Interest Rate %	Variable Interest Rate \$	Non Interest Bearing \$	Total \$
Cash	1.5%			21,299
Trade Receivables			3,397	3,397

Financial Liabilities

Borrowings			300,000	300,000
Trade Payables			60,729	60,729

Company
2000
No.

Company
1999
No.

The number of directors of the company whose total remuneration from the company and any related body corporate fall within the following bands:

\$0	-	\$9,999	3	-
\$10,000	-	\$19,999	1	2
\$20,000	-	\$29,999	1	-
\$30,000	-	\$39,999	-	1
\$40,000	-	\$49,999	-	-
\$50,000	-	\$59,999	-	-
\$90,000	-	\$99,999	1	-
\$100,000	-	\$119,999	1	-
\$120,000	-	\$129,999	-	1
\$130,000	-	\$139,999	1	-

Consolidated
2000
\$

Company
2000
\$

Company
1999
\$

22. Remuneration Of Executives

Aggregate remuneration of executive officers, including the executive director, of the Company working mainly in Australia and receiving \$100,000 or more from the Company or from any related party.

\$238,693 \$238,693 \$121,608

The number of executive officers whose remuneration falls within each successive \$10,000 band of income (commencing at \$100,000):

\$100,000	-	\$119,999	1	1	-
\$120,000	-	\$129,999	-	-	1
\$130,000	-	\$139,999	1	1	-

23. Remuneration Of Auditors

Audit of the financial report	34,000	34,000	16,000
Other services	91,366	91,366	2,500
	125,366	125,366	18,500

24. Details Of Controlled Entities

	Country of Incorporation	Ownership Interest 2000 %	Ownership Interest 1999 %
Glenburn Manor Joint Venture Pty Ltd	Australia	100	100
Future Proof Technology Pty Ltd	Australia	100	-
Amcom Pty Ltd	Australia	100	-

A) Controlled Entities Acquired

On 28 April 2000 the parent entity acquired 100% of the shares in Future Proof Technology Pty Ltd and therefore the remaining 50% of Amcom Pty Ltd. Costs of acquisition are detailed in Note 26 (d).

Glenburn Manor Joint Venture Pty Ltd was acquired 10 November 1993.

Consolidated
2000
\$

Company
2000
\$

Company
1999
\$

20. Lease Commitments

Finance lease liabilities

No later than 1 year	155,290	-	-
Later than 1 year and not later than 5 years	346,370	-	-
Total Finance Lease Liabilities	501,660	-	-

The finance leases are primarily for motor vehicles and arranged over 3 to 5 years with a residual value payable at the end of the lease term.

Operating Lease Liabilities

The operating leases are for various racks located throughout the metropolitan area - metro access and licence fees.

There are also a four rental properties which are included in this schedule.

Non- Cancellable Operating Leases

Not longer than 1 year	152,676	-	-
Longer than 1 year and not longer than 5 years	320,147	-	-
Longer than 5 years	42,240	-	-
Future Lease Payments	515,063	-	-

21. Remuneration Of Directors

The directors of Amcom Telecommunications Ltd during the year were:

I K Warner
A J Grist
C R Hartz (resigned on 21 March 2000)
A. H. Walker (alternate to C.R. Hartz, resigned on 21 March 2000)
E Y H Lee (appointed on 23 June 2000)
C Stein (appointed on 24 May 2000)
A McLean (appointed on 24 May 2000)
P Clifton (appointed on 7 September 1999)

The aggregate income paid, or payable or otherwise made available in respect of the financial year, to all directors of the Company, directly or indirectly, by the Company or by any related party.

Of this amount, \$374,348 (1999: \$185,621) was attributable to and paid by the company.

374,348 374,348 185 621

	2000 No.	1999 No.
25. Related Party Disclosures		
(a) Directors Transactions in Shares and Share Options		
Details of all share and share options transactions between directors, former directors and director related entities in Amcom Telecommunications Ltd are as follows:		
Aggregate number acquired during the year:		
Shares	34,683,325	100,000
Share options	1,375,000	1,351,186
Aggregate number disposed during the year:		
Shares	12,663,250	372,875
Share options	406,843	944,343
Aggregate number held at the end of the year:		
Shares	30,469,950	8,449,875
Share options	1,375,000	406,843

The share purchases and sales shown above predominantly comprise 25,000,000 issued to Andrew McLean for the acquisition of the remaining 50% of Amcom Pty Ltd, plus acquisitions and sales by entities associated with Mr Clive Hartz, who is no longer a director of the company.

- (b) Accounting Fee to Related Entity
Amcom Telecommunications Ltd paid a company related to Mr. C Hartz, Windsor Holdings Pty Ltd a fee for rent and accounting and secretarial services rendered during the year. The value of the services received was \$57,247 (1999 - \$87,504).
- Amcom Pty Ltd has an unsecured loan to Andrew McLean of \$63,585 being the balance of funds injected by Andrew McLean that has not been reimbursed. The loan is unsecured and interest free.

26. Notes To The Statement Of Cashflows

- (a) Reconciliation of Cash

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

	Consolidated 2000 \$	Company 2000 \$	Company 1999 \$
Cash	1,185,233	899,984	10,763
Deposits at Call	5,412,909	5,199,524	10,536
Total Cash	6,598,142	6,099,508	21,299

	Consolidated 2000 \$	Company 2000 \$	Company 1999 \$
(b) Financing Facilities			
Credit standby arrangements			
Secured bank overdraft and bank Guarantee facility			
Reviewed annually and payable on Demand - amount used	177,663	-	-
(c) Reconciliation of Operating Loss after income tax to net cashflows from operating activities			
Operating Loss after income tax	(2,673,247)	(2,096,436)	(1,291,074)
Loss on disposal of non current assets	58,065	58,065	6,569
Depreciation of property, plant & equipment	264,740	16,071	4,127
Share of associates profit	(88,793)	-	-
Amounts written off plant, property & equipment	1,030,857	1,030,857	-
Amortisation of Goodwill	79,266	-	-
Decrease/(increase) in :			
Current receivables	(741,865)	3,397	5,859
Inventories	(857,216)	-	262,121
Other	(259,369)		
Increase (decrease) in:			
Accounts Payable	2,905,405	61,640	43,950
Others	(736,106)	110,853	-
Net Cash Used In Operating Activities	(1,018,263)	(815,553)	(968,448)
(d) Business Acquired			
Consideration			
Pre 28 April 2000 (cash)	10,512,001	-	-
28 April 2000 (shares)	17,500,000	-	-
28 April 2000 (cash)	1,500,000		
	29,512,001	-	-
Fair Value of Net Assets Acquired			
Cash	1,580,664	-	-
Fixed Assets	17,142,073	-	-
Other Assets	3,430,965	-	-
Current Liabilities	(1,531,640)	-	-
Lease Liabilities	(456,970)	-	-
Business Development Loan	(164,985)	-	-
Goodwill on Acquisition	9,511,894	-	-

Shareholder Information as of 18 August 2000

DISTRIBUTION OF HOLDERS OF EQUITY SECURITIES

Analysis Of Share & Option Holdings

Holdings	Fully Paid Ordinary Shares	Options
1 - 1,000	1098	133
1,001 - 5,000	3028	673
5,001 - 10,000	928	333
10,001 - 100,000	676	443
100,001 and over	59	31
Total	5,789	1,613

Total number of shareholders not holding a marketable parcel - 83

CLASS OF SHARES AND VOTING RIGHTS

As at 18 August 2000 there were 5789 holders of the ordinary shares of the company. On a show of hands, one vote for every member present in person or by attorney or by proxy or by a representative duly authorised under the Corporations Law. On a poll, one vote for each share held.

TWENTY LARGEST SHAREHOLDERS AS OF 18 AUGUST 2000

Name	Holdings	% Issued Capital
Andrew McLean	25,000,000	24.69%
National Nominees Limited	6,644,587	6.69%
AMP Life Limited	5,070,517	5.10%
Westpac Custodian Nominees	5,039,379	5.07%
Oaktone Nominees Pty Ltd	4,054,375	4.08%
Citicorp Nominees Pty Ltd	4,019,643	4.05%
BT Custodial Services Pty Ltd	3,875,557	3.90%
ANZ Nominees Limited	3,006,458	3.03%
Cleveland Nominees Pty Ltd	2,162,875	2.18%
Caledonia Investments Ltd	1,557,200	1.57%
HIH Casualty & General	860,000	0.87%
Fleet Nominees Pty Limited	818,325	0.82%
Amcil Limited	750,000	0.76%
The Portland House Group Pty Ltd	660,000	0.66%
Lippo Securities Nominees	635,000	0.64%
Chase Manhattan Nominees	541,234	0.54%
Gwynvill Trading Pty Limited	500,000	0.50%
Mr. David John Ledger	500,000	0.50%
Merrill Lynch (Australia)	460,500	0.46%
Perpetual Trustee Company	374,498	0.38%
Warbont Nominees Pty Ltd	364,000	0.37%

27. Earnings Per Share

	Consolidated 2000 cents per share	Company 2000 cents per share	Company 1999 cents per share
Basic earnings per share	(3.42)	(3.42)	(0.83)
Diluted earnings per share	(3.42)	(3.42)	(0.83)

The options are not considered dilutive and therefore have not been included in the determination of diluted earnings per share.

	No.	No.	No.
The weighted average number of ordinary shares on issue used in the calculation of basic earnings per share	78,113,053	78,113,053	154,998,772

28. Segment Information

The company operates in the telecommunications industry in Australia.

29. Subsequent Events

Subsequent to the balance sheet date, IP1 (Australia) Pty Ltd was incorporated on the 11 July 2000. The Company is involved in the high-speed fibre optic link between Perth, Bunbury, Kalgoorlie, Adelaide and Melbourne - connecting Australia by utilizing the latest DWDM technology. This will allow Amcom to take advantage of the rapidly increasing demand for data bandwidth. Adelaide and Melbourne will be the first stage to be built and is scheduled for completion in March 2001, with a contract signed with Network Design and Construction Limited. (NDC).

The company is completing the acquisition of Rescue Technology Pty Ltd, a company based in Perth whose activity is complementary to Amcom Telecommunications, being a network system manager.

AUDIT COMMITTEE

As at the date of the Directors' Report the Company had an audit committee.

SUBSTANTIAL SHAREHOLDERS

Ordinary Shareholders	Number	Fully Paid	
			Percentage
Andrew McLean	25,000,000		24.94%
National Nominees Limited	6,644,587		6.69%
AMP Life Limited	5,070,517		5.10%

SHAREHOLDER INQUIRIES

Shareholders seeking information regarding their shareholdings should contact the Company's share registry:

National Registry Services (WA) Pty Ltd
Level 1
CML Building
55 St George's Terrace
PERTH WA 6000
Telephone: +61 8 9220 4750
Facsimile: +61 8 9220 4755
E-mail: nrs.perth@btfinancialgroup.com