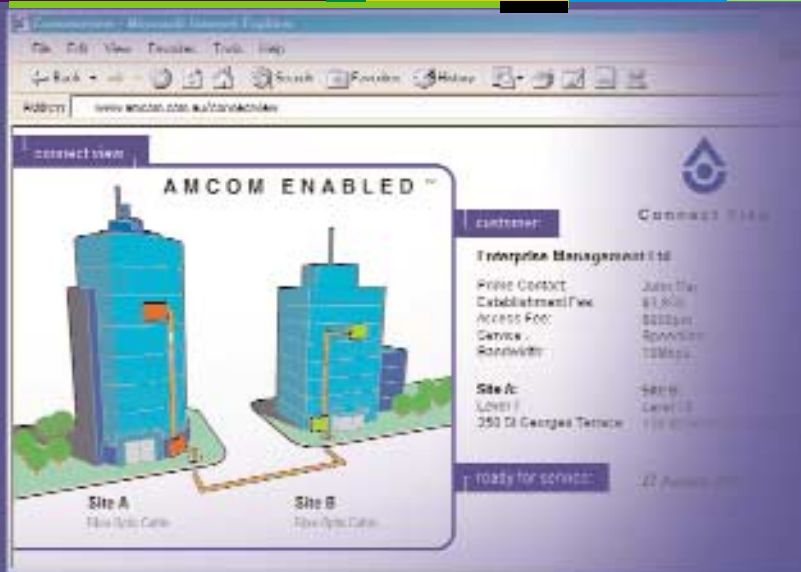




Amcom



Amcom's new web based service delivery portal

We have made significant progress over the past year. Our on-line service provisioning portal keeps our customers informed - 24 hours a day.



Amcom
Telecommunications

Highlights

- Amcom continued to grow its business model to become a national carrier
- The Group's results met projected targets whilst future results are robust and reflect continued strong growth
- In our first full financial year as a listed carrier, the operating subsidiaries delivered an EBITDA of approximately \$0.9M on revenue of \$8.2M
- Amcom IP1™ secured funding for its \$156 million east-west broadband fibre link
- Amcom retains approximately 27% equity in Amcom IP1™
- Per customer connection Capex reduced by approximately 40%
- Connection target of 25-30 per month met
- 2HFY01 data carriage revenue growth of 43% over 1HFY01.



Chairman's Review

Dear Investor

The 2001 financial year has been a difficult one for all Australian telecommunications companies, with volatile capital markets, and uncertain economic conditions.

Despite this, in its maiden full year as a listed carrier, Amcom is satisfied with the results it has achieved in such adverse trading conditions. While Amcom Telecommunications posted a total loss after depreciation and start-up costs associated with Amcom IP1™, the operating subsidiaries achieved an EBITDA of approximately \$0.9 million on revenues of \$8.2 million. Group revenues were approximately \$9.5 million.

Importantly, our strategy to be a leading provider of broadband services and applications, while further progressing development of our Amcom IP1™ project, is well on track.

While some parts of the telecommunications sector may struggle to grow their businesses in this tough trading environment, Amcom is well positioned to capitalise on the rapidly growing broadband market. Despite a declining share price, our fortunes as a telecommunications business have been rising. Over the last year we achieved a 3 fold increase in sales over the previous financial year, which reflects our focus on sales and marketing and maturing of our network building phase.

Since balance date, we have secured full funding for the Amcom IP1™ project. This was achieved in spite of the difficult market, and reflects the confidence of all participants in the long-term potential of the project. The first stage of the broadband link, from Melbourne to Adelaide, is due for completion in December this year, and we are on target to complete Adelaide to Perth by December 2002.

With the completion of funding, Amcom Telecommunications' stake in the project will have been reduced from 100% ownership to around 27%. However, the Amcom IP1™ project will continue to bring a number of benefits to Amcom, not least that Amcom is the preferred supplier of last mile connections. In addition, the link will offer strong strategic potential as the only viable alternative east-west broadband link to Telstra and Optus. With the recent completion of the Southern Cross cable across the Pacific and the likely development of the A2A sub-sea cable consortium connecting Singapore to Perth by late 2002, Amcom IP1™ emerges as a strategic national telecommunications asset. The current east-west cables do not have sufficient capacity to meet the requirements of these international links - the Amcom IP1™ leading edge solution does have this capacity.

As previously announced the company is in the process of conducting an entitlements issue. Further details are outlined in the prospectus which we expect will be sent to shareholders in due course.

We expect our local loop businesses to continue to deliver consistent revenue growth, as Amcom is now one of the dominant providers of last mile data carriage in the cities in which it operates. The Board remains positive about the outlook going forward. We realise the 2001 financial year has not been an easy one for shareholders, but the Board is confident that the company is well positioned to capitalise on the opportunities being presented by the broadband market in Australia.

On behalf of the Amcom Board, I would like to thank you for your continuing support.

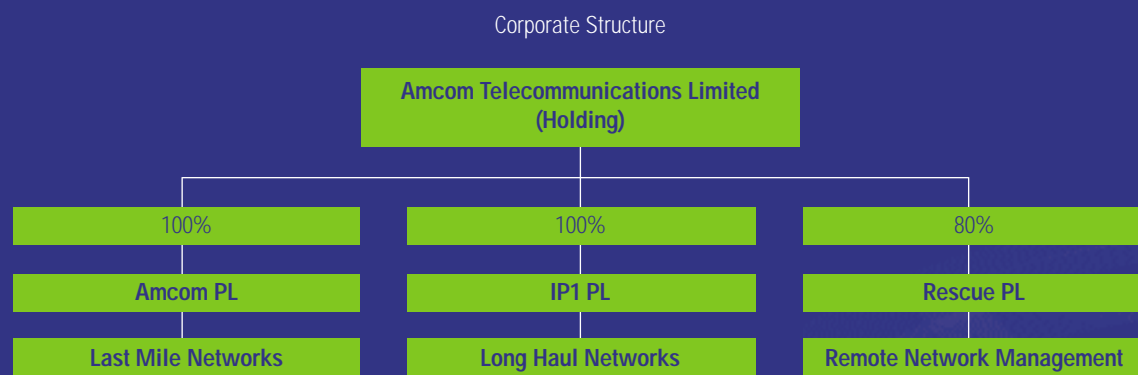
Tony Grist
Chairman

" We expect our local loop businesses to continue to perform well and the Board remains positive about the outlook going forward."



Managing Director's Review of Operations

Amcom Telecommunication Limited (Listed Holding Company)	Fully established as a national provider of broadband carrier services for one year the company's goals are to develop a national broadband network of significance and importantly to enhance shareholder wealth.	
	Shares on Issue	108,287,147
	Options on Issue - AMMOA and AMMOV	35,553,107
	Number of Shareholders as at 25 September 2001	5,249



INTRODUCTION - AMCOM - a stronger broadband business

We are pleased to report that Amcom in a challenging capital market and business environment has continued to grow and implement its business strategy.

Over the past year our business has matured from essentially an infrastructure building organisation into a sales and marketing business, capitalising on our position in the market and our valuable asset base - our network. Our focus is now on utilising our assets to produce revenue and positive cash flow.

“ Management and staff have significantly improved operational efficiency. This has helped us immensely, enabling us to connect customers faster, bringing in revenue sooner, and with less capex.”

Amcom's "last mile" business (Amcom Pty Ltd) has started to produce good results with customer growth meeting projections. Management and staff have significantly improved operational efficiency. This has assisted immensely, enabling us to connect customers faster, bringing in revenue sooner, and with less capex. As a result, Amcom Pty Ltd will move to a fully cash flow positive position this calendar year, which is far earlier than originally expected.

Amcom's "long haul" business (Amcom IP1™) is now well on track after securing the \$156 million to fund the construction of the east-west link from Melbourne to Perth. We achieved this by partnering with a number of strategic investors, and securing or gaining commitments for pre-sales of \$80 million. This significant asset will add considerably to the Company's bottom line revenues.

Additionally, Amcom Pty Ltd is the preferred provider of the "last mile tails" to Amcom IP1™ and this is expected to contribute to increased earnings for our "last mile" business. This is a tremendous outcome for the company and will provide us with a strong balance sheet investment for many years to come. As a major shareholder we will be able to benefit from Amcom IP1™'s strong growth outlook.

Amcom's "Network services business" (Rescue Technology Group) was acquired in December 2000. Since that time, Rescue has continued to grow the business cash flow and has maintained a good level of profitability. Rescue has expanded the services offered to existing and new clients. Services include, desktop support, Novell software and support, network management, hosted services and other managed services. Amcom's last mile network is used to deliver some of Rescue's services, bringing a tremendous synergy.

Amcom Pty Limited and Rescue Group Pty Limited produced combined EBITDA of a approximately \$0.9 million on turnover of approximately \$8.2 million. This included turnover of \$5.6 million in carrier and related services, the balance being the cabling and construction division revenues, a division which has now been restructured to reflect the maturity of our network and the focus on carrier sales.

Overall, the group reported a net loss of \$5.2 million on total turnover of \$9.5 million. This was substantially due to start-up losses associated with the Amcom IP1™ project. This business will no longer contribute to the Group after financial close in a consolidated sense.

Against a difficult year, our staff have once again delivered a great effort. Their ongoing commitment and loyalty are an integral part of Amcom's future success.

There is no doubt market conditions have been difficult, however we operate in a growing and vital industry. Telecommunications services are essential services within today's business environment. We are in the most lucrative and fastest growing segment - data. Moving forward, Amcom is well positioned to prosper and deliver a sound return to investors.



Andrew McLean
Managing Director & CEO



Directors' Report

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

The names and particulars of the directors of the Company during the financial year and at the day this report was made out are:

BOARD OF DIRECTORS



Anthony Grist
Chairman

Age 38. 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 Warner
Non-executive Deputy Chairman

Age 64. Non-executive Deputy Chairman joined the Board in 1994, has practiced as a commercial lawyer for over 25 years. He is also a Director of Western Power, Australia Post and Rivaknar Properties (WA) Pty Ltd (a wholly owned subsidiary of two public companies).



Andrew McLean
Managing Director and CEO

Age 42. 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.



Eddy Lee
Executive Director

Age 47. 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).



Peter Clifton
Non executive Director

Age 50. A Consultant with particular expertise in strategic and operational reviews of telecommunications business, Mr. Clifton has more than 25 years experience in telecommunications and international business. This included 10 years establishing and managing Telstra's businesses in South East Asia, the Middle East and Europe. Mr. Clifton's clients include Asia Infrastructure Fund Advisors Limited, Peregrine, Williams International, WorldxChange, KPMG and Leighton Visionstream.



Clive Stein
Chief Operating Officer and Director

Age 40. 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 GM of an electronic communications company which developed, manufactured and distributed products and services to the healthcare industry 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.

PRINCIPAL ACTIVITIES

The consolidated entity is a telecommunications company providing broadband carrier services. Its principal activity is the development of major broadband (high speed) technology links and the supply of 'last mile' fibre optic network connections in Australia.

DIRECTOR MEETINGS

	Board Meetings		Audit Committee	
	Held	Attended	Held	Attended
Andrew McLean	12	12	-	-
Anthony Grist	12	12	-	-
Clive Stein	12	11	-	-
Peter Clifton	12	11	1	1
Ian Warner	12	12	1	1
Eddy Lee	12	11	1	1

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 2001.

REVIEW OF OPERATIONS

The Company has continued to develop its network infrastructure to deliver high speed bandwidth capacity in its target geographic regions. Additional information on the operations of the Company are detailed in the Chairman's and Managing Director's Report.

ASX LISTING RULE 4.10.19 USE OF CASH

Amcom Telecommunication Ltd is focused on the telecommunications industry and all cash on hand at the time of admission to the ASX and monies raised since admission to the ASX have been applied to those business objectives.

CHANGES IN STATE OF AFFAIRS

Significant changes in the state of affairs of the Company that occurred during the financial year, and which are material to the Company were:

- ▶ Incorporation of IP1 (Australia) Pty Ltd on 11 July 2000
- ▶ Commencement of the Amcom IP1™ Project
- ▶ Placement of 5 million new shares in the Company at an issue price \$1.40 to various financial institutions
- ▶ Acquisition of 80% of the Rescue Technology Group Pty Ltd on 5 December 2001
- ▶ Completion of the SDH Network enabling greater wholesale services to other carriers and content to be delivered on the network
- ▶ Allotment of options to employees under the Employment Share Option Plan

Additional information on the changes in the state of affairs of the consolidated entity are contained in the Managing Director's Report and the Chairman's Report.

SUBSEQUENT EVENTS

Entitlement and Placement Issue to Shareholders and Optionholders - Completed July 2001

The Board of Directors announced on 30 April 2001 its decision to reward existing shareholders with a non-renounceable pro rata rights issue of new options and existing 30 June 2001 optionholders with a priority placement of new options on the basis of one new option for every four shares held and one new option for every four existing 30 June 2001 options held respectively.

The new options were issued at a price of 10 cents each and are exercisable at 30 cents each on or before 31 January 2004. Approximately 33.3 million new options were issued to raise approximately \$3.33 million (before issue costs). These funds were added to existing working capital.

The issue was fully underwritten by CIBC World Markets Securities Australia Limited.

IP1 (Australia) Pty Ltd ("Amcom IP1™")

The completion of the sourcing of funding for the Amcom IP1™ project was announced on 12 September 2001. Financial close will result in Amcom's equity holding in Amcom IP (Australia) Pty Ltd being reduced from 100% to approximately 27%. Amcom's equity stake is valued well in excess of its proposed equity contribution of \$10 million based on the ABN AMRO subscription price for equity. Amcom has arranged a bridge loan, which in addition to internal funding will provide the A\$10 million to fund its equity contribution. The conditions of the bridge loan are, inter alia, that Amcom undertakes an entitlement issue to repay the bridge loan.

Rights Issue

In order to satisfy the condition of the bridge loan, the Company intends to undertake a non renounceable entitlements issue of ordinary shares on the basis of 3 new shares for every 4 shares currently held. An attached option will also be issued on the basis 1 free option for every 2 new shares issued, on the same terms and conditions as the existing January 2004 options in Amcom. The subscription price for a new share is to be 10 cents.

The issue is to be partially underwritten by CIBC World Markets Securities Australia Limited.

The final terms of the bridge loan are being negotiated at the time of printing of this Annual Report. The outcome as well as the details of the issue will be disclosed to the market upon completion.

FUTURE DEVELOPMENTS

During the coming financial period the Company will continue to focus on growing carrier returns from its existing network and infrastructure as well as maintaining a strict financial regime on further reducing capital expenditure. Further value added services will be implemented thus increasing the range of product offerings available to Amcom customers.

SHARE OPTIONS

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

During the year, the Company issued 2,945,000 employee share options exercisable at \$1.40 in two tranches, half at December 2001 and the balance at December 2002.

Corporate Governance Statement

INDEMNIFICATION OF OFFICERS AND AUDITORS

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

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

DIRECTORS' SHAREHOLDINGS

The relevant interest held by a director or a related body corporate in the share capital of the Company as at the date of this report is:

	Fully Paid Ordinary Shares No.	Listed Options (i) No.	Unlisted Options (i & ii) No.
Mr. I.K. Warner	325,000	125,000	-
Mr. P. Clifton	142,700	50,675	375,000
Mr. A.J. Grist	4,054,375	1,013,594	500,000
Mr. A. McLean	25,000,000	6,250,000	-
Mr. C. Stein	5,000	6,250	500,000
Mr. E. Lee	42,000	113,005	-

(i) All options are for the purchase of fully paid ordinary shares.

(ii) The unlisted options were issued in previous years as part of an executive incentive plan.

Messrs Grist and Lee are directors of companies which receive consulting fees for work conducted on behalf of the Company and the consolidated entity. Those entities have received fees after the financial year end.

Apart from these benefits since the end of the previous financial year, no director of the Company has received or become entitled to receive a benefit (other than a fixed salary of a full-time employee of the Company or the aggregate amount of emoluments received or due and receivable by the directors or related party transactions (shown in Note 4) because of a contract the director, or a firm of which the

director is a member, or an entity in which the director has a substantial financial interest made with the Company, or an entity that the Company controlled, or a body corporate that was related to the Company when a contract was made or when the director received or became entitled to receive the benefit.



DIRECTORS' AND EXECUTIVES' REMUNERATION

For the purposes of disclosing Executive Officers remuneration, there was only one such Officer, other than the Directors, who were involved in, concerned in, or who took part in the management of the affairs of Amcom Telecommunications and its controlled entities. Details of the nature and amount of the remuneration of each Director of the Company and the consolidated entity receiving the highest remuneration are set out in the following tables.

The Remuneration of directors and senior executives of the company is

established having regard to experience, qualifications, market factors and the achievements of the individual.

Remuneration packages contain the following key elements:

- Salary/fees to companies employing the director/executive;
- Benefits including Superannuation; and;
- Incentive schemes.

Remuneration is for the full financial year unless otherwise stated:

DIRECTORS' REMUNERATION

	Salary/fees \$	Superannuation \$	Total \$
Mr. A. Mclean	140,847	11,215	152,062
Mr. C. Stein	141,355	11,288	152,643
Mr. A. J. Grist	150,000	-	150,000
Mr. E. Lee	146,669	-	146,669
Mr. P. Clifton	24,420	-	24,420
Mr. I. Warner	-	19,440	19,440

Note: Director's remuneration includes consultancy fees.

During the year, the directors were not entitled to any performance bonuses nor did they receive any options under an employee share plan.

EXECUTIVE REMUNERATION

	Salary \$	Superannuation \$	Total \$
Mr M. Yeoman	147,553	11,804	159,357

The terms 'Director' and 'officer' have been treated as mutually exclusive for the purposes of this disclosure. The elements of emoluments have been determined on the basis of the cost to the Company and the consolidated entity.

Executive officers are those directly accountable for the operational management and strategic direction of the Company and the consolidated entity.

Signed in accordance with a resolution of the directors made pursuant to s298(2) of the Corporations Act 2001.

On behalf of the Directors.

Anthony GRIST
Director

PERTH 26 October 2001

The Board of Directors

The board of directors consists of an executive chairman, two non-executive directors and three executive directors. Given the current size of the Company a board of six is considered an appropriate size and given its composition most issues can be decided at board level without the need for separate committees.

The board's composition is based on the following principles:

- The chairman should be an executive director elected by the full board.
- The board should consist of directors with a broad range of skills and experience that will benefit the Company.

Directors are initially appointed by the full board subject to election by shareholders at the next annual general meeting. One third of all directors are considered for re-election each year.

The board as a whole serves as the nomination committee. When a vacancy exists or it is considered that the services of a new director with particular skills would benefit the board, the board as the nomination committee selects a number of candidates with appropriate expertise and experience. The board then appoints the most suitable candidate who must stand for election at the next general meeting of shareholders.

Remuneration Committee

The board as a whole serves as the remuneration committee and reviews the performance, remuneration and terms and conditions of employment of both non-executive and executive directors. The executive director does not participate in the discussion relating to his own remuneration.

As well as the base salary remuneration includes superannuation, retirement and termination entitlements, performance-related bonuses and fringe benefits. Further information on directors and executive's remuneration is set out in

Note 4 to the financial statements.

Subsequent to year-end, the Company appointed a remuneration committee comprising two non-executive directors and the Managing Director. Mr Clifton has been appointed the Chairman.

Audit Committee

The audit committee is comprised of two non-executive directors. The external auditors, the executive director and company secretary are invited to audit committee meetings at the discretion of the committee.

The responsibilities of the audit committee include:

- Reviewing financial statements and other information distributed externally;
- Reviewing external audit reports to ensure that where major deficiencies or breakdowns in controls or procedures have been identified appropriate and prompt action is taken;
- Liaising with external auditors and ensuring that the annual and half-year statutory audits are conducted in an effective manner; and;
- Monitoring the procedures in place to ensure compliance with the Corporations Act 2001, Stock Exchange Listing Rules and any matters outstanding with auditors, Australian Taxation Office, Australian Securities Commission, Australian Stock Exchange and financial institutions.

The committee is also charged with the responsibilities of recommending to the board the appointment, removal and remuneration of the external auditors and reviewing the terms of their engagement and the scope and quality of the audit. The committee reports to the full board after each committee meeting.

Independent Professional Advice

Each director has the right, in connection with their duties and responsibilities as directors, to seek independent professional advice at the company's expense. However, prior approval of the chairman is required, which will not be unreasonably withheld.

Internal Control Framework

The board acknowledges that it is responsible for the overall internal control framework but recognises that no cost effective internal control system will preclude all errors and irregularities. The system is based upon procedures, policies, guidelines, organisational structures that provide an appropriate division of responsibility, and careful selection and training of qualified personnel.

Risk Assessment and Management

The Board as a group works towards identifying significant areas of risk. Where it is practically possible and financially cost effective action is taken as soon as practicable once a risk is identified.

Ethical Standards

The Company has in place a code of professional conduct which applies to all directors and employees. All directors, managers and employees are expected to act with the utmost integrity and objectivity, striving at all times to enhance the reputation and performance of the Company.

Amcom Pty Ltd

Summary of the Years Performance

Amcom Pty Ltd (100% Owned Subsidiary)		
Amcom's major offering remains a service focused scalable broadband solution with an emphasis on the wholesale market and the local loop business.		
Number of Staff	39	
Network Location and Km	Perth Hobart Adelaide Darwin	+ 300km Under construction 55km 44km
Network details	Gigabit Ethernet SDH	
Number of Buildings Entered	250 +	
Number of Services	358	
Number of New Connections	Average of 20 -30 per month	
Key Customers	Health Department Amcom IP1™ CSC Unisys West Amnet Internet Services Ministry of Justice Melville City Council Woodside Energy Darwin City Council WorldCom UUNet Service Net	



Over the past 12 months Amcom's business has progressed considerably in the areas of sales, marketing and operations with the focus being maximising returns on the existing network and infrastructure.

Over the past 12 months Amcom's business has progressed considerably in the areas of sales, marketing and operations with the focus being on maximising returns on the existing network and infrastructure. This has resulted in scaling carrier revenues driven by this focus as well as the increasing demand for bandwidth. Data carriage revenues were up 43% for the second half of the year over the first half year 2001.

Amcom's network now extends over 300km, covering the Perth CBD and greater metropolitan area, as well as extended network reach in Adelaide and Darwin. In addition, over 250 buildings have been connected to the network. Amcom now has access to a larger market, as well as, lower connection cost and faster connection time frames.

The costs associated with new customer connection are recovered within 6 months, enabling rapid cash flow back into the business cycle. This is a major achievement for an infrastructure-based organisation. To support these internal hurdle rates, systems have been developed to both control and empower staff in achieving these important benchmarks.

While the market goes through a period of consolidation, Amcom continues to connect between 20 to 30 customers every month. A large portion of Amcom's new customers continues to be representative of government and blue-chip corporate sectors. A growing number of small-to-medium enterprise customers look towards Amcom for high-speed data services.

To improve operational efficiency, Amcom has developed a proprietary IT system. This system assists Amcom staff to connect customers in a timely and efficiently manner. The software developed now extends to a new web portal, providing customers with an up-to-the-minute update and status on the provisioning of their new services.



Amcom has another web portal available to provide on-line service upgrades to existing customers. This initiative is expected to deliver immediate benefits as almost fifty percent of Amcom's customers currently use 2Mbps and will require a simple and cost effective method to update bandwidth capacity.



On the technology front, Gigabit Ethernet and SDH networks have been fully deployed, enabling Amcom to deliver a comprehensive range of data services to meet customer needs. Amcom continues to broaden the range of services offered to customers. Amcom's networks now cater for comprehensive solutions ranging from wholesale services to other telecommunications carriers, to organisations with multiple office locations requiring varying levels of access speeds to the network. For example, the head office (where the computer server is located) may require one level of access speed and the two branch offices another - Amcom is able to give the customer choice. These services are ideally suited for extending the organisation's Local Area Network (LAN) as well as delivering an enterprise voice solution by interconnection PABX's at each site enabling the customer to save on voice traffic between offices.

AMCOM'S SERVICES AND THEIR USES

Service	Network	Applications
Speedlink™	Gigabit Ethernet	► Data links between offices
ISPAccess™	Gigabit Ethernet	► High speed internet access
SDH Access™	SDH	► Traditional voice delivery between customer and voice provider ► Other telecommunication carriers extending their networks



Rescue Technology Group Pty Ltd

Summary of the Years Performance

Rescue Technology Group is predominantly a service and support organisation providing specific cost effective traditional services such as:

- ▶ Desktop and PC Workstation support
- ▶ Network and Server support and administration
- ▶ Network Integration Consultancy
- ▶ Network Management
- ▶ Novell Software Licensing

The financial highlights for the year ending June 2001 were achieved through focusing on core services and by the introduction of new services derived from the synergy and additional leverage provided by the Amcom broadband network.

Rescue Technology grew in a number of strategic areas,

- ▶ Turnover increased 25%
- ▶ Net Profit increased 35%
- ▶ Software sales increased by 78%
- ▶ Monitoring and Management Services increased 90%
- ▶ Expenses increased by only 11% and were tightly controlled

All of this was achieved in spite of the tougher economic WA climate, change and re-organisation in local government, economy wide cutbacks in spending, which in turn affected some key business sectors such as, Mining, Education and Leisure. Rescue Technology achieved this growth at the expense of their traditional competitors, and added a number of significant new customers to their portfolio across the spectrum of industries.

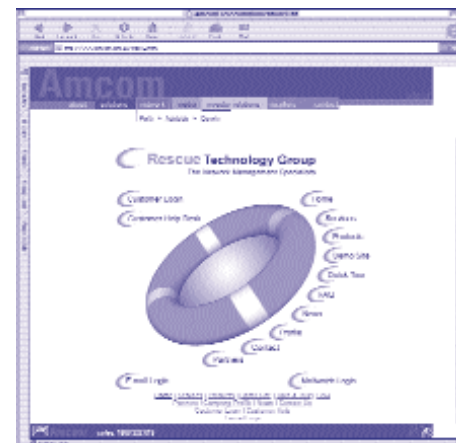
A number of strategic tenders were won and completed by focusing on these core services and the introduction of new monitoring and services products in order to drive market share.

Staff levels remained constant at 15 during the year. Most of the senior engineers attended ongoing training instruction in order to embrace the future versions of technology and to understand the integration between voice and data.

The acquisition of Rescue Technology in December 2000 by Amcom Telecommunications, saw the next phase of our expansion into additional services that could be provided by a Data Centre/Content Exchange. The Rescue Content Exchange was launched in late May and is expected to contribute significantly in a positive manner to next year's financial results.

The new services that were enabled by the Content Exchange include,

- ▶ Application and Web hosting
- ▶ Boutique Bandwidth and QOS provisioning
- ▶ Firewall services and availability reporting
- ▶ Off site storage and Backup service
- ▶ Personnel Profiles



IP1 (Australia) Pty Ltd

Summary of the Years Performance

IP1 (Australia) Pty Ltd (100% Owned Subsidiary at end of FY01)	
National end-to-end high-speed carrier services through either wholly owned or leased intercapital infrastructure.	
Number of Staff	15
Network Location and Km	Melbourne - Adelaide 860km - Adelaide to Perth 3012km (Under Construction)
Network details	DWDM Capable 14 Fibre Pairs - each scalable to terabit capacity
Project Build Stage	Schedule
Melbourne to Adelaide	Operational - Qtr 4 2001
Adelaide to Perth	Operational - Qtr 4 2002
Perth to Bunbury	Operational - Qtr 2 2002
Perth to Kalgoorlie	Operational - Qtr 2 2002
Number of Customers	6
Pre-sales	Up to \$80 million
Key Customers	SingTel

THE AMCOM IP1™ PROJECT

The Project - key features

The Amcom IP1™ project involves the development of a broadband fibre optic link covering approximately 3,700 kilometres and running from Melbourne through Adelaide, Kalgoorlie and Perth and finishing in Bunbury. Construction of the first leg of the project, from Melbourne to Adelaide, is complete and due to be operational by the end of this calendar year. The full project is due for completion by December 2002.

The Amcom IP1™ project has a number of defining features, including: high physical network security, state of the art DWDM transmission technology, terabit capacity and the highest standard of network offered on any terrestrial service worldwide.

\$18 million pre-sales agreement with SingTel and full funding

The Amcom IP1™ project achieved a number of milestones during the financial year, including the signing of an \$18 million pre-sale agreement with SingTel in January and a commitment from ABN AMRO in March, for the underwriting of the third party equity in the project. These achievements were particularly significant given the difficult market environment and reflect the confidence of participants in the long-term potential of the Amcom IP1™ project.

Following balance date, funding commitments for the full \$156 million project cost were secured and Amcom announced a rights issue to shareholders and option holders as part of the financing package and to fund its A\$10M contribution for its approximate 27% equity in the project. Having secured funding, the Amcom IP1™ project is now in a solid position for the year ahead and on track for completion in December 2002.



Construction of the first leg of the project, Melbourne to Adelaide, is already complete and on target to be operational by the end of this calendar year. Network Design and Construction (NDC) was signed on in October last year to undertake the construction of this first leg and Marconi, in April, to provide equipment for the entire Melbourne to Perth link.



Strategy remains on track

A key strength of Amcom IP1™ remains its competitive position on the East-West transcontinental link. Because of the increasing high bandwidth carriage of undersea cables in the Australasian and South East Asian region, the southern route across Australia is viewed by both local and international carriers as being of increasing strategic and commercial importance.

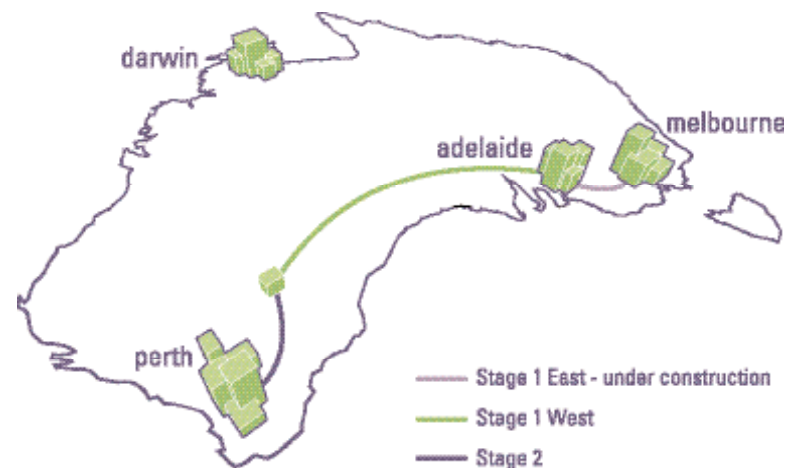
The Amcom IP1™ project will provide a terrestrial link between domestic customers on both sides of Australia and will have the capability of connecting the existing Indian Ocean sub-sea SEA-ME-WE3 cable and the corresponding east coast Southern Cross sub sea cable, which links Australia to the United States.

Amcom IP1™'s strategy continues to focus on the wholesale market, in particular, Australian and international carrier service providers and Internet service providers. The addressable market for Amcom IP1™ has been conservatively estimated by an independent telecommunications consulting group at \$205 million per annum, and growing at 40% per annum. Amcom IP1™ believes it is able to achieve up to 3.5% of the addressable market share by the year 2005.

By leasing capacity from Telstra, Amcom IP1™ positioned itself as early as September 2000, to commence delivery of end-to-end national network services and has been able to cement sales before completion of its own network. This strategy provides a very low risk entry for Amcom into the long-haul market, as it allows Amcom IP1™ to sign contracts with customers and transfer them to the Amcom IP1™ cable as it becomes available.

Furthermore, Amcom IP1™ announced its membership of a CSIRO consortium in March, which has been chosen to partner the Government in its \$14 million Advanced Network Program. In return for a single wavelength on its link, Amcom IP1™ will receive a number of benefits including contribution towards the capital cost of the network, and a three year joint research project with CSIRO.

The Amcom IP1™ project continues to bring a number of benefits to Amcom Telecommunications. Following financial close on the funding; the company will sell down its equity in the project from 100 per cent to just under 30 percent. However, the link will continue to reinforce Amcom's last mile networks, enabling it to provide "tails" (last mile connections) for long-haul clients, opening up new markets for Amcom both nationally and internationally and enhancing revenues for its local loop business.



▲ Amcom IP1™ route across Australia joining Melbourne to Adelaide to Kalgoorlie to Perth and link to Bunbury

Graphic by Vizability Online Design

Independent Audit Report To The Members Of Amcom Telecommunications Limited

Scope

We have audited the financial report of Amcom Telecommunications Limited for the financial year ended 30 June 2001 as set out on pages 16 to 39. 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 it to the 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 Act 2001, including:
 - i. giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2001 and of their performance for the year ended on that date; and
 - ii. complying with Accounting Standards and the Corporations Regulations 2001; and
- b) other mandatory professional reporting requirements.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Peter McIver

P. McIver
Partner
Chartered Accountants

PERTH 26 October 2001

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

Directors' Declaration

The directors declare that:

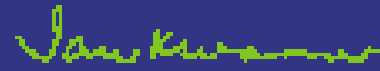
- a) the attached financial statements and notes thereto comply with Accounting Standards;
- b) the attached financial statements and notes thereto give a true and fair view of the financial position and performance of the Company and the consolidated entity;
- c) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001; and
- d) in the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

On behalf of the Directors



Anthony GRIST
Director



Ian WARNER
Director

PERTH, 26 October 2001

Financial Statements

STATEMENT OF FINANCIAL PERFORMANCE FOR THE FINANCIAL YEAR ENDED 30 JUNE 2001

		Consolidated 2001 \$	Consolidated 2000 \$	Company 2001 \$	Company 2000 \$
	Note				
Sales of goods		231,021	14,290	-	-
Cost of sales		(216,452)	(11,908)	-	-
Gross Profit		14,569	2,382	-	-
Other revenue from ordinary activities		9,248,250	1,375,431	225,285	320,083
Direct cost attributable to other revenue	2(c)	(4,594,666)	(241,309)		
Share of net profits of associates and joint ventures accounted for using the equity method	35	-	88,793	-	-
Corporate Expenses					
Write down of non current assets	12	-	-	(4,647,544)	-
Marketing expenses		(1,841,107)	(131,068)	(198,610)	(100,516)
Occupancy expenses		(782,187)	(749,666)	(194,390)	(20,406)
Infrastructure expenses		(3,895,546)	(891,717)	-	-
Administration expenses		(2,557,178)	(541,352)	(905,021)	(1,082,209)
Borrowing costs		(103,569)	(32,350)	-	-
Other expenses from ordinary activities		(701,442)	(1,552,391)	(13,655)	(1,213,388)
Loss From Ordinary Activities Before Income Tax Expense	2	(5,212,876)	(2,673,247)	(5,733,935)	(2,096,436)
Income tax expense relating to ordinary activities	3	-	-	-	-
Loss From Ordinary Activities After Related Income Tax Expense		(5,212,876)	(2,673,247)	(5,733,935)	(2,096,436)
Net profit attributable to outside equity interests		19,394	-	-	-
Net Loss Attributable to Members of the Parent Entity		(5,232,270)	(2,673,247)	(5,733,935)	(2,096,436)
Total Changes in Equity Other than those Resulting from Transactions with Owners as Owners		(5,232,270)	(2,673,247)	(5,733,935)	(2,096,436)
Earnings Per Share					
- Basic (cents per share)		(4.98)	(3.42)	-	-
- Diluted (cents per share)		(4.71)	(3.42)	-	-

Notes to the financial statements are included on pages 20 to 39.

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2001

		Consolidated	Consolidated	Company	Company
	Note	2001	2000	2001	2000
		\$	\$	\$	\$
Current Assets					
Cash		5,586,186	1,185,233	5,136,764	899,984
Receivables	8	3,059,400	745,253	-	-
Inventories	9	1,304,153	857,216	-	-
Other financial assets	10	-	5,412,909	-	5,199,524
Other	11	337,473	46,722	24,820	-
Total Current Assets		10,287,212	8,247,333	5,161,584	6,099,508
Non-Current Assets					
Other financial assets	12	-	-	38,141,560	31,512,001
Property, plant and equipment	13	55,201,399	23,111,670	87,441	57,549
Intangibles	14	10,525,123	9,470,094	-	-
Total Non-Current Assets		65,726,522	32,581,764	38,229,001	31,569,550
Total Assets		76,013,734	40,829,097	43,390,585	37,669,058
Current Liabilities					
Payables	16	29,235,153	2,966,134	202,801	122,369
Interest-bearing liabilities	17	1,550,404	218,875	-	-
Provisions	18	233,388	117,561	-	-
Total Current Liabilities		31,018,945	3,302,570	202,801	122,369
Non-Current Liabilities					
Interest-bearing liabilities	19	1,771,620	524,015	-	-
Provisions	20	35,385	32,634	-	-
Total Non-Current Liabilities		1,807,005	556,649	-	-
Total Liabilities		32,825,950	3,859,219	202,801	122,369
Net Assets		43,187,784	36,969,878	43,187,784	37,546,689
Equity					
Contributed equity	22	63,766,490	52,391,460	63,766,490	52,391,460
Accumulated Losses	23	(20,653,852)	(15,421,582)	(20,578,706)	(14,844,771)
Parent Entity Interest		43,112,638	36,969,878	43,187,784	37,546,689
Outside Equity Interest	30	75,146	-	-	-
Total Equity		43,187,784	36,969,878	43,187,784	37,546,689

Notes to the financial statements are included on pages 20 to 39.

STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2001

		Consolidated	Consolidated	Company	Company
	Note	Inflows (Outflows) 2001	Inflows (Outflows) 2000	Inflows (Outflows) 2001	Inflows (Outflows) 2000
		\$	\$	\$	\$
Cash Flows Used In Operating Activities					
Receipts from customers		10,015,076	744,955	-	9,824
Payments to suppliers and employees		(12,189,359)	(2,088,342)	(1,444,474)	(1,132,837)
Interest received		271,138	325,124	223,751	307,460
Interest and other costs of finance paid		(79,525)	-	-	-
Net cash used in operating activities	34(g)	(1,982,670)	(1,018,263)	(1,220,723)	(815,553)
Cash Flows Used In Investing Activities					
Payment for investment securities		-	(11,012,000)	-	(11,012,000)
Amounts advanced to related parties		-	-	(9,434,305)	-
Payment for property, plant and equipment		(11,037,240)	(2,930,656)	(42,747)	(51,356)
Proceeds from sale of property, plant and equipment		-	372,500	-	372,500
Cash acquired with acquisition of subsidiary	34(d)	42,142	1,580,644	-	-
Net cash used in investing activities		(10,995,098)	(11,989,512)	(9,477,052)	(10,690,856)
Cash Flows Provided By Financing Activities					
Proceeds from issues of equity securities		10,330,313	20,728,793	10,330,313	20,728,793
Payment for share issue costs		(595,282)	(1,144,175)	(595,282)	(1,144,175)
Proceeds from borrowings		2,390,945	-	-	-
Repayment of borrowings		(160,164)	-	-	(2,000,000)
Net cash provided by financing activities		11,965,812	19,584,618	9,735,031	17,584,618
Net Increase In Cash Held		(1,011,956)	6,576,843	(962,744)	6,078,209
Cash At The Beginning Of The Financial Year		6,598,142	21,299	6,099,508	21,299
Cash At The End Of The Financial Year	34(a)	5,586,186	6,598,142	5,136,764	6,099,508

Notes to the financial statements are included on pages 20 to 39.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2001

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 Act 2001, 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 resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

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

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.

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.

In the event that settlement of all or part of the cash consideration given in the acquisition of an asset is deferred, the fair value of the purchase consideration is determined by discounting the amounts payable in the future to their present value as at the date of acquisition.

Capital Gains Tax

No provision has been made for capital gains tax which may arise in the event of sale of revalued assets as no decision has been made to sell any of these assets.

Comparative Amounts

The economic entity has adopted the presentation and disclosure requirements of Accounting Standards AASB 1018 "Statement of Financial Performance", AASB 1034 "Financial Report Presentation and Disclosure" and AASB 1040 "Statement of Financial Position" for the first time in the preparation of this financial report. In accordance with the requirements of these new/revised Standards, comparative amounts have been reclassified in order to comply with the new presentation format. The reclassification of comparative amounts has not resulted in a change to the aggregate amounts of current assets, non-current assets, current liabilities, non-current liabilities or equity, or the net loss of the Company as reported in the prior year financial report.

Depreciation

Depreciation is provided on property, plant and equipment, including freehold buildings but excluding land and investment properties. Depreciation is calculated on a straight line basis so as to write off the net cost or other revalued amount of each asset over its expected useful life. Leasehold improvements are depreciated over the period of the lease or estimated useful life, whichever is the shorter, using the straight line method. The following rates are used in the calculation of depreciation:

▶ Network Infrastructure	4	-	20%
▶ Leasehold improvements	5	-	20%
▶ Plant and equipment	10	-	20%
▶ Furniture and fittings	7	-	20%
▶ Motor vehicles			20%

Employee Entitlements

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

Provisions made in respect of wages and salaries, annual leave, and other employee entitlements expected to be settled within 12 months, are measured at their nominal values.

Provisions made in respect of other employee entitlements which are not expected to be settled within 12 months are measured as the present value of the estimated future cash outflows to be made by the economic entity in respect of services provided by employees up to the reporting date.

Financial Instruments Issued by the Company

Debt and Equity Instruments

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

Transaction Costs on the Issue of Equity Instruments

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

Interest and Dividends

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

Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

- where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
- for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

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.

Income Tax

Tax-effect accounting principles are adopted whereby income tax expense is 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.

Interest-Bearing Liabilities

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

Inventories

Inventories are valued at the lower of cost and net realisable value. Costs, including an appropriate portion of fixed and variable overhead expenses, are assigned to inventory on hand by the method most appropriate to each particular class of inventory, with the majority being valued on a first in first out basis.

Investments

Investments in controlled entities are recorded at cost. 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.

Dividend revenue is recognised on a receivable basis. Interest revenue is recognised on an accrual basis.

Leased Assets

Leased assets classified as finance leases are capitalised as fixed assets. The amount initially brought to account is the present value of 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 recognised as an expense on a basis which reflects the pattern in which economic benefits from the leased asset are consumed.

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 28 to the financial statements. Consistent accounting policies are employed in the preparation and presentation of the consolidated financial statements.

The consolidated financial statements 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.

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

Receivables

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

Recoverable Amount of Non-Current Assets

Non-current assets are written down to recoverable amount where the carrying value of any non-current asset 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.

Revenue Recognition

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

i) Bandwidth Capacity

Revenue from a contract to provide bandwidth capacity is recognised at the point where the bandwidth capacity has been provided in accordance with the contract terms.

ii) Rendering of Services

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

iii) Sales of Goods

Revenue from sale of goods is recognised upon delivery of goods.

iv) Interest Income

Interest income is recognised as it is earned on an accrual basis.

v) Construction Contracts

Revenue from cost plus contracts is recognised by reference to the recoverable costs incurred during the financial year plus the percentage of fees earned. Percentage of fees earned is measured by the proportion that costs incurred to date bear to the estimated total costs of the contract. Where a loss is expected to occur it is recognised immediately and is made for both work in progress completed to date and for future work on the contract.

Accounting Standard AASB 1041 "Revaluation of Non-Current Assets"

The directors have elected under s334(5) of the Corporations Act 2001 to apply Accounting Standard AASB 1041 "Revaluation of Non-Current Assets" for this financial year, even though the standard is not required to be applied until accounting periods ending on or after 30 September 2001.

	Consolidated 2001 \$	Consolidated 2000 \$	Company 2001 \$	Company 2000 \$
2. Loss From Ordinary Activities				
Loss from ordinary activities before income tax includes the following items of revenue and expense :				
(a) Operating Revenue				
Sales revenue:				
Sale of goods	231,021	14,290	-	-
Sale of bandwidth capacity	5,870,855	783,317	-	-
Rendering of services	545,087	-	-	-
Construction contract revenue (including Local area network installation)	2,543,262	268,656	-	-
	<u>9,190,225</u>	<u>1,066,263</u>		
Interest revenue:				
Other entities	289,046	323,458	225,285	320,083
Equity share of associates' profit	-	88,793	-	-
(b) Non-Operating Revenue				
Proceeds from the sale of assets:				
Non-current	-	-	-	-
Property, plant and equipment	-	372,500	-	372,500
	<u>9,479,271</u>	<u>1,851,014</u>	<u>222,285</u>	<u>692,583</u>
(c) Expenses				
Cost of sales	216,452	11,908	-	-
Other direct costs attributable to other revenue				
Purchase of bandwidth	2,271,269	-	-	-
Construction costs	1,549,169	-	-	-
Local area network costs	709,987	221,225	-	-
Other	64,241	20,084	-	-
	<u>4,594,666</u>	<u>241,309</u>	<u>-</u>	<u>-</u>
Borrowing costs				
Interest:				
Other entities	103,569	32,350	-	-
Net bad and doubtful debts arising from:				
Other entities	135,297	-	-	-
Significant Items				
Write down of non current assets	-	-	(4,647,544)	-
Net loss on sale of assets	-	(58,065)	-	(58,065)
Depreciation of non-current assets:				
Property, plant and equipment	1,686,169	264,740	12,853	16,701
Amortisation of non-current assets:				
Goodwill	519,738	79,266	-	-
Other intangibles	1,521	-	-	-
	<u>521,259</u>	<u>79,266</u>	<u>-</u>	<u>-</u>

	Consolidated 2001 \$	Consolidated 2000 \$	Company 2001 \$	Company 2000 \$
3. Income Tax				
(a) The prima facie income tax expense on pre-tax accounting loss reconciles to the income tax expense in the financial statements as follows:				
Loss from Ordinary Activities	(5,232,270)	(2,673,247)	(5,733,935)	(2,096,436)
Income tax expense calculated at 34% (2000: 36%) of operating loss	(1,778,972)	(962,369)	(1,949,537)	(754,717)
Permanent Differences:				
Amortisation of intangible assets	177,228	79,266	-	-
Depreciation on revaluation increments	179,584	-	-	-
Non-deductible expenses	112,434	87,697	10,688	87,697
Donations	2,040	-	-	-
Timing differences and tax losses not brought to account as future income tax benefits (footnote (b))	1,307,686	827,372	1,938,849	667,020
Equity share of associates profit	-	(31,966)	-	-
	1,778,972	962,369	1,949,537	754,717
Income tax expense attributable to operating profit	-	-	-	-
(b) Future income tax benefits not brought to account as assets at 30%:				
Tax losses - revenue	4,222,824	3,068,983	3,288,504	2,929,818
Tax losses - capital	906,764	906,764	2,486,927	906,764
	5,129,588	3,975,747	5,775,431	3,836,582

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 realisation of the benefit from the deductions.

4. Directors' Remuneration

The directors during the year were:

- ▶ A. Grist
- ▶ I. Warner
- ▶ A. McLean
- ▶ E. Lee
- ▶ C. Stein
- ▶ P. Clifton

	Consolidated 2001 \$	Consolidated 2000 \$	Company 2001 \$	Company 2000 \$
The aggregate of 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			340,529	374,348
The aggregate of income paid or payable, or otherwise made available, in respect of the financial year, to all directors of each entity in the economic entity, directly or indirectly, by the entities in which they are directors or by any related party	645,234	374,348		

	2001 No.	2000 No.
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The number of directors of the company whose total income falls within each successive \$10,000 band of income (commencing at \$0):

\$0 - \$9,999	-	3	-	3
\$10,000 - \$19,999	1	1	1	1
\$29,000 - \$29,999	1	1	1	1
\$90,000 - \$99,999	-	1	-	1
\$110,000 - \$119,999	-	1	-	1
\$130,000 - \$139,999	-	1	-	1
\$140,000 - \$149,999	1	-	1	-
\$150,000 - \$159,999	3	-	1	-

5. Executives' Remuneration

	Consolidated 2001 \$	Consolidated 2000 \$	Company 2001 \$	Company 2000 \$
Aggregate remuneration of executive officers of the Company working mainly in Australia and receiving \$100,000 or more from the company or from any related party			150,000	238,693
Aggregate remuneration of executive officers of each entity in the economic entity working mainly in Australia and receiving \$100,000 or more from the entity for which they are executive officers or from any related party	614,062	238,693		

	No.	No.	No.	No.
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The number of executive officers whose remuneration falls within each successive \$10,000 band of income (commencing at \$100,000):

\$100,000 - \$109,999	-	1	-	1
\$130,000 - \$139,999	-	1	-	1
\$140,000 - \$149,999	1	-	-	-
\$150,000 - \$159,999	4	-	1	-

6. Executives and Employees Share Option Plan

The Company has an ownership based remuneration scheme for executives and employees in accordance with the provisions of the scheme, as approved by shareholders at the last Annual General Meeting, the directors have the discretion to allocate options to purchase fully paid ordinary shares. The directors determine entitlements based on service and other criteria. The exercise price of the options is determined at the time of allocating the options.

During the year, the Company issued 2,945,000 employee share options exercisable at \$1.40 in two tranches, half at December 2001 and the balance at December 2002.

The difference between the total market value of options issued during a financial year, at the date of issue, and the total amount received from executives and employees is not recognised in these financial statements except for the purposes of determining directors' and executives' remuneration in respect of that financial year as disclosed in notes 4 and 5 to the financial statements.

	Consolidated 2001 \$	Consolidated 2000 \$	Company 2001 \$	Company 2000 \$
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7. Remuneration of Auditors

(a) Auditor of the Parent Entity

Auditing the financial report	30,000	16,000	-	-
	30,000	16,000	-	-

(b) Related Practice of the Parent Entity Auditor

Other services	93,410	-	-	-
	93,410	-	-	-
	123,410	16,000	-	-

	Consolidated 2001 \$	Consolidated 2000 \$	Company 2001 \$	Company 2000 \$
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8. Current Receivables

Trade receivables	1,643,259	761,473	-	-
Allowance for doubtful debts	(143,799)	(17,220)	-	-
	1,499,460	744,253	-	-
Goods and services tax (GST) recoverable	1,559,940	-	-	-
Other	-	1,000	-	-
	3,059,400	745,253	-	-

9. Current Inventories

Raw materials - at cost	1,304,153	796,793	-	-
Work in progress - at cost	-	60,423	-	-
	1,304,153	857,216	-	-

	Consolidated 2001 \$	Consolidated 2000 \$	Company 2001 \$	Company 2000 \$
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10. Other Current Financial Assets

At cost:

Commercial Bills	-	5,412,909	-	5,199,524
	-	5,412,909	-	5,199,524

	Consolidated 2001 \$	Consolidated 2000 \$	Company 2001 \$	Company 2000 \$
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11. Other Current Assets

Prepayments	73,542	31,373	-	-
Deposits	84,934	-	-	-
Others	178,997	15,349	24,820	-
	337,473	46,722	24,820	-

	Consolidated 2001 \$	Consolidated 2000 \$	Company 2001 \$	Company 2000 \$
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12. Other Non-Current Financial Assets

Shares in controlled entities	-	-	31,412,039	29,512,001
Loans advanced to entities in wholly-owned group	-	-	11,377,065	2,000,000
Less : write down of non-current assets.	-	-	(4,647,544)	-
	-	-	38,141,560	31,512,001

The Company wrote down its loan advanced to subsidiaries.

13. Property, Plant and Equipment

	Network Infrastructure	Leasehold Improvements	Plant & Equipment	Furniture & Fittings	Motor Vehicles	TOTAL
	\$	\$	\$	\$	\$	\$
Consolidated						
Gross Carrying Amount						
Balance at 30 June 2000	22,388,559	108,718	449,249	477,900	274,071	23,698,497
Additions	33,181,317	132,780	216,803	225,842	19,156	33,775,898
Balance at 30 June 2001	55,569,876	241,498	666,052	703,742	293,227	57,474,395
Accumulated Depreciation						
Balance at 30 June 2000	373,814	11,085	98,725	35,905	67,298	586,827
Depreciation expense	1,488,110	22,129	21,105	116,472	38,353	1,686,169
Balance at 30 June 2001	1,861,924	33,214	119,830	152,377	105,651	2,272,996
Net Book Value						
As at 30 June 2000	22,014,745	97,633	350,524	441,995	206,773	23,111,670
As at 30 June 2001	53,707,952	208,284	546,222	551,365	187,576	55,201,399

	Network Infrastructure	Leasehold Improvements	Plant & Equipment	Furniture & Fittings	Motor Vehicles	TOTAL
	\$	\$	\$	\$	\$	\$
Company						
Gross Carrying Amount						
Balance at 30 June 2000	-	-	66,722	22,832	-	89,554
Additions	-	1,960	-	40,787	-	42,747
Reclassification	-	-	(56,061)	28,318	-	(27,743)
Balance at 30 June 2001	-	1,960	10,661	91,937	-	104,558
Accumulated Depreciation						
Balance at 30 June 2000	-	-	30,026	1,979	-	32,005
Depreciation expense (i)	-	424	-	12,429	-	12,853
Reclassification	-	-	(28,780)	1,039	-	(27,741)
Balance at 30 June 2001	-	424	1,246	15,447	-	17,117
Net Book Value						
As at 30 June 2000	-	-	36,696	20,853	-	57,549
As at 30 June 2001	-	1,536	9,415	76,490	-	87,441

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

(ii) Assets under finance lease included in the assets of the Consolidated Entity above are Motor Vehicles (Net Book Value: \$163,349) and Microwave Equipment (Net Book Value: \$400,606).

	Consolidated 2001 \$	Consolidated 2000 \$	Company 2001 \$	Company 2000 \$
14. Intangibles				
Goodwill - at cost	11,049,570	9,511,894	-	-
Accumulated amortisation	(599,004)	(79,266)	-	-
	10,450,566	9,432,628	-	-
Patents, trademarks and licences - at cost	76,078	37,466	-	-
Accumulated amortisation	(1,521)	-	-	-
	74,557	37,466	-	-
	10,525,123	9,470,094	-	-

The aggregate amortisation allocated during the year is recognised as an expense and disclosed in note 2 to the financial statements

15. Assets Pledged as Security

In accordance with the security arrangements of liabilities, as disclosed in notes 17 and 19 to the financial statements, effectively all assets of the wholly owned subsidiaries Amcom Pty Ltd and Future Proof Technologies (WA) Pty Ltd, and the shares held by Amcom Telecommunications Ltd in Rescue Technology Group Pty Ltd have been pledged as security for the facilities from BankWest.

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

IP1 (Australia) Pty Ltd assets of \$20,996,907 are pledged as security for amounts owed to Network Design and Construction Ltd for the construction of the Melbourne to Adelaide optic fibre link connection (see Note 16).

	Consolidated 2001 \$	Consolidated 2000 \$	Company 2001 \$	Company 2000 \$
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16. Current Payables

Trade payables	26,367,127	2,811,196	202,801	122,369
Sundry creditors and accruals	2,868,026	154,938	-	-
	29,235,153	2,966,134	202,801	122,369

(i) Project related expenses of IP1 (Australia) Pty Ltd amounting to \$20,832,349 and included in the Trade Payables of \$26,367,127 will be funded from the proceeds of the IP1 project financing (refer to Note 33 "Subsequent Events").

(ii) Trade payables include an amount of \$18,659,196 due to Network Design and Construction Ltd for the construction of the Melbourne to Adelaide optic fibre link which is secured against the assets of the wholly owned subsidiary IP1 (Australia) Pty Ltd (See Note 15).

	Consolidated 2001 \$	Consolidated 2000 \$	Company 2001 \$	Company 2000 \$
17. Current Interest-Bearing Liabilities				
Unsecured:				
Other entities in the wholly-owned group	-	63,585	-	-
	-	63,585	-	-
Secured:				
Bank loans (i)	1,414,960	-	-	-
Finance lease liabilities (note 27) (ii)	135,444	155,290	-	-
	1,550,404	218,875	-	-

(i) secured by a fixed and floating registered debenture mortgage over the assets and undertakings of the subsidiaries Amcom Pty Ltd and Future Proof Technologies (WA) Pty Ltd, and the shares in Rescue Technology Group Pty Ltd held by Amcom Telecommunications Limited.

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

	Consolidated 2001 \$	Consolidated 2000 \$	Company 2001 \$	Company 2000 \$
18. Current Provisions				
Employee entitlements (note 21)	233,388	117,561	-	-
	233,388	117,561	-	-
	Consolidated 2001 \$	Consolidated 2000 \$	Company 2001 \$	Company 2000 \$

19. Non-Current Interest-Bearing Liabilities

Secured:

Bank loans (i)	1,500,000	177,645	-	-
Finance lease liabilities (note 27) (ii)	271,620	346,370	-	-
	1,771,620	524,015	-	-

(i) secured by a fixed and floating registered debenture mortgage over the assets and undertakings of the operating subsidiary Amcom Pty Ltd.

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

	Consolidated 2001 \$	Consolidated 2000 \$	Company 2001 \$	Company 2000 \$
20. Non-Current Provisions				
Employee entitlements (note 21)	35,385	32,634	-	-
	35,385	32,634	-	-

21. Employee Entitlements

The aggregate employee entitlement liability recognised and included in the financial statements is as follows:

Provision for employee entitlements:

Current (note 18)	233,388	117,561	-	-
Non-current (note 20)	35,385	32,634	-	-
	268,773	150,195	-	-

	2001 No.	2000 No.	2001 No.	2000 No.
Number of employees at end of financial year	82	40	-	-

	Consolidated 2001 \$	Consolidated 2000 \$	Company 2001 \$	Company 2000 \$
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22. Contributed Equity

Contributed Equity

106,535,066 fully paid ordinary shares (2000: 100,231,409)	60,112,724	51,857,724	60,112,724	51,857,724
Exercisable Options (net of issue costs)	3,653,766	533,736	3,653,766	533,736
	63,766,490	52,391,460	63,766,490	52,391,460

(i) The Company issued 33,158,231 options during the year at the issue price of 10c per option. The options for fully paid ordinary shares are exercisable at 30c at any time before 31 January 2004.

	Consolidated 2001 No.	Consolidated 2001 \$	Company 2000 No.	Company 2000 \$
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Fully Paid Ordinary Share Capital

Balance at beginning of financial year	100,231,409	51,857,724	174,170,005	14,252,901
1:4 consolidation	-	-	(130,627,503)	-
Issue of shares (net of issue cost)	6,303,657	8,255,000	56,688,907	37,604,823
Balance at end of financial year	106,535,066	60,112,724	100,231,409	51,857,724

Fully paid ordinary shares carry one vote per share and carry the right to dividends.

	Consolidated 2001 \$	Consolidated 2000 \$	Company 2001 \$	Company 2000 \$
23. Accumulated Losses				
Balance at beginning of financial year	(15,421,582)	(12,748,335)	(14,844,771)	(12,748,335)
Net Loss after tax	(5,232,270)	(2,673,247)	(5,733,935)	(2,096,436)
Balance at end of financial year	(20,653,852)	(15,421,582)	(20,578,706)	(14,844,771)

	2001 Cents per Share	2000 Cents per Share
24. Earnings Per Share		
Basic earnings per share	(4.98)	(3.42)
Diluted earnings per share	(4.71)	(3.42)

The weighted average number of ordinary shares on issue during the financial year used calculation of basic earnings per share

	2001 No.	2000 No.
	105,050,370	78,113,053

Information Concerning the Classification of Securities

The options to purchase fully paid ordinary shares are considered to be potential ordinary shares and, therefore, have not been included in the determination of basic earnings per share. These securities are included in the determination of diluted earnings per share on the basis that each option will convert to one ordinary share.

	Consolidated 2001 \$	Consolidated 2000 \$	Company 2001 \$	Company 2000 \$
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25. Contingent Liabilities

(i) BankWest has provided a contingent facility to provide bank guarantees on behalf of the Company	447,212	-	-	-
(ii) The Company has guaranteed the loans for BankWest to its operating subsidiary, Amcom Pty Ltd	-	-	2,914,960	-
(iii) In relation to IP1 (Australia) Pty Ltd activities prior to financing of the subsidiary, the Company notes this contingent liability. However, the Company expects credits and refunds to offset these amounts. These liabilities are disclosed in the consolidated entity.	-	-	3,148,830	-

26. Commitments for Expenditure

The IP1 Australia Pty Ltd project has the following capital commitments. The Consolidated Entity will not be funding this capital commitment after the financing of IP1 (Australia) Pty Ltd except to the extent of the injection of funds into IP1 (Australia) Pty Ltd. (Subsequent Events Note 33).

a) Capital Expenditure Commitments

Infrastructure and Equipment for IP1 Project

Not Longer than 1 Year	2,117,039	-	-	-
	2,117,039	-	-	-

27. Leases

Finance Leases

Leasing arrangements

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

	Consolidated 2001 \$	Consolidated 2001 \$	Company 2000 \$	Company 2000 \$
Finance lease liabilities				
No later than 1 year	166,452	152,676	-	-
Later than 1 year and not later than 5 years	291,340	455,942	-	-
Later than 5 years	-	-	-	-
Minimum finance lease payments	457,792	608,618	-	-
Less future finance charges	(50,728)	(106,958)	-	-
Finance lease liabilities	407,064	501,660	-	-
Included in the financial statements as:				
Current interest bearing liabilities (note 17)	135,444	155,290	-	-
Non-current interest bearing liabilities (note 19)	271,620	346,370	-	-
	407,064	501,660	-	-

The finance lease liabilities are secured over the leased assets.

Operating Leases

Non-cancellable operating leases

Not longer than 1 year	686,415	152,676	277,800	-
Longer than 1 year and not longer than 5 years	2,556,460	320,147	1,389,000	-
Longer than 5 years	277,800	42,240	277,800	-
	3,520,675	515,063	1,944,600	-

Operating leases relate to office premises and telecommunications access to buildings with lease terms of between 3 to 7 years. The majority of the operating leases contain market review clauses in the event that the Company exercises its option to renew. The Company entity does not have an option to purchase the leased assets at the expiry of the leased period.

28. Controlled Entities

Name of Entity	Country of Corporation	Ownership Interest 2001 %	Ownership Interest 2000 %
Parent Entity			
Amcom Telecommunications Ltd	Australia		
Controlled Entities			
Amcom Pty Ltd	Australia	100	100
IP1 (Australia) Pty Ltd	Australia	100	-
Rescue Technology Group Pty Ltd	Australia	80	-
Future Proof Technologies (WA) Pty Ltd	Australia	100	100
Glenburn Manor Joint Venture Pty Ltd	Australia	100	100

All controlled entities are small propriety companies and, in accordance with the Corporations Act 2001, are relieved from the requirements to prepare, audit and lodge a financial report.

IP1 (Australia) Pty Ltd was incorporated during the current financial year under review.

29. Acquisition of Businesses

Name of Business Acquired	Principal Activity	Date of Acquisition	Proportion of Shares Acquired %	Cost of Acquisition
Controlled Entities				
Rescue Technology Group Pty Ltd	Telecommunication	5 December 2000	80%	1,640,000

The purchase consideration was fully satisfied and discharged by the allotment and issue of 1,303,657 shares at an issue price of \$1.258 (Note 34).

	Consolidated 2001 \$	Consolidated 2000 \$
30. Outside Equity Interests		
Outside equity interests in controlled entities comprise:		
Issued capital	24,134	-
Retained profits	19,395	-
Reserves	31,617	-
	<u>75,146</u>	<u>-</u>

31. Segment Information

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

32. Related Party Disclosures

(a) Equity Interests In Controlled Entities

Details of the percentage of ordinary shares held in controlled entities are disclosed in note 28 to the financial statements.

(b) Directors' Remuneration and Retirement Benefits

Details of directors' remuneration and retirement benefits are disclosed in note 4 to the financial statements.

(c) Directors' Equity Holdings

Ordinary Shares

Issued during the financial year to directors and their director-related entities by Amcom Telecommunications Ltd.

Held as at the reporting date by directors and their director-related entities in Amcom Telecommunications Ltd:

(c) Options

Issued during the financial year to directors and their director-related entities by Amcom Telecommunications Limited for consideration.

Issued during the financial year to directors and their director-related entities by Amcom Telecommunications Limited as part of Incentive Scheme

Held as at the reporting date by directors and their director-related entities in Amcom Telecommunications Limited

Fully Paid
2001
No.

Fully Paid
2000
No.

- 34,683,325

- 34,683,325

29,315,575 30,469,950

29,313,575 30,469,950

Options
2001
\$

Options
2000
\$

7,558,524 -

- 1,375,000

7,558,524 1,375,000

8,933,524 1,375,000

8,933,524 1,375,000

33. Subsequent Events

IP1 (Australia) Pty Ltd, a wholly owned controlled entity is building a high speed Fibre Optic Link from Melbourne to Perth. Included in the consolidated Statement of Financial Position is a loss of \$2,758,000 by IP1 (Australia) Pty Ltd. Included in the accounts payable are trade creditors of IP1 (Australia) Pty Ltd in the amount of \$20,832,349 which will be satisfied upon funding of the project discussed below.

On the 12th September 2001, the Company announced it had completed the sourcing of finance for the IP1 project.

Amcom is in the process of finalising a loan of \$8.21 million which along with credits for expenditure on IP1 (Australia) Pty Ltd to date and internal funding will provide the \$10 million to fund its equity contribution in IP1 (Australia) Pty Ltd. The conditions of the loan are, inter alia, that Amcom undertakes an entitlement issue to repay the loan. The rights issue, details of which are included in the Director's Report is anticipated to raise \$8.12 million. These funds will be used to repay the loan and provide working capital. The rights issue is substantially underwritten by CIBC World Markets Securities Australia Limited.

Financial close is due to occur at the end October 2001.

	Consolidated 2001 \$	Consolidated 2000 \$	Company 2001 \$	Company 2000 \$
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34. Notes To The Statement Of Cash Flows

(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 Statement of Financial Position as follows:

Cash	5,627,887	1,185,233	5,136,764	899,984
Deposit on call	-	5,412,909	-	5,199,524
Bank overdraft	(41,701)	-	-	-
	5,586,186	6,598,142	5,136,764	6,099,508

(b) Businesses Acquired

During the financial year, one business was acquired. Details of the acquisition are as follows:

Consideration

Cash	-	-	-	12,012,001
Ordinary Shares	-	-	1,640,000	17,500,000
	-	-	1,640,000	29,512,001

(c) Non-Cash Financing and Investing Activities

The purchase consideration for the acquisition of Rescue Technology Group Pty Ltd was fully satisfied and discharged by the allotment and issue of 1,303,657 shares at an issue price of \$1.258.

	Consolidated 2001 \$	Consolidated 2000 \$	Company 2001 \$	Company 2000 \$
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(d) Fair Value of Net Assets Acquired

Current assets				
Cash	42,142	1,580,664	-	-
Other Assets	145,182	3,430,965	-	-
Non-current assets	-	-		
Property, plant and equipment	57,082	17,142,073	-	-
Current liabilities				
Payable	(142,262)	(1,531,640)	-	-
Non Current Liabilities				
Lease liabilities	-	(456,970)	-	-
Loans	-	(164,985)	-	-
Net assets acquired	102,144	20,000,107	-	-
Goodwill on acquisition	1,537,856	9,511,894	-	-
	1,640,000	29,512,001	-	-
Net Cash Outflow on Acquisition				
Cash consideration	-	12,012,001	-	-
Less cash balances acquired	42,142	1,580,664	-	-
	(42,142)	10,431,337	-	-

	Consolidated 2001 \$	Consolidated 2000 \$	Company 2001 \$	Company 2000 \$
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(e) Financing Facilities

Secured loan facilities with various maturity dates through to 2003 and which may be extended by mutual agreement:

amount used	3,188,055	177,663	-	-
amount unused	311,945	-	-	-
	3,500,000	177,663	-	-

	Consolidated 2001 \$	Consolidated 2000 \$	Company 2001 \$	Company 2000 \$
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(g) Reconciliation of Profit From Ordinary Activities After Related Income Tax to Net Cash Flows From Operating Activities

Loss from ordinary activities after related income tax	(5,212,876)	(2,673,247)	(5,733,935)	(2,096,436)
Loss on disposal of non current assets	-	58,065	-	58,065
Write down of non current assets	-	-	4,647,544	-
Share of associates' profit (less dividends)	-	(88,793)	-	-
Amount written off plant, property & equipment	-	1,030,857	-	1,030,857
Depreciation and amortisation of non-current assets	1,686,169	264,740	12,853	16,071
Amortisation of Goodwill	521,259	79,266	-	-
(Increase)/decrease in assets:				
current receivables	(870,811)	(741,865)	(24,820)	3,397
current inventories	(507,360)	(857,216)	-	-
other	(183,457)	(259,369)	-	-
Increase/(decrease) in liabilities:				
current trade payables	2,520,403	2,905,405	(122,365)	61,640
Others	64,003	(736,106)	-	110,853
Net cash used in operating activities	(1,982,670)	(1,018,263)	(1,220,723)	(815,553)

	Consolidated 2001 \$	Consolidated 2000 \$	Company 2001 \$	Company 2000 \$
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35. Net Profits of Associates

Share of net profits of associates and joint ventures accounted for using the equity method

	-	88,793	-	-
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Last year the Company owned 50% of Amcom Pty Ltd up to 30 April 2000.

On 1 May 2000 Amcom Pty Ltd became a wholly owned subsidiary. Up to 30 April 2000 the profits were accounted for using the equity method.

36. Financial Instruments

(a) Significant Accounting Policies

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

(b) Interest Rate Risk

2001	Average Interest Rate %	Variable Interest Rate \$	Fixed Interest Rate Maturity			Non-Interest Bearing \$	Total \$
			Less than 1 Year \$	1 to 5 Years \$	More than 5 Years \$		
Financial Assets							
Cash	4.33	5,586,186	-	-	-	-	5,586,186
Receivables	-	-	-	-	-	3,059,400	3,059,400
Deposits (note 11)	-	-	-	-	-	84,934	84,934
	-	5,586,186	-	-	-	3,144,334	8,730,520
Financial Liabilities							
Payables	-	-	-	-	-	29,235,153	29,235,153
Bank Loans (notes 17 & 19)	8.45	2,914,960	-	-	-	-	2,914,960
Finance Lease Liabilities (notes 17 & 19)	8.00	407,064	-	-	-	-	407,064
	-	3,322,024	-	-	-	29,235,153	32,557,177

2000	Average Interest Rate %	Variable Interest Rate \$	Fixed Interest Rate Maturity			Non-Interest Bearing \$	Total \$
			Less than 1 Year \$	1 to 5 Years \$	More than 5 Years \$		
Financial Assets							
Cash	4.50	1,185,233	-	-	-	-	1,185,233
Receivables	-	-	-	-	-	745,253	745,253
Commercial Bills	6.10	-	5,412,908	-	-	-	5,412,908
	-	1,185,233	5,412,908	-	-	745,253	7,343,394
Financial Liabilities							
Payables	-	-	-	-	-	2,966,134	2,966,134
Finance Lease Liabilities (notes 17 & 19)	8.00	-	-	501,660	-	-	501,660
	-	-	-	501,660	-	2,966,134	3,467,794

(c) Credit

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

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

(d) Net Fair Value

The carrying amount of financial assets and financial liabilities recorded in the financial statements represents their respective net fair values, determined in accordance with the accounting policies disclosed in note 1 to the financial statements.

ADDITIONAL STOCK EXCHANGE INFORMATION AS AT 25 SEPTEMBER 2001

Distribution of Holders of Equity Securities

	Fully Paid Ordinary Shares	Options
1 - 1,000	898	518
1,001 - 5,000	2,395	484
5,001 - 10,000	872	113
10,001 - 100,000	1,004	186
100,001 and over	80	54
	5,249	1,355
Number of Shareholders holding less than a marketable parcel	2,862	

Substantial Shareholders

Ordinary Shareholders	Fully Paid Number	Fully Paid Percentage
Andrew Mclean	25,000,000	23.09

Twenty Largest Holders of Quoted Equity Securities

Ordinary Shareholders	Fully Paid Number	Fully Paid Percentage
Andrew Mclean	25,000,000	23.09
Oaktone Nominees Pty Ltd	4,054,375	3.81
ANZ Nominees Limited	2,644,200	2.44
Perpetual Trustee Company	2,250,000	2.08
Diversified Services Australia	1,752,081	1.62
Gary B Branch Pty Limited	1,600,000	1.48
MMI General Insurance Limited	1,518,700	1.40
Perpetual Trustees Nominees	1,435,000	1.33
Westpac Custodian Nominees	1,419,000	1.31
Markby Holdings Limited	1,115,000	1.03
Markby Holdings Limited	1,100,000	1.02
AMCIL Limited	1,000,000	0.92
Cleveland Nominees Pty Ltd	937,875	0.87
Gwynwill Trading Pty Ltd	800,000	0.74
National Nominees Limited	768,630	0.71
Sallur Nominees Pty Ltd	600,000	0.55
Niako Investments Pty Ltd	595,000	0.55
Philation Pty Ltd	580,000	0.54
Gary B Branch Pty Ltd	550,000	0.51
William Cairns	505,000	0.47
	50,224,861	46.47

Option Holders	Number	Percentage
Andrew Mclean	6,250,000	18.77
Markby Holdings Ltd	1,500,000	4.50
Droga Capital Pty Ltd	1,500,000	4.50
Mr Ross Stewart Norgard	1,000,000	3.00
Oaktone Nominees Pty Ltd	949,219	2.85
Tongzi Pty Ltd	661,400	1.99
Niako Investments Pty Ltd	614,893	1.85
Megatop Nominees Pty Ltd	545,000	1.64
Mr John Cyril Alwyn Ley	500,000	1.50
Ms Jane Tang	500,000	1.50
Ron Brown Investments Pty Ltd	500,000	1.50
AMP Life Limited	494,753	1.49
Niako Investments Pty Ltd	480,000	1.44
Mr Richard Caldwell	421,530	1.27
Ristovski Nominees Pty Ltd	400,000	1.20
Australian Taxation Reporter	400,000	1.20
Mr David Archer	335,000	1.01
Koy Pty Ltd	335,000	1.01
Deep Woods Investments	335,000	1.01
Fopar Nominees Pty Ltd	335,000	1.01
	18,056,795	54.24

Company Secretary

Mr. Wally Borovac

Principal Registered Office

43 King Edward Road Osborne Park WA 6017

Principal Administration Office

43 King Edward Road Osborne Park WA 6017

Share Registry

Computershare Investor Services Pty Limited
Level 2 Reserve Bank Building
45 St George's Terrace Perth WA 6000

Stock Exchange Listings

Amcom Telecommunications Limited's ordinary shares are quoted by the Australian Stock Exchange Limited.

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Email: amcom@amcom.com.au
Website: www.amcom.com.au

Corporate Office

Level 25 QV1 Building
250 St Georges Tce, Perth
WA 6000 AUSTRALIA

Telephone: +61 8 9226 4900
Facsimile: +61 8 9226 4563

Share Registry

Computershare Investor Services
Pty Limited
Level 2, Reserve Bank Building,
45 St George's Terrace, Perth
WA 6000 AUSTRALIA

Telephone: +61 8 9323 2000
Facsimile: +61 8 9323 2033

Company Secretary

Mr. Wally Borovac

Auditors

Deloitte Touche Tohmatsu
Level 16, 152 St George's Terrace
PERTH WA 6000 AUSTRALIA

Home Stock Perth Exchange

Exchange Plaza
2 The Esplanade
PERTH WA 6000 AUSTRALIA

Solicitors

Corrs Chambers Westgarth
150 St George's Terrace
PERTH WA 6000 AUSTRALIA

ASX Code

AMM (fully paid ordinary shares)
AMMOA (30 cent 31 January 2004 options)

Australian Business Number

Amcom Telecommunications Limited
ABN: 20 062 046 217



Amcom
Telecommunications