



ABN 96 084 115 499

Half-Year Financial Report for
31 December 2010
and ASX Appendix 4D

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APPENDIX 4D HALF-YEAR REPORT

1. Company details

Name of entity:	Vocus Communications Limited
ABN:	96 084 115 499
Reporting period:	Half-year ended 31 December 2010
Previous corresponding period:	Half-year ended 31 December 2009

2. Results for announcement to the market

Revenues from ordinary activities	up	92.3%	to	\$ 13,912,222
Profit from ordinary activities after tax attributable to the owners of Vocus Communications Limited	up	53.8%	to	\$ 3,682,361
Profit for the period attributable to the owners of Vocus Communications Limited	up	53.8%	to	\$ 3,682,361

	31/12/2010	31/12/2009
	\$	\$
Earnings before interest, tax, depreciation and amortisation ('EBITDA')	6,413,270	4,738,133
Earnings before interest and tax ('EBIT')	5,145,515	3,783,624
	Cents	Cents
Basic earnings per share	7.14	9.90
Diluted earnings per share	7.08	9.57

For comparative purposes assuming the Group Reorganisation had occurred at 31 December 2009, pro forma weighted average basic earnings per share for the period to 31 December 2009 would be 4.69 cents. This assumes on a pro forma basis a weighted average 51,069,053 shares outstanding being the shares outstanding at 30 June 2010 following the Group Reorganisation.

Comments

The profit for the consolidated entity after providing for income tax amounted to \$3,682,361 (31 December 2009: \$2,394,467).

Further details of the results for the half-year can be found in the 'review of operations' section of the directors' report in the attached Half Year Financial Report.

3. NTA backing

Net tangible asset backing per ordinary security	Reporting period (11.49) cents	Previous corresponding period (19.56) cents
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4. Dividends

Current period

There were no dividends paid during the current financial period.

Previous corresponding period

During the half-year ended 31 December 2009, Vocus Group Limited paid a dividend of 2 cents per share totalling \$210,000.

5. Audit qualification or review

Details of audit/review dispute or qualification (if any):

The accounts were subject to a review by the auditors and the review report is attached as part of the Half Year Financial Report.

6. Attachments

Details of attachments (if any):

The Half Year Financial Report of Vocus Communications Limited for the half-year ended 31 December 2010 is attached.

7. Signed

Signed: _____



Date: 22 February 2011

James Spenceley
Director
Sydney

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Vocus Communications Limited

ABN 96 084 115 499

Half Year Financial Report - 31 December 2010

Vocus Communications Limited

Directors' report

31 December 2010

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Vocus Communications Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled for the half-year ended 31 December 2010.

Directors

The following persons were directors of Vocus Communications Limited during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

David Spence - Non-Executive Director and Chairman

James Spenceley - Executive Director and Chief Executive Officer

Mark de Kock - Executive Director, Strategy

Jonathan Brett - Non-Executive Director

John Murphy - Non-Executive Director

Nicholas McNaughton - Non-Executive Director

Paul McConnell - Non-Executive Director (resigned on 26 October 2010)

Stephen Baxter - Non-Executive Director (appointed on 18 November 2010)

Principal activities

During the financial half-year the principal continuing activity of the consolidated entity consisted of the provision of wholesale telecommunications services.

Change of company name

On 8 July 2010 the company relisted on the Australian Securities Exchange and, as part of the Group Reorganisation changed its name from First Opportunity Fund Limited to Vocus Communications Limited.

Vocus Communications Limited
Directors' report
31 December 2010

Review of operations

The profit for the consolidated entity after providing for income tax amounted to \$3,682,361 (31 December 2009: \$2,394,467).

Total revenue for the consolidated entity for the half-year ended 31 December 2010 was \$13,912,222 (31 December 2009: \$7,234,092).

Profit before interest, tax, depreciation and amortisation (EBITDA) for the consolidated entity for the half-year ended 31 December 2010 was \$6,413,270 (31 December 2009: \$4,738,133).

At the reporting date 31 December 2010, the consolidated cash holdings stood at \$3,347,146 (30 June 2010: \$12,628,757). The decrease in cash is primarily a result of the consolidated entity's data centre acquisition described below and the payment required under the Group Reorganisation where payment occurred in July 2010.

Basic earnings per share for the consolidated entity for the half-year ended 31 December 2010 was 7.14 cents (31 December 2009: 9.90 cents).

For comparative purposes assuming the Group Reorganisation had occurred at 31 December 2009, pro forma weighted average basic earnings per share for the period to 31 December 2009 would be 4.69 cents. This assumes on a pro forma basis that a weighted average number of 51,069,053 shares were outstanding at 30 June 2010 following the Group Reorganisation.

Data centre acquisition

On 12 November 2010, Vocus Communications acquired the Sydney and Melbourne data centre businesses from E3 Networks. The acquisition will further build on Vocus Communications' reputation for technical and customer service excellence. It will provide Vocus Communications Limited with a platform to further expand into data centres and attract new customers for its wholesale internet business, its new peering product and other business opportunities. Detailed information on this acquisition can be found in note 8.

Foreign exchange hedge accounting

In order to protect against unfavourable exchange rate movements, the consolidated entity has entered into cash flow hedges and forward exchange contracts during the financial half-year ended 31 December 2010. The consolidated entity entered into hedge accounting for a portion of the United States Dollar ('USD') revenues it receives from customers and for USD denominated Indefeasible Right to Use ('IRU') contractual payment obligations it held during the financial half-year to 31 December 2010. From the date of inception of the contracts and from the commencement of hedge accounting any movement in exchange rates will effectively be accounted through equity reported as other comprehensive income rather than profit and loss whilst the hedging remains effective and is transacted through future settlement.

Events occurring after the reporting date

On 1 January 2011, Vocus Connect Pty Limited was granted rights to take further capacity under a Capacity Use Agreement with Southern Cross Cables Limited.

On 11 January 2011, Southern Cross Cables and Vocus Connect Pty Limited agreed to amend the term of the Capacity Use Agreements (IRU Agreements) dated 1 July 2009 and 4 September 2010.

Further information on these two events can be found in note 9.

Significant changes in the state of affairs

The only significant change in the state of affairs of the consolidated entity was the data centre acquisition noted above.

There were no other significant changes in the state of affairs of the consolidated entity during the financial half-year.

Vocus Communications Limited
Directors' report
31 December 2010

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on the following page.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors

A handwritten signature in black ink, appearing to read 'James Spenceley', written over a horizontal line.

James Spenceley
Director

22 February 2011
Sydney

The Board of Directors
Vocus Communications Limited
Level 1, Vocus House
189 Miller Street, North Sydney
NSW 2060

22 February 2011

Dear Board Members

Vocus Communications Limited

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

As lead audit partner for the review of the financial statements of Vocus Communications Limited for the financial half-year ended 31 December 2010, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours faithfully

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU



Joshua Tanchel
Partner
Chartered Accountants

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Vocus Communications Limited
Financial report
For the half-year ended 31 December 2010

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General information

The financial report covers Vocus Communications Limited as a consolidated entity consisting of Vocus Communications Limited and the entities it controlled. The financial report is presented in Australian dollars, which is Vocus Communications Limited's functional and presentation currency.

The financial report consists of the financial statements, notes to the financial statements and the directors' declaration.

Vocus Communications Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Vocus House
Level 1
189 Miller Street
North Sydney NSW 2060

A description of the nature of the consolidated entity's operations and its principal activities are included in the directors' report, which is not part of the financial report.

The financial report was authorised for issue, in accordance with a resolution of directors, on 22 February 2011. The directors have the power to amend and reissue the financial report.

Vocus Communications Limited
Statement of comprehensive income
For the half-year ended 31 December 2010

		Consolidated	
	Note	31/12/2010	31/12/2009
		\$	\$
Revenue	3	13,912,222	7,234,092
Other income	4	1,817,906	2,082,796
Expenses			
Network and service delivery		(5,577,663)	(2,823,606)
Employee benefits expense		(1,904,473)	(1,106,517)
Depreciation and amortisation	5	(1,267,755)	(954,509)
Administration and other expenses		(1,834,722)	(648,632)
Finance costs	5	<u>(133,309)</u>	<u>(137,884)</u>
Profit before income tax expense		5,012,206	3,645,740
Income tax expense		<u>(1,329,845)</u>	<u>(1,251,273)</u>
Profit after income tax expense for the half-year attributable to the owners of Vocus Communications Limited		3,682,361	2,394,467
Other comprehensive income			
Net loss on hedging transactions		<u>(1,417)</u>	-
Other comprehensive income for the half-year, net of tax		<u>(1,417)</u>	-
Total comprehensive income for the half-year attributable to the owners of Vocus Communications Limited		<u><u>3,680,944</u></u>	<u><u>2,394,467</u></u>
		Cents	Cents
Basic earnings per share	11	7.14	9.90
Diluted earnings per share	11	7.08	9.57

The above statement of comprehensive income should be read in conjunction with the accompanying notes

Vocus Communications Limited
Statement of financial position
As at 31 December 2010

Consolidated
31/12/2010 **30/06/2010**
\$ **\$**

Assets

Current assets

Cash and cash equivalents	3,347,146	12,628,757
Trade and other receivables	4,018,540	3,643,762
Other financial assets	192,787	71,646
Other	105,495	115,034
Total current assets	<u>7,663,968</u>	<u>16,459,199</u>

Non-current assets

Property, plant and equipment	7,773,631	2,089,717
Intangibles	20,968,274	19,853,401
Deferred tax	722,902	484,883
Other	-	144,252
Total non-current assets	<u>29,464,807</u>	<u>22,572,253</u>

Total assets

37,128,775 39,031,452

Liabilities

Current liabilities

Trade and other payables	3,874,463	9,627,668
Borrowings	3,804,800	4,252,174
Derivative financial instruments	593,865	-
Income tax	2,257,827	1,000,286
Provisions	123,062	103,360
Other	313,126	301,499
Total current liabilities	<u>10,967,143</u>	<u>15,284,987</u>

Non-current liabilities

Borrowings	9,944,322	13,146,763
Deferred tax	1,018,809	721,410
Provisions	300,000	-
Other	-	14,316
Total non-current liabilities	<u>11,263,131</u>	<u>13,882,489</u>

Total liabilities

22,230,274 29,167,476

Net assets

14,898,501 9,863,976

Equity

Contributed equity	7,566,358	6,266,357
Contributed capital	62,008	62,008
Reserves	169,131	116,968
Retained profits	7,101,004	3,418,643

Total equity

14,898,501 9,863,976

The above statement of financial position should be read in conjunction with the accompanying notes

Vocus Communications Limited
Statement of changes in equity
For the half-year ended 31 December 2010

	Contributed equity \$	Contributed capital \$	Hedge reserve \$	Share-based reserve \$	Retained profits \$	Total equity \$
Consolidated						
Balance at 1 July 2009	750,000	62,008	-	5,100	684,734	1,501,842
Other comprehensive income for the half-year, net of tax	-	-	-	-	-	-
Profit after income tax expense for the half-year	-	-	-	-	2,394,467	2,394,467
Total comprehensive income for the half-year	-	-	-	-	2,394,467	2,394,467
<i>Transactions with owners in their capacity as owners:</i>						
Share-based payments	-	-	-	8,904	-	8,904
Dividends paid to shareholders of Vocus Group Limited	-	-	-	-	(210,000)	(210,000)
Balance at 31 December 2009	<u>750,000</u>	<u>62,008</u>	<u>-</u>	<u>14,004</u>	<u>2,869,201</u>	<u>3,695,213</u>
	Contributed equity \$	Contributed capital \$	Hedge reserve \$	Share-based reserve \$	Retained profits \$	Total equity \$
Consolidated						
Balance at 1 July 2010	6,266,357	62,008	-	116,968	3,418,643	9,863,976
Other comprehensive income for the half-year, net of tax	-	-	(1,417)	-	-	(1,417)
Profit after income tax expense for the half-year	-	-	-	-	3,682,361	3,682,361
Total comprehensive income for the half-year	-	-	(1,417)	-	3,682,361	3,680,944
<i>Transactions with owners in their capacity as owners:</i>						
Contributions of equity, net of transaction costs	1,300,001	-	-	-	-	1,300,001
Share-based payments	-	-	-	53,580	-	53,580
Balance at 31 December 2010	<u>7,566,358</u>	<u>62,008</u>	<u>(1,417)</u>	<u>170,548</u>	<u>7,101,004</u>	<u>14,898,501</u>

The above statement of changes in equity should be read in conjunction with the accompanying notes

Vocus Communications Limited
Statement of cash flows
For the half-year ended 31 December 2010

	Note	Consolidated	
		31/12/2010	31/12/2009
		\$	\$
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		14,357,986	6,912,928
Payments to suppliers and employees (inclusive of GST)		<u>(6,588,174)</u>	<u>(4,978,191)</u>
		7,769,812	1,934,737
Interest received		112,995	409
Interest and other finance costs paid		(133,309)	(111,073)
Income taxes paid		<u>(12,924)</u>	<u>-</u>
Net cash from operating activities		<u>7,736,574</u>	<u>1,824,073</u>
Cash flows from investing activities			
Payment for purchase of business, net of cash acquired	8	(5,895,000)	-
Transaction costs paid in relation to purchase of business		(401,436)	-
Payment for property, plant and equipment		(1,871,542)	(359,105)
Payment for share-buy-back		(6,523,504)	-
Proceeds from release of security deposits		23,111	-
Net cash used in investing activities		<u>(14,668,371)</u>	<u>(359,105)</u>
Cash flows from financing activities			
Proceeds from issue of shares		1,300,001	-
Dividends paid		-	(204,419)
Repayment of borrowings		<u>(3,649,815)</u>	<u>(911,247)</u>
Net cash used in financing activities		<u>(2,349,814)</u>	<u>(1,115,666)</u>
Net (decrease)/increase in cash and cash equivalents		(9,281,611)	349,302
Cash and cash equivalents at the beginning of the financial half-year		<u>12,628,757</u>	<u>326,425</u>
Cash and cash equivalents at the end of the financial half-year		<u><u>3,347,146</u></u>	<u><u>675,727</u></u>

The above statement of cash flows should be read in conjunction with the accompanying notes

Note 1. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2010 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2010 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the policies stated below.

Intangible assets (Indefeasible Right to Use ('IRU'), Goodwill and Customer Contracts)

Customer contracts

Customer contracts acquired in a business combination are amortised on a straight-line basis over the period of their expected benefit, being their finite life of 1 to 9 years.

New, revised or amending Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Any significant impact on the accounting policies of the consolidated entity from the adoption of these Accounting Standards and Interpretations are disclosed in the relevant accounting policy.

The adoption of these Accounting Standards and Interpretations did not have any impact on the financial performance or position of the consolidated entity. The following Accounting Standards and Interpretations are most relevant to the consolidated entity:

AASB 2010-3 Amendments to Australian Accounting Standards arising from the Annual Improvements Project

The consolidated entity has applied AASB 2010-3 amendments from 1 July 2010. The amendments result in some accounting changes for presentation, recognition or measurement purposes, while some amendments that relate to terminology and editorial changes are expected to have no or minimal effect on accounting. The main changes are:

AASB 127 'Consolidated and Separate Financial Statements' ('AASB 127') and AASB 3 Business Combinations ('AASB 3') - clarifies that contingent consideration from a business combination that occurred before the effective date of revised AASB 3 is not restated; the scope of the measurement choices of non-controlling interest is limited at proportionate share of net assets in the event of liquidation; requires an entity in a business combination to account for the replacement of acquiree's share-based payment transactions, unreplaced and voluntarily replaced, by splitting between consideration and post combination expenses.

Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments ('Interpretation 19')

The consolidated entity has applied Interpretation 19 from 1 July 2010. The interpretation clarifies that equity instruments issued to a creditor to extinguish a financial liability qualify as consideration paid. The equity instruments issued are measured at their fair value, or if not reliably measured, at the fair value of the liability extinguished, with any gain or loss recognised in profit or loss. The adaptation of this interpretation has not had a significant impact on the consolidated entity.

Vocus Communications Limited
Notes to the financial statements
31 December 2010

Note 2. Operating segments

Vocus Communications Limited is operating under one segment, however, the breakdown of revenue has been disclosed geographically and by products.

Major customers

During the half-year ended 31 December 2010 approximately 15% of the consolidated entity's external revenue was derived from sales to one customer (31 December 2009: 24% and two customers respectively).

Revenue by product

During the half-year ended 31 December 2010, data and voice sales were \$9,535,362 and \$4,200,485 respectively (31 December 2009: \$5,123,514 and \$2,110,171 respectively).

Revenue by Geographical area

During the half-year ended 31 December 2010, sales were split geographically between Australia, New Zealand and the United States totalling \$9,024,699, \$3,810,558 and \$900,590 respectively (31 December 2009: \$5,335,676, \$1,249,537 and \$648,470 respectively).

Note 3. Revenue

	Consolidated	
	31/12/2010	31/12/2009
	\$	\$
<i>Sales revenue</i>		
Rendering of services	<u>13,735,847</u>	<u>7,233,683</u>
<i>Other revenue</i>		
Interest	112,995	409
Other revenue	<u>63,380</u>	<u>-</u>
	<u>176,375</u>	<u>409</u>
Revenue	<u><u>13,912,222</u></u>	<u><u>7,234,092</u></u>

Note 4. Other income

	Consolidated	
	31/12/2010	31/12/2009
	\$	\$
Net foreign exchange gain	<u>1,817,906</u>	<u>2,082,796</u>

Vocus Communications Limited
Notes to the financial statements
31 December 2010

Note 5. Expenses

	Consolidated	
	31/12/2010	31/12/2009
	\$	\$
Profit before income tax includes the following specific expenses:		
<i>Depreciation</i>		
Plant and equipment	260,023	120,986
Network equipment	80,346	43,465
Total depreciation	<u>340,369</u>	<u>164,451</u>
<i>Amortisation</i>		
IRU capacity	927,386	790,058
Total depreciation and amortisation	<u>1,267,755</u>	<u>954,509</u>
<i>Finance costs</i>		
Interest and finance charges paid/payable	133,309	137,884
<i>Net loss on disposal</i>		
Net loss on disposal of property, plant and equipment	-	76,242
<i>Rental expense relating to operating leases</i>		
Minimum lease payments	209,524	89,255
<i>Superannuation expense</i>		
Defined contribution superannuation expense	108,711	58,616
<i>Share-based payments expense</i>		
Share-based payments expense	53,580	8,904
<i>Employee benefits expense</i>		
Employee benefits expense	<u>1,742,182</u>	<u>1,038,097</u>

Note 6. Dividends

	Consolidated	
	31/12/2010	31/12/2009
	\$	\$
Dividend paid of 2 cents per ordinary share* fully franked at a tax rate of 30%	-	210,000

* The dividend paid in the financial half-year to 31 December 2009 is to the ordinary shareholders of Vocus Group Limited prior to being acquired by the company.

There were no dividends paid during the current financial half-year.

Vocus Communications Limited
Notes to the financial statements
31 December 2010

Note 7. Contingent liabilities

The consolidated entity has contingent liabilities for performance contracts as follows:

	Consolidated	
	31/12/2010	30/06/2010
	\$	\$
Performance contracts	<u>50,000</u>	<u>50,000</u>

Note 8. Business combinations

On 12 November 2010, Vocus Communications acquired the Sydney and Melbourne data centre businesses from E3 Networks. The acquisition will further build on Vocus Communications' reputation for technical and customer service excellence. It will provide Vocus Communications Limited with a platform to further expand into data centres and attract new customers for its wholesale internet business, its new peering product and other business opportunities. The acquired business contributed revenues of \$380,743 and contributed profit before tax and transaction expense of \$95,199 for the period from 12 November 2010 to 31 December 2010. Had the business been held for the entire half-year, contributed revenues would have been in the region of \$1,400,000. Due to significant integration changes within the acquiree it is not practical to provide a meaningful profit for the entire financial half-year. The values identified in relation to the acquisition are provisional as at the reporting date 31 December 2010.

Details of the acquisition are as follows:

	Acquiree's carrying amount	Fair value
	\$	\$
Cash equivalents	22,000	22,000
Plant and equipment	4,152,741	4,152,741
Customer contracts	-	338,592
Lease make good provision	-	(300,000)
Net assets acquired	<u>4,174,741</u>	4,213,333
Goodwill		<u>1,703,667</u>
Acquisition-date fair value of the total consideration transferred		<u>5,917,000</u>
Representing:		
Cash paid or payable to vendor		<u>5,917,000</u>
Acquisition costs expensed to the statement of comprehensive income		<u>401,436</u>

Vocus Communications Limited
Notes to the financial statements
31 December 2010

Note 8. Business combinations (continued)

	Consolidated	
	31/12/2010	31/12/2009
	\$	\$
Cash used to acquire business, net of cash acquired:		
Acquisition-date fair value of the total consideration transferred	5,917,000	-
Less: cash equivalents	<u>(22,000)</u>	<u>-</u>
Net cash used	<u><u>5,895,000</u></u>	<u><u>-</u></u>

Note 9. Events occurring after the reporting date

On 1 January 2011, Vocus Connect Pty Limited was granted rights to take further capacity under a Capacity Use Agreement with Southern Cross Cables Limited dated 4 September 2010, whereby capacity is supplied to the consolidated entity over a defined usage period in return for a non-refundable amount of US\$12,912,000 being paid to Southern Cross Cables Limited over a defined payment term with the last payment due 1 February 2016. As with previous capacity supply arrangements, the consolidated entity will record the contractual obligation as a liability (at the present value of the amount to be paid over the deferred payment term) and an indefeasible right to use the asset ('IRU') being recorded for the corresponding amount, being the present value of the right to use the capacity at the date the capacity first becomes available which is spread across the usage period on a straight line basis presently defined under the agreement as November 2020. Interest will be accreted on the liability over the defined payment term.

On 11 January 2011, Southern Cross Cables and Vocus Connect Pty Limited agreed to amend the term of the Capacity Use Agreements (IRU Agreements) dated 1 July 2009 and 4 September 2010. The effect of this amendment is to extend the economic lives of intangible IRU capacity assets held by Vocus by five years to November 2025. This provides a further five years of asset life in consideration of continuing performance of the agreements (as amended) and the continuing obligation to pay operating and maintenance fees as provisioned under the original agreements for the extended term. From January 2011, the financial impact on Vocus is to lower amortisation expense of the intangible IRU capacity asset on the balance sheet at 31 December 2010 by approximately \$0.6 million per annum. Amortisation on the intangible IRU capacity asset which commences in January 2011 will now be approximately \$0.9m per annum, a reduction of approximately \$0.5 million per annum subsequent to the amendment. Total amortisation charges per annum will now be approximately \$2.2 million. The amendment to extend the useful lives has no impact on the contractual payment obligations required under the IRU agreements.

No other matter or circumstance has arisen since 31 December 2010 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Note 10. Comparative information

In the financial year ended 30 June 2010 when Vocus Communications Limited (the legal parent and legal acquirer) acquired Vocus Group Limited and its controlled entities (the legal subsidiary), the acquisition was treated as a Group Reorganisation, using the principles of reverse accounting in AASB 3 'Business Combinations'. The consolidated financial statements have been prepared as if Vocus Group Limited had acquired Vocus Communications Limited and its controlled entities, not vice versa as represented by the legal position. Accordingly comparative information at 31 December 2009 relates to Vocus Group Limited as the Group Reorganisation occurred on 30 June 2010.

Vocus Communications Limited
Notes to the financial statements
31 December 2010

Note 11. Earnings per share

	Consolidated	
	31/12/2010	31/12/2009
	\$	\$
Profit after income tax attributable to the owners of Vocus Communications Limited	<u>3,682,361</u>	<u>2,394,467</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	51,555,887	24,188,582
Adjustments for calculation of diluted earnings per share:		
Options	<u>431,877</u>	<u>842,676</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>51,987,764</u>	<u>25,031,258</u>
	Cents	Cents
Basic earnings per share	7.14	9.90
Diluted earnings per share	7.08	9.57

Vocus Communications Limited
Directors' declaration

In the directors' opinion:

- the attached financial statements and notes thereto comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes thereto give a true and fair view of the consolidated entity's financial position as at 31 December 2010 and of its performance for the financial half-year ended on that date; and
- 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 made pursuant to section 303(5) of the Corporations Act 2001.

On behalf of the directors



James Spenceley
Director

22 February 2011
Sydney

Independent Auditor's Review Report to the Members of Vocus Communications Limited

We have reviewed the accompanying half-year financial report of Vocus Communications Limited which comprises the condensed statement of financial position as at 31 December 2010, and the condensed statement of comprehensive income, the condensed statement of cash flows and the condensed statement of changes in equity for the half-year ended on that date, selected explanatory notes and, the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the end of the half-year or from time to time during the half-year, as set out on pages 5 to 16.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2010 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Vocus Communications Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Auditor's Independence Declaration

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Vocus Communications Limited would be in the same terms if given to the directors as at the time of this auditor's report.

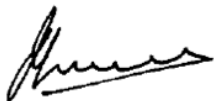
Conclusion

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

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2010 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU



Joshua Tanchel
Partner
Chartered Accountants
Sydney, 22 February 2011