



**ANNUAL REPORT
2011-12**

Chief Executive Officer's Report



It is with pleasure that I present Tas Communications' Annual Report for 2012.

Executive Statement

The company has performed well this year achieving a healthy profit above budget and the company is debt free.

Although the structure of the Board changed during the year, it did not detract from its performance or guidance.

The company employs five full-time equivalents (FTEs) and although losing an employee during the latter half of the reporting period is well situated with a qualified replacement, due to commence in August 2012.

Working predominately, but not restricted to, the north-west coast (clients in Launceston and Hobart), the company continues to provide communications and IT support to a large number of clients.

Network Services

Accounting for a large portion of the business, network (or infrastructure) services is the stitching that holds the business together. With fibre optic cabling around Burnie that services Wivenhoe, the CBD, the education precinct on Mooreville Road, and the hospital, the infrastructure is well placed to take advantage of future needs.

Significant works undertaken during the year increased our future reach in the form of strategically located conduit in the ground when works permitted it.

Managed Services

The company continues to support three local government organisations with their managed services. Hosting of their core finance and land information systems is integral to this service and during the year was upgraded by the vendor. Upgrading is necessary to remain current both from a supported perspective and regulatory changes that occur from time to time.

There is scope for several more clients within this strategy and we have one proposal for a nearby Council to join.

Communications is one of the more expensive components of hosting and we aim to keep our costs down to make it a cost alternative solution for customers.

A need for a data centre in the area is becoming more apparent and the company is working with vendors and interested parties to bring a cost effective solution. With an expected cost up to \$1.3m it is important that the needs and expectations of clients are met.

Capital Works

Capital expenditure during the year amounted to \$526k. An upgrade to infrastructure between Burnie and Mersey accounted for a large proportion of this figure.

Upgrading of the Storage Area Network that stores all network data for all connected clients provided a welcome relief to the diminishing storage capacity of the company.

Replacement network equipment was the remaining significant expense amounting to 20% of total asset expenditure.

Financial Position

The company recorded another successful year with an operating surplus of \$219,133. It has net assets of \$1.581m and well-placed to grow the customer base into 2013.

During the past two years, the company has repaid a \$250k debt to the shareholder and is now debt free.

Key Ratios

The following key ratios have been achieved as at the end of the financial year:

Key Ratio	Target	2012	2011
Operating margin	>1.05	1.13	1.13
Self-financing ratio	>20%	31%	19%
Current ratio	>1	1.30	1.62
Debt coverage ratio	<10%	1%	7.8%
Investment gap ratio	>100%	209%	120.3%
Return on investment	>10%	10%	12.6%
Interest coverage	>2	27.3	14.63
Capital adequacy	>70%	87%	85%

Conclusion

A good result produced by the company this year and continued growth in the network and the possible addition of a data centre stands the business in good stead for the future.

David Gewin

CEO