



Ambertech Limited and Controlled Entities

ACN 079 080 158

Appendix 4E – Preliminary Final Report

Year Ended 30 June 2013

For Immediate Release 29 August 2013

Results for Announcement to the Market

Further Explanation of the Results

Outlook for the business

Results for Announcement to the Market

For the year ended 30 June 2013

Key Information

The following information is provided to the ASX under listing rule 4.3A.

	2013 \$'000	2012 \$'000	Movement Up/(Down) \$'000	%
Revenue from ordinary activities	54,451	49,568	4,883	9.9
Profit after income tax for the period attributable to members	(2,162)	(4,693)	2,531	53.9

Dividends

The Board has announced that no final dividend will be paid in respect of the year ended 30 June 2013.

Dividend History

There were no dividends paid or declared during the year ended 30 June 2013.

	2013	2012
Net Tangible Assets per security	35.2c	45.2c

Further Explanation of the results follows in the attached commentary.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

	2013 \$'000	2012 \$'000
Revenue	54,451	49,568
Cost of sales	(41,828)	(34,357)
Gross profit	12,623	15,211
Other income	12	19
Employee benefits expense	(8,988)	(9,363)
Distribution costs	(1,328)	(1,314)
Marketing costs	(1,348)	(1,704)
Premises costs	(1,926)	(1,954)
Depreciation and amortisation expenses	(350)	(245)
Finance costs	(424)	(438)
Travel costs	(555)	(552)
Restructure costs	-	(555)
Impairment of goodwill	-	(2,970)
Relocation expenses	-	(274)
Other expenses	(849)	(1,108)
(Loss) / Profit before income tax expense	(3,133)	(5,247)
Income tax benefit / (expense)	971	554
(Loss) / Profit for the year	(2,162)	(4,693)
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	63	12
Total comprehensive income for the year	(2,099)	(4,681)
Earnings per share		
Basic earnings per share (cents)	(7.1)	(15.4)
Diluted earnings per share (cents)	(7.1)	(15.4)

The consolidated statement of profit or loss and other comprehensive income is to be read in conjunction with the attached notes.

Consolidated Statement of Financial Position

	2013	2012
	\$'000	\$'000
<u>ASSETS</u>		
CURRENT ASSETS		
Cash and cash equivalents	2,843	2,495
Trade and other receivables	8,886	6,841
Current tax assets	10	133
Inventories	12,835	12,550
TOTAL CURRENT ASSETS	24,574	22,019
NON-CURRENT ASSETS		
Plant and equipment	1,794	1,969
Intangible assets	40	45
Deferred tax assets	2,399	1,428
TOTAL NON-CURRENT ASSETS	4,233	3,442
TOTAL ASSETS	28,807	25,461
<u>LIABILITIES</u>		
CURRENT LIABILITIES		
Trade and other payables	9,862	4,839
Other financial liabilities	3,844	3,427
Provisions	1,454	910
TOTAL CURRENT LIABILITIES	15,160	9,176
NON-CURRENT LIABILITIES		
Provisions	299	801
Other financial liabilities	91	121
Deferred tax liabilities	50	58
TOTAL NON-CURRENT LIABILITIES	440	980
TOTAL LIABILITIES	15,600	10,156
NET ASSETS	13,207	15,305
<u>EQUITY</u>		
Share capital	11,138	11,138
Reserves	(69)	(118)
Retained earnings	2,138	4,285
TOTAL EQUITY	13,207	15,305

The consolidated statement of financial position is to be read in conjunction with the attached notes.

Consolidated Statement of Changes in Equity

	Share Capital \$'000	Option Reserve \$'000	Foreign Currency Translation Reserve \$'000	Retained Earnings \$'000	Total Equity \$'000
Economic Entity					
Balance as at 30 June 2011	11,138	28	(144)	8,960	19,982
Loss for the year	-	-	-	(4,693)	(4,693)
Other comprehensive income for the year	-	-	12	-	12
Total comprehensive income for the year	-	-	12	(4,693)	(4,681)
Transactions with equity holders:					
Costs of share based payments	-	(14)	-	18	4
Balance as at 30 June 2012	11,138	14	(132)	4,285	15,305
Loss for the year	-	-	-	(2,162)	(2,162)
Other comprehensive income for the year	-	-	63	-	63
Total comprehensive income for the year	-	-	63	(2,162)	(2,099)
Transactions with equity holders:					
Costs of share based payments	-	(14)	-	15	1
Balance as at 30 June 2013	11,138	-	(69)	2,138	13,207

The consolidated statement of changes in equity is to be read in conjunction with the attached notes.

Consolidated statement of Cash Flows

	2013	2012
	\$'000	\$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	57,766	62,649
Payments to suppliers and employees	(53,251)	(58,236)
Interest received	34	52
Interest and other costs of finance paid	(424)	(438)
Income taxes paid	-	(132)
Income taxes refunded	124	325
Goods and services tax remitted	(4,131)	(3,460)
Net cash provided by operating activities	118	760
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for plant and equipment	(135)	(1,785)
Payments for intangible assets - website	(34)	(13)
Net cash (used in) investing activities	(169)	(1,798)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from borrowings	404	400
Repayment of borrowings	-	-
Net cash provided by financing activities	404	400
Net increase/(decrease) in cash and cash equivalents held	353	(638)
Cash and cash equivalents at beginning of year	2,495	3,134
Effect of exchange rate changes on the balance of cash and cash equivalents held in foreign currencies at the beginning of the financial year	(5)	(1)
Cash and cash equivalents at end of year	2,843	2,495

The consolidated statement of cash flows is to be read in conjunction with the attached notes.

Notes to the Consolidated Financial Statements

	2013	2012
	\$'000	\$'000

1. Basis of Preparation

The Preliminary Final Report has been prepared in accordance with ASX Listing Rule 4.3A and is based on accounts which are in the process of being audited. It is likely that these accounts, once finalised, will contain a going concern note within the Summary of Significant Accounting Policies. Consequently, the independent auditor's report accompanying these accounts is expected to contain an emphasis of matter paragraph drawing attention to the economic entity's ability to continue as a going concern.

These consolidated preliminary financial statements should be read in conjunction with the 2012 Annual Report, the December 2012 half year report and any announcement by Ambertech Limited in accordance with the continuous disclosure obligations arising under the Corporations Act 2001.

The entity has amended the classification of rebates provided to customers for the 2013 financial year. The comparative numbers for revenue, sales revenue, and cost of sales have been amended to reflect this change in classification. The change in classification does not impact the net loss of the entity in either year.

2. Revenue

Sale of goods and services	54,417	49,516
Interest received	34	52
Total	54,451	49,568

Other income		
- Net foreign exchange gains	12	19

3. Expenses

Additional information on the nature of expenses

Inventories

Cost of sales	39,726	34,166
Movement in provision for inventory obsolescence	2,177	191
Total	41,903	34,357

Employee benefits expense

Salaries and wages	8,655	8,907
Employee termination expense	333	456
	8,988	9,363

Depreciation

Plant and equipment	107	123
Furniture and fittings	43	29
Leasehold improvements	144	34
Leased plant and equipment	16	7
	310	193

Amortisation

Website costs	40	52
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Bad and doubtful debts

	166	16
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Rental expense on operating leases

Minimum lease payments	833	1,193
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Notes to the Consolidated Financial Statements

	2013 \$'000	2012 \$'000
4. Cash Flow Information		
(i) Cash and cash equivalents		
Cash and cash equivalents included in the statement of cash flows comprise of the following amounts:		
Cash on hand	3	3
At call deposits with financial institutions	2,840	2,492
	2,843	2,495
(ii) Reconciliation of net cash provided by operating activities to profit or loss after income tax		
(Loss) for the year	(2,162)	(4,693)
Depreciation and amortization	350	245
Impairment of goodwill	-	2,970
Net loss on disposal of plant and equipment	1	3
Foreign exchange (gains)	(12)	(19)
Non-cash share based payments	1	4
Changes in operating assets and liabilities		
(Increase)/Decrease in trade and other receivables	(2,014)	6,291
(Increase)/Decrease in inventories	(200)	1,032
Decrease in tax receivable	132	311
Increase/(Decrease) in payables	4,994	(4,758)
(Decrease)/Increase in lease liabilities	(28)	149
Increase/(Decrease) in provisions	34	(221)
(Increase) in deferred taxes	(978)	(554)
Net cash provided by operating activities	118	760

(iii) Non Cash Financing and Investing Activities

There were no non-cash financing or investing activities during the financial year.

Notes to the Consolidated Financial Statements

	2013	2012
5. Earnings Per Share		
Basic earnings per share (cents)	(7.1)	(15.4)
Weighted average number of ordinary shares (number)	30,573,181	30,573,181
Earnings used to calculate basic earnings per share (\$)	(2,162,000)	(4,693,000)
Diluted earnings per share (cents)	(7.1)	(15.4)
Weighted average number of ordinary shares (number)	30,573,181	30,573,181
Earnings used to calculate diluted earnings per share (\$)	(2,162,000)	(4,693,000)

The effect of the Executive Share Option Plan options on issue is not considered dilutionary because based on conditions at the date of this report, it is considered unlikely that these options would be converted into ordinary shares.

Further Explanation of the results

For the year ended 30 June 2013

Segment Results

	Lifestyle Entertainment			Professional			New Zealand		
	2013	2012	Change up/ (down) %	2013	2012	Change up/ (down) %	2013	2012	Change up/ (down) %
	\$'000	\$'000	%	\$'000	\$'000	%	\$'000	\$'000	%
Sales revenue	23,278	27,542	(15.5)	28,247	19,495	44.9	2,892	2,479	16.7
Underlying EBIT	(593)	(1,068)	44.5	757	57	1,228.1	(138)	87	(258.6)
Impairment charge	-	(1,963)		-	(963)		-	(44)	
Abnormal inventory obsolescence	(1,106)	-		(1,212)	-		-	-	
Segment EBIT	(1,699)	(3,031)	43.9	(455)	(906)	(49.8)	(138)	43	(397.8)

Our Lifestyle Entertainment group continues to undergo the structural changes necessary to align the strategic direction of the group with the requirements of the various markets that it services. The second half of the financial year was a challenging one for this group, and as a result the segment reported a loss for the year. We believe that this segment of the business is trending in the right direction.

Our Professional segment was successful in delivering on a number of major projects during the financial year. As a result this group showed strong revenue growth for the financial year, and reported a pleasing underlying EBIT result. We are continuing to invest cautiously in this segment of our business for the 2013-14 financial year.

Our New Zealand operation reported a loss for the year despite growth in revenue driven by new brands in the consumer electronics space. The loss for the year is a result of an increase in resources allocated to the group to drive growth, and from slower than expected business activity due to the timing of project work in New Zealand.

During the financial year, the ongoing impact of a number of internal and external factors was deemed to have caused additional inventory obsolescence to occur within the business. These factors included:

- A number of product groups in the broadcast area where recent trends towards software based solutions have caused additional obsolescence.
- A number of products retained in the broadcast area as engineering support for major customers have diminished in value faster than we have previously amortised for them and can no longer be sold.
- There are a number of brands that we have exited in the last 12 months that require additional provision.
- There are some brands exited in prior years where the support of the manufacturer and/or the market to clear older stock has now ceased, and this has caused further obsolescence.

As a result we raised an increase in the inventory provision for the year over and above charges raised in the normal course of business. The impact on the result for the financial year was \$2,318,000 across the Lifestyle Entertainment and Professional segments of the business.

Despite the difficult trading, Ambertech maintained positive operating cash flows for the financial year.

Outlook for the business

The 2013-14 financial year has begun with some pleasing results across our traditional market segments. As a result, we are cautiously optimistic that we can deliver on our business strategies, which are focused on returning positive results for our investors in the short term.

At this early stage we are unable to provide guidance on potential results with any certainty; however we expect to be able to update investors by the time of holding the company's AGM.

The Board and management remain focused on utilizing the traditional strengths of the Ambertech business as a technical distributor to bring new products and brands to market and to redefine the methods and channels in which the business operates. We are continuing to progress these initiatives which are the key drivers of future revenue and profit growth.

On behalf of the Board of Ambertech Limited



Robert Glasson

CFO, Company Secretary
Sydney, 29 August 2013